

16/6/2003.

Taxis, private bus & private ferry reviews,
Independent Pricing and Regulatory Tribunal,
P.O. BOX Q290,
QVB POST OFFICE. NSW. 1230.

Dear sir/madam,

Thank you for taking submissions from the public on pricing for taxis and other services. The following ideas are my own for improving the taxi system, and making it cheaper and more accessible by the general public. I am concerned with getting better public transport for Australians and consider that taxis **should** be considered as part of the public transport network, because for some people they are frequently the sole realistic form of public transport, especially in off-peak periods. I am a member of the group Action for public Transport, but the policies of this group on taxi services have not been finalised, and the following ideas are my own rather than those of the group.

Two publications which IPART should definitely consult on taxis are the following:

1. Industry Commission. Urban transport. 2 vols. Melbourne, AGPS, 1994.
2. Swan, Peter. On buying a job: the regulation of taxicabs in Canberra. Centre for Independent Studies, 1979.

Both of these publications examine the basics of the system of taxi regulation in Australia. The Centre of Independent Studies report by Peter Swan in particular examines very critically the logic behind taxi regulation and finds it badly flawed from both an economic perspective and a social perspective. Therefore a full re-appraisal of the present system should be considered.

I have attached some photocopies of pages from these reports, including Professor Ross Parish's introduction to Swan's report, and various pages from the Industry Commission report examining taxi regulation, quoting a number of submissions, including an extract from my own submission to the Industry Commission.

Vol 1, p 390-5.
p 2-5.

The Centre for Independent Studies report was written at a time when over-regulation was common in Australia. It obviously considered that the taxi industry was one of the most grossly over-regulated industries. Since 1979 the trend has been towards de-regulation of highly regulated industries, such as airlines, trucking, egg marketing etc. Little has changed with taxis, and the taxi industry remains a relic of an era when over-regulation was the norm.

There are some bad features of this over-regulation, such as:

1. Prices are too high, mainly because the cost of obtaining a license (or taxi plates) has to be passed on to the consumer.
2. The industry is in effect a cartel, with entry by newcomers being tightly controlled and highly restrictive.
3. One feature of this cartel is trading of plates as a commodity, and this is not in the interest of consumers. On page 4 of the IPART Issues paper it states that there is a steady trend to overseas ownership of taxi licences. (2.1.1) This is unlikely to be in the best interests of Australian consumers, particularly those who find the fares are too highly priced.
4. The tight control and restrictive nature of the industry count against competition. It affects car-pooling schemes adversely. IPART should examine the effects on car-pooling.

In the period 1996-97 there was considerable interest generated in car-pooling largely because of Mr Ros Trayford's company Dynamic Transport Management, and his schemes which were initially publicised by the Government. However little permanent seems to have come from Mr Trayford's schemes, despite the fact that they answered the call of the Government to reduce the numbers of cars on city streets, to reduce congestion and pollution.

I would attribute this lack of permanent results to the fact that Mr Trayford's operations had to be tightly circumscribed to prevent him from competing directly with the taxi industry. The penalties which he would have occurred for any service which broke into the taxi industry's territory was a \$10,000 fine for a first offence. This is highly anti-competitive, and too highly protective of an established cartel.

Even services run by migrants which resemble shared taxi services overseas, eg in Lebanon or the Philippines have a positive social and economic purpose. The only rationale apart from some safety considerations for making them illegal is that they compete with an established cartel. But the fact that they operate at much lower prices than the established taxi services means that in a properly competitive market they have a useful function.

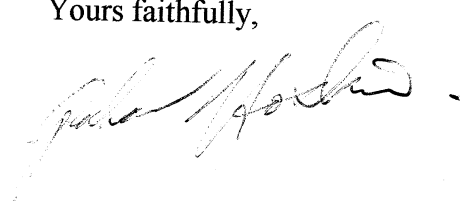
5. Multiple hiring is too restrictive and should be extended. The present system, as I understand is that in cases of multiple hiring, usually from Sydney Airport, all passengers have to pay 75% of the regular fare. This is too generous to the taxi companies. That means that with 4 passengers the driver gets a 300% fare, or 3 times what he would get for a single passenger, with very little extra cost especially if all passengers end up at the same destination, eg Central Station or the same hotel. Therefore I consider that IPART should look at the option of lowering the 75% fare to something more reasonable like 60%.
6. As Professor Parish points out in his Introduction to Swan's report, the present system of regulation allows only one type of service, a very high level service to operate legally. Any other type of service is made illegal. The high level service which is legal is very good for the wealthier type of customer who wants the very best service, eg the businessman who wants a prompt and reliable service to get him to the

Airport. However it is not appropriate for the poorer sections of the population who live in urban sprawl areas, and who rely on taxis because public transport is inadequate or totally absent, particularly in off-peak times or late at night. For these people services such as Prof. Parish mentions, which are presently illegal, would be much more suitable.

7. Consideration should be given to greater use of multiple hired taxis in urban sprawl area, well away from railway stations. For example I live not far from the Menai-Illawong-Bangor area. Because of very inadequate public transport from this area, almost everybody considers that the car is the only realistic form of transport. A lot of these cars simply end up at the same destinations, i.e. Padstow or Sutherland Railway Stations. A continuous shared taxi service operating either as a business, or under a system similar to that envisaged by Mr Trayford could take the great majority of these motorists who live close together, and end up at the same destination. A taxi service carrying about 3 or 4 passengers could be much more frequent than a bus service, and thus much more competitive, and much more successful at getting motorists off the road and reducing traffic jams.

Any form of de-regulation and any such systems as I am suggesting would be opposed by the established taxi industry. But that has been the case wherever de-regulation has been envisaged. Because it would greatly disadvantage those owners who have paid out large sums for taxi plates, any new system would have to be gradually phased in. But at present in an age of de-regulation the taxi industry today makes little economic sense, and the high prices are too punishing for the poorer members of society, many of whom live in urban sprawl areas.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Graham Hoskin', written in a cursive style.

Graham Hoskin.