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Dubbo

Dubbo Radio Cabs Co-Operative

I would like to state my opposition to the draft IPART report: Review of taxi fares in NSW and taxi licences outside Sydney.

The recommendations in this draft report won't deliver better or cheaper country taxi services, rather they'll force out long-time reliable local operators. In Dubbo, if these recommendations are accepted there won't be a ten percent increase in taxi plates it will be more like twenty to twenty five percent. This will happen due to naive speculators who will enter the market because they have a perception that operating a taxi is easy money, the golden pot at the end of a rainbow. The result of this unbalanced growth of supply will cause the existing operators to be less economically viable and in some instances (due to the ages of operators) unviable.

A number of taxis businesses have closed down throughout rural and regional NSW. The recommendations in this report will only ensure more closures in the future. To try and claim that a taxi businesses sale value is economic rent that should belong to the government is absurd. To claim that this is a barrier to entry is also incorrect. The incentive for an operator to invest in a Taxi business is the net return on the capital invested in that enterprise; if this is not sufficient then there will be no marketable value for that business and no incentive for new entrants to the industry due to oversupply. Growth in supply will come from viable taxi businesses that have reached their ability to service demand profitably and therefor increase supply by adding extra services (in this case another taxi licence).

If the government wishes to gain their economic rent they can and do, by charging annual fees for taxi licences, and what the market is prepared to pay is the value of that licence. The fact that some of the existing licences have been issued free of charge many years ago, is irrelevant to the economic rent argument as the value of these taxi businesses Not the Taxi Licence is gained from the viability of the business and it's net return on the capital, that is owned by the licence holder. The government therefor does not have any claim on this value and must for go this value or purchase it back.

It is not the operator's fault that values for their viable businesses have increased over time, most assets do, and this is why the notion of economic rent is a flawed approach. Comparable assets such as Equities, commercial retail property, domestic rental property, Retail business, Hotel and Motel are all bought and sold on their viability and the net return on the owner's capital invested.

If this theory was applied to the real estate markets of the capital cities and elsewhere, what would be the result for the building industry if the government decided that the economic rent of housing was too high and in order to force down the price of housing to an affordable level they entered the market with a massive supply of housing. The business people that invest in the property market loose incentive, stop capitalising the building projects, existing owners see their values annihilated and the government of the day is left with a mess. Apparently individual taxi business owners are too insignificant to worry about.

If country taxis close down it will have a significant negative impact on our community from the local mechanics, pubs and hospitals who rely on business from taxis to the elderly, school children and those with disabilities.

Hardworking Australians in the bush are being left hung out to dry because of a failure to understand that the taxi industry is different in the country to the city.

There aren't many ridesharing apps in country NSW and the ones that do operate do so at their own convenience.

Taxis are the only transport service to operate on a 24/7 basis. From midnight to dawn emergencies pop-up such as picking up victims of domestic violence or people needing emergency trips to the hospital. They also help keep drink drivers off the roads.

The draft recommendations must be abandoned.


It's clear our country taxis just can't keep up with the inequities that exist across our industry anymore.

Country taxis need to remain viable. I ask the government to reject this unacceptable report so our local taxi service stays in business now and into the future.

If the government accepts this report as it is, it will be the big corporations or foreign investors who will buy up the licences, pushing out the little guys, which means country NSW will lose another local business and more local jobs.

Competition is needed in order to provide customers the best possible service, but country taxis won't better service their communities by closing up shop.

Terence Mullens


Dubbo 2830

Review of taxi fares in NSW and taxi licences outside Sydney from 1 July, 2018.

1.15 List of all draft findings and draft recommendations

Draft findings

- 1 Competition in the rank and hail market in most of NSW is not yet sufficient to remove maximum fare regulation for rank and hail services. However, workable competition in the rank and hail market could develop quickly.
- 2 High licence values and restricted supply of taxi licences continue to be a barrier to entry to the rank and hail market. Releasing additional licences would reduce this barrier to entry.
- 3 In remote areas and small towns, taxi service providers do not have the ability to exercise market power. Therefore there is no need to regulate maximum fares in these locations.
- 4 There is a shortage of taxi licences in areas of NSW outside Sydney.

Draft recommendations

Please provide a response to each question below.

1 Taxis be required to display their rank and hail fares on the outside of the vehicle to facilitate fare competition.

Assuming that IPART expect each & every Taxi in NSW to display differing fare schedules in order to meet their idea of competitive trading & bearing in mind that they also expect these Taxis to be able to roam anywhere like Caribbean pirates I would think this a very impractical requirement. Passengers want consistency of fare schedules & quick reliable service. Their general practice is to enter the first Taxi on a rank & expect to be taken to their destination with a minimum of process.

2 The Point to Point Transport Commissioner collect trip data annually for three years or until competition is effective, whichever comes first, from all taxi and booking service providers with annual revenue over \$1 million.

They don't understand the existing structure of NSW Country Taxis. Taxi co-operatives are an association of independent Taxi operators who conduct their business on a cash basis. The purpose of the co-operative is to provide an administrative service for the processing of account dockets that are generated by the individual business so that there is a central billing process for the clients. Taxi co-operatives would not have turnover anywhere near \$1m.

3 Taxi operating areas outside Sydney be classified into Designated and Exempt Zones.

Create whatever zones necessary to acquire the relevant information to assess the need for Taxi services that can deliver better recommendations than this draft report. Zone Sydney into two areas, inner Sydney circle area & outer Sydney circle. Central Coast, Newcastle & Wollongong into their own zone and regional cities into a separate zone from small country centres.

4 A moderately small number of new licences be released in 2018, equal to 10% of existing licences in the Designated Zone.

Releasing an equivalent of 10% of the total NSW taxi licences to roam freely anywhere in NSW is an absurd idea. It is obvious that successful tenders will migrate these licences to the large regional centres (that is what this report wants to achieve to lower licence values), in the belief that this is where the viable work volumes are. If the fleet wear I have to trade is increased by this amount or greater then I will have to take shifts off drivers and take on that work myself. I am not a bottomless pit of energy that is willing to work for \$8 per hour therefore my only alternative will be to work the more lucrative hours & avoid the unprofitable hours, this strategy will

reduce supply to the public remove drivers from work & defeat the purpose of releasing more licences. At the bottom of this policy is the flawed concept of economic rent value indicating a shortage of services. The government issued these licences for nil value other than the annual fee, that is their economic rent value. The values reflected in the sale result of these taxi businesses are governed by the expected net return on the capital invested by the purchaser of a viable business. Value being affected by the risk involved in the venture. The NSW government has released further licences into the market place by tender in recent years and in country areas they have released licences on request to various co-operative organisations free of charge.

5 For the year commencing 1 July 2018, Transport for NSW (TfNSW) issue:

– By tender, 124 annual licences to operate anywhere in NSW outside Sydney. These licences should be issued in several tranches throughout the year.

Why would anyone want to tender for a licence in the first place when there are numerous rideshare distributors in the market place that a potential operator can access without the need to pay an annual licence fee to the government. 124 new licences in NSW is only a strategy to force down the value of existing viable Taxi businesses.

– On request for an administration fee, annual licences to operate anywhere in the Exempt Zone in NSW with the initial determination to be 13 licences, equal to 10% of existing licences in the Exempt Zone. Uptake of these on demand licences to be monitored by TfNSW and further licences released under section 71(5) of the Point to Point Transport (Taxis and Hire Vehicles) Act 2017 if demand exceeds the initial allocation.

While rideshare distributors would not find it worth their while to service small country towns in the exempt zone the viability of Taxi services in these centres is marginal & usually serviced by a single operator with multiple vehicles & where they exist can operate successfully however for a lot of these centres community cars are & will remain the only viable solution.

6 New annual licences for the Designated Zone be permitted to provide rank and hail services anywhere in NSW outside Sydney except Queanbeyan.

Again this strategy will dilute the profitability of services in this zone & again reduce supply to the public because there will not be the incentive to operate. This area already has a supply of unused Taxi licences due to lack of business volume why wouldn't allow these licensees be fully utilised before releasing more. (Because the powers to be in Transport for NSW must want to destroy the value of Taxi businesses).

This report spends a lot of time referring to licence values when this is not correct. Government licensees have no value other than the annual fee. Taxi businesses get their value as do other businesses, from the return on invested capital. The advice from reports like this is social discrimination at its worst & the various advisory bodies on this subject across the country are all chasing the holy grail of a monopoly free business landscape in order to illiminate what they believe to be anti-competitive practice. If it is such a noble cause what are they doing about the licenced hotel industry no mention of releasing hotel licences across NSW free to trade anywhere they want to set up

7 New annual licences issued for the Queanbeyan operating area not be able to provide rank and hail services in the rest of NSW.

Why not, it is in NSW. IPART seem to not know what they want to happen, one minute they are advising that the government release licences that are free to trade anywhere in NSW & then they want to restrict Queanbeyan services to a local area. Make up your mind.

8 New annual licences for the Exempt Zone be permitted to provide rank and hail services anywhere in the Exempt Zone.

I thought the purpose of releasing licences was to increase passenger services in these areas, allowing them to migrate away from the area that has the genuine shortage doesn't make any sense. These areas have always been able to get licences if there was viability in doing so. Community car services have taken trade away from those Taxi services & they have ceased to trade. If IPART had taken the time to travel to these communities they would be aware of the situation.

9 Maximum fares for rank and hail taxi services remain unchanged in nominal terms for Sydney and areas outside Sydney in the Designated Zone from 1 July 2018.

Further suppression of the maximum fare should be done away with. Taxi drivers have been denied fair remuneration due to the existing fare schedule. In order to put them on an equal footing with other transport drivers (Train Drivers \$75,000 to \$90,000 per annum, Truck drivers \$55,000 to \$85,000 or better per annum). Remove the restriction & allow the market principles of supply & demand to fine the correct level where Taxi businesses can operate profitably, drivers can be fairly remunerated & passengers have to pay the market value of the service.

10 Areas in the Exempt Zone be exempted from maximum fares for rank and hail taxi services specified in the fares order for 1 July 2018.

If it is not ok for the designated areas to find the correct level for Taxi fares through the market principles of supply & demand why should it be ok for the exempt areas to be unregulated? IPART says that competition is not sufficient in these areas in order for fares to be unregulated then it advises that fares be exempted from maximum fares regulation. Make up your mind IPART.

11 The next fares order includes a separate charge for the passenger service levy.

The passenger service levy should be done away with. The transport department created the problem of Taxi operators having their equity destroyed by the incompetent management of the Uber situation when they did not ban the practice as the transport law allowed (a passenger service must be licenced: NSW Transport Act) The minister at the time did not uphold the law, other countries have disallowed the rideshare companies to come into the market place & have maintained their Taxi services as they were.

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Dubbo