



Victorian
Competition & Efficiency
Commission

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Ms Kate Roberts
Senior Lawyer, Reform Implementation
Taxi Services Commission
Level 23, 80 Collins Street
MELBOURNE VIC 3000

Dear Ms Roberts

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed Order to be made under Section 162 of the *Transport (Compliance and Miscellaneous) Act 1983* (Vic.) regarding Implied Conditions – Taxi Driver Agreements.

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 12H(3) of the *Subordinate Legislation Act 1994* (the Act). I advise the final version of the RIS received by the VCEC on 21 March 2014 meets the requirements of section 12H of the Act.

The VCEC's advice is based on the adequacy of the evidence presented in the RIS and is focused on the quality of the analysis rather than the merits of the proposal itself. **Therefore, the VCEC's advice the RIS is adequate does not represent an endorsement of the proposal.**

The VCEC notes the following aspects of the analysis in the RIS that stakeholders and decision-makers may wish to consider.

1. The proposals for implied conditions in taxi driver agreements are one element of wider reforms to the taxi industry, including changes to taxi zones and taxi fares, and there is significant uncertainty as to how the taxi industry will respond to the combined effect of these reforms over time. The analysis in the RIS focusses on the direct impacts of options for specific conditions in driver agreements and qualitatively discusses the limitations of this analysis and the implications of related reforms.
2. The Draft Order proposes the introduction of specific implied conditions in driver agreements, including mandatory third party property insurance for taxi operators, a maximum driver contribution to insurance excess, and capping the bond payable by drivers to taxi operators. There is, however, limited information and uncertainty regarding the impacts of some of these proposals – for example, regarding the types of insurance products (coverage, premium, and excess combinations) that may be offered for the Victorian market, when these products will be available in Victoria and how taxi operators will respond to this requirement.

The RIS transparently notes the limited data available to inform judgements by the TSC on the proposed conditions. Stakeholder views will therefore be important to test the assumptions and judgments in the RIS, and the analysis of the expected impacts of these conditions in the RIS and final decisions on the preferred approach.

In the interests of transparency, it is government policy that VCEC's advice be published with the RIS when it is released for consultation.

If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely



Andrew Walker

Assistant Director

Victorian Competition and Efficiency Commission