



# Future of small passenger services Consultation paper 2015

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Ministry of **Transport**  
TE MANATŪ WAKA  
New Zealand Government

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## Ministers' foreword

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We are pleased to release this public consultation paper on the future of the small passenger services sector.

The small passenger service sector plays an important role in providing access and mobility within New Zealand. In order to fulfil this role, the sector needs the right rules in place and to ensure it is incentivised to innovate and deliver improved customer services.

In January 2015, Minister Foss announced he had asked the Ministry of Transport (the Ministry) to undertake a review of the small passenger services sector (including taxi, private hire car, shuttle, dial-a-driver, and ridesharing services).

A lot has changed since the existing rules for the sector were established in the late 1980s. Since then technology, the range of services offered, and consumer expectations have changed greatly.

The Government is a strong supporter of innovations that enable all New Zealanders and businesses in New Zealand, traditional or otherwise, to enjoy the benefits of new technology. We aim to ensure New Zealand's regulatory environment is both fit for purpose and flexible enough to accommodate new technologies.

This consultation paper sets out the results of the Ministry's review, and outlines the five options for the future the Ministry considered. This paper also identifies the most important features for the future and assesses each option against these features. It also sets out the Ministry's preferred option and why it thinks this.

Before the Government takes decisions on this, we are asking for feedback from the sector and the public on the options under consideration.

We need to choose options that are both fit for purpose and flexible enough to accommodate new technologies, whilst maintaining a safe system for passengers and drivers.

We invite you to submit your thoughts, and we look forward to hearing your views.



Hon Simon Bridges  
Minister of Transport



Hon Craig Foss  
Associate Minister of Transport

## How to be involved in the consultation

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### We seek your views on the future of the small passenger sector

This consultation paper seeks your feedback on options for the future of the small passenger services sector (including taxi, private hire car, shuttle, dial-a-driver, and ridesharing services).

The paper reports the findings of the Ministry's review of the sector, and presents five options for the future, as well as identifying the review's preferred option. Before the Government make decisions, we want your views. We'd like to know which option you support and whether the review has missed anything out.

### How to send us your feedback

There is a submission form separate to this consultation paper, which asks specific questions for you to use in providing your feedback. Please note there are not questions for every section. To provide your view, you use can either:

- complete an online submission at [www.transport.govt.nz/spsreview](http://www.transport.govt.nz/spsreview)
- send us a written submission using the submission template available on [www.transport.govt.nz/spsreview](http://www.transport.govt.nz/spsreview)

If you choose to provide a written submission, either email it to [spsvreview@transport.govt.nz](mailto:spsvreview@transport.govt.nz) with the word submission in the subject line, or post it to: Small Passenger Services Review Submissions, PO Box 3175, Wellington 6140.

The deadline for submissions is **5pm, Friday, 12 February 2016.**

### How we will use your submission

We will consider your responses, along with other responses from the public, the small passenger service sector, and other interested organisations, to develop recommendations for Government's consideration.

A summary of submissions will be published on the small passenger services page on [www.transport.govt.nz](http://www.transport.govt.nz). This summary may include the names of the organisations or individuals that made submissions. It will not include their contact details.

### Your submission may be made public

Once you make your submission, anyone can ask for it under the Official Information Act 1982.

If you don't want anything in your submission released, you should let us know what material you want withheld, and why, at the time you make your submission.

Under the Official Information Act, we decide whether to release or to withhold material and can only withhold information in accordance with the provisions set out in that Act. Further information is available at [www.legislation.govt.nz](http://www.legislation.govt.nz).

### **How to contact the review team**

You can contact the review team at [spsvreview@transport.govt.nz](mailto:spsvreview@transport.govt.nz).

### **Next steps in the change process**

We will receive feedback on behalf of the Minister of Transport and the Associate Minister of Transport.

We will take into consideration all views submitted on the consultation paper. We will then provide our advice to the Ministers on the best rules for small passenger services in the future for them to make decisions. Ministers will then gain agreement to these rules from Government.

Implementing any of the options discussed in this paper will need changes to the Land Transport Act 1998 and Land Transport Rules. The process for such changes will give you further consultation opportunities through specific consultation on the rules, and the Select Committees' consideration of changes to the Act.

## Executive summary

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### The small passenger sector supports mobility in our cities

Our cities are becoming larger, and with that growth comes a major challenge – addressing congestion and maintaining the mobility of people and freight.

The small passenger service sector has an important role to play in our mobility. The sector can only do that if we have the right rules in place and the incentives are right for the sector to innovate and deliver improved customer services.

However, providing mobility alone is not enough. Drivers and passengers need to be confident that they are safely providing and using small passenger services. There are unique personal safety risks to both passengers and drivers in the small passenger service sector. These risks exist because drivers and passengers have little information about each other, and they are then both isolated within the vehicle. The Government wants to mitigate the safety risks, where practicable, to help provide passengers and drivers with the confidence they can use services safely (refer to section 4 – Features important in the future system for further information on safety risks)

The Government initiated the small passenger services review to ensure the rules governing the sector were both fit for purpose and flexible enough to accommodate new technologies.

### Time has caught up with the current system

The circumstances that existed when the current system was established in the late 1980s are very different from today. Technology, the range of services offered, and consumer expectations have changed greatly. As a result, much of the existing regulation is outdated and imposes costs on the sector that can no longer be justified.

### Different rules apply to different types of small passenger service

The existing rules establish clear distinctions between the types of services that operate within the sector (taxi, private hire, shuttles, dial-a-driver, and carpooling). These rules apply varying levels of compliance burden and restrictions across the types of operators.

Taxis must comply with the most detailed rules. Taxi operators must ensure they develop and run their services according to an approved set of operating rules, provide 24/7 coverage, maintain approved in-vehicle cameras and panic alarms, register their fares with the NZ Transport Agency, use meters to charge passengers, and comply with mandatory signage requirements.

In comparison, the wider private hire (non-taxi sector) operators commonly provide specialist services (such as limousines). These services are restricted to customers who have pre-booked and agreed a fare before using the service. Private hire services do not have to meet the rules for taxis set out above.

However, technology is enabling innovative business models (operating broadly within private hire rules) to take pre-bookings for immediate hire using smartphone apps. Technology is allowing these services to compete with taxis for passengers, but without having to meet the same compliance costs required for a taxi.

Internationally, ridesharing services (an extension of carpooling; but where a third-party smartphone app or website connects drivers with passengers travelling to similar destinations) are also becoming increasingly popular. Ridesharing in New Zealand could provide significant benefits, such as improving customer services, reducing congestion, increasing transport choices and reducing emissions.

However, as the rules currently stand, these services are likely to operate outside the current regulatory regime. This will make the safety risks associated with these services difficult to manage.

### **The Ministry's review identified five options**

The Ministry's review identified five broad approaches for the future rules to govern the operation of the small passenger services sector:

1. Status quo — modified
2. Reinforce separate markets for taxis and private hire services, with separate regulatory burdens
3. Create a new single class system in which drivers are responsible for safety and compliance (reduced regulatory burden)
4. Create a new single class system in which operators have responsibility for safety and compliance (reduced regulatory burden)
5. Apply existing taxi requirements to all operators (higher regulatory burden in new single class system)

### *Options 1 and 2: status quo — modified*

Options 1 and 2 are similar in that they both rely on a detailed series of rules for types of services (taxi, private hire, shuttle, dial-a-driver and carpooling). This means operators provide their services in distinct sub-markets (taxi sub-market, private hire sub-market).

Overall, these options are seen as delivering lower levels of competition, reduced incentives for innovation, and the uptake of new technology, and incentives for improved customer services.

### *Options 3 and 4: single class system*

Options 3 and 4 are based on a single class of passenger service. This would operate under reduced levels of regulatory burden, although safety would be maintained through drivers meeting rules for:

- a P endorsement (that they are a fit and proper person)
- work time limits (up to 7 hours before a rest break is required)
- a 6 monthly certificate of fitness on their vehicle.

Overall, these options would improve competition, offer higher incentives for innovation and the uptake of new technology, and improved customer services.

### *Option 5: higher level of rules for all operators*

Option 5 would extend the higher level of rules that currently apply to taxis to all types of small passenger service.

Overall, this option would provide a more standard service for passengers, but would increase compliance and therefore operating costs for many (non-taxi) operators and, ultimately, passengers.

### **The review's conclusions**

The review's analysis concluded that Option 4 (Create a new single class system in which operators have responsibility for safety and compliance) would provide the best approach for the small passenger services sector in the future.

### **What do you think?**

This consultation paper provides more information on the issues and options and seeks your views to help inform Government's decisions on the future rules for the small passenger services sector.

## Section 1 – The review concluded option 4 would be best for the future

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The Ministry's review of the small passenger services sector sought to determine how New Zealand's regulatory environment for the sector could continue to be fit for purpose and flexible enough to accommodate new technologies. This consultation paper focuses on how we can establish rules that help the sector to operate efficiently and effectively, while incentivising the use of new technologies to provide improved customer services for consumers.

After reviewing and analysing the five options covered in this report, we concluded that Option 4 (Create a new single class system in which operators have strong responsibility for safety and compliance), would provide the greatest level of benefit for New Zealand.

Option 4 would provide most of the important features (refer Section 4 – *Features important in the future system*) that New Zealand's small passenger services sector should deliver.

It would promote competition between service providers because rules (and associated costs to comply with them) would apply consistently across all passenger services. This would provide strong incentives for improving customer services, compared to the status quo.

### **A single class would help the sector be responsive to supply and demand**

The review's analysis identified that a single class where all services operate under the same rules provides free and fair competition and gives providers incentives to respond to supply and demand.

### **Lowest level of cost to achieve the regulatory objective**

The rules proposed for option 4 impose a lower level of cost on the sector, while ensuring a sufficient level of safety and consumer protection. Operators would be

responsible for compliance with the rules, so the NZ Transport Agency could focus its compliance management efforts at the approved transport operator level.

### **Transport costs would be transparent**

Fares would be transparent to consumers, with the basis of the fare being agreed before the trip starts. Businesses would make choices about providing pricing information as a feature of their service. This approach to pricing would provide flexibility for services to charge according to their business models and respond to supply and demand.

### **Effective choices for people**

Removing rules that present a barrier to new operators entering the market and provide little benefit to the sector would help to ensure an effective small passenger services market (such as providing services 24/7). A well functioning market would provide consumers with choices about services, and incentivise new services, such as ridesharing, or new operators into smaller markets (such as rural communities).

### **Incentives for improving customer services**

The rules under option 4 would offer more flexibility for operators to choose how they meet them. The rules would provide incentives for operators to take up new technologies and changes to the way services are provided. This would provide improved customer services over time.

### **Mitigating the safety risk**

Option 4 recognises there are potential risks within the sector that require rules to reduce the level of risk. Under this option, the rules wouldn't provide 'solutions', but would allow operators to choose what the best mix of technologies or mechanisms is optimal for their service

## Section 2 – The need for change

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The existing rules for the sector are based on a model established in the late 1980s. The rules that governments have established in the past are not necessarily the best for the future.

### Technology is changing the transport sector

The environment that we live in is changing. We live in larger cities which provide a challenge for how we ensure people's mobility and how we manage congestion.

Technology and innovation are changing the transport sector (such as global positioning systems that we use today, as well as driverless cars which are on the horizon for the future).

People's expectations for customer services are changing as we move to a more service-focussed economy.

The small passenger service sector is changing as technology offers new solutions to problems and enables different business modes to operate. As a result, we need to change the way we've previously thought about the sector.

### Future rules need to be fit for purpose and flexible

The existing rules establish clear distinctions between the types of services that operate within the sector (taxi, private hire, shuttles, dial-a-driver, and carpooling), while not addressing ridesharing at all.

These regulatory distinctions apply varying levels of compliance burden across the types of operator. The current approach does not provide incentives for innovation and the rapid uptake of new technology.

Some new entrants to the small passenger services market are using alternative and technology-based business models to challenge the existing regulatory approach.

Innovation within the sector is presenting new approaches to addressing risks. Retaining the status quo is not an option if we want to ensure a dynamic and competitive small passenger services sector that delivers benefits for consumers.

### Technology can also help to mitigate safety risks for drivers and passengers

The current in-vehicle security cameras and approval regime that taxis operating in main areas are required to use, provide information about the passenger, the driver, and the events that took place within a trip. This can help to deter any misconduct (by either the driver or passenger) and assist any investigation action following any allegation.

However, the range of technology-based systems is vast and evolving quickly. Currently, some small passenger services that utilise features such as enabling information about the driver and passenger to be provided to each other (including images and post trip ratings), live GPS tracking of the location of passengers and drivers. Cashless transactions are also widely used, which reduce the risk of the driver being attacked. These innovations are occurring within app-based and traditional services.

### The Government supports innovation for improved customer service

The Government is a strong supporter of innovations that enable all New Zealanders and businesses in New Zealand, traditional or otherwise, to enjoy the benefits of new technology.

Technology is developing quickly and changing the small passenger services market. However, there will continue to be a role for traditional or specific types of services in the foreseeable future.

## Section 3 – Current rules for each type of service

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Different types of service in the small passenger service sector are subject to different rules about how they operate. The services and rules are briefly described in this section.

### Services covered by the existing rules

*Taxi services have the highest level of rules*

#### Only approved taxi organisations can operate taxi services

Taxi services must be operated by an approved taxi organisation. A person in control of an approved taxi organisation must be a fit and proper person (they are subject to a Police check) and hold a certificate of knowledge of law and practice. An approved taxi organisation must:

- have its operating rules approved by the NZ Transport Agency
- provide a 24/7 service unless exempted by the NZ Transport Agency
- register its fare schedule
- maintain a register of all complaints received
- advise the NZ Transport Agency of any serious misconduct by a driver.

#### Taxi services must meet safety standards

Taxi vehicles must have a Certificate of Fitness (CoF) (issued six-monthly). Taxi services operating in main urban areas must also use an approved in-vehicle security camera system and panic alarm (which is monitored 24/7 by the approved taxi organisation at a fixed address).

An approved taxi organisation must ensure that each of its members who operate a taxi service holds a passenger service licence (PSL). This ensures that the person running the service is a fit and proper person and that they have the required knowledge of the laws and practices relating to the safe, efficient and proper operation of a passenger service.

#### Taxi drivers must hold a P endorsement

Taxi drivers must hold a Passenger endorsement (P endorsement) to a driver licence. Applicants can seek a P endorsement for a period of either one or five years. To gain a P endorsement, an applicant must:

- be a fit and proper person
- be medically fit to drive
- have knowledge of the English language
- have completed a P endorsement course
- hold an area knowledge certificate if they are operating in an urban area
- held a full New Zealand class one (car) licence for at least two years
- completed a full licence test (unless one has been completed in the preceding five years).

A taxi driver may engage a customer via a pre-booking, taxi rank or street hail.

### *Private hire services are pre-booked, with an agreed fare*

Private hire services traditionally offered services such as limousine hire. However, we are now seeing app-based services operating under private hire rules.

The operator of a private hire service is required to hold a Passenger Service Licence (PSL). Private hire services may only engage a customer via a pre-booking and the fare must be agreed before the service starts. These services are prohibited from using a meter.

Drivers of private hire vehicles must hold a P endorsement for their driver licence (this includes a fit and proper person test). They are not required to hold an area knowledge certificate.

Private hire vehicles must have a CoF (issued six-monthly), but are not required to have in-vehicle security cameras or panic alarms for the driver.

### *Shuttle services carry passengers to or from large passenger service terminals*

Shuttle services must meet private hire rules. They also have additional restrictions that limit them to carrying passengers that begin or end their journey at the airport, a bus or ferry terminal, or a railway station. Shuttles generally provide shared services for individuals travelling to and from these locations. They are also required to meet specific signage requirements showing the basis for how passengers will be charged.

### *Dial-a-driver services use a vehicle belonging to a passenger*

Dial-a-driver services are where the vehicle is provided by one of the passengers and the driver is paid to drive the passenger's vehicle.

These services operate according to private hire rules, with the vehicle being exempted from the CoF requirements (as it belongs to the passenger).

### **Services not covered by the existing rules**

#### *Carpooling comprises cost-sharing by those in a vehicle*

Carpooling is exempt from the existing rules.

Carpooling is where people are transported under a cost-sharing arrangement between occupants of a vehicle. Cost sharing includes (but is not limited to) fuel costs and reasonable wear and tear of a vehicle; but does not include any infringement fee incurred in the course of the journey, or compensation for the driver's travelling time.

We are also aware that some third-party services operate (with limited scale) – or are looking to operate – by connecting people (unknown to each other) that are travelling to similar destinations at similar times. Under the current rules, as long as any money exchanged is no more than cost recovery, these services are not required to meet any rules.

#### *Ridesharing – third parties connect those travelling to a similar destination (emerging service)*

- Ridesharing is similar to carpooling. A driver and passenger (who may not know each other) are travelling to similar destinations at similar times. They are connected by a third party that takes a share of any money exchanged between the passenger and driver.
- New Zealand is not currently seeing ridesharing, but overseas, it is an emerging service for users of small passenger services. The existing rules do not account for ridesharing well, and it is likely that these services would operate under the cost-sharing exemption.

*Transport network companies – connect passengers with contractor drivers (emerging service)*

- Transport network companies are emerging here and overseas. They generally consider themselves as providing only communications functions between passengers and drivers (they do not see themselves as responsible for the trip itself), leaving the drivers responsible for the trip. These companies are making the most of technology and often offer services through apps.
- Like taxi companies, transport network companies often exercise quality control over their independent contractor drivers. However, taxi companies are more willing to accept responsibility for the actions of their independent contractors (and are required to meet rules that support this responsibility).

## The rules

This consultation paper refers to the ‘rules’ to be complied with. Legislation that sets out the relevant rules include the:

- Land Transport Act 1998
- Land Transport Rule: Operator Licensing 2007
- Land Transport Rule: Work Time and Log Books 2007
- Land Transport (Offences and Penalties) Regulations 1999
- Transport Services Licensing Regulations 1989.

## Section 4 – Features important in the future sector

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Our review identified features (set out below) that we thought were most important for the future sector. We used these to assess the options we considered. The review sought to find the best option for the future, which would be the one that provided the most of these features.

### **Responsive to supply and demand –**

Passenger service providers should operate in a competitive market(s) that is responsive to both supply and demand signals (meeting customer needs).

### **The compliance burden as low as it can be while achieving the regulatory objective –**

The compliance burden on operators should be as low as possible, while ensuring there are appropriate requirements in place to meet any specified objectives

### **Transparent fees and charges –**

Passengers should have access to meaningful information about the costs of services, enabling them to make informed service choices.

### **Effective choice so people can travel where they wish in a timely manner –**

The system should provide passengers with a range of service offerings (quality and price) to meet their expectations.

### **Incentives for improved customer services –**

The regulatory framework should incentivise innovation and improved customer service over time.

### **Mitigated safety risks for passengers and drivers, and from vehicles –**

Reducing passenger, driver and vehicle safety risks is of fundamental concern to the small passenger service sector. Drivers and passengers need to have confidence that they can safely participate in the small passenger system.

There are safety risks for both passengers and drivers – these risks exist because drivers and passengers have little information about each other, and they are then both isolated within the vehicle. Once a passenger is inside a vehicle, the driver can control where they take the passenger and when they let them out of the car. In other instances, a driver's safety can be at risk from an intoxicated passenger, from multiple passengers, or by being directed to a remote location.

The Government wants to mitigate the safety risks, where practicable, to help provide passengers and drivers with the confidence they can use services safely. That is why drivers are required to hold a P endorsement to ensure they are checked as fit and proper to be driving passengers, and allow drivers to refuse to accept passengers where they feel their personal safety may be compromised.

In addition to the Government's role, companies can make their own business decisions to implement other features that enhance passenger and driver safety. These business decisions can be part of the company's brand and how they attract drivers and customers.

## Section 5 – Summary of options for the future

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### We examined five options for the future

The review identified five options for the future of the small passenger services system as a whole.

The options offer a range of alternative approaches. The review considered each option against what has been identified as important for the future for the sector (see Section 4 – *Features important in the future system*). In assessing the relative benefits of each option, the review used what happens currently as the benchmark and sought to determine whether each option would provide more of less of what we want.

The options identified are:

- Option 1 – Status quo – modified
- Option 2 – Reinforce separate markets for taxis and private hire services, with separate regulatory burdens
- Option 3 – Create a new single class system in which drivers are responsible for safety and compliance (reduced regulatory burden)
- Option 4 – Create a new single class system in which operators have responsibility for safety and compliance (reduced regulatory burden)
- Option 5 – Apply existing taxi requirements to all operators (higher

regulatory burden in new single class system)

### The options fall into three groups: the status quo, and two types of single class

Options one and two focus on retaining the status quo and ensuring the rules that apply to different types of operators within the sector continue. This will ensure the sector continues to be separated into separate classes.

Options three and four focus on a single class of small passenger service. The approach in these options is to remove a lot of the current specific rules and create more flexibility for operators. The difference between these two options is whether ensuring the remaining rules are complied with is the responsibility of individual drivers (option three) or the operators providing services (option four).

Option five is also focussed on a single class, but it requires all passenger services to meet the existing rules that currently apply to taxi services.

### The table summarises the features of all five options

The table on the following pages provides a summary of what would be required under each option.

In the following sections, we analyse each option finishing with further information on some specific issues.

What would be required under each option in the future –summary table

Feature	Option 1 – Status quo (modified)	Option 2 – Two classes: taxi and private hire	Option 3 – Single class — drivers responsible	Option 4 – Single class — operators responsible	Option 5 – Taxi requirements for all
<b>Managing for compliance</b>					
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	No	No	No	Yes	Yes
Approved taxi organisation	Yes	Yes	No	No	No
Passenger service licence	Yes	Yes	No	No	Yes
Certificate of knowledge of law and practice	Yes	Yes	No	No	Yes
<b>Passenger safety</b>					
Driver a fit & proper person	Yes	Yes	Yes	Yes	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes	Yes	Yes	Yes	Yes
Driver held licence for > 2 years	Yes	Yes	Yes	Yes	Yes
New driver has passed a practical driving test in last 5 years	Yes	Yes	No	No	Yes
Driver work time limits and log books	Yes	Yes	Yes	Yes	Yes

<b>Feature</b>	<b>Option 1 – Status quo (modified)</b>	<b>Option 2 – Two classes: taxi and private hire</b>	<b>Option 3 – Single class — drivers responsible</b>	<b>Option 4 – Single class — operators responsible</b>	<b>Option 5 – Taxi requirements for all</b>
Vehicle has a certificate of fitness	Yes	Yes	Yes	Yes	Yes
Driver is medically fit to drive	Yes	Yes	Yes	Yes	Yes
<b>Consumer protection, pricing, and fares</b>					
Duty for driver to accept first hire offered	Yes – Taxi	Yes – Taxi	Yes	Yes	Yes
Duty to take route most advantageous to hirer	Yes – Taxi	Yes – Taxi	Yes	Yes	Yes
Duty to agree fare basis prior to start of trip	Yes – Private hire	Yes – Private hire	Yes	Yes	No
Use of meters regulated	Yes	Yes	No	No	Yes
Taxi fares registered with NZTA	Yes	Yes	No	No	Yes
Regulated signage	Yes – Taxi	Yes – Taxi	No	No	Yes
Regulated Braille signage	Yes – Taxi	Yes – Taxi	No	No	Yes
Driver has area knowledge certificate	Yes – Taxi	Yes – Taxi	No	No	Yes
Driver has knowledge of English language	Yes – Taxi	Yes – Taxi	No	No	Yes

Feature	Option 1 – Status quo (modified)	Option 2 – Two classes: taxi and private hire	Option 3 – Single class — drivers responsible	Option 4 – Single class — operators responsible	Option 5 – Taxi requirements for all
<b>Driver safety</b>					
Mandated in-vehicle security cameras	Yes – Taxi	Yes – Taxi	Yes	Yes	Yes
Able to apply for exemption from in-vehicle security cameras	No	No	Yes	Yes	No
Mandated panic alarms	Yes – Taxi	Yes – Taxi	No	No	Yes
Power to refuse a passenger	Yes – Taxi	Yes – Taxi	Yes	Yes	Yes
<b>Other</b>					
Taxi services must be provided 24/7	Yes	Yes	No	No	Yes
Shuttles defined by specific regulation	Yes	Yes	No	No	Yes
Ridesharing defined — drivers are fit & proper person, work time limits, vehicle has CoF	Yes	Yes	Yes	Yes	Yes
Carpooling charging limited to cost-recovery	Yes	Yes	Yes	Yes	Yes

## Section 6 – Option 1: Status quo – modified

Possible features	Feature of option 1
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	No
Approved taxi organisation	Yes
Passenger service licence	Yes
Certificate of knowledge of law and practice	Yes
Driver a fit & proper person	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes
Driver held licence for > 2 years	Yes
New driver has passed a practical driving test in last 5 years	Yes
Driver work time limits and log books	Yes
Driver is medically fit to drive	Yes
Vehicle has a certificate of fitness	Yes
Duty for driver to accept first hire offered	Yes – Taxi
Duty to take route most advantageous to hirer	Yes – Taxi
Duty to agree fare basis prior to start of trip	Yes – Private hire
Use of meters regulated	Yes
Taxi fares registered with NZTA	Yes
Regulated signage	Yes – Taxi
Regulated Braille signage	Yes – Taxi
Driver has area knowledge certificate	Yes – Taxi
Driver has knowledge of English language	Yes – Taxi
Mandated in-vehicle security cameras	Yes – Taxi
Able to apply for exemption from in-vehicle security cameras	No
Mandated panic alarms	Yes – Taxi
Power to refuse a passenger	Yes – Taxi
Taxi services must be provided 24/7	Yes
Shuttles defined by specific regulation	Yes
Ridesharing defined – drivers are fit & proper person, work time limits, vehicle has CoF	Yes
Carpooling charging limited to cost-recovery	Yes

### Option 1 is the existing rules modified to include carpooling and ridesharing

This option requires a small modification to the existing arrangements for small passenger services (taxi, private hire, shuttle, dial-a-driver, and carpooling), as set out in Section 3 – *Current rules for each type of service*. The modification to option 1 would include a new definition for carpooling and ridesharing:

*Carpooling* – no rules would apply to carpooling where:

- people (who know each other) travel together in a vehicle and make a cost sharing<sup>1</sup> arrangement between them
- third party services connect people (who do not know each other) who are travelling to similar destinations at similar times under a cost sharing arrangement, and the third party does not profit.

*Ridesharing* – rules would apply where a driver and passenger (who may not know each other):

- are travelling to similar destinations at similar times
- use a third party to connect them and the third party takes a share of any money exchanged between the passenger and driver (regardless of whether it is more or less than cost recovery).

Companies providing communications services only would also continue be exempt.

<sup>1</sup> Cost sharing includes (but is not limited to) fuel costs and reasonable wear and tear of a vehicle; but does not include any infringement fee incurred in the course of the journey, or compensation for the driver's travelling time.

## The focus of Option 1

The focus of the current system is to have different types of services (taxi, private hire, shuttle, dial-a-driver, and carpooling) provide their services to different sub-markets. Each type of small passenger service must meet different rules that impose different costs on operators and, ultimately, passengers. Taxi services have more rules (and more detailed rules) to comply with than other types of passenger services.

For example:

- Taxis must use a taxi meter that records the cost of the trip, while private hire services must fix a fare before a journey begins and cannot use a meter to calculate a fare
- taxis operating in main urban areas must be fitted with an in-vehicle camera recording system, while private hire and shuttle vehicles do not have to have a recording system
- shuttles must operate to or from a fixed point (such as an airport or railway station)
- taxi drivers are allowed to work for seven hours, while private hire drivers can only work for five and a half hours before having a minimum 30 minute rest break.

The rules have a strong focus on safety and provide little incentive for operators to make decisions about how to best manage safety within their services. The rules can be quite specific about how an operator should comply, which limits the opportunity for operators to innovate or do things differently.

This option promotes safety across all of the different types of passenger service through rules for:

- drivers to have a 'P endorsement' (this includes criminal record and driving offences checks)
- drivers to comply with work time limits and maintain log books
- vehicles to have a six-monthly CoF check.

## Our conclusion on Option 1

The review's analysis found that competition was reduced by the option's approach of creating sub-markets through its many rules. Rules that specify how operators comply with them means that operators are not highly incentivised to innovate or be early adopters of new technology. Overall, this means that passengers do not receive the benefit of ongoing improved customer services as early as they should.

## Section 7 – Option 2: Two classes: taxi and private hire services

Possible features	Feature of Option 2
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	No
Approved taxi organisation	Yes
Passenger service licence	Yes
Certificate of knowledge of law and practice	Yes
Driver a fit & proper person	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes
Driver held licence for > 2 years	Yes
New driver has passed a practical driving test in last 5 years	Yes
Driver work time limits and log books	Yes
Driver is medically fit to drive	Yes
Vehicle has a certificate of fitness	Yes
Duty for driver to accept first hire offered	Yes – Taxi
Duty to take route most advantageous to hirer	Yes – Taxi
Duty to agree fare basis prior to start of trip	Yes – Private hire
Use of meters regulated	Yes
Taxi fares registered with NZTA	Yes
Regulated signage	Yes – Taxi
Regulated Braille signage	Yes – Taxi
Driver has area knowledge certificate	Yes – Taxi
Driver has knowledge of English language	Yes – Taxi
Mandated in-vehicle security cameras	Yes – Taxi
Able to apply for exemption from in-vehicle security cameras	No
Mandated panic alarms	Yes – Taxi
Power to refuse a passenger	Yes – Taxi
Taxi services must be provided 24/7	Yes
Shuttles defined by specific regulation	Yes
Ridesharing defined – drivers are fit & proper person, work time limits, vehicle has CoF	Yes
Carpooling charging limited to cost-recovery	Yes

### Option 2 is the existing rules, but with a statutory difference between taxis and private hire

This option is the same as the status quo option, except that it reinforces one key difference between taxis and private hire. Private hire operators can only accept passengers who pre-book a trip. Under this option, a pre-booking would be defined as having been made at least one hour prior to the trip being made.

This option would also define carpooling, which would be exempt from any rules, along with companies that provide only communications services.

### The focus of Option 2

The focus of this approach is to reinforce that taxis and private hire services should operate in separate sub-markets – effectively restricting competition in the market.

### Our conclusion on Option 2

The review's analysis found that option 2 would, overall, provide a similar level of benefit as the status quo.

However, option 2 would further limit competition, lowering incentives for both taxis and private hire to innovate, utilise new technology, improve customer service, and lower their costs for passengers.

## Section 8 – Option 3: Drivers responsible under new single class system

Possible features	Option 3
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	No
Approved taxi organisation	No
Passenger service licence	No
Certificate of knowledge of law and practice	No
Driver a fit & proper person	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes
Driver held licence for > 2 years	Yes
New driver has passed a practical driving test in last 5 years	No
Driver work time limits and log books	Yes
Driver is medically fit to drive	Yes
Vehicle has a certificate of fitness	Yes
Duty for driver to accept first hire offered	Yes
Duty to take route most advantageous to hirer	Yes
Duty to agree fare basis prior to start of trip	Yes
Use of meters regulated	No
Taxi fares registered with NZTA	No
Regulated signage	No
Regulated Braille signage	No
Driver has area knowledge certificate	No
Driver has knowledge of English language	No
Mandated in-vehicle security cameras	Yes
Able to apply for exemption from in-vehicle security cameras	Yes
Mandated panic alarms	No
Power to refuse a passenger	Yes
Taxi services must be provided 24/7	No
Shuttles defined by specific regulation	No
Ridesharing defined – drivers are fit & proper person, work time limits, vehicle has CoF	Yes
Carpooling charging limited to cost-recovery	Yes

### Option 3 creates a single class for all small passenger services

Option 3 would create a single class of small passenger services covering all of the current taxi, private hire, shuttle, dial-a-driver, and ridesharing services. All services within the single class would compete for passengers under the same rules, including ridesharing services. Carpooling and companies that provide only communications services would be exempt from any rules.

Companies would still exist, 'selling their brand' to passengers and connecting passengers with their drivers. Companies would still manage the quality of their drivers, vehicles, and any complaints as they seek to promote their brand and reputation to passengers.

### The focus of Option 3

Drivers would be responsible for ensuring they comply with the rules, although there would be fewer rules to comply with. The key rules would promote:

- passenger safety (through P endorsements, work time, reporting serious complaints requirements)
- driver safety (through a power to refuse to accept some passengers and a duty for operators to promote driver safety)
- consumer protection (through a requirement for the basis of the fare to be agreed, driver to accept first hire offered, and a driver to take the most advantageous route).

Further information on the details of the above proposed rules can be found in Section 12 – *Common requirements under options 3 and 4.*

All passenger services would have to meet the existing rules for in-vehicle security cameras that currently apply to taxis. The NZ Transport Agency would exempt a vehicle from the camera requirement where it meets all of the criteria below.

- **services are provided to registered passengers only** – where the vehicle is only used to transport passengers that are registered with the company or driver.
- **driver and passenger information is collected** –when registering with the company or driver, a passenger/driver must provide their name, photo, address, and phone number.
- **driver and passenger information is available** – before each trip starts, the company or driver makes the name and photo of the passenger and driver available to each other.
- **a record of each trip is retained** – the company or driver retains a record of each trip, including the start and end points.

The exemption option for in-vehicle security cameras recognises that cameras can be effective for managing safety. However, it also acknowledges there are a number of other innovative and technology-based solutions that provide alternative means to help manage the risk posed to driver safety. The proposed

approach for in-vehicle camera and exemption regime would promote driver and passenger safety, while incentivising innovation and technology within a regulatory regime that supports competition between services.

Option 3 focuses on promoting competition within a single market through fewer rules and companies taking their own decisions about how they operate across a number of issues. Operators would have increased incentives to manage the quality of their drivers and vehicles.

As the regulator, the NZ Transport Agency would have to focus its investigation, audits, and regulatory action at the individual driver level (there are thousands of individual drivers). Under the status quo, it can focus at the operator level (there are a few hundred operators).

### Our focus on option 3

The review's analysis found that option 3 would (in comparison to the status quo) provide a higher level of competition within the market. The minimum of rules means option 3 imposes the lowest cost and gives drivers and companies a high level of choice. This provides strong incentives for competition within the small passenger services market and promotes improved customer services.

This option would make the NZ Transport Agency's regulatory oversight role less cost effective.

## Section 9 – Option 4: Operators have responsibility under new single class system

Possible features	Option 4
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	Yes
Approved taxi organisation	No
Passenger service licence	No
Certificate of knowledge of law and practice	No
Driver a fit & proper person	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes
Driver held licence for > 2 years	Yes
New driver has passed a practical driving test in last 5 years	No
Driver work time limits and log books	Yes
Driver is medically fit to drive	Yes
Vehicle has a certificate of fitness	Yes
Duty for driver to accept first hire offered	Yes
Duty to take route most advantageous to hirer	Yes
Duty to agree fare basis prior to start of trip	Yes
Use of meters regulated	No
Taxi fares registered with NZTA	No
Regulated signage	No
Regulated Braille signage	No
Driver has area knowledge certificate	No
Driver has knowledge of English language	No
Mandated in-vehicle security cameras	Yes
Able to apply for exemption from in-vehicle security cameras	Yes
Mandated panic alarms	No
Power to refuse a passenger	Yes
Taxi services must be provided 24/7	No
Shuttles defined by specific regulation	No
Ridesharing defined – drivers are fit & proper person, work time limits, vehicle has CoF	Yes
Carpooling charging limited to cost-recovery	Yes

### Option 4 creates a single class for all small passenger services

This option is the same as option 3 in that it removes the distinctions between types of operator and establishes a single class of small passenger service. Under the single class, all passenger services would compete to transport passengers under the same rules, including ridesharing services.

The difference in this option is that responsibility for compliance with the rules is focussed first at the operator level, and then at drivers.

Under option 4, all passenger services provided by taxi, private hire, shuttle, dial-a-driver, ridesharing, and transport network companies, would have to be provided through an approved transport operator.

An approved transport operator would be approved by the NZ Transport Agency. Approval would be based on the person in control of the service being fit and proper.

As with option 3, all vehicles providing passenger services would have to meet the existing rules for in-vehicle security cameras that currently apply to taxis. This requirement would have a supporting provision to provide for exemptions, on a case-by-case basis. Exemptions would be granted where the NZ Transport Agency considered that an approved transport operator met specific criteria to provide for driver and passenger safety.

## The focus of Option 4

An approved transport operator would be responsible for making sure, and maintaining evidential records to show, that the fundamental rules to ensure passenger safety were complied with. These fundamentals would be that :

- all of its drivers had a P endorsement – that they were fit and proper person to drive passengers
- all drivers only worked within their work time limits and maintained log books
- all vehicles had a CoF (this would not apply to dial-a-driver)
- vehicles exempt from the in-vehicle camera requirement only carried passengers in line with the specified criteria.

An approved transport operator would also be required to:

- notify the NZ Transport Agency of any complaints received alleging serious improper behaviour by drivers
- support the NZ Transport Agency or the Police when they undertake any regulatory compliance activity.

Drivers could only drive for an approved transport operator (they could be an owner/driver and themselves be an approved transport operator). A driver would also be responsible for ensuring that they:

- held a P endorsement and displayed their identification card
- worked within their work time limits (up to 7 hours before a rest break is required) and maintained log books
- only drove vehicles with a valid CoF (excluding dial-a-driver services)

- agreed the basis of the fare with their passengers, in advance of the trip.

To ensure a high level of compliance with the rules, the NZ Transport Agency would focus its investigation, audit, and enforcement effort on the approved transport operators.

Carpooling and companies providing only communications services would be exempt from any rules.

As with option 3, the focus of this approach is to promote competition within the market through fewer rules and operators taking their own decisions about how they operate. In addition to the need to comply with the rules, an approved transport operator would have its own incentives to manage the quality of drivers and vehicles. The alignment of the rules with business incentives helps to promote compliance across the sector.

## Our conclusion on options 3 and 4

The review concluded option 4 would provide a similar level of benefit to option 3.

Option 4 was preferred over option 3 because it would promote a higher level of compliance with the rules by making oversight of the sector by the NZ Transport Agency more effective.

Further discussion on how option 4 meets the important aspects for the future is set out in Section 1 – *The review concluded option 4 would be best for the future.*

## Section 10 – Option 5: Existing tax requirements apply to all

Possible features	Option 5
Approved transport operator (taxi, private hire, shuttle, ridesharing, & transport network company)	Yes
Approved taxi organisation	No
Passenger service licence	Yes
Certificate of knowledge of law and practice	Yes
Driver a fit & proper person	Yes
NZ Transport Agency to be advised of serious complaint/allegation against a driver	Yes
Driver held licence for > 2 years	Yes
New driver has passed a practical driving test in last 5 years	Yes
Driver work time limits and log books	Yes
Driver is medically fit to drive	Yes
Vehicle has a certificate of fitness	Yes
Duty for driver to accept first hire offered	Yes
Duty to take route most advantageous to hirer	Yes
Duty to agree fare basis prior to start of trip	No
Use of meters regulated	Yes
Taxi fares registered with NZTA	Yes
Regulated signage	Yes
Regulated Braille signage	Yes
Driver has area knowledge certificate	Yes
Driver has knowledge of English language	Yes
Mandated in-vehicle security cameras	Yes
Able to apply for exemption from in-vehicle security cameras	No
Mandated panic alarms	Yes
Power to refuse a passenger	Yes
Taxi services must be provided 24/7	Yes
Shuttles defined by specific regulation	Yes
Ridesharing defined – drivers are fit & proper person, work time limits, vehicle has CoF	Yes
Carpooling charging limited to cost-recovery	Yes

### Option 5 requires all operators to meet current taxi rules

Option 5 provides for a single class of approved transport operator and requires all approved transport operators to meet the existing high level of rules that apply currently for taxis.

As with option 4, the approved transport operator would be responsible for making sure drivers complied with the rules. This would mean all private hire, shuttle, dial-a-driver, and ridesharing services would be subject to the full set of rules that taxi services currently operate under.

All operators would have to become an approved transport operator.

Carpooling and companies providing only communications services would be exempt from any rules.

This would allow all services to take passengers from a pre-booking or a rank, or to be hailed by a passenger on the street. It would also permit all services to charge passengers through a meter or to agree the basis of the fare before the trip starts (a meter would still have to run, and the agreed fare could not be more than the meter-based rate).

The rules to promote driver safety, passenger safety, and consumer protection would apply to the single class established under option 5. Rules that currently only apply to taxi services (as set out in Section 3 – *Current rules for each type of service*) would be expanded to apply to all operators under the single class.

To obtain a P endorsement under option 5, all drivers would need to have knowledge of English language, have completed a P endorsement course, and hold an area knowledge certificate if they are operating in an urban area.

All vehicles providing passenger services under option 5 would be required to have an in-vehicle security camera and panic alarm for the driver (a camera and panic alarm is required for services in main urban centres only).

An approved transport operator would be approved by the NZ Transport Agency. Approval would be based on what is currently required of taxi operators. To apply for approval, an operator (or person to be in control of an operation), would have to:

- hold a certificate of knowledge of law and practice for passenger services
- provide NZ Transport Agency with its operating rules, details of its telecommunications systems, proposed area of operation, and signage the services would have.

### The focus of option 5

Option 5 focuses on setting a high level of rules to promote safety within the system by ensuring all services comply with existing rules for taxi services. The option promotes a high level of safety but does not give companies incentives to make decisions about how they provide services and operate in the market.

### Our conclusion on option 5

The review concluded that, in comparison to option one, this option would cost the sector more to operate in accordance with the rules. These costs would be passed on to consumers, with the greatest increase for non-taxi services that would have to meet more rules.

The cost to comply is likely to act as a barrier to entry into the market. This would reduce competition and limit incentives for companies to provide improved customer services.

## Section 11 – Definitions for exemptions

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### Exemptions for different types of service

Carpooling and services that provide only communications functions would be exempt from the rules under all five options. Ridesharing (while similar to carpooling) would have to meet the rules under each of the five options.

#### *Carpooling would be exempt under all options*

Under the existing definitions, carpooling is exempt under two circumstances.

- The people in the vehicle already know of each other (for example, they are friends, members of the same sports team or work for the same company). The driver and passenger may agree to share the responsibility of driving or the passenger will contribute money towards the driver's costs for the trip (that is, the operating costs of the vehicle such as petrol and depreciation, but not any payment for the driver's time).
- The people in the vehicle (who may not know each other) are travelling to similar destinations at similar times and use a third party to connect them. The passenger(s) will contribute money towards the driver's costs for the trip (that is, the operating costs of the vehicle such as petrol and depreciation, but not any payment for the driver's time).

Local authorities are beginning to promote this second type of service more widely. A local authority is likely to promote carpooling to achieve a range of public benefits for their community, rather than wanting to raise revenue or make a profit. (Carpooling can benefit local communities

by reducing congestion, lowering greenhouse gas and other emissions, and reducing a local authority's level of transport expenditure  
“[www.letscarpool.govt.nz](http://www.letscarpool.govt.nz)” is an example of such promotion.)

#### *Companies providing communications functions only would be exempt under all options*

The review considers that a company (for example, a call centre company) that provides a back office communications function for a completely unrelated passenger service company should be exempt from complying with the rules.

A company that may consider itself to only be providing technology or communications, but that actually participates in the passenger services market in a manner similar to other operators would be required to comply with the relevant rules.

#### *Ridesharing would comply with the rules under all options*

Ridesharing services would have to comply with the rules set out under each option. Ridesharing is where third parties (often a technology-based company using apps) connect people who are driving to a destination with other people who want to travel to a similar place. The third party that connects driver and passenger receives revenue from the transaction, commonly by taking a percentage of the money paid by the passenger to the driver. For more information on the emergence of ridesharing, see section 3 – *Current rules for each type of service*.

## Section 12 – Common requirements under options 3 and 4

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### Options 3 and 4 have common requirements for safety

A number of requirements apply to both options 3 and 4. Other requirements are specific to one of the options. This section sets out the common requirements that promote passenger safety, driver safety, and vehicle safety.

#### *Driver rules would support passenger safety*

- *P endorsement* – all drivers would have to hold a ‘P endorsement’ issued by the NZ Transport Agency. A person applying for a P endorsement would have fewer requirements to meet. To obtain a P endorsement, a driver would have to pass a fit and proper person check (criminal record and driving record check), be medically fit to drive, and have held a full New Zealand driver licence for at least two years. A NZ Transport Agency issued P endorsement identification card would have to be displayed in the vehicle.
- *Work-time limits* – to ensure that drivers were not too fatigued, they would have to comply with work-time limits that set a maximum number of work hours and require rest breaks. Drivers would need to maintain log books covering all of the time that they worked. All operators could work to the existing limits for taxis, of up to 7 hours before a rest break is required.

- *Reporting serious complaints to the NZ Transport Agency* – to ensure a P endorsement holder remains fit and proper, the responsible person would be required to notify the NZ Transport Agency of any complaints received alleging serious improper behaviour by drivers. This would be a driver under option 3 or an approved transport operator under option 4. They would also be required to support the NZ Transport Agency or the NZ Police in undertaking any regulatory or compliance action.

#### *Rules would also support driver safety*

- *Power to refuse to accept some passengers* – this enables drivers to refuse to accept passengers if they consider that their personal safety could be at risk.
- *Duty for passenger service operators to promote driver safety* – this requires drivers (under option 3) or approved transport operators (under option 4) to make business choices from the range of mechanisms available to them. Such measures would be in addition to the mandated safety requirements.

#### *Managing driver fatigue*

- *Work time and log books* – Current requirements permit taxi drivers to drive for up to 7 hours before taking a break, and the rest of the sector up to 5.5 hours before a break. We propose applying the work time and logbook requirements for taxi services to the whole sector under the single class approach.

### *A robust safety check would support vehicle safety*

- *Certificate of Fitness (CoF)* – this is an existing general safety check. It is more robust than a Warrant of Fitness for private cars and is required every six months.

### *Hire and fare rules would provide consumer protection*

- *Driver to accept first hire offered* – this imposes a duty on the driver to accept the first hire offered (subject to the exception for driver safety) so a driver could not refuse to take passengers only travelling short distances.
- *Driver to take most advantageous route* – this would require the driver to take the route that is most advantageous to the passenger (unless agreed otherwise for example, where multiple passengers are travelling to different destinations).
- *Agree the basis of the fare* – drivers would have to agree the basis of the fare with the passenger prior to the commencement of the trip. This could be a set fare or a per km rate. The fare could also be agreed between the passenger and the company at the time of booking.

### *Current in-vehicle security cameras rules would apply*

- *In-vehicle security cameras* – all small passenger service vehicles would have to meet the existing rules for in-vehicle security cameras that currently apply to taxis.

- *Exemption from camera requirement* – On application by a driver (under option 3) or an approved transport operator (under option 4), the NZ Transport Agency would exempt a vehicle from the camera requirement where it met all of the following criteria.
  - *Providing services to registered passengers only* – the service is only provided where the passenger is registered with company or driver.
  - *Collection of driver and passenger information* – when registering with the company or driver, a passenger/driver must provide their name, photo, address, and phone number.
  - *Availability of driver and passenger information* – before each trip starts, the company or driver makes the name and photo of the passenger and driver available to each other.
  - *Retaining a record of each trip* – the company or driver keeps a record of each trip, including the start and end points.

## Why some existing requirements are not retained under options 3 and 4

We concluded that some existing requirements impose a cost on the sector, but do not contribute to the small passenger services sector providing the important features sought for the future.

Accordingly, we have not retained all current requirements under the proposed options 3 and 4. The table below identifies these requirements and sets out why we propose removing each one.

Existing requirement not retained under options 3 and 4	Summary comment
<i>Registered fares</i>	<p>The rules apply differently to passenger service operators. Taxi operators must register their fares with the NZ Transport Agency and can charge a fixed price or use a meter. Private hire operators can only charge a fixed price.</p> <p>We propose removing the rules governing pricing. All drivers would have a duty to agree the basis of the fare with the passenger prior to the commencement of the trip or at the time of booking. Existing consumer protection laws (Consumer Guarantees Act 1993 and the Fair Trading Act 1986) would be relied on to manage any fare disputes.</p>
<i>Regulated signage – including Braille</i>	<p>The rules set out specific signage requirements for taxi services that relate to the operator’s brand, taxi roof sign, contact details, and fares. We propose removing these requirements. Operators would be able to make a choice about what signage they used and the information provided in it.</p> <p>The rules require information in Braille: the name of the taxi organisation, vehicle’s fleet number, a telephone number for the company. We propose removing this requirement. Blind passengers can use alternative ways to obtain the information currently provided in Braille, such as enquiring at the time of booking, and using smartphone apps that provide a record of the trip.</p>
<i>Area knowledge</i>	<p>Taxi drivers in urban areas are required to have passed an area knowledge test. The purpose of the requirement is to ensure that drivers are able to take passengers on a direct route to their destination.</p> <p>We propose removing the area knowledge requirement. Technology, such as GPS systems, provides alternative means to achieve the objective. Passengers are also able to use this type of technology to track the route that the driver is using.</p>
<i>English language</i>	<p>Taxi drivers are required to have a sufficient knowledge of the English language.</p> <p>We propose removing the English language requirement. The NZ Transport Agency considers that few drivers are currently tested.</p>
<i>Panic alarms</i>	<p>Currently, taxis are required to have in-vehicle panic alarms. There are no mandated driver safety requirements for private hire drivers.</p> <p>We propose removing the mandatory requirement for panic alarms. Drivers should be able to refuse to accept a passenger where they consider their personal safety could be compromised and passenger service operators should have a duty to promote driver safety. Passenger service operators should make their own business decisions on how they promote driver safety (which could include the use of panic alarms or other technologies).</p>

**Existing requirement not retained under options 3 and 4**

**Summary comment**

*Passenger service licence (PSL)*

Regulatory compliance is managed through a range of mechanisms including approved taxi organisations, passenger service licence and driver obligations.

We propose requiring all small passenger service operators to be an approved transport operator. A key responsibility of approved transport operators would be making sure all of their drivers had a P endorsement, worked within work time limits, and drove vehicles with a valid Certificate of Fitness.

*Certificate of knowledge of law and practice*

To hold a PSL a person must hold a certificate of knowledge of law and practice. The certificate demonstrates that the holder has acquired the necessary knowledge of the laws and practices as they relate to the safe, efficient and proper operation of a transport service.

As we propose to remove a significant amount of the detailed rules governing the small passenger service industry, there is less need for the certificate of knowledge of law and practice, and it is recommended that this also be removed.

*24/7 service*

Taxis are required to provide services 24/7 in large cities. There is no similar requirement for private hire operators (or carpooling or ridesharing).

We propose removing the regulatory requirement for taxis to provide a 24/7 service, leaving operators to provide levels of service in response to their understanding of demand.

*Restrictions on how private hire services connect with customers*

Currently, private hire services can only take pre-booked customers. Taxis can take pre-booked or hailed customers. Shuttles can only take passengers travelling between specific destinations.

We propose removing the restrictions on how passenger service operators can connect with customers. This will promote enhanced competition and improved customer service.

*Driver passed driving test in last five years*

All P endorsement holders have to have passed a full licence test in the five years preceding their applying for their P endorsement.

We propose removing this requirement. A fully licensed New Zealand driver is deemed to be competent to be on the road without having to sit ongoing tests (certain circumstances excluded). The existing provision of having passed a test in the last five years imposes a cost on the driver, with little benefit.

*Work time*

Current requirements permit taxi drivers to drive up to 7 hours before taking a break, and the rest of the small passenger services sector up to 5.5 hours before a break.

We propose to apply the work time limits that currently exist for taxis (7 hours) to the whole small passenger services sector under the single class approach. The other requirements for work time and logbooks would remain.