

**Submission  
No 3**

## **INQUIRY INTO NSW TAXI INDUSTRY**

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Hon John Ajaka MLC  
Committee Chair  
Select Committee on the NSW Taxi Industry  
Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Mr Ajaka

### **Submission to the Inquiry into the NSW Taxi Industry**

I have been concerned for some time about the adequacy of the regulation and oversight of the taxi industry in NSW. My office has looked at various aspects of the taxi industry over a number of years and, as a result of that work, we have identified what appear to be a number of worrying trends.

I considered commencing a formal investigation in the course of our most recent inquiries concerning the nexus licensing scheme. However, at the same time as we were making our inquiries, the Government announced that legislative amendments would be introduced in the next sitting of Parliament to make changes to the taxi licensing system and the Inquiry into the Taxi Industry was announced. I therefore decided that a better use of my office's limited resources would be for us to monitor the outcomes of the Inquiry and the Government's response, as well as the progress made on relevant legislative reform. Once the nature and extent of any changes are clear, I will be in a better position to make an informed decision about what, if any, further action it may be appropriate for my office to take.

My concerns are primarily about the adequacy of the regulatory regime in place in relation to the taxi industry and the robustness of action taken to ensure compliance with license conditions. These concerns can be summarised as follows:

#### **1. The role of the regulator**

In the course of many of our inquiries with the former Ministry of Transport, now part of NSW Transport and Infrastructure, we have been told the government's role as regulator of the taxi industry is a challenging one as, unlike other forms of public transport, service delivery is not the responsibility of government but rather of the taxi networks. While this is not disputed, in my view this makes it even more important to have a clearly articulated, transparent and well resourced regulatory regime in place which makes both government and taxi networks accountable.



Currently, it seems that the regulator can be overly keen to negotiate, for what can become a protracted period, about fundamental issues such as the introduction of standards for the taxi industry, rather than insisting on implementation of what is a key element of an accountability framework.

We have observed the same tendency in relation to the enforcement of taxi license conditions. We have seen examples in complaints about wheelchair accessible taxis in particular, where drivers allegedly fail to operate for the amount of time required by their license but little or no action is taken to monitor what they are actually doing or require them to comply with conditions about the number of hours on the road.

## **2. Lack of action on reports and reviews**

We have not conducted a systematic examination of the number of reports and reviews commissioned into the taxi industry. However, in the course of our inquiries we have become aware of the considerable number of often extensive reviews into various aspects of the taxi industry, including wheelchair accessible taxis. Some have recommended significant change but from what we have seen, little or no concerted action has been taken as a consequence.

We appreciate that some issues associated with improving the standard of taxi services may raise complex legal and other issues. However, the consistent lack of action on reports commissioned by the Minister or the government agency with responsibility for taxis at that time is not only a waste of public resources but also represents missed opportunities over a number of years to address problems and bring about improvements.

It has also resulted in a lack of action on acknowledged deficiencies such as the nexus licenses, the subject of the now publicly available reports by Deloitte dated 2007 and 2009. While those reports identify significant and serious problems with the scheme, it took two years from receipt of the first report by the then Ministry of Transport before action was taken to progress its recommendations. This was in an environment where an awareness of problems with the nexus scheme predated the first Deloitte report.

## **3. Poor administration**

A common theme in a number of the matters we have looked at has been poor administrative practices, in particular poor record keeping, by the various government agencies which have had responsibility for the taxi industry over the years. The documents associated with licenses and license conditions are particularly important and it is crucial that stringent measures are in place to ensure their safekeeping. In addition, the history of a license, including records of complaints and other problems, should be documented to ensure a complete history is available should enforcement action need to be considered.

There have been a number of seemingly piecemeal changes made to licenses over the years, with apparently little thought being given to how the new licenses will interact with existing ones and how documentation about changing systems will be preserved to safeguard the historic records while capturing up to date information.

We identified a further example of poor administration in the course of an investigation we concluded last year into the adequacy of the procedures put in place by the then Ministry of Transport to ensure wheelchair accessible taxis in the NSW fleet comply with the *Disability Standards for Accessible Public Transport* (DSAPT). We found that the Ministry had failed to provide clear guidance to conversion companies, taxi operators and RTA-approved engineering signatories about the requirements under the DSAPT. While the former Ministry agreed to comply with our recommendations, it is of concern that it took an external investigation by a body such as my office to identify significant, and reasonably obvious, deficiencies in procedures about an important area of the regulator's responsibilities.

I trust the above is of assistance to the Inquiry and I await with interest the Inquiry's conclusions.

Yours sincerely



Bruce Barbour  
Ombudsman

8/12/09