

2014/15 NSW TAXI FARES AND SYDNEY TAXI LICENCES UNDER REVIEW

15 October 2013

The Independent Pricing and Regulatory Tribunal (IPART) is calling for public submissions on NSW taxi fares and the number of new annual Sydney taxi licences from July 2014.

IPART Chairman Peter Boxall said that IPART's review, which will lead to a Draft Report in December, would consider the interactions between the supply of taxis, the price of taxis and demand for taxis.

An Issues Paper released today for public comment proposes options for the next four years, ranging from small fare increases and with a larger number of new taxis, to fare reductions and a smaller number of new taxis. "Our objectives are to make taxi travel more affordable for passengers and entry into the market easier for operators and drivers," Dr Boxall said.

"We are seeking feedback from both customers and the taxi industry on what they consider will deliver the best public transport outcomes for taxis while balancing the interests of customers, drivers, operators and licence holders," said Dr Boxall.

Last year we took a fresh approach to recommending additional licences for Sydney and to setting fares to increase affordability and grow taxi patronage. What we had seen over the previous years was taxi fares going up, making taxi travel less affordable for customers while drivers' incomes remained low. This was occurring at the same time as the number of licences released was not keeping pace with growth in taxi demand, pushing up waiting times and further discouraging customers from choosing taxi travel.

Transport for NSW has implemented a number of steps this year including freezing taxi fare components at existing levels for 2013/14, introducing a peak hiring fee on Friday and Saturday nights for urban areas, and issuing the first of 280 additional taxis with peak availability licences and 65 additional taxis with unrestricted licences in Sydney.

These are significant steps. In this review IPART proposes to recommend licences and fares for 2014/15 in a longer term context to help reduce uncertainty in the industry.

The taxi industry is complex and IPART is consulting on the way forward. Fare levels, the number of licences and the income that licence owners receive from leasing out their licence are all interrelated. IPART seeks to establish a longer term direction on how these factors should be balanced. In our view some reduction in licence lease income is needed in order to achieve the objectives of this review. We propose that a 25% reduction in licence lease income over 5 years is not an unreasonable outcome for existing licence holders and would ultimately make it cheaper and easier for passengers to catch taxis and cheaper and easier for operators to get a licence.

Submissions to the Issues Paper, which close on 15 November, will be considered in the preparation of a draft report to be released in December. The Issues Paper is available at IPART's website <<http://www.ipart.nsw.gov.au>>.

For further information, contact: Sophie Travers
0419 609 236