

# Commercial Passenger Vehicles Information Bulletin – CPV38

## Taxi License Operations

### Introduction

The information provided below is intended to provide clarification regarding the operation of taxi licences in the Darwin and Alice Springs taxi areas. This information has been provided to industry in various forms previously and is consolidated here for the information of industry members.

### Bailment Agreements

The term subleasing is often incorrectly used to describe the accepted practice where an operator permits a driver to operate the taxi for a shift. This is called a bailment agreement.

While a subleasing arrangement is seen to transfer operational responsibility from the licence holder to another person; a bailment agreement allows a driver to operate a taxi for a shift. Provided the driver has no interest in operating the taxi other than as a driver, this would not be considered subleasing i.e. the licence holder continues to undertake all activities associated with supporting the operation of the licenced taxi, including all vehicle and regulatory costs, such as; the purchase and maintenance of the vehicle, responsibility for registration, insurance and commercial vehicle licence (CVL) fees. The licence holder is also responsible for managing drivers and bailment agreements.

A bailment agreement allows a driver to operate a taxi for a shift outside of an employer/employee relationship. As bailment agreements are seen as commercial arrangements between operator and driver, the Northern Territory Government does not regulate the conditions of these agreements.

The two accepted types of bailment agreements are; a fixed price agreement or a split of the shift takings.

In the fixed price agreement, the driver pays a set amount for a shift.

**Example:** A driver pays the licence holder \$120 for a 12 hour shift plus the fuel used, but keeps all fares earned.

Some fixed price agreements can span over prolonged periods of weeks or months.

A split of the shift takings is the most common type of bailment agreement in use in the taxi industry being a share of the takings on an agreed percentage.

**Example:** The licence holder permits a driver to operate the taxi for a 12 hour shift. The driver pays for the fuel used during the shift and at the end of the shift, the total moneys taken is split 50/50 or on an alternative agreed between the driver and licence holder.

### Management Arrangements

Another misconceived notion of subleasing is where a licence holder employs a fulltime manager to manage the day to day operations of a taxi fleet. The manager, in his employed capacity (employer/employee or contract basis), may have authority to act on the licence holder's behalf

e.g. making payments associated with regulation and vehicle maintenance, and also managing drivers. Provided the manager acts only as representative of the licence holder and has no direct responsibility in the operation of the taxi, it would not constitute a sublease arrangement.

## Subleasing Agreements

Taxi licences are not transferrable and the licence holder remains responsible for ensuring the licence and vehicle is operated in compliance with the law, regardless of any agreement which may have been entered into.

The transfer of operational responsibility from the licence holder to another party (other than a person performing in the capacity only as a driver) is seen as being contrary to the intent of the issuing of the licence.

In these arrangements the Director no longer knows who is operating the licence, or if they have met the necessary requirements to operate a licence. As such, where there is sufficient evidence to prove such an arrangement, the Director may consider cancelling the licence.

When the Department of Logistics and Infrastructure receives information from industry members regarding suspected subleasing of taxis, each case will be investigated; however, these allegations need to be supported with credible evidence prior to taking to the Department taking action against parties involved.

## General information

### Commercial Passenger Vehicle Information

Information Bulletins and Forms: [www.nt.gov.au/driving/industry/](http://www.nt.gov.au/driving/industry/)  
Legislation: [www.legislation.nt.gov.au](http://www.legislation.nt.gov.au)

Motor Vehicle Registry Information [www.mvr.nt.gov.au](http://www.mvr.nt.gov.au)

This Information Bulletin is a guide only and contains general information and requirements in relation to the CPV industry. This document should not be regarded as a strict interpretation of Northern Territory law but may form part of departmental policy.

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