

Media release

Tuesday, 12 December 2017

Draft recommendations to improve regional taxi services released

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on draft recommendations to improve taxi services in regional areas.

The draft proposals include measures to make taxi services more readily available and affordable by:

- freezing maximum fares for hailing a taxi in the street or from a rank at 2014 levels¹
- making it easier and cheaper for new taxis to enter the market with a 10% increase in the number of regional taxi licences
- allowing new licences to provide rank and hail services where they are needed most, and
- enabling taxi service providers in small towns and remote areas, where populations are low and there is little rank and hail work, to set their own rank and hail fares.

The recommended fare freeze would apply for rank and hail taxi services only, following the deregulation of fares for booked services from 1 November 2017.

IPART Chair Dr Peter Boxall said the draft recommendations have been put forward to ensure taxi services remain competitive in the face of emerging competition from other point-to-point transport providers.

“Our analysis indicates that current maximum fares are above the efficient cost of providing taxi services in most parts of NSW, evidenced by the high price of licences in many areas,” Dr Boxall said.

“By continuing to hold fares at the same nominal level from 1 July 2018, we recognise that there is enough scope for taxi service providers to compete on price with other taxi service providers for rank and hail business, while also covering their efficient costs. They can also compete with the new hire vehicle services, such as rideshare, who offer booked services that are a close substitute to hailing a taxi.

“Moves to ensure that more taxis are available when and where people need them, and maintaining maximum fares at the current level, is the best way to deliver high quality services at the best price for passengers.”

IPART is seeking feedback on 11 draft recommendations, including the establishment of two regional rank and hail taxi service zones across NSW, outside of Sydney. Most taxis would be included in a new Designated Zone, where maximum fares would be frozen and new

¹ Aside from the \$1 Passenger Service Levy, introduced by the NSW Government to fund a \$250 million industry adjustment assistance package.

annual licences would be released with their prices set by tender. A number of new licences would be available at a low administration fee for an Exempt Zone to ensure licensed taxi services are available in smaller towns and remote areas, with taxi services in the Exempt Zone able to set their own rank and hail fares.

Full details of the review are available at ipart.nsw.gov.au. Submissions to the draft report are due by 3 February with public forums to discuss the proposed changes to be held in Sydney, Coffs Harbour and Dubbo early next year.

Editor's note - Designated and Exempt Zones

The market for point to point transport services 'outside Sydney' is not homogenous.

This can be seen in the wide range in taxi licence values across this area (see Figure 2), as well as in the varying levels of competition with rideshare services available in areas such as Newcastle, Wollongong, Coffs Harbour and Byron Bay but not in many other regional areas.

To address this, IPART is seeking feedback on its draft recommendation to assign two taxi operating zones outside of Sydney:

- ▼ a **Designated Zone**, generally larger towns or cities, where new taxi licence holders can operate, moving across areas according to demand to address any shortage in supply and reduce waiting times for passengers. It would also place downward pressure on existing licence values, and reduce the current variation in licence values across the state, and
- ▼ an **Exempt Zone** defined as areas not in Sydney or the Designated Zone. In the Exempt Zone, taxi fares would be deregulated to enable taxi service providers to set their fares at a level which meets the needs of both operators and passengers. New licences would be issued for an administration fee only.

Figure 1 Proposed Zones

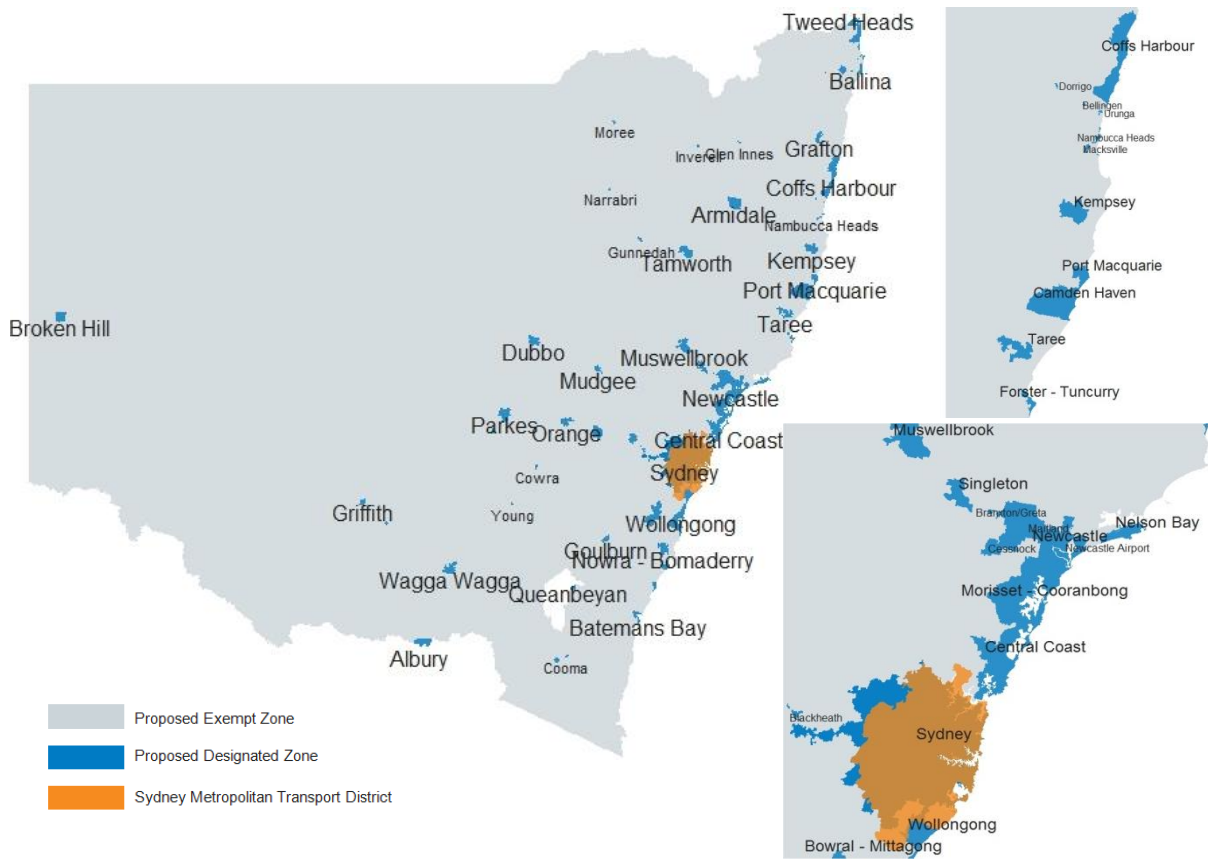
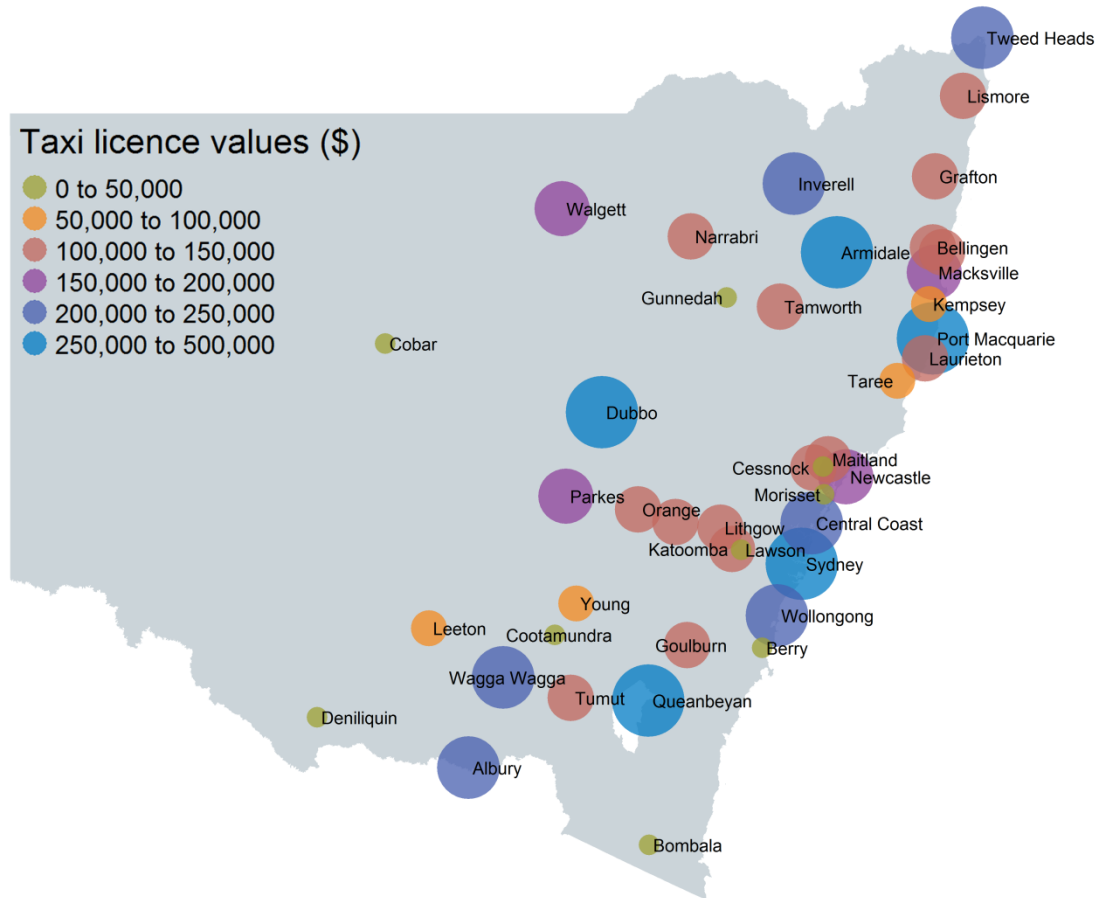


Figure 2 Taxi licence values in NSW



Note: This is based on average values for sales in the last 3 years.

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