



Commissioner for Better Regulation

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29 April 2016

Ms Meagan Bourke-O'Neil
Deputy Secretary
Transport Strategic Policy
Department of Economic Development, Jobs, Transport and Resources
Level 21, 121 Exhibition Street
MELBOURNE VIC 3000

Dear Ms Bourke-O'Neil

I would like to thank the staff of the Department of Economic Development, Jobs, Transport and Resources for working with our team on the preparation of the Regulatory Impact Statement (RIS) for the proposed Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles) (Taxi-Cab Industry Accreditation and Other Matters) Regulations 2016. These are intended to replace the Transport (Buses, Taxi-Cabs and Other Commercial Passenger Vehicles) Regulations 2005, which are due to sunset on 27 June 2016, and the Transport (Taxi-cab Industry Accreditation) Regulations, which are due to sunset on 31 December 2017.

Under section 10 of the *Subordinate Legislation Act 1994*, the Commissioner for Better Regulation is required to provide independent advice on the adequacy of analysis presented in all RIS prepared in Victoria. In doing so, the Commissioner's role is to advise on the adequacy or otherwise of the RIS overall rather than the merits or otherwise of policy or regulatory proposals. To be adequate, the RIS must contain analysis that is logical, draws on relevant evidence, is transparent about assumptions used, and is proportionate to the proposal's expected effects. The RIS must also provide a suitable basis for public consultation, which is an important step in the policy development process.

I am pleased to advise you that the final version of the RIS received by us on 29 April 2016 meets the adequacy requirements of the Act.

These Regulations are being made at a time of significant change in the commercial passenger vehicle industry as it faces increasing competitive pressures. Although the Regulations are one element of a broad regulatory and legislative framework for commercial passenger vehicles, they have an important influence on how the industry operates and its ability to respond to external pressures. The Regulations set a range of requirements for the industry, including driver and passenger behaviour, vehicle safety and record keeping.

The RIS notes that further review of the Regulations may occur at an early stage of their implementation, given any legislative changes that may arise from a broader review of the regulatory environment governing the industry. The Department, therefore, did not undertake a broader review of the regulatory framework for taxis, but instead reviewed the existing Regulations, with most of the proposed changes involving removing or streamlining current requirements that are considered ineffective, redundant or that duplicate other requirements.

The major changes relate to:

- security cameras, where it is proposed to:
 - incorporate a modified specification directly in the Regulations, rather than delegating this power to the Taxi Services Commission (TSC)
 - include a mutual recognition provision, enabling any camera approved for use in taxis in another Australian state to be used in Victorian taxis
- taximeters, which would — subject to further consultation — allow a broader range of devices to be used to calculate fares.

The thrust of these changes is to reduce unnecessary burdens on the industry, reflecting the Department's view that 'changes in the operating environment facing taxis requires serious consideration to be given to a significant streamlining of the current regulations to reduce regulatory costs and facilitate competition'.

The RIS describes other options which could have reduced cost burdens on industry further and explains why the Department has decided not to pursue these approaches.

It is worth noting that the proposed changes will not come into effect immediately. The Department proposes to remake the current Regulations for up to a year to allow it to consult further on key elements of the proposed Regulations, before implementing revised Regulations. An expiry date has not been specified in the exposure draft of the transitional Regulations but will be inserted into the Regulations before they are made.

This approach of ongoing review, and engaging affected parties in the process, is especially valuable given that the taxi industry is operating in an environment of significant change and uncertainty. To this end, we note the importance of:

- the specific stakeholder questions included in the RIS that will help to test the judgements underpinning the proposed approach and the other options considered
- an effective and proportionate evaluation strategy.

The evaluation strategy outlined in the RIS provides a sensible starting point for an informed assessment of the merits of different approaches to regulating the taxi industry in the future. Given the need for additional data collection to underpin thorough assessment, the commitment by the Department to work with the TSC on this task will enable the evaluation to be effective.

It is government practice that this letter be published with the RIS when it is released for public consultation.

Should you wish to discuss any issue raised in this letter, or the implications of new information or policy options identified through the public consultation process for your proposal, please do not hesitate to contact me on (03) 9092 5800.

Yours sincerely



Anna Cronin

Commissioner for Better Regulation