

Effectiveness of controls over the taxi industry



Report of the

Controller and Auditor-General
Tumuaki o te Mana Arotake

Office of the Auditor-General
Private Box 3928, Wellington
Telephone: (04) 917 1500
e-mail: reports@oag.govt.nz
web site: www.oag.govt.nz



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June 2005

*This is the report of a performance audit
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Foreword

In 1997, this Office reported on how the Land Transport Safety Authority (the Authority) applied its quality control for those hoping to become taxi drivers – the “fit and proper person” assessment. I considered it was timely to follow-up that work, to see how the Authority had responded to our 1997 report, and to address significant ongoing public and Parliamentary concerns about the quality and safety of the taxi industry.

In this audit, I looked at the Authority’s oversight of the wider taxi industry – taxi organisations, passenger service licence holders, drivers, and course providers. Taking this wider view has allowed me to assess the effectiveness of the Authority’s controls over the taxi industry.

I am concerned that little progress has been made since our 1997 report. Similar issues emerge in this report, particularly relating to the effectiveness of entry controls, monitoring and enforcing of compliance, and sharing information with other agencies.

Inconsistent and inadequate monitoring and enforcing of compliance by the Authority has led to widespread non-compliance. As a result, there is a risk that unfit and improper people are allowed into, and remain in, the taxi industry.

The audit identified areas for improvement that are reflected in the many recommendations in this report.

I acknowledge that the new Authority – Land Transport New Zealand – is undertaking structural change to improve aspects of its performance. This report should be useful in guiding the new organisation’s interaction with the taxi industry. I await with interest the effect of the structural change on Land Transport New Zealand’s licensing regime for the taxi industry.

I thank staff of the Authority for their assistance during this audit.



K B Brady
Controller and Auditor-General

17 June 2005

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Summary

In 1997, we reported on the Land Transport Safety Authority's (the Authority) application of the "fit and proper person" assessment for those hoping to become taxi drivers. During that audit, we found that, except for the Wellington regional office, there were few cases where the issue or renewal of a passenger endorsement was questionable. The Authority agreed with parts of our report, but strongly disagreed with our references to particular decisions made by the regional offices. We also raised concerns about the level of enforcement and information sharing between the Authority and the Police.

At the time, the Authority was primarily responsible for land transport safety, including the taxi industry. On 1 December 2004, it was merged with another Crown entity, Transfund, to create a new land transport authority, Land Transport New Zealand.

In this audit, we examined whether the Authority had acted on our previous findings, and also took a wider look at the controls over the quality and safety of taxi services. We expected the Authority to have robust policies and procedures for granting the endorsements and licences needed to enter the taxi industry. We also expected an effective monitoring and enforcement framework to ensure the industry complied with its legislative obligations.

During the audit, it became clear that the Authority had a different view to ours about its role. We consider that our expectations were accurate, and consistent with both the legislation relevant to the Authority, and its accountability documents.

We also consider that our expectations are consistent with Land Transport New Zealand's legislative objective, so we audited and reported on that basis.

Our audit findings are based on evidence from Authority documents, interviews, file reviews, and analysis of statistics.

The taxi industry framework

Before 1989, controls over the taxi industry covered, among other things, the number of operators who could work in the taxi industry at any one time, and the fares taxi drivers could charge. The legislative environment for the taxi industry changed in 1989, when the Transport Services Licensing Act 1989 set up a new licensing system to govern the entry of individuals and organisations into transport service industries. The focus, from 1989, was on the quality of those in the taxi industry, and not the number of taxi organisations or drivers.

For the taxi industry, the result was a large increase in the number of new entrants. Before 1989, there were 2567 taxi licence holders, who belonged to 107 taxi organisations and drove 2742 taxis. As at September 2004, there were 23,000 passenger endorsement holders – that is, individuals qualified as taxi drivers. (The figure excludes bus drivers and other holders of passenger endorsements.) They belonged to 190 approved taxi organisations that used 8089 taxis.

A prescriptive range of legislation, made up of various Acts, Rules, and Regulations, covers the taxi industry. The legislation places many obligations on taxi organisations, passenger service licence holders, taxi drivers, and course providers who wish to enter the taxi industry, as well as continuing obligations for those already in the industry.

Controls over entry to the taxi industry

In relation to the controls over entry to the taxi industry, we expected applicants with a history of any serious crimes, or a history of repeated offending, to be precluded from entering the taxi industry. To an extent this expectation is met by the proposed prohibition of persons with certain convictions from operating a taxi, which are set out in the Land Transport Amendment Bill.

Nevertheless, to assess the Authority's performance against this expectation we did not look at the adequacy of individual decisions, because they are the result of the exercise of discretion by certain Authority staff. Instead, we focused on the procedures used to make decisions, and the consistency of the procedures between the Authority's regional offices.

We expected there would be policies and procedures governing the role of the Authority's agents, who would ensure that applicants had satisfied all the statutory requirements before an application was forwarded to the Authority for an assessment of the person's fitness and propriety. We were satisfied that a manual guided the agents' activities.

The Authority had a compliance manual to guide the activities of compliance staff. However, staff knowledge and use of the compliance manual, especially when inducting new staff, was limited. In our view, the Authority should have made greater use of the compliance manual, especially for those staff who made fitness and propriety assessments under delegation from the Director of the Authority. Additional resources, such as legislation and case law, should have been better used.

To assess fitness and propriety, the Authority got information on an applicant's criminal and traffic conviction history from the Police. Where relevant, they also got information from the New Zealand Immigration Service. We were concerned that the Authority did not always get all the information available, from either the Police or the New Zealand Immigration Service, in order to make a full assessment of an applicant's fitness and propriety. This is of concern given the importance placed on the fit and proper person assessment as a means of preventing unfit and improper people from entering the taxi industry.

We expected that the Authority (or its agents) would get and keep proof that a driver had satisfied the requirements for a passenger endorsement. The regional offices had varying document storage procedures, and used different coversheets to check that applications met statutory requirements. Only one of the coversheets, from the 4 offices we visited, covered all the statutory requirements for becoming a taxi driver. Twenty percent of the new application files we examined did not contain proof that all the legislative requirements had been met to gain a passenger endorsement. The Authority must be able to prove that those entering the taxi industry have satisfied the requirements for doing so.

Taxi drivers are required to have, among other things, the appropriate Area Knowledge Certificate for the areas in which they drive. The Authority approves providers of the area knowledge courses. About one-third of the providers of area knowledge courses are taxi organisations. We consider that taxi organisations have a conflict of interest in issuing Area Knowledge Certificates to prospective taxi drivers because the organisations obtain income from the drivers. This situation needs to be managed by the Authority.

Taxi drivers must also pass a passenger endorsement course. There were 2 types of provider for passenger endorsement courses, both approved by the Authority. The 2 types of provider used different methods of testing, which resulted in 2 standards.

Accordingly, in our view, the arrangements for area knowledge and passenger endorsement courses do not ensure high standards in the taxi industry.

Overall, in relation to the entry controls administered by the Authority, we consider that some of the procedures used, and inconsistency of their use between regional offices, create the risk that unfit or improper people could enter the taxi industry.

The Authority's monitoring and enforcing compliance of the taxi industry

We expected the Authority to monitor closely, in conjunction with the Police, the compliance of the taxi industry with its legislative obligations. If the Authority found non-compliance, we expected it to take appropriate enforcement action (suspending or revoking a licence or endorsement, issuing offence notices, or otherwise bringing the person or organisation into compliance). If the Police charged or convicted a taxi driver of a serious offence, we expected that the Police would notify the Authority so it could take appropriate enforcement action.

During our audit, the Authority told us that it considered it had only limited responsibility for monitoring compliance in the taxi industry, and that the industry was responsible for ensuring it complied with legislation. The Authority's position was that it had a legislative mandate of "safety", which, given resource allocations, meant reducing or minimising death or injury in the land transport system, to achieve the goals in the *Road Safety to 2010* strategy. The taxi industry was not as high a priority as other parts of the transport sector, such as goods service vehicles.

In our view, the Authority had responsibility for monitoring the taxi industry according to its legislative purpose, and the specific powers it had been given by Parliament in the Land Transport Act 1998, Transport Services Licensing Act 1989, and subordinate legislation. However, we acknowledge that other agencies also have a role.

Further, while it was the responsibility of those in the industry to meet their obligations, the Authority must be able to determine whether the obligations for operating in the land transport system are met. In order to maintain effective oversight of the industry, it is essential for the Authority to collect and analyse data, to gain information that can be used to target non-compliant operators. However, the Authority relies on the industry's own record keeping.

We obtained data from the Authority to assess how much monitoring the Authority was conducting of the taxi industry. While the Authority is meeting its targets as reported in the *Statement of Intent 2004/2005*, there are no performance measures that relate directly to the taxi industry. Our analysis of the data revealed variations between regional offices, but more importantly variations between years within offices. A significant drop in audit hours was recorded in the Auckland and Wellington regional offices between 2002-03 and 2003-04. This is a concern because these offices cover the 2 largest taxi populations. Overall, we consider that the Authority is not adequately monitoring the taxi industry.

We were concerned that, on occasion, the Police overlooked telling the Authority of taxi drivers who are charged or convicted of serious offences. Non-notification

prevents the Authority from taking appropriate enforcement action, such as suspending a driver, awaiting the outcome of their case. There had been little improvement since our 1997 report. We consider that formality is required around the provision of information, and the Authority and the Police need to agree which offences must be notified to the Authority. The Authority also needs to provide the Police with information on those drivers whose licence or endorsement the Authority has suspended or revoked.

In our view, inadequate monitoring and enforcing of taxi industry compliance by the Authority, as well as the informal information-sharing process between the Authority and the Police, worsened the weaknesses in the Authority's administration of the entry controls. We consider that the weaknesses led to the risk that unfit and improper people were able to gain entry to the taxi industry, and once in, such people were not likely to be required – through targeted monitoring and effective enforcement – to comply with the legislative requirements. In this respect there had been little improvement since our 1997 report.

Monitoring by other agencies

In the absence of adequate monitoring by the Authority, other agencies such as the Police's Commercial Vehicle Investigation Unit (CVIU), local authorities, and airport companies, had introduced their own measures to address problems they have with the taxi industry.

We examined data held by the CVIU, and accompanied CVIU staff carrying out their work. We saw taxi drivers take extreme measures to avoid inspection. In the 2003-04 year, the CVIU Vehicle Safety Officers ordered more than a third of the taxis and shuttles they inspected to stop working as a taxi or shuttle until faults were remedied.

The monitoring work of the CVIU and the Authority overlapped. The CVIU believed that it should have sole responsibility for on-road taxi monitoring and enforcement. We consider that there is a significant level of non-compliance in the taxi industry, as evidenced by CVIU statistics, our audit observation, and stakeholder feedback.

Consistency of the compliance function

We expected the recruitment and induction procedures for compliance staff to be consistent between regional offices. We also expected the Authority to have compliance training material, policies, and procedures for granting passenger endorsements. This would ensure that the decisions comply with legislation, and promote consistent decision-making. Finally, to further promote consistency, we expected the Authority to have procedures for sharing best practice, or discussing common issues.

In the Authority's regional offices, there were different approaches to recruitment and induction, although the general procedures were the same. Relevant legislation was the primary guide for new staff, who worked with a more experienced "buddy".

The Authority did not have any policies around the exercise of discretion in the fit and proper person assessment, because of a concern that policies could be seen to fetter the legislated discretion of compliance staff. Instead, compliance staff relied on statutory requirements.

In addition to courses suggested or requested through the performance management system, the Authority had created a New Zealand Qualifications Authority qualification for compliance staff, based on unit standards. To produce the standards for the qualification, the Authority had established the appropriate roles of a Compliance Officer, and the appropriate performance required to achieve a competent standard. In our view, the qualification was a useful tool for training new staff and refreshing the knowledge of existing staff. It may help promote consistent practice throughout the organisation.

However, overall, the systems and decision-making procedures between the Authority's regional offices were inconsistent. Sharing best practice and discussing common issues happened informally and infrequently.

Changes in the land transport sector

During our audit, the land transport sector underwent significant change.

The Land Transport Safety Authority and Transfund were merged, to create Land Transport New Zealand. This placed on hold a proposed reorganisation of the Compliance Section's functions. The reorganisation, if it goes ahead, would address some of our specific concerns with the regional decision-making procedures.

During our audit, the Land Transport Amendment Bill was introduced to Parliament. The purpose of the Bill is to enhance existing land transport safety legislation to support more efficient and effective enforcement, operation, and administration.

It also attempts to address aspects of the current licensing regime that passenger service users perceive as safety risks. However, we are concerned that present weaknesses in the licensing regime will remain, when the Bill is passed, unless Land Transport New Zealand increases the amount of monitoring it conducts.

Consumer awareness and the Operator Safety Rating System

In our view, Land Transport New Zealand should consider repeating earlier efforts to educate the public about the rights of taxi passengers, and obligations of taxi drivers. The proposed Operator Safety Rating System may help to guide consumers toward more safety-conscious operators, and provide Land Transport New Zealand with information to target non-compliant operators.

However, Land Transport New Zealand plans to implement the Operator Safety Rating System for goods service vehicles first, because they have been assessed as posing the highest safety risk. A lack of progress with implementing the system means that a comparable system for taxis is some years away.

Recommendations

We make 61 recommendations in our full report. For clarity, our report still refers to the Authority because it was the entity we audited. However, our recommendations, and comments relating to proposed changes, refer to the post-merger organisation – Land Transport New Zealand – given its inheritance of the Authority's procedures in relation to the licensing of the taxi industry, and monitoring and enforcing its compliance.

Introduction

- 1.1 In this Part, we explain why and how we undertook this audit, its scope, and our expectations at the start of the audit. We also discuss issues that arose during our audit; in particular, a difference of view about the role of the Land Transport Safety Authority (the Authority).

Our 1997 report

- 1.2 In 1997, we reported to the then Transport and Environment Committee on our audit of the application of the “fit and proper person” assessment by the Authority under the Transport Services Licensing Act 1989.
- 1.3 The assessment is made by compliance staff within the Authority’s regional offices, in relation to the suitability of a person seeking to work in the passenger service industry.¹
- 1.4 At the time, we reviewed files at 4 of the Authority’s 7 regional offices, interviewed stakeholders,² and presented our findings to the Transport and Environment Committee and the Authority.
- 1.5 Except for the Wellington regional office, there were few cases where the issue or renewal of a passenger endorsement³ was questionable. The Authority agreed with parts of our report, but strongly disagreed with our references to particular decisions made by the regional offices.

1 A “passenger service” means carrying passengers on any road, in a motor vehicle, for hire or reward.

2 These stakeholders included relevant staff from the Authority and the Police, and the Chief Executives from 2 transport industry groups (the New Zealand Road Transport Association, and the New Zealand Bus and Coach Association).

3 A passenger endorsement shows the driver licence holder knows his or her obligations and responsibilities as the driver of passengers, and has had his or her fitness and propriety assessed. (See paragraphs 2.29-2.31).

- 1.6 Our 1997 report also found that:
- some regions were not carrying out enough enforcement work, with many taxi drivers flouting the law in the knowledge there would be little enforcement action; and
 - there was a lack of information sharing between the Police and the Authority. We recommended the 2 organisations reach an agreement so the Police would automatically tell the Authority every time a passenger service driver was charged with a serious offence.

Why we undertook this audit

- 1.7 In this audit, we were interested in examining whether the Authority had acted on our 1997 findings. We were also aware of public and Parliamentary concerns about the quality and safety of taxi services. Media articles were citing concern within the taxi industry, and noting the belief of the Taxi Federation (a body representing about 40% of the industry⁴) that the industry was not functioning well because it had grown without a similar increase in the Authority's compliance staff.
- 1.8 We were also aware that Parliament was considering the Land Transport Amendment Bill. The Bill included some measures to address passenger service users' concerns about the taxi industry, including placing more responsibility on taxi organisations for the actions of drivers. It was therefore timely to assess whether the Authority was effectively administering taxi licensing, monitoring, and enforcing compliance, in accordance with statute.
- 1.9 Considering all this, we decided to extend the scope of this audit. We looked at the Authority's licensing, monitoring, and enforcing compliance of the wider taxi industry – including taxi organisations, passenger service licence holders, drivers, and course providers. Taking a wider view of the Authority's licensing, monitoring, and enforcing role let us assess the effectiveness of the Authority's controls over the taxi industry.

Scope of our audit

- 1.10 Our audit objectives were to:
- examine whether the Authority was applying effective controls when granting or renewing the licences of taxi drivers;
 - examine whether the Authority was effectively monitoring taxi drivers after it approved them;

⁴ According to the Taxi Federation's Executive Director, the Federation represented 3300 of the 8089 vehicles that were registered as taxis in September 2004.

- provide the Authority with an assessment of whether it was effective in regulating the taxi industry; and
 - recommend improvements, where appropriate.
- 1.11 Our audit did not include the legislative requirements for vehicles used in a taxi service.
- 1.12 We did not look at the adequacy of individual Authority decisions – that is up to the discretion of the Director of the Authority and delegated Authority staff. Instead, we focused on the procedures behind the decisions, and the consistency in procedure between the Authority’s regional offices. This let us assess whether there was any risk that unfit or improper people could enter, and remain in, the taxi industry.
- 1.13 Our report refers to the Authority, in relation to our findings, because this was the name of the organisation at the time of our audit. Our recommendations are directed at Land Transport New Zealand – the entity created when the Authority and Transfund were merged – which has been responsible for land transport since 1 December 2004.

Our expectations

- 1.14 In relation to controls over those entering the taxi industry, we expected the Authority to have policies and procedures in place for its staff and agents, and course providers. We expected that regional offices would consistently apply the policies and procedures.
- 1.15 In relation to monitoring those who had entered the taxi industry, we expected the Authority to have effective measures for regularly monitoring whether those in the taxi industry were complying with their obligations and responsibilities. If non-compliance was found, we expected the Authority to take appropriate enforcement action to ensure compliance, or to suspend or revoke a person’s licence or endorsement.
- 1.16 Early in the audit, we gave the Authority a copy of the expectations we had prepared for this audit, for its review. The Authority provided comments at that point.
- 1.17 As we conducted our audit, it became clear that the Authority’s view of its role was different to ours (see paragraphs 1.35-1.52). We consider that our expectations were accurate, and consistent with both the legislation relevant to the Authority, and its accountability documents. We also consider that our expectations are consistent with Land Transport New Zealand’s legislative objective (described in Part 7), so we have audited and reported on that basis.
- 1.18 We set out our expectations in more detail, including expectations that follow up findings from our 1997 report, at the start of other Parts of this report.

How we conducted our audit

1.19 Our audit focused on the effectiveness of the Authority's controls over the taxi industry in relation to licensing, monitoring, and enforcing compliance. In assessing the effectiveness of the controls, we reviewed the Authority's policies and procedures for:

- approving taxi organisations and granting passenger service licences;
- granting passenger endorsements, Area Knowledge Certificates, and identification cards for taxi drivers; and
- approving course providers for certificates required to operate in the taxi industry.

1.20 We also reviewed:

- the Authority's monitoring of legislative provisions relating to taxi organisations, passenger service licence holders, taxi drivers, and course providers;
- the Authority's internal audit programme, which monitors policy and procedure implementation;
- collaboration between the Police and the Authority about any offences committed by people in the taxi industry, which might require a review of the person's fit and proper person status, and therefore their suitability to work in the industry; and
- consistency between selected Authority regional offices in applying the policies and procedures.

1.21 We met with managers and staff at the Authority's National Office in Wellington. We became familiar with the organisation, and, specifically, its policies and procedures for giving effect to the legislation that sets out the licensing requirements for the taxi industry.

1.22 Our fieldwork covered 4 of the Authority's 7 regional offices. We selected regional offices in Auckland, Wellington, and Christchurch, because they have the largest taxi fleets. We selected Palmerston North because:

- the Transport Registry Centre is there (it has responsibility for, among other things, monitoring the performance of the Authority's agents); and
- it is a centre with a smaller population, and provided a good contrast with the larger taxi driver populations of the other regions.

1.23 We reviewed files held at the selected regional offices, including passenger endorsement application and renewal files, complaints registers, and audits of taxi organisations and course providers. We assessed whether the Authority had complied with legislative requirements for licensing taxi drivers, and examined consistency between the 4 regional offices.

- 1.24 We invited the selected regional offices to organise audit work during our visits. We watched Authority staff conducting audits of taxi organisations, and audits of approved providers of passenger endorsement courses.
- 1.25 We also met with staff from 2 parts of the Police that have the most interaction with the Authority:
- the Licensing and Vetting section; and
 - the Commercial Vehicle Investigation Unit (CVIU).
- 1.26 When the Authority assessed a person's fitness and propriety to be granted an endorsement or licence, it requested information from the Licensing and Vetting section about a person's criminal or traffic conviction history. We met with the Manager of the Licensing and Vetting section to get information on the procedure followed by the Authority and the Police in exchanging information on a person's conviction history.
- 1.27 The Police are contracted, under the New Zealand Road Safety Programme, to conduct on-road taxi enforcement. The CVIU carries out most Police enforcement of the taxi industry. The CVIU is also the only group in the Police that records taxi-specific information about on-road enforcement. For these reasons, we met with the then National Manager of the CVIU at its Head Office in Wellington. This gave us an understanding of the CVIU, its responsibilities and those of the Authority in monitoring and enforcing compliance of the taxi industry, and its interaction with the Authority.
- 1.28 We also met with CVIU staff based in Auckland, Ohakea, Wellington, and Rangiora. With the exception of Wellington, we accompanied the CVIU during on-road inspections of taxis. We saw, first hand, the level of compliance with the legislation that governed the taxi industry.
- 1.29 In each region, we met with course providers to understand the Authority's approval and monitoring procedures. These meetings also gave us the providers' perspective of the Authority's performance.
- 1.30 We met with staff from the New Zealand Immigration Service, to understand the checks it carried out (at the Authority's request) for applicants born outside New Zealand. We discussed, with Auckland City Council and Auckland International Airport staff, their interaction with the taxi industry, and their impressions of the Authority's performance.
- 1.31 We met with the Taxi Federation, taxi organisations, and taxi drivers in each fieldwork location. We reviewed the complaints registers of some taxi organisations. These stakeholders presented their views of the Authority's performance, and suggested areas for improvement.

1.32 Towards the end of our audit, we met with advisors to the Land Transport Amendment Bill, at the request of the Transport and Industrial Relations Committee of the House of Representatives. We discussed aspects of the Bill that might usefully be amended to address matters that arose during the audit, but only to the extent that the findings disclosed to the advisors did not prejudice natural justice in relation to our discussions with the Authority.

Issues arising during our audit

1.33 During our audit, the land transport sector underwent significant change. The Land Transport Safety Authority and Transfund were merged to create Land Transport New Zealand, and the Land Transport Amendment Bill was introduced to Parliament. We discuss these and other changes, and make a recommendation about dealing with the changes in Part 7.

1.34 A fundamental issue that arose during our audit was a difference between the Authority's view of its role and our view. While the Authority has now been dissolved, the issue of role and responsibilities will still apply to the new entity, Land Transport New Zealand. We discuss these views here to provide context for the remainder of our report.

The Authority's view of its role

1.35 The Authority was established as a Crown entity under the Land Transport Act 1993, to undertake activities that promoted safety in land transport at a reasonable cost.⁵ Its legislative functions included:

- establishing safety standards for entry into, and operation in, the land transport system;
- monitoring adherence to safety standards within the land transport system;
- ensuring regular reviews of the land transport system to promote the improvement and development of its safety;
- maintaining and preserving records and documents about activities within the land transport system, and in particular to maintain the Land Transport Register; and
- promoting safety in the land transport system by providing safety information and advice, and fostering safety information education programmes.

⁵ The Land Transport Act 1998 defines a cost as 'reasonable' if "the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation."

- 1.36 In its 1998 *Transport Services Operator Licensing Review Discussion Document*, the Authority identified that, as well as “road safety risks” (that is, crashes), taxis have particular personal safety risks (incidents between drivers and passengers), and economic risks (economic fraud or disadvantage).
- 1.37 However, the Authority’s position is that it had a legislative mandate of “safety”, which, given resource allocations, was focused on reducing or minimising death or injury. When the Authority commented on our draft report, it wrote that “taxi operations do not pose a high risk to personal safety when compared with other sectors of the transport industry for which the [Authority] is also primarily responsible.” Using this approach, the taxi industry is not given as high a priority as other parts of the transport sector, such as goods service vehicles.
- 1.38 This view means that aspects of the taxi industry, such as area knowledge and economic risks (for example, overcharging), are not given a high priority. At least one Authority regional office is not auditing the providers of area knowledge courses. The Authority considers this justified, because area knowledge providers present little or no risk, and are the subject of few complaints (any complaints received are investigated), and it is therefore not a good use of resources to focus on them.
- 1.39 The Authority also stated –
- The most effective use of [its] limited resources is to concentrate on the Authority’s ‘gatekeeper’ role of limiting entry into the passenger service industry, monitoring and auditing organisations that have control over drivers and ‘exiting’ from the industry those found to be unfit and/or improper.*
- 1.40 However, we were also advised that the Authority is –
- ... not responsible for the ongoing management of the industry and the ‘players’ within it. That government oversight ceased with de-regulation many years ago.*
- 1.41 The Authority’s position is that individual drivers and taxi organisations are responsible for their own compliance with transport-related legislation. This approach to monitoring will become entrenched with the Authority’s move towards a “willing compliance” philosophy. “Willing compliance” relies on the taxi industry complying with legislative requirements, with the Authority monitoring that compliance (a similar approach is used by other agencies, such as the Civil Aviation Authority).

- 1.42 The Authority states that under the “willing compliance” philosophy, if non-compliance is found, the Authority will take appropriate enforcement action to bring the person or organisation back into compliance. However, the Authority also believes that –

The NZ Police (including the Commercial Vehicle Investigation Unit (CVIU)) are the appropriate agency to undertake enforcement activities relating to individuals’ compliance with obligations.

Our view of the Authority’s role

- 1.43 The legislation that applies to the taxi industry places many obligations on taxi organisations, passenger service licence holders, and taxi drivers. They need to meet, and continue to meet, many qualitative requirements. In 1989, the restrictions on entry to the taxi industry changed from quantitative to qualitative when the checks on economic grounds were removed, but the industry remains highly regulated (see Part 2). The legislative changes increased the importance of monitoring to ensure an “even playing field”, where all industry participants meet the standards required by the legislation.
- 1.44 On top of its “gatekeeper” role, Parliament has given the Authority responsibility for monitoring and enforcing the taxi industry’s compliance with transport-related legislation. While some controls over the taxi industry were removed in 1989, this only means that central government no longer controls the number of taxis in the industry. It does not absolve the Authority of responsibility for oversight of the industry (with support from other agencies), and ensuring that the taxi industry works effectively through robust entry controls and monitoring, and appropriate enforcement.
- 1.45 The legislated obligations of the taxi industry are described in Part 2. They include, for example, that taxi organisations must keep:
- a register of drivers and passenger service licence holders;
 - details of their drivers’ Area Knowledge Certificate(s) (see paragraph 2.34); and
 - a complaints register.
- 1.46 Taxi organisations are also responsible for controlling their drivers. Responsibility for complying with legislation primarily rests with the taxi industry.
- 1.47 However, effective industry regulation requires ongoing, objective assessment of whether the industry is complying with its obligations. The legislation noted in Part 2 of this report sets out both the industry’s obligations and the Authority’s mandate, and makes it clear that monitoring industry compliance, and ensuring that the industry works effectively, is the Authority’s role.

- 1.48 It is not for us to say how competing claims for resources within the Authority should be addressed. However, we consider that the present level of compliance monitoring of the taxi industry is inadequate to ensure that the industry engages with the “willing compliance” philosophy. In our view, the Authority needs to do more to maintain oversight of the taxi industry, to fulfil its legislative mandate.
- 1.49 The Authority is responsible for ensuring that there are robust controls over entry to the industry, and enough compliance monitoring to ensure that the industry meets the expectations of Parliament, as reflected in legislation. Fulfilling this role may not directly affect the road toll, but is an aspect of the ongoing safety role.
- 1.50 We consider that preserving oversight of the industry is central to the Authority’s role in monitoring. It requires the effective collection of data, and analysis to turn that data into information. While the Authority records a significant amount of information in a variety of places, it lacks a risk assessment tool to bring the information together to form a complete picture of non-compliant operators, who can then be targeted through audits.
- 1.51 A philosophy involving working with industry in “partnership” requires industry participation and engagement, which is an issue for some taxi organisations. We are concerned that the Authority’s “willing compliance” philosophy will work only if there are enough incentives for the industry to bring about an attitude of compliance. Unless there is sufficient monitoring, of a type and extent that is visible to the industry, those incentives are lacking. “Willing compliance”, in other words, cannot work without robust entry controls, monitoring, risk assessment, and appropriate enforcement – including prosecution – to encourage compliance.
- 1.52 Given the extent of non-compliance in the industry, we consider the Authority will struggle to reach an acceptable level of monitoring of compliance, as long as it has:
- the number of competing priorities; and
 - no overall risk assessment tool.

Role of other agencies

- 1.53 Other agencies have a role within the legislative framework that relates to the taxi industry. While the Authority has primary responsibility for licensing and administering entry controls in its “gatekeeper” role, other agencies are involved alongside the Authority in ongoing monitoring and enforcing of the taxi industry’s compliance with legislative obligations. For example, the Inland Revenue Department is responsible for ensuring compliance with tax obligations, and the New Zealand Immigration Service is responsible for work eligibility and immigration status issues.

- 1.54 However, in our view, the Authority is responsible for the Government's strategy in relation to the taxi industry, and for fostering the relationships necessary to achieve that strategy. Each agency with involvement in the industry is then expected to play its part.
- 1.55 Above the operational level is the development of legislation in the form of Acts, Rules, and Regulations. At that level, the Director of the Authority works with the Ministry of Transport, the Minister of Transport, and other parties. This report makes several recommendations relating to Rule amendments. We direct the recommendations at Land Transport New Zealand, recognising that it must work with other agencies to give effect to the recommendations.

The taxi industry framework

2.1 In this Part, we describe the various components of the taxi industry framework, and the obligations and responsibilities of those involved in the industry. This includes:

- reform of the taxi industry in 1989;
- legislation that applies to the taxi industry;
- the 3 tiers of the taxi industry – taxi organisations, passenger service licence holders, and taxi drivers;
- the fit and proper person assessment;
- provision of courses; and
- the structure of the Authority at the time of our audit.

Reform of the taxi industry

2.2 Before 1989, there were controls over the number of operators who could work in the taxi industry at any one time, where they could work, and the fares taxi drivers could charge. Assessments were required of an applicant's financial situation, and the effect granting them a licence would have on supply and demand, before they could enter the taxi industry.

2.3 The Transport Services Licensing Act 1989 set up a new licensing regime to govern the entry of individuals and companies into transport service industries. Transport service licences were required for goods services (such as couriers), vehicle recovery services (such as tow truck operators), rental services, rail operator services, and passenger services (such as bus and taxi operators).

THE TAXI INDUSTRY FRAMEWORK

- 2.4 A significant change introduced by the Transport Services Licensing Act 1989 was a move away from a focus on quantity (how many taxis, for example, worked in a particular area), and towards assessing whether an applicant had the necessary qualities to enter the industry, without considerations of economic viability.
- 2.5 For the taxi industry, the result was a large increase in the number of new entrants. Before 1989, there were 2567 taxi licence holders, who belonged to 107 taxi organisations and drove 2742 taxis. As at September 2004, there were 23,000 passenger endorsement holders,⁶ belonging to 190 approved taxi organisations and driving 8089 taxis.
- 2.6 The Authority advised us that in 1989 there were 18 Enforcement Officers (an equivalent position to a Compliance Officer) who conducted enforcement and compliance work for the Ministry of Transport, along with Traffic Safety Service Officers. There would have been about 152 taxis for each Enforcement Officer. As at September 2004, there were 42 compliance (enforcement) staff⁷, and about 192 taxis for each of them. There have also been increases in the number of other transport service licences, including those required for a goods service.
- 2.7 The prescriptive framework for the industry did not change in 1989. Some controls were removed – for example, centralised setting of taxi fares, and the limit on the number of drivers. However, a significant number of obligations were kept, and extra ones introduced, with the aim of achieving a quality standard in the industry.
- 2.8 There are many obligations on those who wish to enter the taxi industry, and those already in it. For example, in 1993, the Certificate of Knowledge of Law and Practice was introduced as a prerequisite for obtaining a transport service licence. The aim was to ensure that people controlling transport services (including passenger services) knew the laws that applied to their industry.
- 2.9 Another example is the Area Knowledge Certificate that drivers must hold for the areas in which they want to work, to prove they know how to get to and from major locations.

Legislation currently applying to the taxi industry

- 2.10 Most of the legislation about the taxi industry is in the:
- Transport Act 1962;
 - Land Transport Act 1998;
 - Transport Services Licensing Act 1989;

⁶ Passenger endorsement holders are individuals qualified as taxi drivers. The figure excludes bus drivers and other holders of passenger endorsements.

⁷ The term “compliance (enforcement) staff” does not include the 11 Compliance Support Officer positions. The Authority’s compliance positions are discussed in paragraphs 2.48-2.56.

- Transport Services Licensing Regulations 1989;
- Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999;
- Land Transport (Driver Licensing) Rule 1999; and
- Land Transport Rule: Passenger Service Vehicles 1999.

2.11 Together, this legislation forms a prescriptive legislative framework, made up of various Acts, Rules, and Regulations, that:

- provides prescriptive requirements that must be satisfied before a person or operator can enter the taxi industry; and
- places a significant number of ongoing obligations on drivers and operators in the taxi industry.

2.12 The Transport Services Licensing Act 1989 created 3 tiers in the taxi industry, each with particular obligations and requirements. The tiers are:

- taxi organisations;
- passenger service licence holders; and
- taxi drivers.

Taxi organisations

2.13 A taxi organisation is an entity that manages a fleet of taxi vehicles. Taxi organisations vary in size. They can have one driver and one vehicle, through to hundreds of drivers and vehicles. The Authority must approve all taxi organisations.⁸

Applying to manage a taxi organisation

2.14 Those who will control, or are likely to control, the taxi organisation must have their fitness and propriety assessed by the Authority.

2.15 The taxi organisation must have rules, rosters, and other internal procedures to adequately control its members.

⁸ This is required by section 21 of the Transport Services Licensing Act 1989.

Obligations of taxi organisations

2.16 Under legislation, taxi organisations must:

- have a service, including telephone booking, available 24 hours a day and 7 days a week, unless exempted by their regional council;
- assign unique numbers to the fleet’s vehicles;
- maintain a register (of passenger service licence holders who are members of the organisation, their drivers, the unique fleet numbers assigned by the taxi organisation, and the number of vehicles used by each member), and make it available for inspection by any Enforcement Officer⁹;
- keep a register of complaints in a prescribed form;
- inform the Authority of any exemption it receives;
- ensure that drivers hold Area Knowledge Certificates for the taxi organisation’s operating area, have an appropriate ability to communicate in English, and maintain an adequate knowledge of the taxi organisation’s current operating area;
- notify the Authority of any change in the taxi organisation’s responsible officers;
- notify the Authority of the taxi organisation’s operating area;
- have the organisation’s rules, and any amendments, approved by the Director of the Authority;
- ensure that passenger service licence holders and drivers comply with the organisation’s approved rules; and
- comply with the applicable parts of the Small Passenger Service Rules¹⁰ contained in Schedule 3, Part 1, of the Transport Services Licensing Act 1989 (for example, that taxi organisations must register their fares with the Director of the Authority).

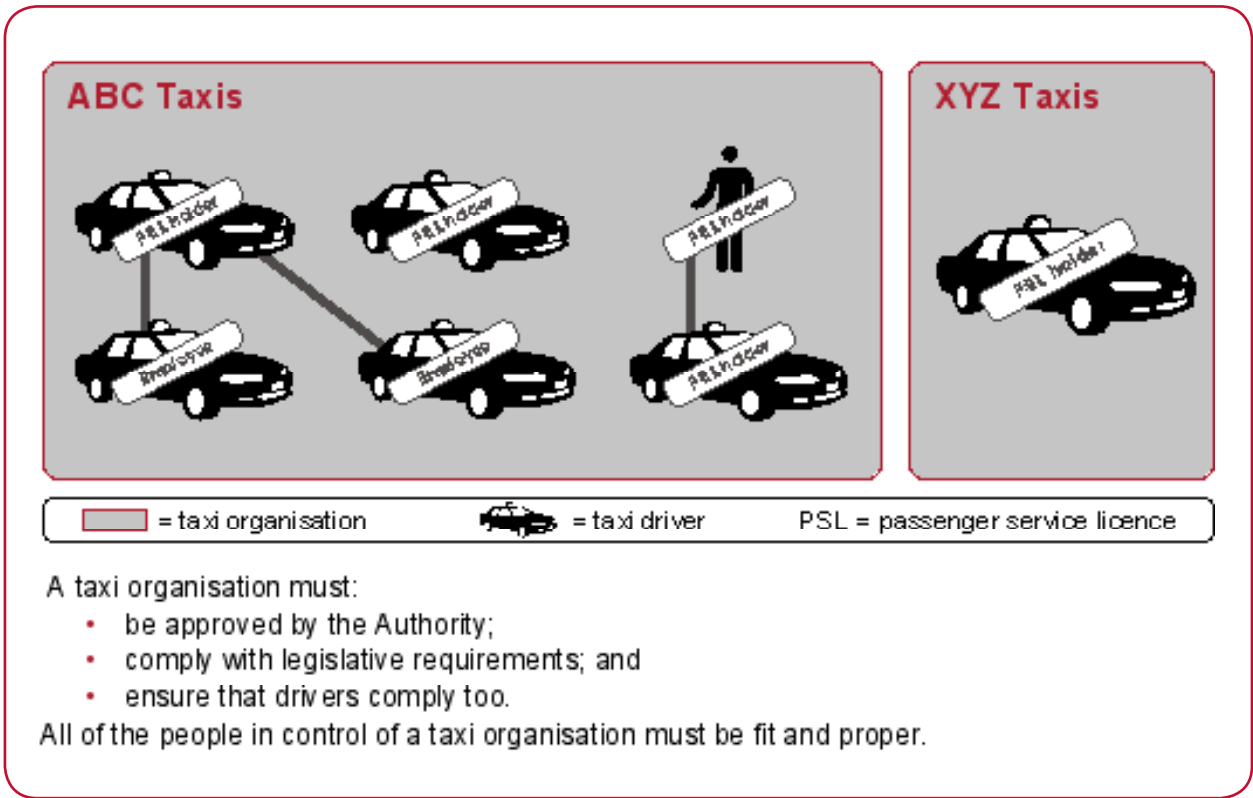
⁹ The term “Enforcement Officer” includes the Police and those in the Authority who are appointed as Enforcement Officers.

¹⁰ The vehicles used in a passenger service are either ‘small’ or ‘large’. Small vehicles carry 12 or fewer people (including the driver), while large vehicles can seat 13 or more people (including the driver). Taxis are small passenger service vehicles.

THE TAXI INDUSTRY FRAMEWORK

2.17 Figure 1 summarises the types of taxi organisations in the taxi industry framework, and their basic obligations.

Figure 1
Types of taxi organisations, and their obligations



Passenger service licence holders

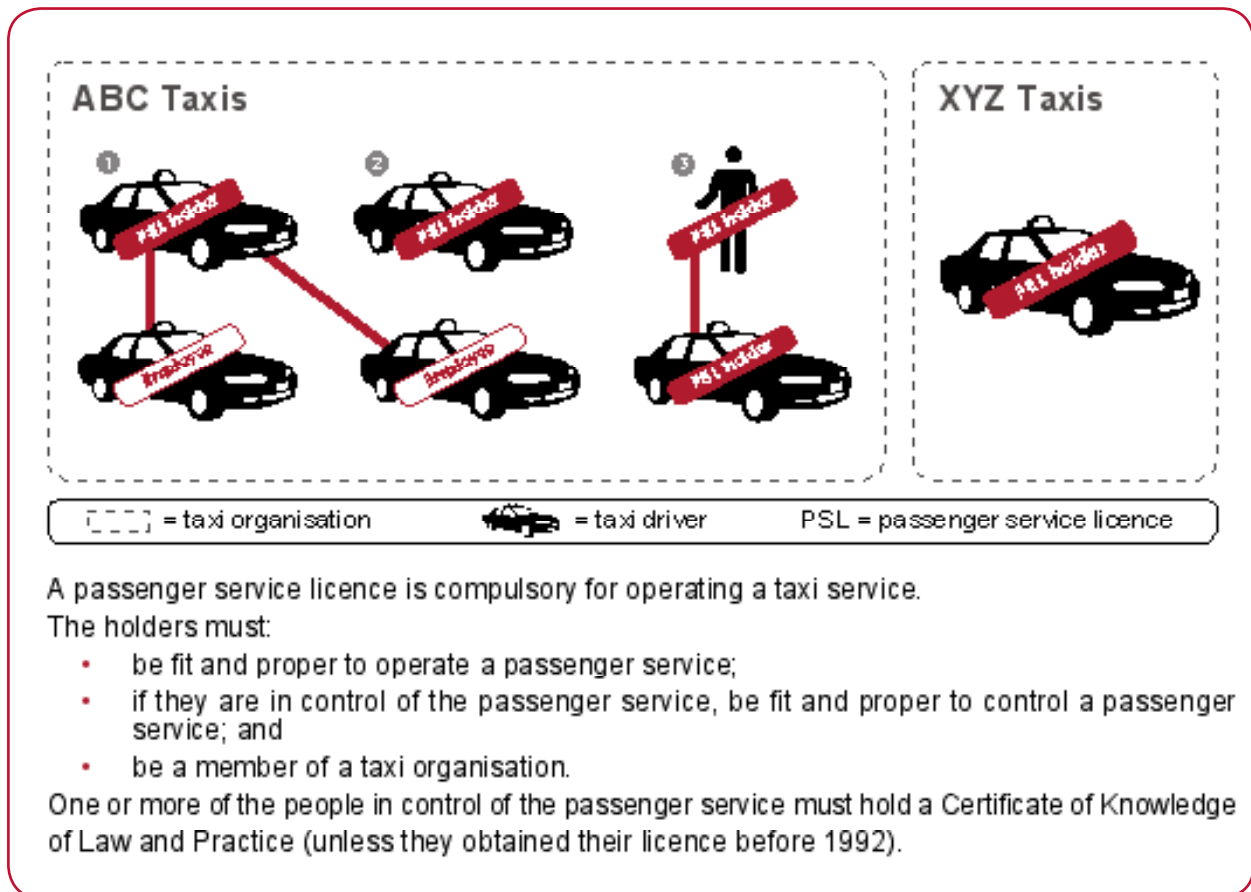
2.18 Everyone who wants to drive a taxi has to hold, or be employed by an entity or person who holds, a licence to operate a passenger service¹¹ (a passenger service licence). The Authority issues passenger service licences.

11 If the passenger service uses large passenger service vehicles, the operators must hold a passenger service licence whether or not the passengers are carried for hire or reward.

THE TAXI INDUSTRY FRAMEWORK

2.19 Figure 2 shows some of the possible contracting, leasing, or employment arrangements between passenger service licence holders and other drivers. Passenger service licence holder '1' drives a taxi and employs other drivers. Passenger service licence holder '2' drives her own taxi. Passenger service licence holder '3' does not drive a taxi, but leases his vehicle out and uses contracted drivers (employed drivers are the only ones who do not need to hold a passenger service licence).

Figure 2
The role and obligations of passenger service licence holders in the taxi industry



Applying for a passenger service licence

2.20 To get a passenger service licence, an applicant must:

- advertise, twice within not more than 7 days, his or her plan to apply for a passenger service licence;
- complete an examination, delivered by a sole provider approved by the Authority, to gain a Certificate of Knowledge of Law and Practice (unless a person who has, or will have, control of the transport service already has the Certificate);
- submit application documents and fees to the nearest regional office of the Authority;
- allow, and pay for, the Authority to check the applicant's fitness and propriety to operate a passenger service; and
- name each person in control of the passenger service, so that the Authority can check their fitness and propriety to be in control of the passenger service.

Certificate of Knowledge of Law and Practice

2.21 The requirement that someone in control of a transport service must hold a Certificate of Knowledge of Law and Practice (unless they had obtained their licence before 1992) was introduced to help ensure that people entering the transport industry were well prepared, and aware of their legal responsibilities.

2.22 The assessment for a Certificate of Knowledge of Law and Practice comprises 2 examinations. One examination is based on general transport industry laws and safety standards, and the other examination is based on the specific rules and practices that apply to the type of transport service the person wants to operate (for example, a passenger service). The examinations are multiple-choice and open book, run for 1½ hours each, and require a score of 80% or higher to pass.

Obligations of a passenger service licence holder

2.23 Passenger service licence holders must ensure that:

- they become a member of a taxi organisation, or get an exemption if they are not operating a taxi service;
- every taxi used under their passenger service licence has an approved taxi sign in an approved position on the vehicle;

THE TAXI INDUSTRY FRAMEWORK

- any advertising on a taxi does not reduce visibility or obscure any signs or notices required by the Transport Services Licensing Act 1989 (if it does, the passenger service licence holder must ensure that the vehicle is not used as a taxi);
- the fare schedule inside a taxi is readily visible to passengers, and includes the taxi organisation's details as well as information about making complaints;
- the fare schedule is displayed on the outside of the taxi;
- the name, business location, and telephone number of the taxi organisation, and the fleet number of the taxi, are clearly displayed on the inside and outside of every taxi in the service (and in the position required by the Transport Services Licensing Act 1989);
- the driver's identification card is readily visible to passengers; and
- every taxi has an accurate meter, certificated by the Director of the Authority, and in a position where it can be easily read by a passenger.

2.24 Passenger service licence holders must also:

- notify the Director of the Authority of any change in their details;
- keep the taxis used in their service in a "fit and proper condition", and pay all fees related to the vehicles;
- only use vehicles in the passenger service that meet specified design, construction and maintenance standards; and
- disclose the full name and address of an employee driver who has allegedly committed an offence, if requested to do so by the Director of the Authority or an Enforcement Officer.

Taxi drivers

2.25 Individuals who wish to work as taxi drivers must hold a current passenger endorsement on their driver licence. Before a person can apply for a passenger endorsement, he or she must hold, and have held for at least 2 years, a full driver licence (other than a motorcycle licence).

2.26 Taxi drivers must hold a current driver identification card, and hold the relevant Area Knowledge Certificate(s) for the area(s) in which the taxi organisation they work for operates.

2.27 Taxi drivers must either hold a passenger service licence, or be employed by a passenger service licence holder.

- 2.28 Drivers must belong to an approved taxi organisation (approved by the Authority).

Passenger endorsements

- 2.29 Passenger endorsements are issued by the Authority, and appear as the letter “P” under item 7 of a person’s driver licence. A passenger endorsement shows the driver licence holder knows his or her obligations and responsibilities as the driver of passengers, and has had his or her fitness and propriety assessed.
- 2.30 Applicants for a passenger endorsement must have successfully completed a passenger endorsement course, and present their course certificate when they apply. This course, approved by the Authority, covers the legislated obligations and responsibilities of people who carry passengers in large or small passenger service vehicles.
- 2.31 Applicants for passenger endorsements must also provide a medical certificate (unless they have provided one for other driver licensing purposes in the last 5 years) and have their eyesight checked. They must provide evidence of their identity, and evidence of their address. They must provide an electronic version of their signature, allow their photograph to be taken, and pay the required fees.

Driver identification cards

- 2.32 The driver identification card is a security measure, allowing passengers to identify their driver, and providing assurance that the person driving the taxi is legally entitled to do so.
- 2.33 The Transport Services Licensing Act 1989 requires the Director of the Authority to assess the fitness and propriety of applicants for driver identification cards. The Act also requires the Director to assess the fitness and propriety of applicants for passenger endorsements. All taxi drivers must hold a driver identification card, so the requirements are combined; the Authority uses one application form, and assesses the applicant’s fitness and propriety when deciding whether to issue a passenger endorsement.

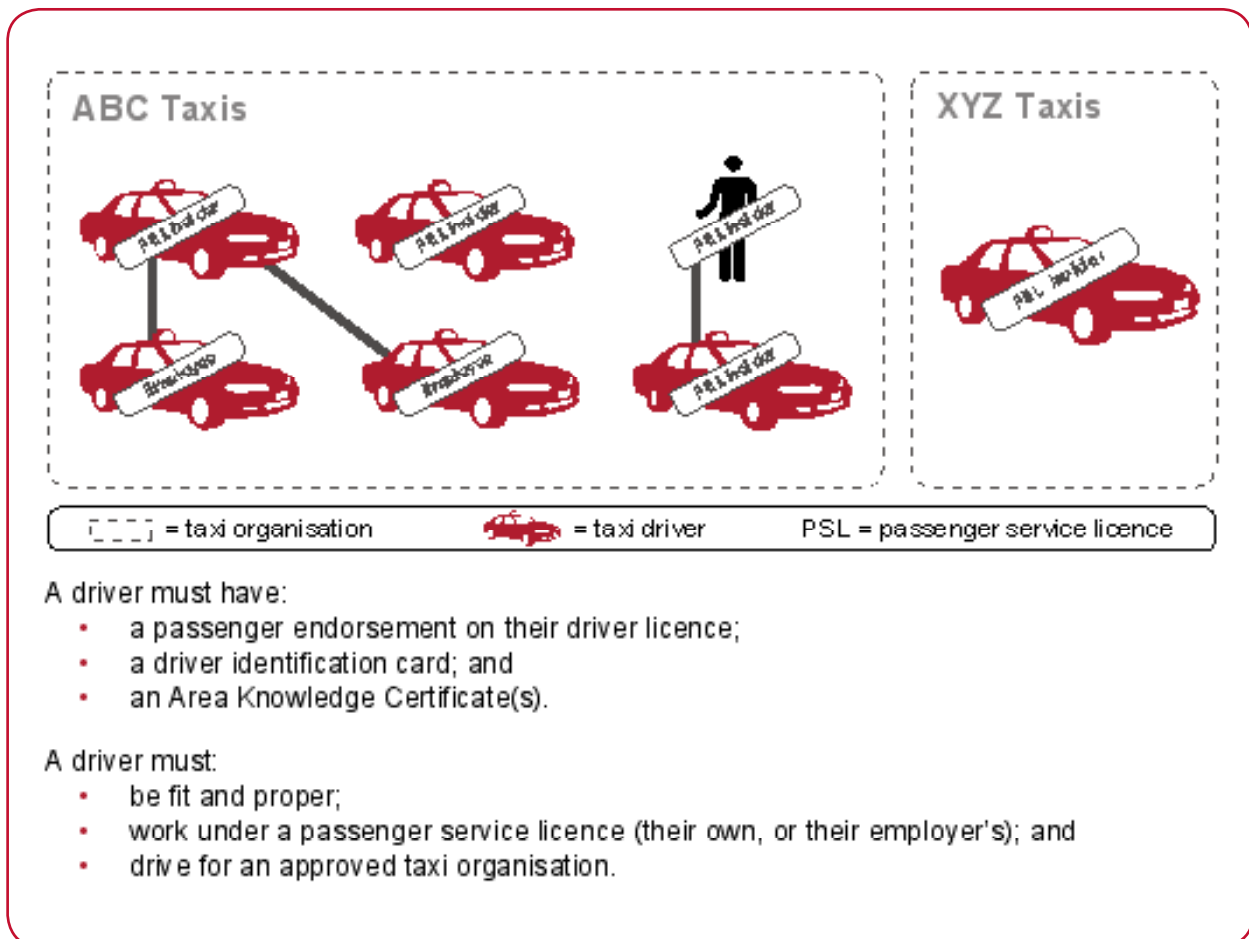
Area Knowledge Certificates

- 2.34 Taxi drivers must hold Area Knowledge Certificate(s) for the area(s) in which they want to work, to prove they know how to get to and from major locations. They must present their Area Knowledge Certificate(s) to the taxi organisation they drive for. The organisation must record that the driver has the correct Certificate(s) for the organisation’s area(s) of operation.

Obligations of taxi drivers

- 2.35 Passenger endorsement holders are required, by the Land Transport (Driver Licensing) Rule 1999, to:
- renew their passenger endorsement when required;
 - renew their driver identification card when required;
 - comply with logbook requirements; and
 - comply with the applicable parts of the Small Passenger Service Rules contained in Schedule 3, Part 1, of the Transport Services Licensing Act 1989.
- 2.36 The role and obligations of taxi drivers are summarised in Figure 3. Figure 4 summarises how each of the Acts, Rules and Regulations, noted in paragraph 2.10 relate to the taxi industry.

Figure 3
The role and obligations of taxi drivers in the taxi industry



*Figure 4
Legislation covering the taxi industry*

Legislation	What the legislation covers
Transport Act 1962	Logbooks that must be completed by occupational drivers (including taxi drivers).
Land Transport Act 1998	Sets out the objectives, functions, and powers of the Land Transport Safety Authority. Driver identification cards.
Transport Services Licensing Act 1989	Approved taxi organisations. Passenger service licences. Occupational endorsements for driver licences (including the passenger endorsement). Area Knowledge Certificates. Driver identification cards. Providers of area knowledge courses. Certificate of Knowledge of Law and Practice examination provider. Ongoing obligations of approved taxi organisations, passenger service licence holders, and passenger endorsement holders.
Transport Services Licensing Regulations 1989	Content of the complaints registers that must be held by taxi organisations.
Land Transport (Driver Licensing and Driver Testing Fees) Regulations 1999	Fees for licensing (including the fees for passenger endorsements, and driver identification cards).
Land Transport (Driver Licensing) Rule 1999	Occupational endorsements for driver licences (including the endorsement to carry passengers). Driver identification cards. Passenger endorsement course providers.
Land Transport Rule: Passenger Service Vehicles 1999	Vehicles used in a passenger service (including taxis). Taxis must also comply with general vehicle standards; for example Land Transport Rule: Frontal Impact 2001.

Fit and proper person assessment

- 2.37** The Authority must assess the fitness and propriety of people in all 3 tiers of the taxi industry – taxi organisations, passenger service licence holders, and taxi drivers.
- 2.38** The requirements for the fit and proper person assessment are set out in section 24 of the Transport Services Licensing Act 1989. This assessment is intended as a measure to protect the public.

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- 2.39 In relation to any passenger service using small passenger service vehicles, the Director of the Authority is **required** to consider, as part of the fit and proper person assessment:
- any offending in respect of offences of violence, sexual offences, drug or arms offences, or offences involving organised criminal activity;
 - any major transport-related offending, especially offences related to safety or road user charges;
 - any history of mental health or behavioural problems;
 - any persistent offending of any kind; and
 - any complaints in respect of the person or any transport service operated by the person that are of a persistent or serious nature.
- 2.40 In determining whether a person is fit and proper, the Director of the Authority **may** consider:
- the person's criminal history (if any);
 - any transport-related offences;
 - any history of mental health or serious behavioural problems;
 - any complaints made in relation to any transport service provided by the person or in which the person is involved, particularly complaints made by users of the service;
 - any history of persistent failure to pay fines incurred by the person in respect of transport-related offences; and
 - any other matter the Director of the Authority considers it is appropriate in the public interest to consider.

Provision of courses for the taxi industry

- 2.41 Courses of relevance to the taxi industry are the:
- passenger endorsement course;
 - area knowledge courses; and
 - Certificate of Knowledge of Law and Practice course.

- 2.42 As at May 2005, there were 123 providers of passenger endorsement courses approved under the Land Transport (Driver Licensing) Rule 1999, and 99 providers of area knowledge courses, approved under the Transport Services Licensing Act 1989. The Authority told us that the exact number of approved providers fluctuates from week to week. Taxi organisations or other providers (for example, driver training schools) can offer these courses. The Authority must approve providers for each course.
- 2.43 Passenger service licence holders must pass the Certificate of Knowledge of Law and Practice examination, unless someone who has, or is to have, control of the transport service already has the Certificate. A sole provider, approved under the Transport Services Licensing Act 1989, won an Authority tender and administers the examination nationally.

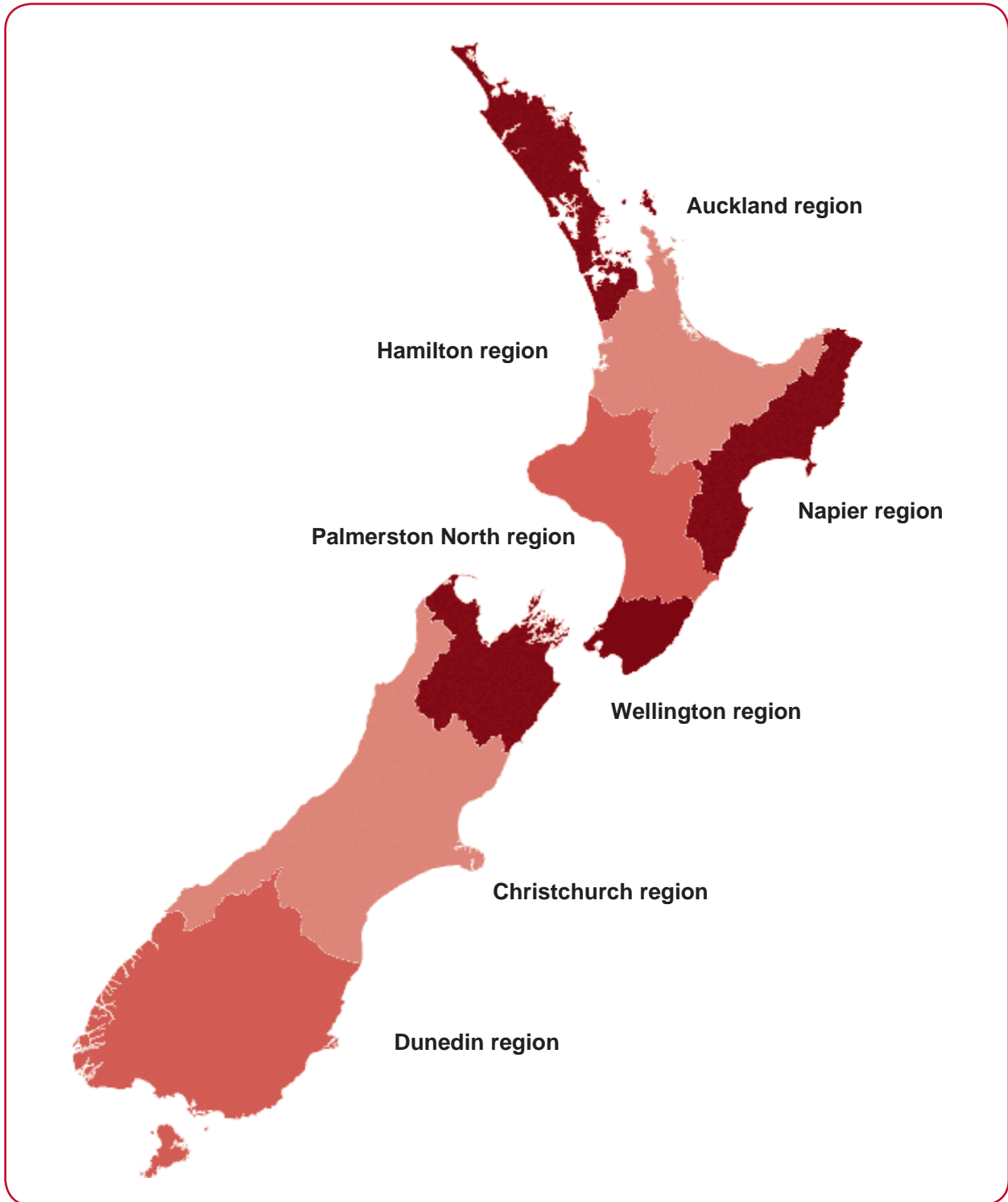
Structure of the Land Transport Safety Authority in relation to the taxi industry framework

- 2.44 From 1993 until 1 December 2004, the Authority, as established by the Land Transport Act 1993, was primarily responsible for land transport safety.
- 2.45 During our audit, the Authority consisted of 6 divisions – Corporate Services, Policy, Operations, Information Systems and Technology, Communications and Education, and Strategy.
- 2.46 Our audit focused on the Operations Division, which comprises 7 regional offices. Figure 5 shows the regional boundaries for each office.
- 2.47 The regional offices monitor and review the performance of parties within the transport sector (such as drivers, transport organisations, and driver licence course providers), and promote and enforce compliance with legislative requirements.

The Compliance Section

- 2.48 In relation to the taxi industry, the Compliance Section, which is part of the Operations Division and sits within the regional offices, is responsible for matters including the approval of taxi organisations and course providers, and granting licences or endorsements for drivers.
- 2.49 Positions within the Compliance Section include Regional Compliance Officer, Senior Compliance Officer, Compliance Officer, and Compliance Support Officer. In addition to the approval and licensing functions, these staff (excluding Compliance Support Officers) are also primarily responsible for monitoring and enforcing the taxi industry's compliance with legislative requirements.

*Figure 5
Regional office boundaries*



THE TAXI INDUSTRY FRAMEWORK

- 2.50 Regional Compliance Officers are responsible for managing the delivery of provisions in the various transport legislation, including:
- checking and licensing of applicants for transport licences, driving instructors and examiners, and course providers;
 - appearing in the District Court on behalf of the Director of the Authority in appeals by declined applicants;
 - ensuring providers and agents maintain appropriate quality standards for courses or testing;
 - encouraging innovation within the land transport industry, which encourages and promotes responsibility by operators and drivers for compliance with quality standards; and
 - initiating positive compliance action in all matters relating to relevant transport legislation, including Acts, Rules, and Regulations.
- 2.51 Alongside these technical functions, the Regional Compliance Officer is also accountable for leadership, business planning, customer service, managing consistent standards, human resources and financial management, and regional partnerships.
- 2.52 The Senior Compliance Officers assist the Regional Compliance Officer in managing the licensing and monitoring activities of the Compliance Officers and Compliance Support Officers. They have similar functions to the Regional Compliance Officers (when needed they act in that role), but generally have a more hands-on relationship with compliance staff in monitoring the consistency of their exercise of delegated responsibilities.
- 2.53 The purpose of the Compliance Officer position is to –
- ... achieve better compliance with transport legislation by industry groups and drivers through the efficient use of existing Authority databases to target non-compliance and measure the effectiveness of compliance measures. In addition new initiatives are to be sought to achieve voluntary compliance within the industry through encouragement, education and performance monitoring and assessment.*
- 2.54 In particular, Compliance Officers are responsible for functions including:
- auditing and monitoring individuals and industry groups' compliance with relevant transport legislation;
 - providing information and encouragement to industry groups to improve willing compliance with legislation administered by the Compliance Section;

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- establishing and maintaining close working relationships with appropriate external agencies, including enforcement and audit organisations;
- reviewing courses used by, and available to, industry groups targeted at improving awareness of legislation and compliance;
- investigating, making decisions where delegated, and where appropriate, testing driving instructors, course providers, or driving testing officer applicants, to legislative and Authority standards; and
- representing the Director of the Authority as a witness (or prosecutor) in the District Court.

2.55 Compliance Support Officers assist others in the Compliance Section by completing the administration of applications received by the regional office, and obtaining criminal, traffic, and, where applicable, immigration checks. They can also assess applications, with some having the power to grant applications, while others can make recommendations only.

2.56 As at September 2004, there were 11 full-time equivalent Compliance Support Officers, and 42 full-time equivalent compliance (enforcement) staff comprising:

- 7 Regional Compliance Officers (one in each of the 7 regional offices);
- 3 Senior Compliance Officers (in Auckland, Wellington, and Christchurch); and
- 32 Compliance Officers.

2.57 The Operations Division also includes the Transport Registry Centre, based in Palmerston North. The Transport Registry Centre's role includes administering the Authority's Driver Licence Register¹² and the Motor Vehicle Register¹³ (on behalf of the Ministry of Transport).

2.58 Many of the Operations Division's activities are contracted out to external agents (Transport Service Delivery agents). The New Zealand Automobile Association, Vehicle Testing New Zealand Limited, and Vehicle Inspection New Zealand Limited are agents for driver licensing, motor vehicle registration, and motor vehicle licensing services. Outlets of New Zealand Post Limited, and some independent outlets, also provide motor vehicle registration and motor vehicle licensing services.

¹² The Driver Licence Register is an electronic database, required by section 29 of the Transport Services Licensing Act 1989, that holds records of licences granted, suspended, surrendered, and revoked under the Act.

¹³ The Motor Vehicle Register is a database of vehicles. It includes information on a vehicle's owner, colour, make and model, use (whether the vehicle is used privately or in a particular transport industry, such as a passenger service), ownership history, and safety inspection results.

Controls over entry to the taxi industry

- 3.1 Agents of the Authority, compliance staff in the regional offices, and staff of the Authority's Transport Registry Centre (see paragraph 2.57) all exercise controls over entry to the taxi industry. Agents gather data but do not approve applications. This is the role of the compliance staff in the Authority's regional offices.
- 3.2 The Authority also approves the providers of courses and an examination that applicants must complete to gain entry to the taxi industry, and approves the course content. The passenger endorsement and area knowledge course are for taxi drivers, while the Certificate of Knowledge of Law and Practice examination is for passenger service licence holders.
- 3.3 We considered the Authority's *Statement of Intent 2004/2005*, which sets out the services to be delivered by specific output classes, and the transport legislation relevant to the taxi industry, and then prepared our expectations. We assessed the Authority's performance against those expectations.
- 3.4 In this Part, we discuss the Authority's entry controls and suggest areas for improvement. In particular, we cover:
- controls exercised by the Authority's agents;
 - fitness and propriety assessments by compliance staff;
 - ability to cater for applicants born overseas;
 - approval of taxi organisations;
 - applications for a passenger service licence;
 - applications for an endorsement to carry passengers;
 - approval of course providers; and
 - other entry control issues.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

Our expectations

- 3.5** We expected applicants with a history of any serious crimes, or a history of repeated offending, to be precluded from entering the taxi industry. We did not look at the adequacy of individual decisions (where the Director of the Authority and delegated Authority staff exercise their discretion), in assessing the Authority's performance against this expectation.
- 3.6** Instead, we focused on the procedures used in arriving at decisions, and the consistency of their use between the Authority's regional offices, to assess whether there was any risk that unfit or improper people could enter the taxi industry. Our findings in relation to this expectation are discussed in Part 6 (because there is inconsistency in the decision-making procedures), and Part 7 (because proposed legislative changes may make a difference).
- 3.7** We expected the Authority's agents to have clear guidelines to follow when checking whether an applicant for a passenger endorsement had satisfied all statutory requirements, before the application was submitted to the Authority for a fit and proper person assessment.
- 3.8** We also expected the Authority (or its agents) to obtain and retain proof that an applicant had satisfied the requirements for a passenger endorsement.

Controls exercised by the Authority's agents

- 3.9** The Authority uses agents to deliver services on its behalf. Most of the work carried out by agents either is in an electronic format or involves collating information for forwarding to the Authority. When agents receive an application, they use the same Authority-generated cover sheet to ensure that consistent information is provided to the Authority. Agents send collated information to the applicant's nearest Authority regional office for approval.
- 3.10** The agents enter into the Driver Licence Register some of the information an applicant must provide to obtain a passenger service licence, passenger endorsement, and driver identification card, and collect the applicable application fees. The electronic system is designed to prevent an agent continuing with the application without first entering the required information.
- 3.11** The work of agents is largely administrative. If agents have questions, they can refer to a manual provided by the Authority, or call an 0800 telephone number.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.12 The application form for passenger endorsements includes space for applicants to enter a “unique identifier” for their driver identification card (for example, “Martin 1”). Agents enter the unique identifier, specified by an applicant on their application form, into the Driver Licence Register. Unique identifiers are not permanently assigned to a driver, and can be changed whenever the driver chooses.
- 3.13 Section 19 of the Transport Services Licensing Act 1989 requires unique identifiers to be memorable enough to be easily recalled by users (passengers). The Authority requires that unique identifiers are not more than 8 characters long, and not offensive. However, agents do not stop applicants from choosing entirely numerical¹⁴ identifiers. In our view, this undermines the intent of the legislation, which is to have an identifier that a passenger can easily remember when making a complaint, either to the taxi organisation or the Authority.

Recommendation 1

We recommend that Land Transport New Zealand ensure that it only approves unique identifiers that would be easily recalled by passengers.

Fitness and propriety assessments by compliance staff

- 3.14 Compliance staff in the regional offices approve applications made by those seeking to manage a taxi organisation, hold a passenger service licence, or gain a passenger endorsement to drive a taxi. One of their main tasks is assessing an applicant’s fitness and propriety.
- 3.15 The Director of the Authority is responsible for deciding whether an applicant is fit and proper. The Director delegates this power¹⁵ to particular compliance staff in the regional offices. In all but one region we visited, Regional Compliance Officers allowed Compliance Officers and others to exercise their delegated power to approve applications.
- 3.16 Compliance staff check an applicant’s traffic offending record through the Authority’s database, and get further information on criminal and traffic convictions from the Licensing and Vetting section of the Police. While the Authority has a compliance manual to guide the activities of compliance staff, staff knowledge and use of the manual was limited (discussed further in Part 6).

14 Two examples we saw during our file reviews were “267854” and “83029”.

15 The Director of the Authority is empowered, under section 204 of the Land Transport Act 1998, to delegate his or her functions and powers.

Police checks

- 3.17** The Police have advised that, because of the current wording of the Authority’s application form for passenger endorsements, they do not provide the Authority with all the information they hold about an applicant, other than convictions. The Police have identified people they consider unsuitable for roles where members of the public may be at risk.
- 3.18** After considering a wider range of information than a person’s conviction history, the Police may place a “red stamp” on a person’s Police check record. The stamp states –
- Police recommend this person does not have unsupervised access to children, young people, or more vulnerable members of society.*
- 3.19** Organisations such as the Teachers’ Council use the “red stamp” check when looking into the background of prospective teachers.
- 3.20** The Authority was not aware of the “red stamp” process, but noted that advice of the stamp’s presence would be insufficient. The Authority says that to properly consider an applicant’s fitness and propriety, compliance staff would need to know what information had led the Police to use the “red stamp”.
- 3.21** The Police advised us that using the “red stamp” check would not cost the Authority more, and would not increase the time taken to provide a Police check. The Police believe that they cannot provide “red stamp” information, because the consent form signed by an applicant for a passenger endorsement allows the Police to release information only about the applicant’s convictions.
- 3.22** However, section 24(4) of the Transport Services Licensing Act 1989 allows the Director of the Authority to seek and receive such information as he or she sees fit, and to consider information from any source.
- 3.23** The Authority could, in our view, use the power under section 24(4) to seek the information about an applicant that leads to a “red stamp”, without amending the consent form. However, it would be preferable to amend the consent form, so that applicants are fully aware of the extent of information about them that might be disclosed.

Recommendation 2

We recommend that Land Transport New Zealand, when assessing an applicant’s fitness and propriety, obtain consent for the Police to disclose any information they might hold about the applicant.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.24 Apart from providing the information about convictions, the Police are not involved in the fit and proper person assessment.
- 3.25 When people apply for new or renewed licences and endorsements, they expect timely service. This is especially true for commercial drivers and operators, because application delays can affect their ability to earn an income. The time taken by the Authority to consider an application is affected by the time it takes the Police to check a person's criminal or traffic conviction history.
- 3.26 During 2003-04, the timeliness of Police checks decreased, so that only 55% of checks were completed within 30 days, against a performance target of 95%. The reasons for the decrease included an increase in demand for Police checks in several other sectors (including education). The Manager of the Police's Licensing and Vetting section advised us that the section had received more resources to deal with the demand, and this has reduced processing to below 30 days.
- 3.27 The Authority's Memorandum of Understanding with the Police does not cover the timeliness of checks done on the Authority's behalf. However, to meet its own targets for dealing with transport service licence applications, the Authority does not count the time spent waiting for the Police to carry out its check. We recognise that the Authority cannot control how long the Police take. However, this approach means the time to deal with an application can, and has, differed markedly from the time recorded by the Authority.

Recommendation 3

We recommend that Land Transport New Zealand include a performance measure in its Statement of Intent for the total elapsed time taken to deal with applications.

Recommendation 4

We recommend that Land Transport New Zealand and the Police amend their Memorandum of Understanding to include timeliness measures for the provision of Police vetting checks.

Mental health checks

- 3.28 When the Authority assesses whether a person is fit and proper, it must consider a number of matters, including complaints, and any history of mental health or behavioural problems.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.29** Applicants must get a doctor to assess their medical fitness to drive, and to complete a medical certificate. The medical certificate includes a question about whether the applicant has, in the last 5 years, had or been treated for several conditions, including mental illness. However, none of the files we examined showed the Authority had looked at mental health issues or behavioural problems of applicants, as required by the Transport Services Licensing Act 1989.
- 3.30** In practice, when assessing fitness and propriety, the Authority looks at a person's criminal and traffic offending history. If anything significant arises, it considers undertaking further enquiries. This approach may be sufficient in many cases, but it does not comply with the legislation in that particular matters must be considered.

Recommendation 5

We recommend that Land Transport New Zealand record, as part of the fitness and propriety assessment, that it has checked an applicant's medical certificate to see whether they have, or have been treated for, a mental illness.

False statutory declarations

- 3.31** Applicants are required to make a statutory declaration on their application form about whether they have committed any offences, and whether they have any charges waiting to be heard in court. Some applicants falsely declare that they have no convictions or cases pending. As the Authority gets an applicant's complete Police record, the Authority can easily discover when an applicant has made a false declaration.
- 3.32** In most such cases, the Authority had not taken any action against the applicant. However, in our file reviews, there were 5 instances where one regional office sent warning letters to applicants about making a false declaration. The Authority took no other action against these applicants.

Recommendation 6

We recommend that Land Transport New Zealand ensure that all regional offices adopt a consistent approach to warning, or prosecuting, applicants who knowingly make false declarations on their application form about previous convictions or charges awaiting hearing.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

Borderline applications

- 3.33** In cases where the decision to grant an application is difficult to decide, the Authority may interview an applicant to seek further information, particularly the background to their criminal convictions.
- 3.34** It may also, or instead, grant an application on a “without prejudice” basis. Authority staff call this a “WoP”. A WoP warns the applicant that, if they commit further offences in the next 12 months, they risk having their endorsement or licence revoked, or not having their endorsement renewed. The WoP has no formal legal standing.
- 3.35** Use of the WoP varied significantly between the 7 regional offices. The total number of WoPs issued during the 3 financial years from 2001-02 to 2003-04 was 1211. The regional office totals ranged from zero (2 offices did not issue any WoPs) to 588.

Recommendation 7

We recommend that Land Transport New Zealand establish guidelines for the use of the “without prejudice” tool, so it is used consistently and appropriately.

Ability to cater for applicants born overseas

Work permits

- 3.36** During the fit and proper person assessment, Compliance Officers or Compliance Support Officers contact the New Zealand Immigration Service to obtain the immigration status of applicants who were born overseas. While most regional offices do not record how many immigration checks they seek, the Authority estimated that they ask the New Zealand Immigration Service to complete about 750 checks each year. The purpose of the check is to ensure that the person is legally able to work in New Zealand.
- 3.37** Our file reviews included 6 applications (5% of the new application files we examined) where immigration checks were not completed when they should have been.
- 3.38** Certain student permit holders are allowed to undertake paid employment for up to 15 hours a week.¹⁶ Because the Authority’s immigration check looks only at a person’s immigration status (that is, whether they have a permit), it does not necessarily disclose whether a person is on a student permit that allows them to work. Despite this, the Authority grants endorsements to student permit holders.

¹⁶ Students may be granted a variation of conditions to their student permit, allowing them to work no more than 15 hours a week. They must be undertaking a full-time, long-term course of study, culminating in a recognised diploma or degree, and taking at least 2 academic years to complete, or undertaking a full-time course culminating in a qualification that would attract points under the skilled migrant category of the Residence Policy.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.39** The Authority will issue a passenger endorsement if the immigration check shows that a person's permit¹⁷ is current when they apply, even if it is going to expire before the term of their passenger endorsement. Clause 61 of the Land Transport (Driver Licensing) Rule 1999 provides that passenger endorsements may be issued for one year or 5 years. The Authority does not have the discretion to issue a passenger endorsement for the period of a person's permit.
- 3.40** The Authority issues endorsements for 5 years when a work permit is valid for less than a year, rather than limiting the endorsement to one year. During our file reviews, we found one case where the Authority granted a passenger endorsement to an applicant for 5 years from March 2004, but their work permit expired in September 2004.
- 3.41** Some Authority staff advised us that, if a permit was going to expire soon after the application for a passenger endorsement had been made, they would not grant the application until the applicant produced a further permit. However, during our file reviews we found an application where the Authority issued a one-year passenger endorsement, even though the applicant's permit was valid for only another 16 days.

Recommendation 8

We recommend that Land Transport New Zealand seek an amendment to the Land Transport (Driver Licensing) Rule 1999 to allow Land Transport New Zealand to grant endorsements for a period that coincides with the expiry of a person's immigration permit.

- 3.42** In at least one regional office, compliance staff sent requests for immigration checks to the border control and deportation section of the New Zealand Immigration Service. This section does not deal with applications for temporary permits or residency – the Service's branches do. Border control immigration staff do immigration checks by looking up the person's immigration status in the Service's database. However, the case manager at the branch may have gathered more details about an applicant, but not yet entered the information into the database. When this happens, complete information is not provided to the Authority.

Recommendation 9

We recommend that Land Transport New Zealand formalise its relationship with the New Zealand Immigration Service, to ensure that Land Transport New Zealand receives complete and timely information about overseas-born applicants.

¹⁷ There are a number of permits available to people born outside New Zealand. There are temporary student, visitor, and work permits, and residence permits under skilled migrant and family categories.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

Driving experience in New Zealand

- 3.43 A person with an overseas driver licence is legally considered to have a New Zealand licence from the time they enter the country. Under the Authority's driver licence conversion process, if immigrants had been fully licensed for more than 2 years, they met the requirement to have held a full New Zealand driver licence for 2 years, regardless of how recently they may have arrived.
- 3.44 According to the Authority, 1094 people qualified for licence conversion and gained their passenger endorsement between 2002 and 2004. Of these, 745 (68%) were likely to be taxi drivers, because they had a driver identification card and did not hold a driver licence for vehicles other than cars.
- 3.45 In the new application files we examined, there were 16 cases (14% of new applications reviewed) where the overseas licence conversion process had allowed applicants who had been in New Zealand only a short time to obtain passenger endorsements.
- 3.46 The Authority changed this process in December 2004, after seeking a legal opinion. While a person's overseas driver licence is still considered a New Zealand driver licence when they enter the country, the person must go on to hold that licence for at least 2 years. Before one year has passed, the applicant must convert his or her overseas driver licence to a New Zealand driver licence. At the end of their second year, they will meet the requirement that prospective taxi drivers must hold, and have held for at least 2 years, a full driver licence.
- 3.47 In a memorandum to the Ministry of Transport, the Authority acknowledged that the previous approach presented several risks. It did not ensure that passenger endorsement applicants were sufficiently familiar with New Zealand's road rules and driving environment before working in the transport industry. The Authority noted that a higher standard of driving is expected of occupational drivers.
- 3.48 Prospective taxi drivers will now have 2 years in New Zealand to become accustomed to local driving conditions, and will have longer to gain area knowledge. This change will meet the Taxi Federation's wish that drivers should spend some time in New Zealand before becoming a taxi driver.

International Police checks

- 3.49 When assessing fitness and propriety, the Authority uses the same procedures for immigrants as it uses for other applicants. A Police check reveals any New Zealand criminal and traffic offending, but usually no attempt is made to get details of offending from the applicant's country of origin. The Authority relies on the immigration check as evidence that an applicant who was born overseas was considered fit and proper when they entered New Zealand.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.50** However, the New Zealand Immigration Service advised us that immigrants who are granted permits to be in New Zealand for less than 24 months are not subject to Police checks for any countries they lived in before arriving in New Zealand.
- 3.51** Because most student permits are for an academic year, students are not subject to Police checks in their country of origin. The Authority has no overseas history to draw on when assessing the fitness and propriety of these applicants. The same issue arises for work permits that are issued for less than 24 months.
- 3.52** In our application file reviews, there were 7 examples (6% of the new applications we examined) where applicants were in New Zealand on student or temporary work permits of less than 12 months' duration.
- 3.53** The requirement, from December 2004, that applicants for a passenger endorsement have 2 years' experience driving on New Zealand roads, will mean that fewer immigrants on temporary permits will be able to become taxi drivers. However, it will still be possible for applicants to avoid a thorough Police check, because temporary permits can be renewed.

Recommendation 10

We recommend that Land Transport New Zealand obtain as much information as possible on the criminal history (if any) of applicants with temporary immigration permits, to ensure that they are fit and proper.

Approval of taxi organisations

- 3.54** Many stakeholders we spoke to, including Authority staff, staff of the CVIU, and taxi organisation representatives, expressed concern that it is too easy to set up a taxi organisation.
- 3.55** When the Authority considers requests to approve a taxi organisation, the only requirement is that those who will (or are likely to) control the organisation be fit and proper. Under legislation, the Authority is not directed to consider the applicant's experience, or knowledge of taxi industry rules and regulations.
- 3.56** In our view, those who control a taxi organisation need to be aware of their obligations. Taxi organisations and passenger service licence holders have a continuing relationship with taxi drivers, and are best placed to influence them. Those operating taxi organisations need to be capable of providing guidance to drivers about the drivers' obligations.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.57** The Certificate of Knowledge of Law and Practice was introduced to help ensure that people operating transport services were adequately prepared, and aware of their legal responsibilities.
- 3.58** A survey by the Authority in 1994 found that 75% of the surveyed Certificate holders considered the knowledge gained from completing the Certificate to be useful. A similar qualification could be introduced as a requirement for those who wish to control a taxi organisation. This would help to ensure that directors have adequate knowledge of the rules and regulations that apply to their taxi organisation, to passenger service licence holders, and to drivers. The Land Transport Amendment Bill (see Part 7 of this report) makes provision for such a course.

Recommendation 11

We recommend that Land Transport New Zealand require those who wish to control a taxi organisation to complete a course equivalent to the Certificate of Knowledge of Law and Practice.

Applications for a passenger service licence

- 3.59** Compliance staff check that an applicant for a passenger service licence has complied with all the relevant requirements, such as:
- providing copies of the 2 separate Public Notice newspaper advertisements;
 - successfully completing an examination to gain a Certificate of Knowledge of Law and Practice (unless someone who has, or is to have, control of the transport service has already obtained a Certificate);
 - providing the required details on those seeking the passenger service licence;
 - paying the fees; and
 - having the application forms signed by a Justice of the Peace (or other person authorised to witness statutory declarations).
- 3.60** Compliance staff then assess the person's fitness and propriety.
- 3.61** The Authority has produced a fact sheet about transport service (including passenger service) licences. In our view, this fact sheet does not contain enough information for a driver to determine if they need a passenger service licence, or to identify their obligations if they do require one.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.62 Determining whether a passenger service licence is required can be complicated, and the Authority could do more to educate the industry about when a passenger service licence is required.
- 3.63 We note that the IRD has produced information specifically for taxi drivers, to inform them of the tax requirements that arise in some of the common arrangements between taxi vehicle owners and drivers. The Authority's fact sheet could also refer to the IRD information and provide contact details.

Recommendation 12

We recommend that Land Transport New Zealand produce a fact sheet specifically for taxi drivers, that explains how drivers determine if they must hold a passenger service licence.

- 3.64 The legislation dealing with the fit and proper person assessment of applicants for passenger service licences requires a 2-stage assessment. The Authority is required to assess whether the applicant is fit and proper to operate a passenger service. It is then required to assess whether those who will be in control of the passenger service – which may or may not be the applicant – are fit and proper to control a passenger service.

Applications for an endorsement to carry passengers

- 3.65 Before a prospective taxi driver is issued with a passenger endorsement on their driver licence, the applicant must have:
- been assessed by compliance staff as a fit and proper person to carry passengers in a motor vehicle;
 - shown the Authority's agent their passenger endorsement course certificate;
 - provided a medical certificate (or have done so in the last 5 years, unless their health has changed since);
 - sat a practical driving test (unless the applicant has passed one in the last 5 years); and
 - paid the required fees.
- 3.66 The Authority's agents collect the fees, book the driving tests, sight or collect the certificates, enter details into the Driver Licence Register, and send applications to the applicants' nearest Authority regional office for approval.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.67** Document storage practices varied between the regional offices. Most kept applications for one year, then destroyed them. The Authority stated that its policy for document retention was that all driver licence forms in the regional offices would be stored for 12 months, and then destroyed. The Authority recognised that some offices retain documents for longer periods, and agreed with our position that all offices should follow a consistent approach.
- 3.68** All regional offices used some form of cover sheet for applications, to check that applications met statutory requirements. However, only one of the cover sheets from the 4 offices that we visited covered all the statutory requirements for becoming a taxi driver.
- 3.69** The lack of a comprehensive cover sheet to ensure a systematic check of all the relevant statutory requirements had a significant effect. Twenty percent of the new applications we examined (that is, 23 applications) did not contain proof that all the legislative requirements to gain a passenger endorsement had been met (such as evidence that a passenger endorsement course had been completed). The Authority must be able to show that approved applicants have met the statutory requirements.

Recommendation 13

We recommend that Land Transport New Zealand produce a standardised cover sheet for applications, which includes all the statutory requirements, to ensure that approved applicants meet all the statutory requirements.

- 3.70** The IRD has produced a brochure for taxi drivers on their tax obligations. While the IRD clearly has responsibility for monitoring and enforcing driver compliance with those obligations, the Authority's fact sheets do not contain any reference to the IRD's information. We consider that a close relationship with the IRD would facilitate better compliance in the taxi industry.

Recommendation 14

We recommend that Land Transport New Zealand establish a close relationship with the Inland Revenue Department, to help ensure that taxi drivers are aware of their tax obligations, and add references to the Inland Revenue Department's information in applicable Land Transport New Zealand fact sheets.

Approval of course providers

3.71 Prospective taxi drivers must, among a number of requirements, successfully complete courses for a passenger endorsement and Area Knowledge Certificate(s). Anyone can apply to provide these courses. We describe below the approval process for each type of course, and then comment on the Authority's role in approving course providers. We also discuss the process for approving the provider of the Certificate of Knowledge of Law and Practice examination (it differs from the other courses, because there is only one provider).

Approving the providers of passenger endorsement courses

3.72 Providers of passenger endorsement courses can be registered with the New Zealand Qualifications Authority to conduct unit standard assessments, or provide non-unit standard courses. To be approved by the Authority, all providers must be registered and accredited as an assessor by the New Zealand Road Transport and Logistics Industry Training Organisation (ITO). The ITO establishes and manages qualifications, training resources and assessments, and allocates training subsidies in the transport and logistics sectors.

3.73 The Authority can approve organisations (for example, Salvation Army Employment Plus) or individuals as the providers of passenger endorsement courses. The Authority has compiled a document for course providers, containing all the conditions of their approval. The conditions have been strengthened to give the Authority more powers, and place additional obligations on course providers. We discuss that document further in Part 4.

3.74 Before 1 October 2004, the Authority did not exercise any control over those who conducted training and assessment under an organisational approval, relying instead on the organisation to maintain individual standards. Unless the organisation maintained an accurate register of assessors, the Authority did not know who was conducting assessments.

3.75 The Authority estimated that, in August 2003, there were 106 approved organisations, employing or contracting 318 assessors. In changes phased in between 1 October 2004 and 31 January 2005, the Authority began to approve, within the provider organisations, every individual who was conducting assessments.

3.76 Education and compliance staff within the Authority have expressed concern about the approval system for course providers. In particular, concerns have been raised about the knowledge a course provider must have, and whether they should all hold a passenger endorsement before they can provide training. Course providers using the unit standard and ITO process must be passenger endorsement holders, but non-unit standard providers do not have to meet this requirement.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY*Passenger endorsement courses for taxi drivers*

- 3.77** Each type of passenger endorsement course consists of 2 modules, assessed through open book, multiple-choice tests.
- 3.78** Unit standard providers conduct standards 17579 (Demonstrate Knowledge of Driver Licensing Requirements for Endorsement P (Passenger)), and 15164 (Demonstrate Knowledge of Driving Hours and Complete Driving Hours Logbook). Non-unit standard providers conduct a specialist module on the passenger endorsement, and a general one on logbooks.
- 3.79** The unit standard module on passenger endorsement licensing includes information on the legal requirements for passenger services, and the duties and conduct required of drivers of small passenger service vehicles.
- 3.80** The unit standard driving hours and logbook module includes information on the driving hours' provisions prescribed in sections 70B (driving hours), 70C (driver logbooks), and 70D (offences and proceedings concerning logbooks and driving hours) of the Transport Act 1962, and the custody, maintenance, production, and completion of logbooks. These sections are to be amended and incorporated in the Land Transport Amendment Bill.
- 3.81** While the non-unit standard providers' modules cover the same general issues as the unit standard providers, there are practical differences between the assessments, for example, the use of different logbook formats.
- 3.82** The Authority needs to determine what is an appropriate format for driver testing. Some people we spoke to question the use of open book tests, and one suggested a closed book format was more appropriate in a regulatory environment. Regardless of the format, the course content must be consistent, and delivered to a consistent standard. Using 2 different types of provider means that courses are not offered to the same standard.
- 3.83** The Authority has not assessed the knowledge retained by drivers after time in the industry. Assessing the level of knowledge among drivers would assist in assessing the effectiveness of the existing courses, and indicate areas where industry re-education could be useful. The Authority could then consider whether it should require drivers to complete refresher training.
- 3.84** Passenger endorsement certificates do not have expiry dates. It is possible to complete a course and obtain a certificate, yet not present that certificate to the Authority, as part of the application for a passenger endorsement, for a long time. We saw one example where the certificate was issued in April 2001, but was not presented to the Authority until May 2004. This brings into question the currency of the applicant's knowledge of applicable legislation.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.85** We note that there is a possibility of amending the Land Transport (Driver Licensing) Rule 1999, to have a 6-month limit between completing the course and presenting the certificate. We support the concept of an expiry date to ensure that the applicant's knowledge of passenger endorsement requirements is current when the person applies for a passenger endorsement.

Recommendation 15

We recommend that Land Transport New Zealand consider placing an expiry date on the certificates issued after successful completion of a passenger endorsement course.

- 3.86** The current licensing process for the taxi industry has been criticised as inadequate and disjointed. There are several separate requirements to be met before a person obtains a passenger endorsement. If the requirements were combined, paperwork and costs could be reduced. Several course providers suggested that prospective taxi drivers should complete one condensed programme, covering all aspects of the industry and the obligations of individual drivers. It would include, for example, a component on tax obligations.
- 3.87** In one overseas jurisdiction, a review of taxi driver training in late-2002 led to an increase in the training requirement for taxi drivers, from 40 hours to 90 hours. The new course includes modules about customer service, carrying out financial transactions and maintaining records, and driving a taxi.
- 3.88** In another overseas jurisdiction, prospective drivers must complete a course of 8 modules to obtain a 12-month provisional taxi licence, then complete further training before obtaining a full 3-year taxi licence.
- 3.89** Some New Zealand course providers already supply more information and training to candidates than is required to gain a passenger endorsement course certificate.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY**Recommendation 16**

We recommend that Land Transport New Zealand review how and when passenger endorsement courses are delivered, to ensure that they:

- follow a consistent teaching method;
- are of a consistent standard;
- are easily audited;
- follow a format that improves driver knowledge and compliance with obligations;
- allow for refresher driver training after a certain period in the industry, if the Director considers it necessary; and
- are sufficiently comprehensive.

Approval of area knowledge course providers

- 3.90** Before a person can drive a taxi, they must hold an Area Knowledge Certificate(s) for the area(s) in which their taxi organisation operates. Taxi drivers are issued with an Area Knowledge Certificate after passing an area knowledge test.
- 3.91** There are different tests for metropolitan areas (for example, Auckland, North Shore, Hamilton, Wellington, Lower Hutt, Christchurch, and Dunedin), and non-metropolitan areas. The metropolitan test covers 8 objectives, and the non-metropolitan test covers 10 (see the Appendix, which sets out the objectives for the area knowledge tests).
- 3.92** The tests are administered by entities approved by the Authority as area knowledge course providers.
- 3.93** Anyone can apply to become a provider of area knowledge courses. In some regions, the Authority assists applicants by providing them with information packs, including criteria and objectives for the test. The applicants then prepare their own test, satisfying the criteria and objectives, for approval by the Authority. The Authority may also check other aspects of the application, including the physical layout of the proposed testing venue, before it approves the course provider.
- 3.94** About one-third of the providers of area knowledge courses are taxi organisations. A conflict of interest exists, as these organisations often want more drivers, and obtain their income from those drivers. To address this conflict, the Authority is considering adopting a system where there is a small number of area knowledge testers (or a single tester). Anyone could still be approved to prepare applicants to sit the test. Such a system would remove the conflict of interest, without adversely affecting the financial viability of course providers (which is a concern for the Authority).

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.95** The Authority has initiated a project to review the delivery mechanism for area knowledge courses. The Authority has not looked at this before, because it was not considered a safety risk. The review was a response to evidence of fraudulent Area Knowledge Certificates, and the conflict of interest that occurs when taxi organisations offer the course to prospective drivers. The review was to be completed in December 2004, but has not yet been completed.
- 3.96** The Authority is proposing that taxi drivers in metropolitan areas be required to hold Area Knowledge Certificates for the entire metropolitan area in which they work. This may help in improving the area knowledge of drivers, if the test is robust enough, and if the method of course provision is improved.
- 3.97** One course provider suggested that the Authority should approve the programme of the training courses, as well as the test used. The provider believed this would help to reduce the number of instances where candidates are poorly trained, but able to write out answers to the test questions from memory, and without understanding them.
- 3.98** Some course providers noted that, in their experience, a driver's compliance depended more on the quality of the taxi organisation they worked for than the quality of the course they attended. While a course is completed once at entry to the industry, a taxi organisation has an ongoing influence on behaviour.

Content of area knowledge courses

- 3.99** The Authority's fact sheet, *Taxi drivers and Area Knowledge Certificates*, states that the Area Knowledge Certificate "says that you have a good knowledge of the area or areas your taxi organisation works in, and that you've got a good understanding of the English language." The Authority advised us that the Certificate proves that a person can get to and from major locations, and read a map.
- 3.100** The standard of English language required is not easy to define or assess. Instead of a separate test, English language ability is assessed by whether the applicant can answer the area knowledge test in English. The Authority has advised us that, while the applicant must complete the test in English, they do not have to be competent in English. This is contrary to the Authority's fact sheet.
- 3.101** Responsibility for ensuring that drivers maintain an appropriate ability to communicate in English sits with taxi organisations. The Authority believes that the area knowledge test covers most of the language skills required. The Authority does not require applicants to complete a separate English language assessment, as it believes this would impose an unnecessary additional cost on those who speak fluent English. Other jurisdictions overseas require applicants to pass a separate English literacy test.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

3.102 In our view, competency in English, and not just the ability to answer the area knowledge test in English, must be an entry requirement. If competency is not required at entry then it is difficult for an employer to satisfy the legislative requirement to ensure that their drivers “maintain an appropriate ability to communicate in the English language.” Further, if a driver is not competent in English, this increases the risk of miscommunication and misunderstandings with passengers.

Recommendation 17

We recommend that Land Transport New Zealand review the effectiveness of having English language ability assessed as part of the area knowledge test.

3.103 From 30 September 2002, after consultation with the taxi industry, the Authority introduced changes to the content of the area knowledge test for the main metropolitan areas.¹⁸ The main change was the introduction of a map-reading component. The Authority intended to increase auditing of area knowledge course providers to 10% of the providers each year, but this has not happened.

3.104 Several people we spoke to said that the content of the test is inadequate for area knowledge and English language competency, and does not assess taxi drivers to the standard that most consumers expect.

3.105 Some Authority staff, and taxi organisations, believe that many public complaints about area knowledge and English language ability are racially motivated, and that when the complaints are investigated, they are usually found to be baseless. Nevertheless, concerns were raised that answers to the test can be memorised, which negates its value as a test of area knowledge and English language ability. Answers can be memorised because a list of possible questions and answers for the test is provided to applicants before they sit the test.

3.106 During our audit, we were told many times about drivers having inadequate area knowledge and English language skills. We observed this during a meeting with a taxi organisation’s manager, who continued to dispatch taxis while talking to us. It was clear that the manager was dealing with some drivers in his fleet who did not know how to find main streets, or where well-known suburbs were.

3.107 Many taxi organisations conduct their own, more stringent area knowledge test before employing a driver, as they are not willing to rely on the completion of an area knowledge course as proof that a driver has adequate area knowledge. Such “permit” tests also often include a practical driving test. The taxi organisations that used such a test thought that the Authority’s area knowledge test should include a driving component. However, the Authority believes that the cost of requiring such a test outweighs the benefit.

¹⁸ Auckland, Hamilton, Wellington, Christchurch, and Dunedin.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY*Approval of the provider of Certificate of Knowledge of Law and Practice examination*

- 3.108 The process used to approve the provider of the Certificate of Knowledge of Law and Practice examination differs from that used to approve the providers of the other courses.
- 3.109 There is only one provider of the Certificate of Knowledge of Law and Practice examination. In 1996, this provider won a tender to conduct the course for an initial term of 3 years, with an option to renew for a further 3 years. The contract expired in 2002, but was rolled over for 2 terms of 12 months.
- 3.110 The Authority conducted a new tender round in December 2004, and the provider was again successful. The new contract is for a term of 3 years, to 31 December 2007.

Other entry control issues identified during our audit*Medical certificates do not have to be completed by the applicant's usual doctor*

- 3.111 Some Authority staff suggested that an applicant should be permitted to go to only their usual doctor to obtain the medical certificate that is required for a passenger endorsement. A person's usual doctor would be best placed to assess the applicant's medical status, and should have access to a person's full medical history. Without access to this medical history, a doctor would not necessarily be able to answer the question about a person's mental health during the last 5 years (see paragraph 3.29), which must be considered as part of the fitness and propriety assessment. However, we recognise that some applicants will not have a "usual" doctor, so enforcement of such a requirement would be difficult.
- 3.112 Medical certificates are valid for a 5-year period. However, their expiry often does not coincide with the expiry date for a person's driver licence or endorsement. A person's medical certificate might expire shortly after their licence or endorsement, but they are still able to renew their licence for up to 5 years. In this situation, the medical is still "current" for licensing purposes, although there is debate about whether an updated medical should be required before a renewal is granted. This means, in effect, a person can drive a taxi for almost 10 years without being required to get a new medical certificate.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.113 The eyesight requirements are very different. Applicants must have a new eyesight check within 60 days of their application for an endorsement. Drivers therefore have, at most, 5 years before they must have their eyesight checked again.
- 3.114 We note that doctors and optometrists have an ongoing obligation to notify the Authority if, in the interests of public safety, they believe a person should have their ability to drive restricted. The doctor or optometrist must notify the Authority as soon as practicable, in writing, of their opinion and the grounds for it.

Recommendation 18

We recommend that Land Transport New Zealand consider making the requirements relating to medical certificates the same as those that apply to eyesight checks.

Area Knowledge Certificates are not checked by the Authority

- 3.115 The Authority does not hold information about whether taxi drivers have Area Knowledge Certificates. The Authority states that this is because, at the time of their application for a passenger endorsement, the drivers may not know which organisation they will work for, and which Certificates they will need.
- 3.116 The Authority instead relies on the requirement that taxi organisations must ensure that their drivers hold the appropriate Area Knowledge Certificates. It is therefore possible to get a passenger endorsement and driver identification card without holding any Area Knowledge Certificates. At no point does the Authority require an applicant to present their Area Knowledge Certificates. A possible solution could be to link the requirement to produce proof of Area Knowledge Certificates to the application for a driver identification card (a requirement for taxi drivers).
- 3.117 We found an exception in the Auckland regional office, where staff record in a database details of the Area Knowledge Certificates that drivers hold, using information gained from taxi organisation audits. The rationale for collecting this information is that the Authority would otherwise not collect it. The database holds about 6500 records, which covers most of the fleet in the Auckland region

Recommendation 19

We recommend that Land Transport New Zealand require applicants to produce proof of the Area Knowledge Certificates they hold when they apply for a driver identification card.

CONTROLS OVER ENTRY TO THE TAXI INDUSTRY

- 3.118** We were concerned about the lack of controls over Area Knowledge Certificates. Certificates do not have a photograph or signature of the holder. While the Authority individually numbers Certificates to control and monitor their distribution, it does not record these numbers. This means the numbering of Area Knowledge Certificates is not an effective control because Certificates with the same number could be presented more than once to the Authority without its knowledge. It is important that there are robust internal controls linking Area Knowledge Certificates to particular applicants.

Recommendation 20

We recommend that Land Transport New Zealand record on the Driver Licence Register the individual numbers of Area Knowledge Certificates when they are presented as part of an application for a passenger endorsement or driver identification card.

The Authority's monitoring and enforcing compliance of the taxi industry

- 4.1 In this Part, we discuss the Authority's monitoring and enforcing of the taxi industry's compliance with legislation.
- 4.2 As we did for the entry controls for the taxi industry, we prepared expectations in relation to monitoring and enforcing compliance, and then assessed the Authority's performance against the expectations. We looked at:
- the Authority's approach to monitoring;
 - monitoring of taxi organisations, passenger service licence holders, taxi drivers, and course providers;
 - the Authority's monitoring intentions; and
 - enforcing the taxi industry's compliance.

Our expectations

- 4.3 In its *Statement of Intent 2004/2005*, one of the Authority's functions is the maintenance and preservation of records and documents about activities within the land transport system. Accordingly, we expected that, in fulfilling this function, the Authority would hold detailed information about all the vehicles and drivers in the taxi industry.
- 4.4 We expected the Authority to monitor the performance of the providers of passenger endorsement and area knowledge courses, and the provider of the Certificate of Knowledge of Law and Practice examination.
- 4.5 We expected the Authority and the Police to work closely together, to ensure that the Authority was notified of any taxi drivers who had been charged or convicted of serious offences. Our 1997 report concluded that the Authority "needs to reach an agreement with the Police to automatically notify [the Authority] every time a passenger service driver is charged with a serious offence". The Authority agreed to

THE AUTHORITY'S MONITORING AND ENFORCING COMPLIANCE OF THE TAXI INDUSTRY

our conclusion. We also expected the Authority to have a means of ensuring that all taxi drivers held valid passenger endorsements, or to be notified when they did not, so the Authority could check that the driver had ceased operating.

- 4.6 We expected the Authority to have dealt with, through appropriate enforcement action, taxi organisations, passenger service licence holders, and taxi drivers who had breached the terms of their licence or endorsement, or had been charged with, or convicted of, a serious offence. We expected to see an improvement in the situation described in our 1997 report that “some [Authority] regions are not able to provide effective enforcement of legislative requirements which are intended to ensure that taxi drivers operate in a safe way.”

The Authority's approach to monitoring

- 4.7 During discussions with staff at the Authority's National Office, it became clear that, in their view, the Authority has limited responsibility for monitoring compliance in the taxi industry. The Authority takes the position that individual drivers and taxi organisations are responsible for their own compliance with legislation.
- 4.8 In our view, the Authority has responsibility for monitoring the taxi industry according to its legislative purpose and the specific powers it has been given by Parliament in the Land Transport Act 1998, the Transport Services Licensing Act 1989, and subordinate legislation.
- 4.9 While it is the responsibility of those in the industry to meet their obligations, the Authority must be able to determine whether obligations for operating in the land transport system are met. In order to maintain effective oversight of the industry, it is essential for the Authority to collect and analyse data, to gain information that can be used to target non-compliant operators.
- 4.10 There is no single record of a driver's passenger endorsement, driver identification card, passenger service licence number, or vehicle number. These pieces of information are held in a number of places, including the Driver Licence Register, Motor Vehicle Register, and individual regional office files (especially information on monitoring activity).
- 4.11 The Authority does not have a means to collate and analyse all the data that it records, in order to assess industry trends, or identify non-compliant operators. In our view, this undermines the effectiveness of the Authority's monitoring of the industry.
- 4.12 Collection of more detailed information would help the Authority to assess the taxi industry's level of compliance. Other jurisdictions collect such information, with the organisation responsible for the taxi industry measuring taxi industry performance against a range of performance standards.

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- 4.13 The Authority believes that it is not its role to maintain information about who is working in the industry, and whether they are meeting their legislative obligations. Instead, the Authority relies on taxi organisations to maintain this information in accordance with their ongoing obligations under legislation. Staff from the CVIU told us that, while taxi organisations are responsible for maintaining records of drivers and taxis, they could not be trusted to do so.

Relative road safety risk

- 4.14 Given its resource allocations, the Authority's safety focus is on reducing or minimising death or injury in the land transport system. Using this approach, taxis are not a priority.
- 4.15 Even if the taxi industry was considered a higher safety risk, the Authority says that a lack of resources affects its ability to undertake monitoring. We found that several Compliance Officers were seconded to other roles, such as creating policy or training material for the National Office. While this is a good use of their operational knowledge, it adversely affects the ability of regional offices to cope with the workload.

Safety auditing

- 4.16 The Authority carries out safety audits. In its *Statement of Intent 2004/2005*, the Authority said it sought the following results from its safety auditing output class –

This output class contributes to the government's desired outcomes of:

- *a safe, sustainable transport system at reasonable cost*
- *the objectives in the New Zealand Transport Strategy.*

In contributing to these outcomes the Authority also expects that:

- *all vehicle and operator compliance rates for road and rail will be improved*
- *poor performing operators are targeted to lift their performance to the required safety levels*
- *industry awareness relating to the maintenance of safe vehicle and operator practices is increased*
- *an environment that engenders industry co-regulation is created.*

The funding provided will only allow limited achievement of the above outcomes and results.

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- 4.17 However, there are no performance measures specifically for the taxi industry. Before 2000-01, the Authority reported its performance against an audit target for 'Taxi and other small passenger service organisations' in its Annual Report. Since then, such audits have been included in a larger 'transport service operations' category.

Recommendation 21

We recommend that Land Transport New Zealand report, in its Statement of Intent and Annual Report, the results of audits relating to the taxi industry separate from other transport service operations.

- 4.18 The CVIU's audits are categorised by scale according to how comprehensive they are. In contrast, the Authority does not differentiate its audits. This means that, for example, an audit of a 20-truck fleet operation is counted as one audit, and so is an audit of a 2-car taxi organisation. In our view, this discourages regional offices from carrying out audits of large fleets, and audits that are more comprehensive, because they would get only the same credit as they would for audits of smaller organisations.

Recommendation 22

We recommend that Land Transport New Zealand establish a scale for differentiating between audits of varied size, and reflect this in its Statement of Intent.

- 4.19 During 2003-04, the targeted number of safety audits was met for all parts of the land transport sector (not just taxis), as set out in the *Statement of Intent 2003/2004*. The performance targets for the 2004-05 year are also shown in Figure 6.

Figure 6
Safety auditing targets for 2003-04 and 2004-05

Audit type	2003-04 targets	2003-04 results	2004-05 targets	Population
Driver licence administration	30	30	0	3 agents
Driver licence course providers	30-40	42	140-160	276 providers
Licensed transport service operations	100-120	181	100-120	93,870 transport service operations
Transport operator vehicle fleets	40-50	80	40-50	449,887 transport service vehicles
Random roadside audits of transport service vehicles	20-40	69	20-40	449,887 transport service vehicles

Source: The Authority's *Statement of Intent 2003/2004*, and *Statement of Intent 2004/2005*.

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- 4.20 With reference to the “population” column of Figure 6, it is clear that the Authority conducts only a small number of audits as a proportion of the population of each category. Accordingly, its audit coverage of the transport sector is limited.

Variations in the amount of monitoring carried out by regional offices

- 4.21 The ease with which the targets can be met varies between regional offices. The Palmerston North regional office states it can easily reach its targets, while the Wellington office says it is having some difficulty. The Authority advised us that the regional offices are on target for 2004-05.
- 4.22 In relation to the taxi industry, the 7 regional offices conducted a total of 143 audits – of taxi organisations, providers of passenger endorsement courses, and providers of area knowledge courses – during the period from 2001-02 to 2003-04. Figure 7 shows the number of audits conducted by each regional office, which are also expressed as a proportion of all audits done by the Authority. We also illustrate the taxi populations covered by each office as a proportion of New Zealand's taxi population.

Figure 7
Audits during 2001-02, 2002-03, and 2003-04, by regional office

	Auckland	Hamilton	Napier	Palmerston North	Wellington	Christchurch	Dunedin
No. of audits	91	12	7	9	7	15	2
% of audits	64%	8.5%	5%	6%	5%	10%	1.5%
No. of taxis*	3968	565	189	276	1488	1061	542
% of taxis	49%	7%	2.5%	3.5%	18%	13%	7%

* For 2003-04.

- 4.23 Figure 7 shows that Auckland conducts, by far, the majority of audits done by the Authority in relation to the taxi industry, in keeping with the large number of taxis covered by that office. However, in Wellington and Dunedin, the number of audits is below that expected, given the number of taxis in those regions.
- 4.24 Figure 8 shows the number of audit hours recorded by each regional office, from 2001-02 to 2003-04, for passenger endorsement audit investigations. The passenger endorsement audits include driver and vehicle licensing, offences, complaints, rule compliance, area knowledge, and vehicle condition.

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*Figure 8
Hours spent on passenger endorsement audit investigations during 2001-02, 2002-03, and 2003-04, by regional office*

Regional office	2001-02	2002-03	2003-04	Total
Auckland	2025	2129	696	4850
Hamilton	659	881	1015	2555
Napier	148	117	144	409
Palmerston North	66	410	540	1016
Wellington	1043	736	182	1961
Christchurch	2308	1816	1987	6111
Dunedin	1508	1197	1530	4235
Total	7757	7286	6094	21,137

- 4.25 Figure 8 also shows the variation between regional offices in audit hours, but, more importantly, shows the variation from year to year within the regional offices. This was especially pronounced in the Auckland and Wellington offices between 2002-03 and 2003-04, where there was a 67% and 75% drop, respectively, in audit hours.
- 4.26 One reason given by the Authority for this decrease has been a “spike” in endorsement applications. After 5 years of the driver licensing system, many occupational drivers needed to renew their endorsements. However, the Authority told us the regional offices were given extra resources to deal with this situation.
- 4.27 Figure 8 shows that the other regional offices increased their audit hours during the same period. The decrease in audit hours recorded by the Auckland and Wellington regional offices is a concern because those offices cover the 2 largest taxi populations.
- 4.28 The Executive Director of the Taxi Federation believes that the Authority’s compliance resources have not kept pace with the significant increase in taxis since the limit on taxi numbers was removed in 1989, particularly in the main urban centres.
- 4.29 The Authority advised us that in 1989 there were 18 Enforcement Officers (an equivalent position to a Compliance Officer) who conducted enforcement and compliance work for the Ministry of Transport, along with Traffic Safety Service Officers. As at September 2004, there were 42 compliance (enforcement) staff. During roughly the same period, New Zealand’s taxi fleet has grown from more than 2700 taxis to more than 8000 taxis. So, while in 1989 there were about 152 taxis for each Enforcement Officer, by September 2004 the ratio was about 192 taxis for each compliance (enforcement) staff member.

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- 4.30 The increase in the number of taxis and drivers has accordingly reduced the time that compliance staff can spend on compliance monitoring, because more of their time is taken up with applications for new endorsements, and endorsement renewals. We note that this pressure is compounded by growth in other parts of the land transport sector (for example, goods service vehicles) that the Authority is also responsible for.

Variations in the type of monitoring carried out by regional offices

- 4.31 As well as variations in the level of monitoring, there are regional variations in the type of monitoring work carried out. As part of our fieldwork, we asked to attend any audit work scheduled during our visits to the regional offices. The Authority organised audits of taxi organisations, and course providers for passenger endorsements. We were unable to observe roadside taxi audits carried out by the Authority, because none were scheduled.
- 4.32 In 2003-04, the Authority reported that it completed 69 random roadside audits of transport service vehicles, of which taxis are one class. The Authority told us that, as at May 2005, there were 449,887 registered transport service vehicles. The Authority does not centrally record statistics on the type of vehicle (for example a taxi, or a truck) that was stopped, which prevents it targeting audits to risk. Figure 9 shows the hours spent on random roadside audits by each regional office during 2001-02, 2002-03, and 2003-04.

Figure 9
Hours spent on roadside audits during 2001-02, 2002-03, and 2003-04, by regional office

Regional office	2001-02	2002-03	2003-04	Total
Auckland	No record	4.5	131.25	135.75
Hamilton	1.25	3.25	11.25	15.75
Palmerston North (including Napier)	No record	24.75	214	238.75
Wellington	1.25	37	77.75	116
Christchurch	No record	640	252.75	892.75
Dunedin	68	54.5	41.25	163.75
Total	70.5	764	728.25	1562.75

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- 4.33 As in Figure 8, Figure 9 shows significant variation between regional offices in the number of hours spent on roadside audits. Nevertheless, additional emphasis has been placed on these audits during 2002-03 and 2003-04. During the 3-year period from 2001-02 to 2003-04, each regional office completed an average of about 74 roadside audit hours each year.
- 4.34 In Auckland, we were impressed with another type of monitoring operation because of the:
- level of interaction involved between the regional office and other agencies;
 - thoroughness of the checks; and
 - follow-up actions taken by the Authority in response to non-compliance.
- 4.35 This operation involved the Authority, the CVIU, and the IRD, inspecting the vehicles and drivers of a taxi organisation. The Authority required 360 taxis to be presented for inspection. Eighty-two drivers failed to appear with their vehicles. According to the CVIU report on the operation, “40 drivers resigned from the company rather than be subjected to investigation.” Of the 278 taxis that were presented –
- ... 57 [or 20%] were put out of service until repairs were effected and a new COF [Certificate of Fitness – the commercial vehicle equivalent of a Warrant of Fitness] issued and 4 of these were ordered not to be driven and were towed from the site.*
- 4.36 In addition, from the 278 taxis inspected, 587 defects were identified – an average of 2.1 defects for each vehicle, which the reporting Compliance Officer described as “unacceptable”. The IRD also expressed “amazement at the number of operators who are not GST-registered or even paying tax.” Subsequently the IRD requested from the Authority a list of all vehicles and drivers inspected during the operation.
- 4.37 The Authority's only means of locating the 40 drivers who had left their taxi organisation was to use the driver details contained on the Driver Licence Register, and ask the drivers if they were working for another organisation. This was time-consuming, and had no guarantee of success. However, the exercise was important, as the drivers who resigned were probably non-compliant, given their failure to appear at the audit. We were pleased that, in this case, the Authority traced the 40 drivers to ensure that, if they were still driving a taxi, they were doing so in compliance with their legislative requirements.
- 4.38 This operation illustrates that, even for a scheduled inspection, which gave taxi drivers notice that their vehicle would be inspected, a significant level of non-compliance was found. We consider that random roadside audits would be even more effective, as drivers would have no warning; so more non-compliance would probably be found.

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- 4.39 If the Authority increased its visibility through more roadside audits, the likelihood of an audit would provide an incentive for drivers to maintain vehicle standards, and to keep their passenger endorsement and driver identification card up to date. Currently, drivers know that audits by the Authority are rare, and that audits are more likely to be conducted by the CVIU.

Recommendation 23

We recommend that Land Transport New Zealand review the number of random roadside audits it conducts of taxi drivers.

- 4.40 As well as its work with the CVIU and other government agencies, the Auckland regional office also interacts positively with other parties, such as the Auckland City Council. We note, however, that the Council drives these initiatives, and feels that it is taking responsibility for functions that lie with the Authority. In other regions we visited, there are no regular meetings between the Authority and regional and city councils.
- 4.41 Authority staff we spoke to suggested that, because they received few complaints, there is general satisfaction with the taxi industry.
- 4.42 However, despite the Authority's lack of monitoring data, the information available to us – from the Auckland operation noted above, our direct observation, reports from industry, and the results of CVIU monitoring (see Part 5) – suggests a high level of non-compliance within the taxi industry.

Monitoring taxi organisations

- 4.43 Taxi organisations are easily established, with almost no capital investment. As they do not require any knowledge of the regulations applicable to the industry, some of the people in control of taxi organisations lack the knowledge and resources to manage and control their organisations.
- 4.44 We attended, with the Authority, an audit of a taxi organisation. The director in charge did not understand the requirements for running a taxi organisation. The resulting non-compliance required use of a disproportionate amount of the Authority's resources to attempt to bring the taxi organisation back into compliance, through ongoing oversight and audit.

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- 4.45 Some taxi organisations may have irregular contact with their drivers, particularly those organisations that do not receive much work through telephone requests for taxis. For example, some taxis rely on collecting passengers from taxi ranks, and some do not have radio equipment. Taxi organisations may, therefore, have little effective control over their drivers, and little knowledge of whether the drivers are complying with their obligations under either the taxi organisation's rules, or the legislation.
- 4.46 Taxi drivers must comply with a range of transport service and vehicle regulations, and may have the obligations of self-employment (such as paying GST and income tax). They need extensive education before entering the taxi industry, and ongoing assistance to comply with their obligations. This is particularly important for immigrants, who may be less familiar with New Zealand laws and not know where they can get help to comply with their legal obligations. Often taxi organisations are not able to provide this assistance.
- 4.47 One Regional Compliance Officer stated that his office conducts no monitoring of taxi organisations. He stated that, if something came to the Authority's attention, staff might investigate it, but the approach was informal and unplanned. The Regional Compliance Officer stated that the office previously did 3 to 4 audits of taxi organisations each year, but now audited only new taxi organisations. The office had completed 2 taxi organisation audits in 2003 and expected to do 2 during 2004. His office had not done any roadside audit operations for at least a year, and the last offence notice his office issued was in November 2003.
- 4.48 The people involved in running a taxi organisation are required to be fit and proper during the entire period they operate a taxi organisation. However, their fitness and propriety is assessed only once. The Authority does not carry out any ongoing monitoring of the people running a taxi organisation. Rather, the Authority acts on complaints, or information received from the Police.
- 4.49 The Authority noted that, in situations where a taxi organisation's approval might be revoked, its drivers would quickly join other firms or start new ones. In our view, a regular fitness and propriety check for those in control of a taxi organisation would be appropriate, though not necessarily on an annual basis. Taxi organisation managers are more removed from the public than drivers, so there is not such a direct public safety risk. If those who control a taxi organisation are also drivers, they will have their fitness and propriety assessed annually.

Recommendation 24

We recommend that Land Transport New Zealand regularly assess the fitness and propriety of those who have control of taxi organisations.

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- 4.50 Several regional offices had conducted seminars on the “willing compliance” philosophy, or held meetings with the taxi organisations in their area. Such contact with the Authority is generally well received and attended by the industry. For example, the Authority told us that all but one taxi organisation in Auckland attended the seminars they ran on “willing compliance”.
- 4.51 Taxi organisations operating in the area covered by the Palmerston North regional office are invited to attend quarterly meetings with Authority staff, which are well attended and generally seen as informative by those attending. We consider that such interaction with taxi organisations is a useful way of promoting best practice, and that it could be applied to other sections of the industry, such as passenger service licence holders. We note that several overseas jurisdictions have regular newsletters for advising the taxi industry of information, such as any changes that the industry should be aware of.

Recommendation 25

We recommend that Land Transport New Zealand regularly communicate best practice guidance, and provide up-to-date information about changes relevant to the taxi industry.

Complaints registers

- 4.52 Taxi passengers who wish to lay a complaint may do so with the Authority or with the taxi organisation. While taxi organisations are obliged to maintain a complaints register, they have no obligation to report complaints to the Authority.
- 4.53 Taxi organisations should bear the responsibility for investigating routine complaints. However, it could be useful to specify that certain serious complaints be reported to the Authority. The Authority can then ensure that these complaints are satisfactorily investigated.
- 4.54 In one jurisdiction, for example, taxi organisations must report specified serious complaints to the industry regulator within one working day. The Authority states that the draft new Operator Licensing Rule (see Part 7) proposes that taxi organisations must notify the Director of the Authority within 48 hours of any serious complaints reported to them.
- 4.55 One office reported that it does not check a taxi organisation’s complaints register on a regular basis, and one taxi organisation that we spoke with stated that its complaints register had not been checked in 15 months.

Recommendation 26

We recommend that Land Transport New Zealand ensure that taxi organisations report to it certain serious complaints.

Logbooks and demerit points

- 4.56 The Taxi Federation suggested to us that the logbook system is open to abuse, and is not well supervised. Further, there are concerns that some taxi drivers also have other jobs, which increases the risk of fatigue. Nevertheless, the Federation believes that the system has value. Some record of driving hours is necessary for safety reasons. Research shows that there is a link between fatigue and impaired driving, which can be similar in effect to driving while intoxicated. Accordingly, limiting driving hours is important.
- 4.57 The logbook system is easily abused. It is an honesty system, and there is little likelihood of a driver being caught for false entries. The link between fatigue and risk justifies efforts to find a more effective way of monitoring hours worked.
- 4.58 The Land Transport Amendment Bill proposes to require taxi organisations to record and monitor driver hours, which will help to address non-compliance. We acknowledge that it is difficult for a taxi organisation to prevent a driver working excess hours, but we have seen instances where a taxi organisation's dispatch system has the ability to electronically record and monitor an individual driver's hours.
- 4.59 A commercial vehicle demerit points system (separate from the general licence demerit points system) was introduced in 1989, and is contained in sections 12 to 14 and Schedule 2 of the Transport Services Licensing Act 1989. This system was designed to control commercial drivers' behaviour. However, no operators or drivers have been disqualified under this system because it was never set up.
- 4.60 The Authority advised us this was because of technical difficulties in introducing such a system separate from the general licence demerit points system. This situation is unsatisfactory, particularly as the system was created by statute and its provisions remain in force.
- 4.61 We note that the Land Transport Amendment Bill proposes to remove the commercial demerit points system. Nevertheless, the scope of the general licence demerit points system has recently been expanded, which suggests that demerit points are effective in controlling driver behaviour.

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Recommendation 27

We recommend that Land Transport New Zealand explore options for incorporating commercial demerit point offences within the general licence demerit points system.

Industry calls for more economic monitoring

- 4.62 The Authority considers that economic risks, such as overcharging, are for the market to regulate, and are not the Authority's business. The Authority has advised that its investigations of overcharging complaints usually find that the complainant has not checked the taxi's fare schedule, which would have told them that some taxi organisations charge more than others, as they are allowed to do.
- 4.63 The taxi industry considers that the Authority has a role in ensuring economic risks are managed. For example, we heard from numerous industry sources that the basis of the changes in 1989, with the introduction of a market model, was a strong, economic compliance function to ensure an "even playing field".
- 4.64 The Taxi Federation and the then National Manager of the CVIU suggested that the change from a quantitative to a qualitative framework in 1989 was based on there being adequate monitoring to ensure that standards are maintained appropriately, and that there is a level playing field for industry participants. Some industry participants stated that a lack of compliance work by the Authority has caused an uneven playing field. They argued that an even playing field is a fundamental requirement of a free market approach, and that the Authority has been concerned with issues of public safety and not the market.
- 4.65 Overall, taxi industry representatives we spoke to expressed concern that the Authority is not adequately monitoring the activities of the industry.
- 4.66 Industry comments suggest that an uneven playing field exists because some taxi organisations and drivers are not complying with tax requirements or otherwise not fulfilling their obligations. We note that the Authority has requirements to encourage economic compliance, through Road User Charges and checks on the accuracy of meters when a vehicle is inspected for a Certificate of Fitness. However, we consider that checks on economic compliance could be supplemented by better ongoing monitoring by the Authority. For example, meter seals could be checked through roadside monitoring rather than just at Certificate of Fitness renewal. We have seen examples of unsealed meters, as have CVIU staff.

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- 4.67 We recognise that the priority for the Authority's resources should be directed at personal safety risks over economic ones. However, inadequate monitoring means that the level of compliance is unknown. We were concerned by the IRD's comment during the joint exercise noted in paragraphs 4.34-4.38 about the number of operators who are not GST-registered or paying tax. While economic risks such as overcharging are less serious, they are more often realised, and should be addressed by the Authority (in conjunction with the IRD, as it is primarily responsible for ensuring compliance with tax obligations).

Recommendation 28

We recommend that Land Transport New Zealand undertake compliance activity to address economic risks, including working with the Inland Revenue Department where appropriate.

Addressing the lack of data

- 4.68 The Authority relies on taxi organisations to maintain records of drivers, their qualifications,¹⁹ and their vehicles, as the Authority does not keep this information. The CVIU expressed concern that the Authority does not hold such records, even though it is the taxi organisations' responsibility; because, while many taxi organisations do keep robust records, some do not. There is, therefore, no complete record of who is operating as a taxi driver, and for whom they work.
- 4.69 The only way to check that taxi organisation registers are up to date is to match information collected from roadside audits against the information held by taxi organisations. We saw no evidence that the Authority does this.
- 4.70 The small numbers of taxi organisation audits that do occur have limited value, because the accuracy of the records kept by the taxi organisations cannot be assessed. A taxi organisation could have 60 drivers working for it, but keep records for only 40, without the Authority's knowledge. There is, therefore, no check that the other 20 drivers have, for example, the required Area Knowledge Certificate(s).

Recommendation 29

We recommend that Land Transport New Zealand work with the CVIU to compare information gathered from their respective audits and on-road inspections with records kept by taxi organisations.

¹⁹ Including Area Knowledge Certificates, and which passenger service licence a driver is operating under.

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- 4.71 In our view, the Authority should require taxi organisations to regularly send it specific details (such as details of their drivers, and passenger service licence holders, including Area Knowledge Certificates, and the complaints register).
- 4.72 The Land Transport Amendment Bill proposes to provide Enforcement Officers with the power to inspect, on request, all relevant books or records held by any person, to whom the Land Transport Act 1998 applies (including those in control of a taxi organisation). While we support this approach, we also consider there would be value in getting this information regularly, to gather intelligence on the industry that would help target audits according to risk.

Monitoring passenger service licence holders

- 4.73 The people who hold passenger service licences are required to be fit and proper during the entire period they hold that licence. However, their passenger service licence never expires, and their fitness and propriety is assessed only once, even though the fit and proper person requirement is ongoing. The Authority does not monitor passenger service licence holders. Rather, the Authority acts on complaints, or information received from the Police or other sources.
- 4.74 The Authority's record of passenger service licence holders is not up to date because there is no requirement to renew the licence. The Authority's National Office has provided additional resources to regional offices to update their transport service licence files by removing records for passenger licence holders who are no longer operating.
- 4.75 The Authority has previously considered requiring passenger service licence holders to renew their licences periodically, but rejected the move as being too costly and bureaucratic. The Authority has also considered introducing expiry dates for passenger service licences, but decided the compliance cost was not justified.
- 4.76 We recognise that some passenger service licence holders may not actually drive a taxi and therefore do not have contact with the public. However, the legislation requires that they are fit and proper for the entire period for which they hold their passenger service licence.
- 4.77 The Authority is responsible for ensuring passenger service licence holders comply with this requirement, so a regular check is appropriate. It need not necessarily be on an annual basis, because passenger service licence holders may be more removed from the public than drivers. Furthermore, those passenger service licence holders who are also drivers will have their fitness and propriety assessed annually in their role as a driver.

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Recommendation 30

We recommend that Land Transport New Zealand regularly assess the fitness and propriety of passenger service licence holders.

- 4.78 The Authority does not know which taxi vehicles are being used by which drivers, because neither passenger service licences nor passenger endorsements are linked to taxi vehicles. Taxi organisations are required to keep a record of the vehicles being used as taxis in their fleet, but taxi organisations do not regularly supply this information to the Authority. There is also no guarantee that information from taxi organisations would be accurate, and checking would require roadside audit data and taxi organisation records to be matched, which does not occur.
- 4.79 Knowing which taxi vehicles are linked to which passenger service licences and passenger endorsements would provide the Authority with useful information for monitoring the industry; in particular, the requirement that transport service operators are licensed.
- 4.80 According to the Taxi Federation and some Authority staff, many taxi drivers who should hold passenger service licences do not. Again, we were unable to determine the level of non-compliance because of a lack of monitoring. These drivers have not been required to notify their intention to apply for such a licence, which is a useful means of bringing any complaints about them to the Authority's attention. Furthermore, such drivers have not passed the Certificate of Knowledge of Law and Practice examination, which means they may be operating a passenger service without the required knowledge of their obligations and responsibilities.
- 4.81 Passenger service licence holders are obliged to disclose the full name and address of an employee driver who has allegedly committed an offence, if requested to do so by the Director of the Authority or an Enforcement Officer. An additional obligation is that such licence holders must notify the Director of any changes in their details. Staff at each regional office acknowledged that this often does not occur. The Authority does not take action against the passenger service licence holder for this failure. One Regional Compliance Officer told us that conducting this follow-up action would require committing too much time and resource.

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Monitoring taxi drivers

- 4.82 The taxi industry has low entry costs. However, the taxi industry has a complex regulatory framework. In addition, taxi drivers are essentially running their own business, and therefore must meet a range of legal obligations, including managing their tax responsibilities. One taxi organisation we spoke to pointed out that there is no requirement for taxi organisations to keep records of the hours that drivers work, or their payments. The taxi organisation suggested that this lack of record keeping contributes to people not paying GST or income tax. We note this lack of record keeping is addressed in the Land Transport Amendment Bill.
- 4.83 When renewing passenger endorsements, the Authority's approach to reassessing fitness and propriety is similar to that used when assessing new applications. Passenger endorsement holders who renew their endorsement on an annual basis are subjected to the Police check when they renew, while those who hold a 5-year endorsement are also checked each year. Renewing endorsements is an administrative task, with issues arising only if the Authority or Police checks reveal that an applicant has incurred any criminal or traffic convictions during the past year.
- 4.84 There are a number of problems with endorsement renewals. As noted for fitness and propriety assessments, the Authority does not have access to the Police's "red stamp" information. In between Police checks for entry and renewal purposes, the Police do not automatically notify the Authority of taxi drivers who are charged or convicted of serious offences. Non-notification prevents the Authority from taking appropriate enforcement action, such as suspending the driver, if necessary, pending the outcome of their case.
- 4.85 Some staff at the CVIU and the Authority believe that the current system is adequate, and there would not be a greater level of notification if a formal agreement existed between the Authority and the Police. We consider that formality is required around the provision of information, and that the Authority and the Police need to agree which offences must be notified to the Authority.
- 4.86 The Authority also needs to provide the Police with information on those drivers whose licence or endorsement the Authority has suspended or revoked. This will allow the Police to take appropriate enforcement action if the driver comes to the Police's attention.

Recommendation 31

We recommend that Land Transport New Zealand and the Police investigate options for the formal and regular notification of taxi drivers who are charged or convicted of serious offences, to Land Transport New Zealand.

THE AUTHORITY'S MONITORING AND ENFORCING COMPLIANCE OF THE TAXI INDUSTRY

Recommendation 32

We recommend that Land Transport New Zealand ensure that it provides information to the Police about drivers whose licence or endorsement has been suspended or revoked.

- 4.87 No record is kept of instances when the Police do not notify the Authority that charges have been laid against a taxi driver for a serious offence. It would be useful if the Authority recorded the number of times it was not notified by the Police (based on subsequent discovery of the offending during the annual re-check or from some other source), and the reason why it was not notified. This record would allow the Authority to assess the extent of non-notification, and set up procedures to address the situation.

Recommendation 33

We recommend that Land Transport New Zealand monitor the frequency of non-notification of serious offences committed by taxi drivers, as discovered in the annual reassessment of fitness and propriety or from other sources, and use this information to improve notification rates.

- 4.88 The Police and the Authority have conducted a trial, approved by the Privacy Commissioner, to match data between their systems, to find drivers whose offences or convictions required notification to the Authority. However, because the Authority and Police systems use different identifiers (alphabetical versus numeric) the rate of matches between the systems was unacceptably low.
- 4.89 Further, the Police cannot search their system for any taxi drivers who have particular convictions, because the Police do not record a person's occupation in the database. They can search by offence type, which allows them to search for offences that are specific to taxi drivers (such as operating an unlicensed passenger service).
- 4.90 While not appropriate for serious offences, we consider that it would be useful for the Authority to obtain information from the Police on all taxi-specific offences, possibly on a monthly basis, to assist it in monitoring the ongoing compliance of taxi drivers.
- 4.91 Overall, communication between the Police and the Authority is informal and unscheduled, with a high likelihood that taxi drivers facing charges for serious offences could continue to operate a passenger service because the Authority had not been notified. Some of the longer serving staff in the Authority rely on informal links with former colleagues in the Police, to ensure that those drivers facing charges for serious

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offences are suspended, pending the outcome of their case. However, on occasion, the Authority finds out through the media about taxi driver offences, the seriousness of which demands Authority action to suspend or revoke the driver's licence or endorsement.

- 4.92 Under the current, informal relationship with the Police, there is a risk that the Authority will not be notified of instances when an offence is committed by someone who has been assessed as fit and proper, and given 90 days to complete the remaining requirements to obtain a passenger endorsement. The Authority may also not find out in a timely fashion when those who have been issued a "without prejudice" letter (discussed in Part 3) have been charged with additional offences.
- 4.93 There is no obligation for either taxi organisations or passenger service licence holders to notify the Authority of offences by their drivers. We note the Authority's point that a new Operator Licensing Rule will require taxi organisations to notify the Director of the Authority within 48 hours of any serious complaints reported to it about its drivers.
- 4.94 In addition, passenger service licence holders are obliged to disclose the full name and address of an employee driver who has allegedly committed an offence, at the Director of the Authority's or Enforcement Officer's request. However, we consider that the Authority should also require taxi organisations and passenger service licence holders to notify the Authority of offences by their drivers when they become aware of them, recognising that sometimes they will not.
- 4.95 Implementing such a system will provide another means by which the Authority could become aware of any offences by taxi drivers that might affect their fitness and propriety to drive a taxi. Further, it would reduce the current risk that the Authority does not find out about a taxi driver's offences until they have their annual fitness and propriety assessment, by which time they could have been driving for some time without being fit and proper to do so.

Recommendation 34

We recommend that Land Transport New Zealand require taxi organisations and passenger service licence holders to notify it of any offences by taxi drivers that they become aware of.

Monitoring drivers on temporary permits

- 4.96** Taxi organisations and passenger service licence holders are responsible, when they employ drivers, for checking that their employee drivers have a valid work permit before allowing them to work. Taxi organisations and passenger service licence holders are also responsible for ensuring that employee drivers on a student permit adhere to the conditions of their permit.
- 4.97** Taxi organisations are not advised by the New Zealand Immigration Service, or the Authority, that the person is permitted to work only up to 15 hours a week. The Authority does not check that those drivers on a student permit, who are permitted to work, are working only the allowed number of hours. The Authority is unable to advise the taxi organisation about the restrictions on the driver's working hours, or monitor a taxi organisation's controls on drivers who must work only up to 15 hours a week, because it does not record for whom a particular passenger endorsement holder is working.
- 4.98** In the Authority's view, this is for the taxi organisation to control, and the New Zealand Immigration Service to enforce. Section 39 of the Immigration Act 1987 states that every employer who employs a person knowing they are not entitled to work, commits an offence. Often, taxi organisations do not obtain this information. They rely on the fact that the Authority has issued the driver with a passenger endorsement as evidence that the driver is legally able to work.
- 4.99** It is likely that some taxi drivers, on student permits that allow them to work, are working more hours than permitted. We were not able to assess how widespread non-compliance is, because there is no monitoring. The Authority could do more to educate taxi organisations about their responsibilities in this area. This could form part of the content of a course that applicants must complete before they can be involved in managing a taxi organisation.

Recommendation 35

We recommend that Land Transport New Zealand educate taxi organisations about their responsibility to ensure that drivers have appropriate work permits.

- 4.100** We are concerned that responsibility for monitoring to ensure that a person has a current work permit is falling between the Authority, the New Zealand Immigration Service, and taxi organisations. This is a serious issue as, if a person allows their work permit to expire, they could be no longer fit and proper to operate a taxi.

THE AUTHORITY'S MONITORING AND ENFORCING COMPLIANCE OF THE TAXI INDUSTRY**Recommendation 36**

We recommend that Land Transport New Zealand and the New Zealand Immigration Service clarify their respective responsibilities in relation to monitoring work permits for licensing purposes, and ensure that immigrants without current permits cannot drive a taxi.

- 4.101 Immigration checks are not carried out when taxi drivers apply to renew their passenger endorsement. Because the Authority does not check an applicant's immigration status when they renew their endorsement, even if they have a temporary permit, the Authority does not find out if an applicant's permit has expired since they entered the taxi industry.
- 4.102 Further, the person may have obtained, or applied for, permanent residency. To become a permanent resident, a person must supply a Police record for every country they have lived in for 12 months or more during the last 10 years, as well as a Police record for their country of birth. This new information would be useful for the Authority in assessing a person's fitness and propriety. However, because no further check is undertaken, the Authority never obtains this information.

Recommendation 37

We recommend that Land Transport New Zealand review the work status of applicants, who were on temporary work permits when approved for a passenger endorsement, when they apply to renew their endorsement.

- 4.103 The Authority does not check whether a person is still entitled to work after the expiry date of their permit, and believes this is a matter for the New Zealand Immigration Service to monitor and enforce. Nevertheless, the Authority accepts that a person's ability to lawfully reside and work in New Zealand may be relevant to an assessment of that person's fitness and propriety.
- 4.104 The Authority has the technology to produce an automatic printout of endorsement holders as their permits expire, and currently produces an automatic report listing those drivers who are due for an annual Police check. Staff at the New Zealand Immigration Service advised us they follow up expired permit holders only if the Service receives information from an employer, the Police, or any other source.

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- 4.105 It is the responsibility of a taxi organisation, and passenger service licence holders who employ drivers, to ensure that drivers work no more than their legal number of hours. However, if the Authority recorded more information about a driver's permit when it conducted its immigration check, it could monitor whether taxi organisations and passenger service licence holders have systems in place to ensure that drivers do not work more than the hours allowed by their permit.

Recommendation 38

We recommend that Land Transport New Zealand record details of temporary permits, including when the permit expires and how many hours a person may work, to allow it to monitor the performance of taxi organisations and passenger service licence holders, gather information about drivers, and ensure that drivers comply with their permits.

- 4.106 We are concerned that a fundamental prerequisite for legally operating a taxi by non-residents (a valid work permit) appears to go unmonitored once a person enters the industry. Again, this illustrates that many taxi organisations lack the knowledge to fulfil their responsibilities. Passenger service licence holders who employ drivers also need to be aware of their responsibility to ensure that drivers have valid permits, as taxi organisations may not know that a passenger service licence holder has employed a driver to work for them.
- 4.107 However, in order to fulfil their obligation to exercise proper control over their drivers, taxi organisations need to ensure that their passenger service licence holders notify them of any drivers they employ, and that the drivers are legally able to work.

Recommendation 39

We recommend that Land Transport New Zealand confirm, through audits, that taxi organisations and passenger service licence holders gather and maintain information about the work status of drivers and, for taxi organisations, its members.

Renewing passenger endorsements

- 4.108 The Authority does not follow up drivers when their passenger endorsement expires, to confirm that they have ceased operating, because it considers that it would not be a good use of resources to do so. CVIU staff report finding taxi drivers operating with expired passenger endorsements. The Authority considers that monitoring endorsement validity is the taxi organisation's responsibility.

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- 4.109 Some taxi organisations we met with monitor the currency of endorsements, using electronic monitoring systems. Nevertheless, we are concerned that a driver's passenger endorsement (a basis for their legal operation of a taxi) can expire without the Authority having a means to check – for example, through audits of taxi organisations – that they have actually ceased driving a taxi.
- 4.110 When a taxi driver renews their passenger endorsement, the Land Transport (Driver Licensing) Rule 1999 requires another check of the person's eyesight. While the Authority advised us that an agent cannot continue to enter the details from an application form without entering the result of an eyesight check, or details of an eyesight certificate, 34% (41 of 119) of renewal files that we reviewed did not contain evidence that such a check had been carried out.

Holding the appropriate Area Knowledge Certificate

- 4.111 We were unable to determine the level of compliance with the requirement that drivers hold Area Knowledge Certificate(s) for the area(s) where a taxi organisation operates. The Authority is not able to check that a taxi is actually operating in the area for which the driver has area knowledge, because the taxi organisation holds the only record of Certificates. The Certificates are checked only when the Authority audits a taxi organisation, or possibly if they receive a complaint from a member of the public about a driver's lack of area knowledge.
- 4.112 Given the persistent public perception that drivers do not have adequate area knowledge, and evidence of fraud involving Area Knowledge Certificates, the Authority needs to be able to assess compliance in relation to Area Knowledge Certificates. If the Authority does not, the licensing system loses credibility.

Driver identification cards

- 4.113 When a driver identification card is renewed, a taxi driver is not obliged to return the expired card. A person can hold more than one driver identification card, which provides an opportunity for the fraudulent use of expired cards. While all drivers checked during our observation of the CVIU's on-road inspections held valid driver identification cards, the CVIU has found instances where a taxi driver was using an expired card.

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Recommendation 40

We recommend that Land Transport New Zealand ensure that expired driver identification cards are surrendered at expiry, or when a replacement card is provided.

- 4.114 It is relatively easy to obscure the part of a driver identification card that contains its expiry date. The Authority advised us that, based on case law, there is no requirement to place the driver identification card in a particular part of the taxi, although the card must be reasonably visible to passengers.

Recommendation 41

We recommend that Land Transport New Zealand enlarge, or otherwise make more prominent to passengers, the expiry date on driver identification cards, and require drivers to display their card in a prescribed place to ensure that it is visible to passengers.

Complaints about taxi drivers

- 4.115 Regulations require taxi organisations to keep a register of complaints in a prescribed form. Under legislation, the Authority must have particular regard to any complaints about a person involved in a small passenger service that are of a persistent or serious nature.
- 4.116 In assessing fitness and propriety for renewal applications, there was no evidence in the files we reviewed that the Authority had checked either the taxi organisation's or the Authority's complaints registers to see whether complaints had been made against the driver. One office claimed that, unlike other regions, they did check for complaints. While they may check, there was no evidence of this in any of the renewal application files we reviewed.

Recommendation 42

We recommend that Land Transport New Zealand ensure that, when considering renewal applications, it examine whether complaints have been made about the driver to Land Transport New Zealand or to the driver's taxi organisation.

Monitoring course providers

Passenger endorsement courses

- 4.117 Anyone can apply to provide the passenger endorsement courses that prospective taxi drivers must complete. Accordingly, there are many course providers, which makes effective auditing by the Authority more difficult. The Authority's present monitoring regime for passenger endorsement course providers is unco-ordinated and inconsistent between regional offices, and places some reliance on the New Zealand Road Transport and Logistics Industry Training Organisation's (ITO) own audits (moderation) as a means of maintaining standards.
- 4.118 Concerns have been raised within the Authority about the resourcing of compliance activity (capacity and capability), and a lack of strategic direction to compliance monitoring of approved course providers. A specific concern was raised that approved providers might not have been delivering the quality of service expected to reach the safety gains required, possibly as a result of not having the necessary skills and experience, or for reasons of commercial expediency.
- 4.119 To explore these issues further, the Authority commissioned a review of the way it approves the providers of courses covering several licence classes and endorsements, including the passenger endorsement. The review was conducted by an Australian consultant with experience in commercial driver training both in Australia and in New Zealand. The reviewer reported in July 2003, and identified a number of risk areas. The risk areas included:
- the qualifications required of approved course providers are not sufficient to ensure the necessary knowledge, skills, and experience, or to ensure a high standard of performance in all aspects of the role;
 - the Authority has not established an appropriate and targeted auditing regime for approved course providers, which results in lower standards and an inability to identify and apply sanctions to poor performers;
 - the quality management system applied by the ITO may not adequately address the Authority's perception of risk areas, and the Authority's reliance on the ITO's moderation may not be well founded;
 - there is a lack of training and development to address a lack of knowledge and experience among compliance staff;
 - there are inconsistent course standards, assessment procedures, and documentation, which results in lower standards;

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- conditions imposed on course providers at the time of their approval are not applied uniformly across the country and can be contradictory;
- there is a lack of documented guidelines for course provision resulting in subjectivity in application; and
- there is no clear chain of responsibility or lines of communication to provide direction, resulting in regions being left to determine and interpret procedures in isolation.

4.120 We consider that each of these risk areas remains current, although the Authority has taken steps to address some of them, as discussed below.

4.121 The Land Transport (Driver Licensing) Rule 1999 gives the Authority the power to revoke its approval of providers of passenger endorsement courses, but not to suspend them. The Authority relies on the ITO's ability to suspend the providers of passenger endorsement courses.

Recommendation 43

We recommend that Land Transport New Zealand seek an amendment to the Land Transport (Driver Licensing) Rule 1999 to allow it to suspend the approval of a driver licence course provider.

4.122 In the Rule, the grounds for revoking a passenger endorsement course provider's approval are narrower than the grounds for revoking the approval of area knowledge course providers, contained in section 18A(5) of the Transport Services Licensing Act 1989.

4.123 The Authority has attempted to obtain broader grounds for revocation, similar to its power in relation to providers of area knowledge courses, by redrafting the contract signed by course providers when they gain approval to conduct courses. However, we believe that, in doing so, the Authority has acted outside its statutory powers to revoke course provider approvals, which are set out in clause 103 of the Rule.

Recommendation 44

We recommend that Land Transport New Zealand seek an amendment to clause 103 of the Land Transport (Driver Licensing) Rule 1999 to allow it to revoke the approval of a driver licence course provider on the grounds set out in its contract with approved driver licence course providers.

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- 4.124 Providers of passenger endorsement courses who are registered with the ITO are subject to additional checks. The ITO conducts annual audits of course content and procedures. Most assessors who use the New Zealand Qualifications Authority unit standard approach use assessments produced by the ITO.
- 4.125 The Authority has not clarified the respective monitoring roles of it and the ITO. The Authority and the ITO have a Memorandum of Understanding that was being re-negotiated at the time of our audit. The memorandum, as it was, provides that the ITO will moderate Authority-approved providers and will assess compliance with the Land Transport (Driver Licensing) Rule 1999. However, the ITO cannot check all aspects of a course provider's compliance with the Authority's standards.
- 4.126 For example, the ITO does not have access to the Driver Licence Register, so it cannot check that the certificates presented to the Authority match the records of a successfully completed assessment conducted by the course provider. Therefore, important control checks are not carried out. Greater co-ordination between the Authority and the ITO would result in better checks on course providers, and better use of resources, which would avoid duplication and the risk of delivering conflicting messages to an audited course provider.

Recommendation 45

We recommend that Land Transport New Zealand and the New Zealand Road Transport and Logistics Industry Training Organisation clarify their respective monitoring roles.

- 4.127 As noted earlier, a concern of Authority staff and the reviewer was the lack of an auditing regime and strategic approach to the course provider regime. The apparent inconsistency of the present approach negatively affects driver standards. As part of the proposed reorganisation of functions of the Compliance Section (see Part 7), the Authority wants to introduce the position of National Advisor (Driver Licensing Standards).
- 4.128 This position would, among other things, provide national management and direction of the interactions between the Authority, the ITO, and course providers. It would also ensure consistency and correctness of regional offices' approval, auditing, and enforcement of non-compliant providers. We support the concept of such a position, given the potential benefits in co-ordinating Authority activities in relation to course providers.

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- 4.129 At the same time as considering introducing the advisor position, the Authority has been debating the need to have specialist compliance staff for areas such as course provision. Currently, compliance staff have job descriptions containing general references to course providers, while in some regions Compliance Officers have been assigned specific course provider duties. The result of having generalists is that low priority is given to monitoring and enforcement of course providers when compared with other compliance responsibilities.

Recommendation 46

We recommend that Land Transport New Zealand review whether appropriate priority is given to monitoring of, and enforcing compliance by, the providers of passenger endorsement courses.

Area knowledge courses

- 4.130 The Authority conducted 42 audits of the providers of driver licence courses in 2003-04. Although area knowledge courses are not driver licence courses, they are counted as such for the purposes of the Authority's Statement of Intent. Out of a total of 276 course providers, there are 99 active providers of area knowledge courses, although audit coverage is limited because the Authority does not consider area knowledge to be a safety issue.
- 4.131 The Authority told us it is difficult to carry out effective audits, because the presence of its staff during a course usually means that the course will be conducted properly. It is also difficult to audit test papers where oral answers were provided. Often the answer is recorded as "oral", so it is not possible to confirm that the answer provided was correct.
- 4.132 During our audit, the Authority and industry stakeholders mentioned many times about course providers selling Area Knowledge Certificates and other documents required for entering the taxi industry. According to the Authority, the problem is that the course providers might be of a particular ethnicity, which makes it difficult for compliance staff outside that ethnicity to gather evidence.
- 4.133 Despite this, the Authority does not regard monitoring of course providers as a priority, particularly those offering Area Knowledge Certificate courses. The Authority perceives this aspect of the taxi industry as a customer service issue, rather than a safety issue. At least one Authority regional office is not actively auditing area knowledge course providers, despite the Authority's reported intention to audit 10% of providers each year.

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Recommendation 47

We recommend that Land Transport New Zealand review whether appropriate priority is given to monitoring of, and enforcing compliance by, the providers of area knowledge courses.

- 4.134 While the Authority individually numbers Certificates with the aim of controlling and monitoring their distribution, it does not record these numbers. This undermines the effectiveness of numbering of Area Knowledge Certificates as an internal control, as Certificates with the same number could be presented more than once without the Authority's knowledge.
- 4.135 A number of people within the Authority expressed the view that the current approach to course provision has occurred because the approach has remained the same despite significant growth in the industry. We note that the Authority has increased the number of audits of driver licence course providers from that in 2003-04 (from 30-40 to 140-160, as reported in the *Statement of Intent 2004/2005*). However, the low priority the Authority gives to area knowledge courses means that few of the planned audits will be of area knowledge course providers.
- 4.136 Most of the issues associated with the large number of course providers could be resolved by selecting a limited number to conduct the area knowledge test. The providers currently offering training and testing would still be able to offer training (therefore ensuring that providers are not forced out of business by the change), but another provider, independent of the training, would conduct the test. This would make compliance monitoring easier, and promote a consistent standard. We are pleased that the Authority is already considering this option, through a review of the area knowledge course provider model. This review could also usefully review the situation for passenger endorsement courses.

Certificate of Knowledge of Law and Practice

- 4.137 In relation to the Certificate of Knowledge of Law and Practice examination, the provider reports monthly to the Authority on any complaints. Statistics such as the number of candidates sitting, and pass rates, are provided on a quarterly basis. The latter report showed that, for the Certificate of Knowledge of Law and Practice, the pass rate for July-September 2004 for the core module was 58%, and for the passenger service module 79%. The provider thought that the Authority had audited it once during the previous 4 years, while other agencies such as the ITO had conducted annual audits.

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- 4.138 We asked the provider about the rationale for the multiple-choice and open book examination. In the provider's view, the multiple-choice format tests exact knowledge of legislation and regulations, while people do not have enough time in the open book test to search the book from start to finish. They need to do some preparation before the examination.

Communication with course providers

- 4.139 The Authority has little or no communication with the providers of passenger endorsement and area knowledge courses. In some regions, Compliance Officers are assigned to particular taxi organisations, but this does not occur for course providers. This is symptomatic of an overall lack of oversight and co-ordination in this area.

Recommendation 48

We recommend that Land Transport New Zealand establish a method for communicating best practice to course providers.

- 4.140 While the provider of the examination for the Certificate of Knowledge of Law and Practice reports regularly to the Authority on matters such as pass rates, there is no similar reporting process for passenger endorsement and area knowledge course providers.

The Authority's monitoring intentions – “willing compliance”

- 4.141 Along similar lines to other agencies in the transport sector (for example, the Civil Aviation Authority), the Authority is moving towards a “willing compliance” philosophy, which implies a shared responsibility with industry for ensuring a high level of compliance with Rules and Regulations. This move is on the basis that the Authority believes that current resources need to be allocated in a different way to bring about higher levels of compliance, and is seen as a better option than the status quo. The Authority states that “willing compliance” is not about more enforcement, but less, and better targeted by dedicated enforcement staff once “relationship” staff have failed to bring about compliance by other means.
- 4.142 To accommodate this philosophy, the Authority has planned to reorganise the functions carried out by the Compliance Section (see Part 7). Of particular interest, given our comments on the Authority's present inconsistent approach to monitoring and enforcing

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compliance between regional offices, is the proposal to create national positions to provide leadership in audit and monitoring practice. We support the creation of such positions, as they should provide the co-ordination between regions that is currently lacking.

- 4.143 The move to working with industry in “partnership” depends on industry participation and engagement, which is an issue for some taxi organisations. The Authority notes that a level of compliance monitoring would be retained, to ensure that the activities of those who have not engaged with the philosophy are compliant. We are concerned that the Authority will struggle to maintain an appropriate level of compliance monitoring. This is because of the number of competing priorities, and a lack of an overall risk assessment tool to bring together all the data the Authority records to turn it into information that can be used to target audits at non-compliant operators.
- 4.144 There is piecemeal effort in some regional offices to use various data to target audit effort at particular parts of a taxi organisation, once an organisation has been selected for audit. However, there is no tool used on a national basis to identify non-compliant organisations in the first place. The Authority believes that the creation of a centralised investigative function, through the proposed reorganisation of the Compliance Section’s functions, will address this concern.
- 4.145 It is essential that the appropriate balance is struck between willing compliance and enforcement. Some people suggest that, if someone is in the industry, it is their responsibility to ensure they are aware of, and comply with, their legal obligations. This sentiment may be appropriate in relation to some of the more basic requirements for the industry, but it is also recognised that education can be very successful. Nevertheless, it is important that a focus on willing compliance is not a substitute for rigorous entry and monitoring requirements.

Enforcing the taxi industry’s compliance

- 4.146 Some Authority staff members are reluctant to do enforcement work because it would lead to prosecutions, which would take time and resources to pursue. This reluctance also applies to offences that Authority staff believe would have little effect on the safety of the industry if the person was convicted. A popular view is that enforcement is a blunt tool and used only when other options have not been effective.
- 4.147 In the period from 2001-02 to 2003-04, the Authority issued 545 offence notices to taxi organisations, passenger service licence holders, and taxi drivers. Given the high level of industry non-compliance noted by the CVIU (see Part 5), and observed during our fieldwork, we expected the Authority would have issued more notices.

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- 4.148 The Authority's response to our finding was that issuing notices does not change behaviour, and that the CVIU can issue notices, because this is not the Authority's role. The Authority believes that, because of the limited resources available, it needs to think of other ways to influence behaviour than enforcement through prosecution, which it does not think is the best way to achieve industry compliance.
- 4.149 Accordingly, it is moving towards a "willing compliance" philosophy and reorganising the Compliance Section's functions. However, we consider that there is value in the Authority issuing notices as a means of enforcement. More enforcement should encourage more compliance and, if using a risk-based approach, would mean fewer non-compliant operators to target.

Monitoring by other agencies

- 5.1 In this Part, we discuss the role played by agencies other than the Authority, in monitoring and enforcing compliance of the taxi industry. While the CVIU has a clear legislative role, other agencies (such as local authorities and airport companies) have introduced their own measures to address problems with the taxi industry that they consider are not adequately addressed by the Authority.

Monitoring by the Police's Commercial Vehicle Investigation Unit

- 5.2 While the Police's regular staff undertake some on-road enforcement, the CVIU carries out the majority, and is the only unit of the Police that records taxi-specific information relating to on-road enforcement. Therefore, we refer to the monitoring and enforcement activities of the CVIU, rather than the activities of other parts of the Police.
- 5.3 When the CVIU conducts monitoring and enforcement work, taxi drivers often try to leave the area. During our fieldwork, we observed one driver, illegally parked on Auckland's Queen Street, who drove off so quickly when he saw the CVIU vehicle that he was charged with careless driving. Because taxis attempt to avoid being checked by the CVIU, the CVIU often carries out monitoring work at the airport, where it is more difficult for taxis to get away. The CVIU told us that, even at the airport, drivers would sometimes attempt to reverse out of the waiting area in order to avoid inspection.
- 5.4 The CVIU reports that the rate of compliance in the taxi industry is lower than that of the trucking industry. These reports are on the basis of inspections by the CVIU's 4 Vehicle Safety Officers (VSOs) and other staff. VSOs are experienced mechanics who conduct detailed inspections of the roadworthiness of vehicles, while other CVIU staff focus less on detailed mechanical inspection and more on the driver.

MONITORING BY OTHER AGENCIES

5.5 Of the taxis and shuttles inspected by the VSOs in 2003-04, 38% were free of faults, compared with 69.7% of trucks and 40.3% of buses. The CVIU advised that this low level of compliance by taxi and shuttles was detected through targeted stops, rather than random stops. Figure 10 illustrates the type of faults found by the CVIU's VSOs for taxis and shuttles during 2003-04.

*Figure 10
Types of faults found by Vehicle Safety Officers for taxis and shuttles during 2003-04*

Type of fault (including examples of items for each type)	Number (%) of taxis and shuttles inspected found with that fault
Lighting (headlamps, indicators)	30 (19%)
Exterior (door hinges, mirrors)	20 (12.7%)
Towing connections (drawbar, spare wheel)	2 (1.3%)
Tyres (tyre depth, mudguards)	27 (17.1%)
Interior (windscreen, seatbelts)	13 (8.2%)
Motive (exhaust, transmission)	1 (0.6%)
Suspension (shock absorbers, airbag)	3 (1.9%)
Steering (steering wheel, power steering)	1 (0.6%)
Brakes (handbrake, linings)	4 (2.5%)
Passenger Service Vehicle breaches (signs, taxi meter sealed)	5 (3.2%)
Expired Certificate of Fitness	1 (0.6%)
Certificate of Loading breaches	1 (0.6%)

5.6 More than one-third (36.1%) of the taxis and shuttles inspected by VSOs in 2003-04 were ordered off the road, or to cease operating as a taxi or shuttle, as the result of an inspection. This compares with 16.8% of trucks and 36.3% of buses. However, the 158 taxi and shuttle inspections made up only 1.6% of the total number of vehicles stopped by CVIU officers (the same percentage as buses), so the sample size was small compared with trucks (5546) and heavy trailers (3410).

MONITORING BY OTHER AGENCIES

- 5.7 For the 9 months starting 1 July 2004, 28.5% of the taxis and shuttles inspected by VSOs were free of faults, compared with 63.4% for trucks and 46.3% for buses. During this period, the VSOs inspected 151 taxis and shuttles, compared with 134 for the same period in 2003-04, increasing taxi and shuttle inspections as a percentage of all CVIU inspections from 1.6% (for all of 2003-04) to 2.5%.
- 5.8 As a result of these inspections, 33.8% of taxis and shuttles were ordered off the road or to cease operating as a taxi or shuttle until faults were remedied, compared with 22.8% of trucks and 35.3% of buses. The number of taxis and shuttles inspected is increasing, as is the number of vehicles found with faults.
- 5.9 In addition to the inspections conducted by the VSOs, other CVIU officers also conduct taxi inspections. While the number of taxi inspections conducted during 2003-04 was not recorded separately from a larger “commercial vehicle stopped” category, a separate code for taxis was introduced for 2004-05.
- 5.10 For the 9 months starting 1 July 2004, CVIU officers (excluding VSOs) stopped and inspected 3456 taxis. While not as detailed as the statistics collected by the VSOs, the information recorded by the CVIU officers identified particular taxi driver offences. The CVIU officers issued a total of 673 offence notices during 2003-04, a number already surpassed in the first 9 months of 2004-05 (1000).
- 5.11 This supports the CVIU’s then National Manager’s belief that the CVIU has significantly increased the number of inspections conducted since 2003-04. While 2004-05 is not complete, Figure 11 illustrates the 10 most common offence notices recorded for 2003-04, as a percentage of the total number of offence notices issued, and Figure 12 does the same for the 9 months starting 1 July 2004.

Figure 11

Ten most common offence notices for taxi drivers for 2003-04

Offence	Number (%) of offence notices
Taxi inconsiderately stopped "in road"	487 (72%)
Driver used stand that was full	31 (4.6%)
Taxi displaying unregistered fares	18 (2.7%)
Taxi meter not sealed	18 (2.7%)
Driver operating a taxi without an Area Knowledge Certificate	15 (2.2%)
Driver's behaviour unacceptable	12 (1.8%)
Driver identification not displayed	11 (1.6%)
Taxi not displaying operator information	11 (1.6%)
Driver not in attendance of taxi	10 (1.5%)
Taxi signs not illuminated at night	10 (1.5%)

Figure 12

Ten most common offence notices for taxi drivers for the 9 months starting 1 July 2004

Offence	Number (%) of offence notices
Inconsiderately stopped taxi "in road"	769 (77%)
Driver accepted hire within 20 metres of stand	85 (8.5%)
Taxi not displaying operator information	31 (3.1%)
Driver used stand that was full	26 (2.6%)
Driver's behaviour unacceptable	16 (1.6%)
Driver operating a taxi without an Area Knowledge Certificate	11 (1.1%)
Taxi meter not sealed	8 (0.8%)
Fares/charges not displayed inside taxi	7 (0.7%)
Driver not in attendance of taxi	7 (0.7%)
Driver failed to stop for an Enforcement Officer	4 (0.4%)

MONITORING BY OTHER AGENCIES

- 5.12 Figures 11 and 12 show that the majority of offence notices issued by CVIU officers for taxi-related offences are for inconsiderate stopping “in road”. The other offences relate to matters for which the Authority is responsible, such as Area Knowledge Certificates and driver identification cards.
- 5.13 CVIU officers noted that, when they stop a driver, they have no way to check at the roadside that the driver has the Area Knowledge Certificate(s) required for the area(s) where they are operating. A possible solution is to require the Area Knowledge Certificate(s) held by a driver to be printed on their driver identification card, as their passenger endorsement is. According to the CVIU, this information used to be recorded on driver licences.
- 5.14 The Transport Services Licensing Act 1989 provides that the content of a driver identification card is subject to the Land Transport Act 1998, and Rules made under that Act. Including additional information on the driver identification card would assist the CVIU and the Authority to ensure that drivers are operating in accordance with their area knowledge and other requirements. This solution is preferable to requiring the information to be included on driver licences, as the format of the driver licence is specified by statute, making a change more difficult.

Recommendation 49

We recommend that Land Transport New Zealand modify the driver identification card to include details of the driver’s Area Knowledge Certificate(s).

- 5.15 There are many commercial arrangements that can be made between a driver and a vehicle’s owner, some of which will require the driver to hold a passenger service licence. As a result, the CVIU has a checklist (using a questionnaire produced by the Authority) to help determine whether a driver should hold a passenger service licence.
- 5.16 During the CVIU’s on-road inspections, we observed that some officers did not check whether a driver held a passenger service licence, along with a passenger endorsement. The CVIU stated that it is difficult and time-consuming for staff to check at the roadside whether a person holds the appropriate licence because there is no reliable database of transport service licence holders that the Police can easily access.
- 5.17 Section 5(2) of the Transport Services Licensing Act 1989 states that “every person commits an offence who carries on any transport service otherwise than under the authority of the appropriate licence.” The inability to easily check whether a person holds the appropriate licence has additional importance as the Land Transport Amendment Bill proposes to empower the Police, in certain circumstances, to seize and impound any vehicle used in an unlicensed transport service.

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- 5.18 A solution, suggested by some taxi organisations, is having a standard contract between drivers and passenger service licence holders, clarifying their relative responsibilities, so the status of drivers can be easily determined.
- 5.19 The CVIU has access to some of the Authority's data, but would like the ability to have on-line access to an accurate database of all transport service licence holders. We understand the Authority will consider this ability as part of the Operator Safety Rating System (see Part 8).

Recommendation 50

We recommend that Land Transport New Zealand consistently check whether a driver has, or is operating under, a passenger service licence, using the checklist and questionnaire available.

- 5.20 It should be possible to determine, during checks at the roadside, whether a taxi driver either holds a passenger service licence, or is operating under one. We understand that, before the 1989 reforms, every vehicle licensed under a transport service licence had to display a vehicle authority sticker, which included details such as the licence the driver held or was operating under.
- 5.21 If reintroduction of the vehicle authority sticker is impractical, another option for assisting roadside monitoring of taxis could be to require drivers to have a copy of their passenger service licence certificate, or the one they are operating under, in their taxis. This could be easily updated if the driver changes employer, and would be accessible to Enforcement Officers on request. By whatever means, compliance monitoring needs to be conducted easily, for it to be effective.

Recommendation 51

We recommend that Land Transport New Zealand require drivers to have evidence in their taxi of their passenger service licence, or the one they are operating under.

Respective roles of the Authority and the CVIU

- 5.22 The CVIU's management and some regional CVIU staff, along with some Authority staff, believe that the CVIU should have sole responsibility for on-road taxi monitoring and enforcement. They believe that the CVIU is better equipped to carry out enforcement.

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- 5.23 The CVIU has the power to stop vehicles, while Authority staff can carry out enforcement work only with stationary taxis; for example, when they are at a taxi rank. The CVIU has access to a dedicated prosecution section. CVIU staff work shifts, and are already out on the road, while Authority staff work office hours and spend a large amount of time in the office. In addition, the CVIU sees its role as enforcement because it has access to more intelligence information with which to direct its resources.
- 5.24 Within the Authority there is a range of views on the organisation's enforcement role, compared with the role of the CVIU. One view is that the Authority is responsible for licensing and otherwise protecting entry to the taxi industry, and monitoring those in the industry, while enforcement is seen as more of a Police role. In this view, the roles are complementary. Another view is that the move to "willing compliance" places the emphasis on education rather than entry controls and monitoring, with the occasional prosecution to show that the Authority "has teeth", while the Police focus on enforcement. In this view, there is duplication of the enforcement role.
- 5.25 As described in Part 1, it is the Authority's view that it should concentrate on its "gatekeeper" role, monitoring and auditing taxi organisations and removing unfit and improper people or organisations from the industry. Accordingly, the Authority considers that the Police should be the agency to enforce individual driver compliance.
- 5.26 CVIU staff we spoke to were willing to take on the entire enforcement role, and did not consider that matters such as taxi cleanliness were too trivial for them to spend time enforcing. The Authority supports this position.
- 5.27 In 1996, the then Transport Committee reported on the *Inquiry into Truck Crashes*.²⁰ While the report related to trucks, the report made findings of relevance to the Authority and the CVIU's respective audit and enforcement activities for the taxi industry. Of particular importance was the Committee's recommendation that there be "a clear division of responsibility between the audit functions of the [Authority] and the enforcement functions of the Police".
- 5.28 There has been little improvement. The roles of the Authority and the CVIU continue to overlap, resulting in duplication of effort.

Recommendation 52

We recommend that Land Transport New Zealand and the Police clearly define their respective responsibilities for audit and enforcement activities.

²⁰ *Report of the Transport Committee on the Inquiry into Truck Crashes*, First Session, Forty-fourth Parliament, I. 13B, New Zealand House of Representatives, 1996.

5.29 The issue of limited resources was consistently raised as a reason for the Authority's inability to monitor the taxi industry; an argument that has some merit when considering the wide range of the Authority's responsibilities. Nevertheless, we consider that the Authority could target its resources better by introducing a tool similar, but less sophisticated, to the Operator Safety Rating System (see Part 8), while the system is developed and its feasibility assessed. The Authority notes that the system is being prepared in stages, and will initially be used as a targeting tool. However, our concern is that the system will first target goods service vehicles, so a similar tool for taxis is some years away.

Authority interaction with the CVIU

5.30 We expected a high level of interaction between the Authority and the Police. To assess the level of interaction, we met with staff from the CVIU in each of our fieldwork locations. We found that:

- There were regional differences in the level of communication and co-operation between the CVIU and the Authority, and in the CVIU's views of the usefulness of the Authority's monitoring.
- The effectiveness of the relationship between the Authority and the CVIU was determined by the personalities involved, which directly affected the level of co-ordination and co-operation possible.
- At each fieldwork site, the CVIU thought that a lack of resources significantly affected the Authority's effectiveness.
- The Authority's Vehicle Compliance Officers were highly regarded, and routinely used by the CVIU as part of its enforcement activities.
- The CVIU's management believed that the Authority does not monitor the taxi industry, so the CVIU does. To record the resource used in this work, the CVIU Charter in the 2004-05 *New Zealand Road Safety Programme* includes a performance measure that, each year, the CVIU will inspect 10% of the taxi fleet in each of its operating areas. The CVIU in Auckland has an officer dedicated to taxi stops and inspections, because taxis have been identified as a risk area requiring CVIU attention. Results of CVIU checks to date suggested significant industry non-compliance with Rules and Regulations.
- CVIU staff complained that they do not receive notification from the Authority when those in the industry have their licence, or approval, suspended or revoked.

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- 5.31 In Auckland, Palmerston North, and Christchurch, we accompanied CVIU staff during their on-road inspections.
- 5.32 In Auckland, our observation over a Thursday evening and early Friday morning revealed that, among other non-compliance, illegal parking by taxis in the Central Business District was endemic. At the airport, the standard of vehicles was noticeably higher than in the city, as a result of the airport company's quality controls (see paragraph 5.39). While the vehicles at the airport often had faults, they were less serious than those found in taxis in the city.
- 5.33 In Palmerston North, inspections were carried out on a weekday afternoon. Almost every inspection found either vehicle faults, or a driver who was non-compliant with their logbook obligations. In Christchurch, inspections were also conducted on a weekday afternoon. Fewer faults were detected there than in Palmerston North, although the inspections conducted in each area had a different emphasis.
- 5.34 In Wellington, CVIU staff reported widespread industry non-compliance. Areas of non-compliance included logbook omissions, and deficient signage and lighting. In one document made available to the Authority, the CVIU reported drivers who were operating taxis with expired passenger endorsements, expired driver licences, or expired driver identification cards. Although current endorsements, licences, and driver identification cards are fundamental to the legal operation of a taxi, the Authority relies on the driver and the taxi organisation to take responsibility for keeping them current.
- 5.35 The Authority believes that the CVIU is inflating the level of non-compliance found, by being overly meticulous in the matters identified, and suggests that the types of non-compliance identified are not safety concerns. As illustrated by Figures 10, 11, and 12, some of the matters identified by the CVIU are not related to safety (for example, incorrect or misplaced fare schedules that are obscured from a prospective passenger's view, in breach of a Rule). Others are safety concerns, and together they highlight industry non-compliance that must be addressed. That drivers are found operating without current endorsements, licences, and driver identification cards is cause for concern.

Monitoring by councils and airport companies

- 5.36 In the absence of adequate monitoring by the Authority, a number of other agencies have introduced their own measures to address problems that they have with the taxi industry. For example, to address overcrowding problems with taxis in Auckland's Central Business District, the Auckland City Council has introduced initiatives to reduce taxi congestion, improve the standard of taxis in the inner city, and improve taxi driver behaviour.

- 5.37** Section 49 of the Transport Services Licensing Act 1989 gives councils the ability to refuse to register a passenger service on the basis that “it is contrary to sound traffic management or any other environmental factor identified by the regional council as being of importance to its region.” The Auckland City Council is examining whether it can encourage the regional council to use section 49 to prevent more taxi organisations from setting up to operate in central Auckland. The Auckland City Council is also reviewing its bylaws with a view to introducing quality standards for taxi organisations using its ranks.
- 5.38** The Wellington City Council reports numerous problems with taxis as a result of the rapid growth in taxi numbers. Media reports cite physical fights between drivers competing for space at taxi ranks at peak times. The Council reported that Wellington had 300 taxis before the 1989 reforms, while Authority records indicate 1488 taxis by 2004. The Council reports that it has attempted to establish dialogue with the taxi industry, but has not been particularly successful, because of the fragmented nature of the industry and differences of opinion between the Council and factions within the industry. For example, the Council will not provide more taxi stands because it believes there are too many taxis.
- 5.39** Some airport companies have introduced quality standards for taxis using airport ranks and facilities, and carry out enforcement activities to control the fleet. For example, Auckland International Airport requires taxi organisations to tender to use its ranks. Taxi numbers are limited, and there are controls on the age of the vehicle, driver presentation, and English language skills. Non-compliance is penalised using a demerit points system. Airport staff advised us that they hope imposing these conditions will increase the quality of the taxi fleet at the airport, and provide inbound tourists with a positive first impression of Auckland. Nevertheless, they consider that the Authority is ultimately responsible for ensuring that a taxi driver’s endorsements and licences are current.

Consistency of the compliance function

- 6.1 Our audit focused on the licensing and compliance activities of regional offices, carried out by Regional Compliance Officers, Senior Compliance Officers, Compliance Officers, and Compliance Support Officers.
- 6.2 In this Part, we discuss the consistency of the regional offices' practices in relation to:
- recruitment and induction;
 - compliance resources;
 - training resources;
 - the District Court; and
 - inter- and intra-office decision-making.

Our expectations

- 6.3 We expected the Authority to have:
- consistent recruitment and induction procedures throughout the regional offices;
 - compliance resources, training, and policies and procedures for granting a passenger endorsement on an applicant's driver licence, in order to comply with the applicable legislative requirements, and to promote consistent decision-making; and
 - procedures for the exchange of best practice, or discussion of common issues.

Recruitment and induction

- 6.4 Most Compliance Section staff have an enforcement background (that is, former Police or Traffic Safety Service Officers). Each of the 4 Regional Compliance Officers we interviewed, and 2 of the 3 Senior Compliance Officers, came from an enforcement background.
- 6.5 While the Authority has an induction policy, we found different approaches to induction between regional offices. For example, one task for compliance staff is assessing applications. There is a *Compliance Officers' Resource Manual* for Passenger Service Licensing (compliance manual) that includes guidance for assessing applications for passenger endorsements. However, staff are instructed that the legislation is their primary guide because it is so prescriptive. Inductees are placed with a “buddy” – an experienced staff member who trains them, on the job, in decision-making. There is also a general introduction to, for example, the computer systems and filing.
- 6.6 The Christchurch regional office had a slightly more formal approach. New staff visit the Authority's National Office, and are required to read a booklet²¹ produced by the Crown Law Office in 1988-89, which provides guidance for decision-makers. The Palmerston North office uses an informal induction guide, prepared by a Regional Compliance Officer in Dunedin. Generally, though, there is heavy reliance on more experienced staff passing on their knowledge and skill at examining an application, and new staff attempting to predict what decisions senior staff are likely to make.

Recommendation 53

We recommend that Land Transport New Zealand ensure that staff follow a consistent induction process, in line with the induction policy.

Compliance resources

- 6.7 The Authority does not have any policies about the exercise of discretion in the fitness and propriety assessment because of a concern that policies could be seen to fetter the discretion of compliance staff. The stated guide is to use statutory criteria. However, there is an established body of case law, with key principles that could be distilled, relating both to fitness and propriety, and to other issues. These principles could be turned into guidelines and used judiciously without being prescriptive, in order to not fetter discretion.
- 6.8 Regional Compliance Officers had different “rules of thumb” or benchmarks. For example, one told us he had a threshold of 3 speed camera tickets in a year before looking further at a new or renewal application for a fit and proper person assessment, so these standards

²¹ The booklet is titled *The Judge Over Your Shoulder: A Guide to Judicial Review of Administrative Decisions*. A revised version of this booklet was published on 1 March 2005.

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emerge regardless of whether formal guidelines exist. It is important that the Authority strives to achieve a nationally consistent, principled approach to its decision-making. This is unlikely to occur without organised and consistent training and policies.

Recommendation 54

We recommend that Land Transport New Zealand prepare guidelines to promote a nationally consistent, and principled approach to the exercise of discretion, that includes a concise summary of relevant principles from case law.

- 6.9 The Authority's compliance manual contains a checklist, based on statutory criteria, for assessing whether an applicant for a passenger service licence is fit and proper. It also contains guidelines from decided cases on how to consider matters such as the significance of historical convictions when assessing fitness and propriety. This checklist, and case law guidelines, could be used for considering applications for a passenger endorsement.

Recommendation 55

We recommend that Land Transport New Zealand ensure that compliance staff use the checklist in the *Compliance Officers' Resource Manual* for Passenger Service Licensing for assessing an applicant's fitness and propriety.

- 6.10 There was varying knowledge of, and accordingly varying use of, manuals and the Authority's intranet. The compliance manual is available on the intranet. Some staff were unaware the compliance manual existed, and most did not use it extensively, preferring to rely on the buddy system and the legislation. The compliance manual is a useful tool, and would have required significant resources to write.
- 6.11 The compliance manual refers to other resources that compliance staff should be familiar with – legislation, fact sheets, study guides, Brooker's Law of Transportation, Authority publications, and various Road Codes. Knowledge of the compliance manual and the other resources facilitates and complements staff learning of the law relating to the transport sector.
- 6.12 An Appeals Index of recent case law is available for staff to use, but they tend to rely on their own knowledge to make a decision on an application. Staff refer to case law only when they are faced with a difficult decision, and they believe the case law provides advice on only what aspects should be considered in a decision, not the decision itself.

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- 6.13 Many staff have considerable experience in making decisions about whether an applicant is fit and proper, so will not need to refer to case law every time in making a decision. However, it is important that staff use the resources available when making decisions, and that they are encouraged to regularly refresh their knowledge of the applicable case law.
- 6.14 In one region, the Regional Compliance Officer's approach to historic convictions was inconsistent with the guide in the compliance manual, which was sourced from case law. Encouraging staff to be familiar with the resources available to them helps to ensure that sound decisions are made. This should facilitate a consistent approach.

Recommendation 56

We recommend that Land Transport New Zealand staff be encouraged to use the resources available when making decisions (including the *Compliance Officers' Resource Manual* for Passenger Service Licensing and the resources referred to in it), and that programmes be established to regularly refresh staff knowledge of the applicable case law.

Training resources

- 6.15 In addition to courses suggested or requested through the performance management system, the Authority has created a New Zealand Qualifications Authority unit-standard-based qualification for compliance staff. It is called the National Certificate in Public Sector Compliance Management (Road Transport).
- 6.16 To prepare the standards for the qualification, the Authority had to determine the roles and responsibilities of a Compliance Officer, and the appropriate levels of performance required to achieve a competent standard. Compliance staff helped to prepare the qualification, and also produced policy or training material for the Authority's National Office. This is a good use of their operational knowledge, but affects the regional offices' ability to cope with their workload.
- 6.17 The qualification is compulsory for all new staff, while existing staff members are encouraged to enrol. Existing staff can cross-credit some of their existing experience against the standards. All staff members receive \$2,000 after they complete the qualification.
- 6.18 During our audit, staff expressed concern that the creation of the new organisation (Land Transport New Zealand), and the proposed reorganisation of the Compliance Section's functions (see Part 7), would affect the currency of the individual unit standards that make up the compliance qualification. Notwithstanding this

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uncertainty, we consider the qualification to be a useful tool for training new staff, as well as refreshing the knowledge of existing staff. We give credit to the Authority for preparing and implementing the qualification, as it will help to promote consistent practice across the organisation.

Regional offices and the District Court

- 6.19 The District Court has 2 roles in respect of the taxi industry:
- applicants who fail the fitness and propriety assessment may appeal to the Court; and
 - the Authority may prosecute people in the taxi industry for not complying with legislation.
- 6.20 With such a large volume of applications for a fit and proper person assessment, we expected a steady number of declined applicants would appeal to the District Court. However, declined applicants lodged only 42 appeals during the period 2001-02 to 2003-04, including cases that were withdrawn or discontinued. We are concerned that, given the low number of appeals against the Authority's fitness and propriety decisions that go to Court, the regional offices did not appreciate the importance of taking test cases for new or unusual circumstances.
- 6.21 While each case must be considered on its own merits, there are some situations where it is legitimate for the Authority to take a case to the Court to obtain judicial guidance. Such situations arise where the facts mean that a decision is balanced, or a new factor arises, and there is a question about the relative weight to put on that particular factor. In such situations, there is value in obtaining a precedent that will provide guidance on how to approach similar decisions in future.
- 6.22 One Regional Compliance Officer told us he recognised the value of getting judicial support or clarification of the standards they have set in their region (for fitness and propriety assessments, and the non-compliance required before Compliance Officers can consider a person unfit and improper, and revoke their endorsement).
- 6.23 As noted in Part 3, the Authority has used a "without prejudice" letter (WoP) on 1211 occasions during the period from 2001-02 to 2003-04, as a means of warning borderline applicants that committing further offences in the next 12 months could lead to the Authority revoking, or refusing to renew, their endorsement. There is a risk that the WoP could be used in such a way that any borderline cases will be approved, especially given the possibility that declined applicants will appeal the decision at the District Court. The Authority needs to actively manage this risk.

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- 6.24 The Authority does not have a policy on when to prosecute those who may have committed offences. The Crown Law Office has produced *Prosecution Guidelines* to ensure officers and agencies of the State start and continue prosecutions on a principled and publicly known basis. The guidelines state that, in making the decision to initiate a prosecution, there are 2 main factors to be considered – evidential sufficiency and the public interest. We are concerned that these 2 factors are not the main consideration of the Authority’s compliance staff when they decide whether to prosecute.
- 6.25 We note that taxi authorities in other jurisdictions have written prosecution policy guidelines to ensure a consistent approach to enforcement action. Adopting a prosecution policy would ensure that the Authority has a consistent approach to using court enforcement, and that regional offices use the Court to establish precedents where appropriate.
- 6.26 The regional offices have different approaches to the District Court. Several offices expressed reluctance to prosecute, citing the resources involved and the political risk if they lose. Some regions had not brought a prosecution for some time, but the Authority responded that it was not indicative of a lack of monitoring. Rather, it indicated that compliance was achieved by means other than prosecution, which the Authority believes is not the best method to achieve industry compliance.
- 6.27 While time- and resource-intensive, court action is a tool that needs to be used, where appropriate, to improve compliance and act as a deterrent. Active prosecution is particularly important when the Authority relies on a “willing compliance” philosophy. The risk of prosecution provides an incentive to be compliant, which is necessary to encourage compliance.
- 6.28 Court action is also an option to establish a precedent, which is particularly important in relation to the fitness and propriety assessment. We note that the Authority disagrees with our view that prosecution improves compliance and acts as a deterrent.

Recommendation 57

We recommend that Land Transport New Zealand prepare a prosecution policy, based on the Crown Law Office’s *Prosecution Guidelines*, to ensure that regional offices take court action appropriately and consistently.

- 6.29 Sometimes, there is no separation in a regional office between the investigation of a case and the decision whether to prosecute, which can lead to a breach of the principles of natural justice. For example, compliance staff who make decisions can also take part in auditing or investigation. It is important that there is separation of the roles so the decision to prosecute can be made independently, based on the facts obtained during

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the audit or investigation. The Authority has recognised this problem, and has attempted to address it in its proposed reorganisation of the Compliance Section's functions (see Part 7) by separating the auditing or investigation roles from the decision-making role.

- 6.30 Legal resources are available to the regional offices. One employee is a former Compliance Officer who has trained as a lawyer. This employee is sometimes available to conduct court cases in the regions, but the regional offices otherwise have access to lawyers in the National Office.

Inter-office consistency in decision-making

- 6.31 The Authority has several mechanisms for exchanging information between the regional offices. For example, if an application is declined or an endorsement suspended or revoked, and the decision is appealed to the District Court, a ruling there can provide guidance to the Authority.
- 6.32 The Regional Compliance Officer in Hamilton maintains a national Case Law Index, and is responsible for periodically sending updates to the regional offices. However, the Regional Compliance Officers we spoke to believed that judicial decision-making is inconsistent between the different regions, and that the Regional Compliance Officers make different decisions to account for the different approaches of judges in each area.
- 6.33 Regional Compliance Officer meetings occur about every quarter (although there is no set time for these meetings). The meetings enable Regional Compliance Officers and Senior Compliance Officers to discuss issues that affect all the regional offices. In addition to sessions on technical issues, the agenda for these meetings includes discussing peer review matters. Outside these meetings, the Regional Compliance Officers advised us they might discuss difficult cases by telephone or e-mail.

Recommendation 58

We recommend that Land Transport New Zealand adopt a formal method for peer review of the Compliance Section's exercise of its statutory discretion, outside the Regional Compliance Officer meetings.

- 6.34 There have been several Compliance Officers' conferences, held on an infrequent basis. The last conference was held in 2003, but there had not been one for many years before that. There are tentative plans for another conference in 2005. Compliance staff considered the conferences to have value in facilitating the exchange of best practice, and were "a necessity, not a nicety".

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- 6.35 The frequency of team meetings varies from office to office, with some being weekly and others scheduled as required. None of these meetings focus on training, but do allow new policies or any updates on ongoing tasks to be communicated. Training issues are identified using the performance management system.
- 6.36 Some regional offices assign Compliance Officers to individual taxi organisations and make them responsible for the taxi organisation as “account holders”, but others do not. The account method has advantages because it allows Compliance Officers and taxi organisations to build a relationship, facilitating communication between the industry and the Authority.
- 6.37 As noted in Part 3, when agents receive an endorsement application, they use the same Authority-generated cover sheet to ensure consistency in the provision of information to the Authority. However, the cover sheet is designed for the agent’s use, and does not include all the statutory requirements to obtain a passenger endorsement. The regional offices have different approaches to the cover sheet. Some offices use it as the cover sheet for their files, while others have produced a more comprehensive version for their own purposes, outlining more of the statutory requirements for obtaining a passenger endorsement.

Internal audit

- 6.38 The Authority has an internal audit function that can review a range of matters such as procedures followed, the result of procedures, or the controls over procedures. The Manager of Internal Audit reports to the General Manager of Corporate Services, and also has a direct reporting line to the Director of the Authority and the Authority’s Board.
- 6.39 Each year the Manager of Internal Audit produces an annual audit plan setting out what aspects of the Authority’s business he intends to audit during that year. He also conducts “demand-driven” audits in response to emerging issues. In 2003-04, there were 18 internal audits, including 5 that were demand-driven.
- 6.40 When preparing the plan, internal audit staff consider:
- issues identified by the Authority’s “risk register”, a tool used to identify risk areas for the Authority;
 - what they have audited recently (some incomplete audits from the previous year’s programme are rolled over to the next year’s programme);
 - any changes in the organisation;
 - what the audit committee and Director of the Authority would like to examine;

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- issues arising from the regional offices;
- consultation with Authority managers about problem areas;
- matters arising out of the annual financial audit; and
- internal audit time and resources available in the coming year.

6.41 Given the Authority's wide range of responsibilities, internal audit rarely examines issues relating directly to the taxi industry. When internal audit has looked at an aspect of the Authority's compliance function, it has been in relation to fees or the regional offices' audit procedures.

Intra-office consistency in decision-making

6.42 All but one regional office we visited used an internal review system, where the Regional Compliance Officer or Senior Compliance Officer reviewed (usually monthly) 10% of approved applications. In addition, all declined applications, suspensions, and revocations had to be reviewed before the decision was approved. This process did not apply to the Christchurch office, where the Regional Compliance Officer, Senior Compliance Officer, or both, made all decisions.

6.43 Internal reviews focused on checking the timeliness of dealing with applications, as this was the only quality requirement in the *Statement of Intent 2004/2005* relating to transport service licences. The reviews did not assess whether applications satisfied the statutory criteria for an endorsement to be granted, although aspects of this were sometimes checked. During our file reviews, we found omissions in application files, despite the files having been reviewed by senior staff, because their reviews had focused on timeliness.

6.44 In all regions we visited except one, Compliance Officers were granting applications (in keeping with their delegation), but did not decline applications, or suspend or revoke endorsements without supervisor approval. The same situation applies to some Compliance Support Officers.

6.45 In one region, we showed the Senior Compliance Officer examples of applications that caused us some concern. The Senior Compliance Officer expressed a similar concern that some of these applications had been approved. Some should not have been approved for various reasons, including fitness and propriety. This situation is inevitable when 90% of the applications granted by compliance staff are not subject to any management review.

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- 6.46 Compliance staff are allowed to approve an application – both at entry and renewal. However, they are not allowed to decline an application, which does not accurately reflect the risks involved in making an incorrect grant decision, or one contrary to that a more senior compliance staff member would make. The issue is, as noted in the previous paragraph, that the consequence of an incorrect grant decision is that an unfit and improper person is allowed into the taxi industry. With a declined application, the greatest risk is that the decision is overturned on appeal.
- 6.47 Further, senior compliance staff check only 10% of approved applications, while all applications that compliance staff recommend be declined are submitted to either the Regional Compliance Officer or Senior Compliance Officer. Therefore, the checks over approved applications are less rigorous than those over declined applications, despite the higher risk to the public involved with an incorrect decision to approve an application.

Changes in the land transport sector

7.1 In this Part, we discuss:

- changes in the transport sector;
- changes resulting from the creation of Land Transport New Zealand; and
- proposed changes to legislation.

Changes in the transport sector

7.2 A Government review of the transport sector, completed in June 2004, found that:

... significant changes were needed in [the Government's] transport sector to achieve the Government's goal of implementing the New Zealand Transport Strategy (NZTS), and to enhance the overall performance of the sector.

7.3 The overall vision for transport, described in the NZTS, is –

By 2010, New Zealand will have an affordable, integrated, safe, responsive, and sustainable transport system.

7.4 The NZTS also defines the Government's 5 objectives for transport as:

- assisting economic development;
- assisting safety and personal security;
- improving access and mobility;
- protecting and promoting public health; and
- ensuring environmental sustainability.

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7.5 One of the significant changes resulting from the transport sector review was the Land Transport Management Amendment Act 2004. This Act dissolved the Authority and another Crown entity in the transport sector, Transfund. In their place, it established Land Transport New Zealand.

7.6 According to the Minister of Transport –

Establishing Land Transport New Zealand is a positive step towards re-focusing the sector on the NZTS, improving performance and recognising that transport decisions need to reflect the wider Government commitment to sustainability.

7.7 Land Transport New Zealand includes most of the staff of the Authority, and the staff of Transfund. The Strategy Division and some positions from the Policy Division were transferred to the Ministry of Transport soon after the creation of Land Transport New Zealand on 1 December 2004. The other divisions will remain in operation until the Board and Director create a new structure for Land Transport New Zealand.

7.8 While the purpose and objectives have altered and broadened, the work programme and activities of Transfund and the Authority currently continue as if the entities remain separate.

Objective and purpose of Land Transport New Zealand

7.9 Section 68 of the Land Transport Management Act 2003 sets out the objective of Land Transport New Zealand –

(1) The objective of [Land Transport New Zealand] is to allocate resources and to undertake its functions in a way that contributes to an integrated, safe, responsive, and sustainable land transport system.

(2) In meeting its objective, [Land Transport New Zealand] must exhibit a sense of social and environmental responsibility, which includes –

(a) avoiding, to the extent reasonable in the circumstances, adverse effects on the environment; and

(b) ensuring, to the extent practicable, that persons or organisations preparing land transport programmes –

(i) take into account the views of affected communities; and

(ii) give early and full consideration to land transport options and alternatives in a manner that contributes to the matters in paragraph (a) and subparagraph (i); and

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(iii) *provide early and full opportunities for the persons and organisations listed in section 15 to contribute to the development of land transport programmes.*

7.10 When preparing land transport rules, section 5 of the Land Transport Amendment Act 2004 requires the Minister of Transport, or the Director of Land Transport New Zealand, to consider:

- the need to maintain and improve land transport safety and security, including (but not limited to) personal security;
- whether a proposed rule assists economic development, improves access and mobility, protects and promotes public health, and ensures environmental sustainability; and
- the costs of implementing measures for which a rule is being proposed.

7.11 These considerations are in addition to those set out in section 164(2) of the Land Transport Act 1998, and help align the Land Transport Act 1998 with the NZTS. Safety remains an important consideration for the new organisation.

7.12 The creation of Land Transport New Zealand, with its mandate extended beyond “safety”, represents an opportunity to review priorities and resource allocations. Such a review is timely, given Land Transport New Zealand’s inheritance of the Authority’s procedures in relation to licensing, monitoring, and enforcing compliance of the taxi industry, which we consider inadequate.

Recommendation 59

We recommend that Land Transport New Zealand:

- review where monitoring and enforcing compliance of the taxi industry fits in with its other priorities;
- consider how that priority relates to its objective, set out in section 68 of the Land Transport Management Act 2003;
- review its monitoring of the industry, and consider how much monitoring is needed to foster a culture of “willing compliance”; and
- assign sufficient resources accordingly.

Changes resulting from the creation of Land Transport New Zealand

7.13 The then General Manager of Operations at the Authority believed that the creation of Land Transport New Zealand would not significantly change the way compliance activities are conducted. Other staff were uncertain how the introduction of objectives other than “safety” would affect compliance activities.

Proposed changes to the Authority’s Compliance Section

7.14 Before the merger of Transfund and the Authority, the Authority planned to reorganise the functions carried out by its Compliance Section. The merger placed these changes on hold, although approval was being sought from the Authority’s Board for the implementation of the new structure. Broadly, the reorganisation would separate the administration (handling endorsement applications) and compliance (monitoring and audit) functions that are currently conducted by the Compliance Section.

7.15 The Authority’s proposal is to centralise the administrative function to separate administration from compliance, assist with the consistency of decisions (to grant, decline, suspend, or revoke), and establish an investigative function to target audit effort, thereby making better use of resources.

7.16 The reorganisation would create several new national positions to provide leadership in monitoring and audit practice, stakeholder liaison, and relationship building. These new positions are intended to address a lack of centralised leadership and direction in the areas of national regulatory management, investigation, monitoring, and auditing. In general, the planned reorganisation is designed to address the inconsistency in the decision-making process between regional offices – an inconsistency that the Authority acknowledges.

7.17 The Authority’s National Regulatory Advisor noted that, before the merger, the Authority had aimed to implement the new roles and functions during December 2004. It is now likely that changes will happen towards the end of 2004-05, once Land Transport New Zealand’s management has defined the direction of the new organisation.

7.18 The proposed new structure is a positive move and goes some way to addressing our concerns with the regional approach to the decision-making process. It also separates what are largely rubber-stamping administrative tasks from the important function of compliance monitoring, which is currently overshadowed by administrative tasks.

Proposed changes to legislation

- 7.19 In 2001, the Authority undertook a review of the transport service licensing system. The review identified a number of weaknesses in the system, including a lack of effective penalties for unlicensed and unsafe drivers, and a lack of accountability among taxi organisations. The result of the review was a document titled *Draft LTSA Preferred Policy Proposals*. Many of the proposed amendments to licensing in the Land Transport Amendment Bill arise from this document.
- 7.20 The purpose of the Bill is to enhance existing land transport safety legislation to support more efficient and effective enforcement, operation, and administration. It also attempts to address aspects of the current licensing regime that passenger service users perceive as safety risks. However, we are concerned that present weaknesses in the licensing regime will remain if the Bill is passed²², unless Land Transport New Zealand increases the amount of monitoring it conducts.
- 7.21 The Bill proposes to make several amendments to the Transport Services Licensing Act 1989, with “approximately 40% of the Bill’s amendments [being] termed as ‘housekeeping’ aimed at clarifying and simplifying current legislation.” Accordingly, the Bill would transfer and amend a number of the taxi driver licensing provisions from the Transport Services Licensing Act 1989 to the Land Transport Act 1998.
- 7.22 The Bill’s ‘Statement of problem and need for action’ states that –
- Although passenger service and vehicle recovery service vehicles are not over-represented in crashes, the nature of the interaction between drivers of these services and their passengers provides support for government intervention. Licensing provides the public with an assurance of safety, given the potential risk for inappropriate driver behaviour toward passengers. Recent media reports have highlighted that some people who have serious convictions are working in the passenger service industry. There is a perceived public safety risk of allowing certain convicted offenders, such as sex offenders, serious violent offenders, and people convicted of murder, to be in a one-on-one situation with a passenger.*
- 7.23 In relation to entry requirements for passenger service drivers (including taxi drivers), the Bill would prohibit people convicted of certain serious violent and sexual offences from being a passenger service driver, which would remove compliance staff members’ discretion to assess the fitness and propriety of people who have such convictions.
- 7.24 Compliance staff we spoke to thought that this part of the Bill was too blunt, given there were some cases where there were extenuating circumstances, or the offence was committed so long ago as to not warrant consideration in assessing a person’s fitness and propriety. While we understand that view, the inclusion of such a clause in the Bill reflects a real concern by the public and Parliament, that drivers with such convictions are currently able to enter and operate in the taxi industry, with the Authority’s approval.

²² The Bill received its third reading on 15 June 2005.

CHANGES IN THE LAND TRANSPORT SECTOR

- 7.25** We note that the Bill covers offences committed in New Zealand and equivalent overseas offences. We expect few, if any, immigrants would be permitted to enter New Zealand having committed such offences outside New Zealand. We note that those who enter New Zealand on temporary permits are not required to supply their criminal record. The challenge for the Authority will be to ensure that no person on a temporary permit with a prohibited overseas conviction is able to obtain a passenger endorsement. The Authority may require those on temporary permits to supply a criminal conviction check for countries where they have previously lived.
- 7.26** The increased penalties for operating an unlicensed transport service, proposed in the Land Transport Amendment Bill, require greater clarity among Enforcement Officers about when a passenger service licence is required. The Bill would require Enforcement Officers to impound vehicles used in a transport service, for a second or subsequent offence of operating without a transport licence, when a notice forbidding operation of the service has previously been issued.
- 7.27** The Bill would increase the ongoing obligations placed on the industry. In particular, the Bill would:
- increase the accountability of taxi organisations for their drivers’ logbooks, their level of area knowledge, and English language ability;
 - introduce additional requirements for keeping time records, wage records, other employment records, and fuel records and receipts for the relevant transport service vehicles;
 - introduce a “chain of responsibility” concept to hold a person or organisation responsible for knowingly using or requiring an operator of a vehicle to provide a transport service that may place the operator at risk of breaking the law; and
 - require taxis to have information identifying the taxi in Braille.
- 7.28** We note that the Authority is already able, under existing legislation, to revoke a taxi organisation’s approvals if its drivers and operators failed to maintain area knowledge or appropriate English language ability.
- 7.29** The Bill would amend and transfer to the Land Transport Act 1998 the provisions in the Transport Act 1962 relating to logbooks, to simplify the obligations on drivers.
- 7.30** The Bill would strengthen powers of enforcement by:
- increasing the penalties for certain offences, including empowering Land Transport New Zealand to disqualify from holding a transport service licence for up to 10 years, individuals whose licence has been revoked;

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- empowering the courts to order the immediate impoundment of vehicles used in a transport service by repeat offenders;
- empowering Enforcement Officers to issue “forbidden to operate” notices to people operating a transport service without a licence;
- requiring Enforcement Officers to immediately impound vehicles being used in a transport service for certain breaches of legislation; and
- strengthening and clarifying Enforcement Officers’ existing powers.

7.31 In terms of record-keeping and risk-targeting, the Bill would also:

- align the format and requirements of the register of transport service licences with the Driver Licence Register, clarifying the information that will be held on the national register about transport service licence holders and taxi organisations; and
- provide for an operator safety rating to be included in the register of transport service licences for an operator.

7.32 The Land Transport (Driver Licensing) Rule 1999, which currently provides the detail behind the Transport Services Licensing Act 1989, would also be amended and a new rule, the Land Transport (Operator Licensing) Rule, would provide the details behind the amended Land Transport Act. A draft of the proposed new Operator Licensing Rule is due for public consultation in June or July 2005. The Authority advised us that other rules being drafted will provide further details behind the Land Transport Act.

7.33 The Land Transport (Operator Licensing) Rule would impose additional obligations on the taxi industry. In particular, the draft Rule proposes:

- requiring taxi drivers in major metropolitan areas to hold Area Knowledge Certificates for the entire metropolitan area where they operate;
- imposing additional obligations on taxi organisations in relation to the:
 - maintenance of drivers’ area knowledge (taxi organisations may be required to conduct regular refresher area knowledge training courses for their drivers);
 - maintenance of drivers’ English language skills;
 - management of driver fatigue;
 - management of complaint resolution; and
- incorporating, in amended form, the Passenger Service Rules contained in the Third Schedule of the Transport Services Licensing Act 1989.

CHANGES IN THE LAND TRANSPORT SECTOR

- 7.34** The level of English language competency expected of drivers in the Operator Licensing Rule would be that they are able to receive and understand direction given by passengers, and be able to communicate with passengers about the fare. The Authority states that it will conduct compliance audits to enforce these additional requirements.
- 7.35** The proposed tightening of penalties and offences will make little difference without a change in the amount of monitoring conducted by the Authority. The Authority already has significant powers to monitor and enforce the taxi industry's compliance.
- 7.36** For example, section 23 of the Transport Services Licensing Act 1989 allows the Authority to revoke a taxi organisation's approval where the Authority is satisfied that the organisation cannot adequately maintain proper control over the activities of its members and their drivers. Section 23 also allows an approval to be revoked if the operators and drivers fail to maintain area knowledge, or an appropriate ability to communicate in English.
- 7.37** The Authority can already use section 22(4D) of the same Act, which requires a taxi organisation to ensure that its members comply with the organisation's operating rules, to effectively improve industry compliance. This section of the Act places a responsibility for ensuring driver compliance on the taxi organisations for whom the drivers work.
- 7.38** The operating rules we obtained from several taxi organisations were quite prescriptive, and we consider that the taxi organisations that use their own operating rules are more likely to comply with requirements. We saw no evidence that the Authority uses section 22(4D) during monitoring. However, we consider that using this power to ensure that taxi organisations are enforcing their own operating rules would be an effective way of achieving wider industry compliance.

Consumer awareness and the Operator Safety Rating System

Consumer awareness

- 8.1 Authority staff expressed concern at the low level of consumer awareness of rights and obligations in relation to taxis. For example, some consumers feel they must take the first taxi waiting at a designated taxi rank, rather than choosing the taxi they prefer. The Authority does not carry out programmes to improve consumer awareness of what to expect when using a taxi. Some educational pamphlets were distributed in 1994 and 1995, but the Authority has not advised us of similar initiatives since.
- 8.2 Raising consumers' awareness about their rights was an objective of the Authority's past education efforts, and the Authority devotes considerable resource to educating the public about other land transport issues. The proposed Operator Safety Rating System also has this objective, by providing ratings for different taxi operators when the system is eventually applied to the taxi industry. In addition, under section 190(1)(g) of the Land Transport Act 1998, the Authority has the function "to promote safety in the land transport system by providing safety information and advice, and fostering safety information education programmes."
- 8.3 Information describing the rights of taxi passengers is contained in an Authority fact sheet. The fact sheet is available at the premises of the Authority's agents, but is not proactively distributed to consumers. Some staff told us that, occasionally, taxi-related stories in the media served a useful purpose in educating consumers. For example, a story appeared in the *New Zealand Herald* during 2004 about the different flag fall and meter charges of a range of taxi organisations, and the effect these had on the cost of a trip along particular routes.

CONSUMER AWARENESS AND THE OPERATOR SAFETY RATING SYSTEM

- 8.4 The Authority could capitalise on the high level of public interest in taxis to educate the public about what to expect when taking a taxi. While the Authority's Operator Safety Rating System will function as a consumer education tool, it will be several years before this is available. Such a tool would be in keeping with one of the Authority's functions of promoting safety in the land transport system by providing safety information and advice.

Recommendation 60

We recommend that Land Transport New Zealand consider options for raising consumer awareness about what to expect from a taxi service.

- 8.5 The Authority could require fare schedules to be enlarged, so customers can easily view and compare fares. The CVIU, concerned about the small size of one taxi organisation's fare schedule, raised the issue with the Authority. The Authority had a copy of the schedule on file that it had approved, but agreed to do something about it after the CVIU raised the issue.
- 8.6 Taxi vehicles display a notice advising passengers that they can lay complaints through the local regional office of the Authority. The notice includes the address of the regional office. Telephone numbers, e-mail addresses, and website details for the Authority are not widely available to consumers. In our view, it should be easier for taxi passengers to contact the Authority in order to lay a complaint.

Recommendation 61

We recommend that Land Transport New Zealand review its provision of complaints information for taxi passengers, to ensure that it is simple and easy for consumers to lodge a complaint.

Operator Safety Rating System

- 8.7 The Authority has been working on the Operator Safety Rating System for some time. The objective of the rating system is to provide the public with an easy means of identifying which transport service operators have gained a low or high safety score. The score would be based on performance against set criteria (including Certificate of Fitness inspection failure rates). The system would also provide the Authority with information for targeting audit effort.

**CONSUMER AWARENESS AND THE OPERATOR
SAFETY RATING SYSTEM**

- 8.8 The Authority's lack of progress with the rating system has led to it removing references to the system being "under development" from its website. Nevertheless, the Authority notes the rating system as an output within the "safety auditing" output class in the *Statement of Intent 2004/2005*. The Authority is seeking funding from the Government to finance the information technology that would analyse the data used to produce a taxi organisation's safety rating.
- 8.9 The rating system also relies on an up-to-date register of transport service licences. Because transport service licences do not have an expiry date, they usually remain on the register. The Authority has devoted extra resources to checking all the entries and updating the register. The challenge for the Authority will be maintaining the register once it is updated. The Authority hopes to maintain the currency of the register by requiring Certificate of Fitness agents to update details on the register when a vehicle's Certificate of Fitness is renewed.
- 8.10 The rating system that is currently envisaged will initially target goods service vehicles, because they have been assessed as posing the highest safety risk. While the Authority has considered a similar system for taxis, it will need to be adapted. The Authority believes that issues for taxis are about quality rather than safety. Therefore, a comparable system for taxis is some years away.
- 8.11 As mentioned earlier, the Authority lacks an overall mechanism for assessing risk, and is not making full use of the information it collects to target its compliance work. As well as the Authority's proposed creation of an investigative role, implementing the rating system would help the Authority to target its audits effectively.

Objectives for area knowledge tests

Source: Fact sheet 4, Taxi drivers and Area Knowledge Certificates, November 2003, Land Transport New Zealand

Metropolitan areas

Sit this test if you want to drive a taxi in:

North Shore City	Waitakere City	Porirua City
Auckland City	Manukau City	Wellington City
Papakura District	Hamilton City	Christchurch City
Upper Hutt City	Lower Hutt City	Dunedin City

When you apply to sit this test with an approved area knowledge test provider they'll give you the complete set of test questions (all the possible questions you could be asked). Use this information to study for the test. An approved area knowledge test provider will then test you on all of the following things.

Objective 1

You'll be given the names of 20 pick-up points and 20 destination points in the area being tested. You'll be asked to name, from memory, the most direct route between each set of pick-up and destination points. To pass you have to correctly name out loud at least 18 out of the 20 routes, in English, and be clearly understood by the examiner.

Objective 2

You'll be given the names of 25 major buildings and locations of interest in the area the test applies to. You'll be asked to write down their addresses, in English and from memory. To pass you need to get the addresses right for at least 23 out of the 25 places. The examiner has to be able to clearly understand your answers.

Objective 3

You'll be given a list containing the names of the main roads in the area the test applies to. You'll be asked to write down, in English and from memory, where these roads start and finish. You have to list the start and finish points correctly for at least 18 of the 20 roads, and the examiner has to be able to clearly understand your answers. The start/finish is determined by the street numbers (i.e. low numbers = start, high numbers = finish).

Objective 4

You'll be asked to say out loud (in English and from memory) the names and direction of travel of the one-way streets in the area the test applies to. You've got to get them all right (maximum of 10), and be clearly understood by the examiner.

Objective 5

You'll need to list from memory the locations of the 'no right turn' and 'no left turn' signs in the area the test applies to. You've got to write down all the locations correctly (maximum of 10 'no right turn' and 10 'no left turn' signs), and in written English that the examiner can clearly understand.

Objective 6A

You'll be given a road map and a list of five road names, including suburbs. You will have to find each road in the map index, and write down the map page number and grid reference. You'll also have to go to the map page and grid reference, and write down the types of roads and symbols found in each grid reference. You need to get all the map page numbers, grid references, and roads and symbols found in each grid reference correct, and write them down in English that's clearly understood by the examiner.

Objective 6B

You'll be given a road map with compass references, a specific location that you pretend to be standing in, and a list of five suburbs. You need to say out loud the direction (to the nearest compass point, e.g. north, south, east or west) of the five suburbs from the location you pretend to be standing in. You've got to get all the compass point directions correct, answer in English and be clearly understood by the examiner.

Objective 7

You'll have to answer questions about the knowledge you need to safely and effectively carry out a taxi service. The examiner will randomly pick the questions. You need to answer eight out of 10 questions correctly, speaking in English and from memory. Your answers have to be clearly understood by the examiner.

Objective 8

You'll be asked to say out loud, in English and from memory, where the main public taxi ranks are in the area being tested. You'll have to name all of them (maximum of 20), and be clearly understood by the examiner.

Non-metropolitan areas

When you apply to sit this test with an approved area knowledge test provider, they'll give you a resource book to study. An approved area knowledge test provider will then test you on all of the following things.

Objective 1

You'll be given the names of 20 pick-up points and 20 destination points in the area being tested. You'll be asked to name, from memory, the most direct route between each set of pick-up and destination points. To pass you have to correctly name out loud at least 18 out of the 20 routes, in English, and be clearly understood by the examiner.

Objective 2

You'll be given the names of 15 major buildings in the area the test applies to. You'll be asked to write down their addresses, in English and from memory. To pass you need to get the addresses right for at least 12 out of the 15 buildings. The examiner has to be able to clearly understand your answers.

Objective 3

You'll be given the names of 15 locations of interest in the area the test applies to. You'll be asked to write down their addresses, in English and from memory. You need to get the addresses right for 12 out of the 15 places. The examiner has to be able to clearly understand your answers.

Objective 4

You'll be given a list containing the names of all the main roads in the area the test applies to (the list won't include more than 20 roads). You'll be asked to write down, in English and from memory, where the main roads start and finish. You have to list all the start and finish points correctly, and the examiner has to be able to clearly understand your answers.

Objective 5

You'll be asked to say out loud (in English and from memory) the names and direction of travel of the one-way streets in the area the test applies to. You've got to get them all right (maximum of 10), and be clearly understood by the examiner.

Objective 6

You'll need to list from memory the locations of the 'no right turn' signs in the area the test applies to. You've got to write down all the locations correctly (maximum of 10), and in written English that the examiner can clearly understand.

Objective 7

You'll be given a street map of the area the test applies to, and a list of six major city or town buildings. You'll need to point out on the map where the buildings are. You have to get all six right to within one city or town block, and be clearly understood by the examiner.

Objective 8

You'll be asked to write down, in English and from memory, the names and locations of all the major commercial wharves in the area. You need to get them all right, and be clearly understood by the examiner. This objective may not be applicable to some areas.

Objective 9

You'll be asked to write down, in English and from memory, where the main public taxi ranks are in the area being tested. You'll have to list all of them (maximum of 20), and your answer must be clearly understood by the examiner.

Objective 10

You'll have to answer questions about the knowledge you need to safely and effectively carry out a taxi service. The examiner will randomly pick the questions. You need to answer nine out of 10 questions correctly, speaking in English and from memory. Your answers have to be clearly understood by the examiner.

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**Effectiveness of controls
over the taxi industry**

Controller and Auditor-General
Tumuaki o te Mana Arotake

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