

1 What has the Government asked us to do?

The NSW Government has asked IPART to review and recommend **how many new taxi licences** (other than licences for wheelchair accessible taxis) **should be issued to operate in areas outside Sydney from 1 July 2018**.

We will also consider if these new licences should be able to operate anywhere in NSW (outside Sydney), or if there should be any other restrictions placed on the new taxi licences.

The Government has also asked IPART to review and make recommendations on the **maximum fares** for **rank and hail taxi services** from July 2018, for the whole of NSW. We are conducting a single review process to address both fares and licences. This Information Paper only relates to licences.

What do we need to consider?

In making our recommendations, we must consider the matters listed in our terms of arrangement. For licences, these include: the demand for new licences; passenger demand for rank and hail services, including latent demand¹; the performance of existing taxi services; and the viability and sustainability of the taxi industry.

We must also consider the Point to Point Transport Taskforce's Report, and the NSW Government's response to this report.

2 What do we want to know?

We have released an Issues Paper and are seeking stakeholders' views on:

- ▼ Whether new licences should be able to operate anywhere in NSW outside Sydney.
- ▼ Whether, and where, there is a shortage of rank and hail services.
- ▼ How many taxi licences should be issued, and whether this should occur gradually over several years.
- ▼ If there should be any restrictions placed on any new taxi licences.

Should new licences be allowed to operate anywhere outside Sydney?

Area-based restrictions for booked services have been removed as part of the point to point transport reforms. However operating area restrictions on existing taxi licences remain for rank and hail taxi services. As part of our review we will investigate the pros and cons of allowing new licences to operate anywhere in NSW outside Sydney.



Should all new licences be allowed to operate anywhere outside the Sydney Metropolitan Transport District? Alternatively, should new annual licences only be issued for areas with an identified shortage of rank and hail services? If you think additional operating area restrictions should be applied, what should they be, and why?

¹ Latent demand is demand for a product or service that a consumer cannot satisfy because they do not have enough money, because the product or service is not available, or because they do not know it is available.

Is there a shortage of taxi licences outside Sydney?

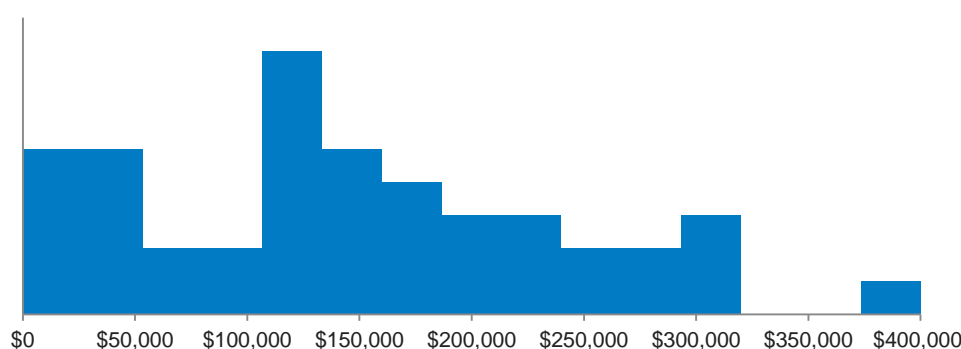
To recommend the number of licences that should be issued we will consider:

- ▼ the demand for new taxi licences
- ▼ passenger demand for rank and hail services, and
- ▼ the availability of alternative point to point transport services.

High transfer prices indicate a high demand for new taxi licences

Typically, high licence values indicate the demand for licences is higher than the supply. There are significant variations in licence values across the state, reflecting the variation in demand and supply imbalance across different areas, and the likely shortage of taxi services in some areas (see Figure 1).

Figure 1 Distribution of average taxi licence transfer values outside Sydney



Note: Average taxi licence values for the period May 2014 to April 2017

Data source: IPART analysis of RMS data provided by Transport for NSW.

We will investigate passenger demand for rank and hail services

To estimate passenger demand for rank and hail services, we will look into:

- ▼ indicators such as economic, population and tourism growth, and
- ▼ passenger waiting times.

There are more taxi alternatives in some markets

We have found that there has been rapid growth in the use of rideshare and other point to point services in recent years. Rideshare providers now operate in Newcastle, Wollongong, the Central Coast, Coffs Harbour and Byron Bay. The increasing availability of taxi substitutes may mitigate the need to release taxi licences. However, in other areas there are no comparable services.

How should any shortage of taxi licences be addressed?

If we find that there is a shortage of taxi licences outside Sydney, our next step will be to recommend how many additional taxi licences should be issued during the year from 1 July 2018. We will consider how new licences may affect the sustainability of the rank and hail market, and the pros and cons of various options, including:

1. a large release to immediately address any supply shortages
2. a gradual release over several years to address any supply shortages and transition the impact on licence holders
3. whether new licences should be restricted to areas with supply shortages, and
4. if and how to replace existing short term licences with annual licences.



Should a large number of new taxi licences be issued to effectively remove supply constraints on the provision of taxi services outside Sydney? If so, should the licences be issued in one release, or gradually over several years?

What are the likely impacts of the different options for issuing new licences on the sustainability of the rank and hail market?

Should new taxi licences be restricted?

In addition to the area of operation for new licences, we propose to consider whether:

- ▼ there should be restrictions on operating in cross-border areas
- ▼ there should be any other operating restrictions
- ▼ there should be a number of new licences issued to persons authorised to provide taxi services, and
- ▼ there should be restrictions on how many new licences can be granted to the same or related applicants.



Should there be any restrictions on:

- The areas of operation for new licences in cross border areas?
- The operation of new licences? If so, what type of restrictions?

3 Where are we up to?

We released an Issues Paper on 12 September 2017. The Issues Paper is the first step in our consultation process, and identifies the key issues on which we seek stakeholder input.

Table 1 sets out an indicative timetable for the review. We will update this timetable on our website as the review progresses.

Table 1 **Indicative review timetable**

	Date
Issues Paper release	12 September 2017
Issues Paper submissions due	13 October 2017
Draft Report release	December 2017
Public Hearings (Sydney and outside Sydney)	January/February 2018
Draft Report submissions due	February 2018
Final Report submission to Minister	9 March 2018
Transport for NSW determine number of new licences	31 March 2018

4 How can you make a submission?

We invite all interested parties to make submissions in response to the Issues Paper.

The deadline for submissions is Friday 13 October 2017.

We prefer to receive submissions electronically:

<[www.ipart.nsw.gov.au/Home/Consumer Information/Lodge a submission](http://www.ipart.nsw.gov.au/Home/Consumer%20Information/Lodge%20a%20submission)>

You can also send us an email: transport@ipart.nsw.gov.au

Or a letter: **Taxi review**
 Independent Pricing and Regulatory Tribunal
 PO Box K35
 Haymarket Post Shop NSW 1240

5 Where can you find more information?

You can view our Issues Paper, and other information about our review of maximum taxi fares for NSW and the number of new annual taxi licences outside Sydney on IPART's website: <https://www.ipart.nsw.gov.au/Home/Industries/Transport/Taxis>.

More information on the new regulatory framework for point to point transport is available on the following websites:

- ▼ Transport for NSW <https://www.transport.nsw.gov.au/projects/programs/point-to-point-transport>
- ▼ Point to Point Transport Commissioner <http://www.pointtopoint.nsw.gov.au/>