



NSW TAXI COUNCIL

This submission is provided in response to the IPART REVIEW Taxi fares and licences from July 2018

NSW Taxi Council Submission

IPART Documented Draft Report -
Taxi fares in NSW and taxi licences
outside Sydney from 1 July 2018 -
December 2017.

9 February 2018

EXECUTIVE SUMMARY

The NSW Taxi Council and the Country Taxi Operators Association appreciates the opportunity to review and respond to the draft report released by IPART on “the review of Taxi fares in NSW and taxi licences outside Sydney from July 2018.”

While the NSW Taxi Council acknowledges the changes in the competitive set within the Point to Point Transport sector, we are reasonably concerned about the detrimental impacts that some aspects of the discussion paper will have on long standing taxi organisations, if any of these recommendations are adopted.

Moreover, the impact will be felt more significantly by those taxi organisations operating in smaller towns across country and regional NSW. These businesses are already struggling and finding it difficult to match the pace, following the Point to Point Taskforce Review, and the implementation of the new Point to Point Transport Regulations.

The NSW Taxi Council has expressed concerns over the consideration by the NSW Government to release new taxi licences, whilst removing the restrictions on the area of operations. This concern has been raised with the Minister for Transport and Infrastructure, as well as the Point to Point Transport Commission. Removing the restriction on the area of operation on taxi licences outside of Sydney will have detrimental effect on the value of taxi licences, as well as resulting in a number of taxi organisations ceasing to exist, which will have negative impacts on the local communities that rely on the current services.

The minimal data collected has resulted in an inaccurate assessment of the taxi industry in both metro and regional NSW. The sample sizes collected for regional NSW in the research report were too small to provide statistically significant results and should not have been used to form the recommendations in this report. We have requested to work with IPART to provide information to assist in collecting the right data. Once this data is collected the report should be written to accurately reflect the true market conditions in regional NSW.

The key areas of concern for the NSW Taxi Council in relation to this report are as follows:

- A number of statements were made that appear to be unsubstantiated, in particular the taxi industry are putting licences on hold to inflate market prices and that taxi service providers have sufficient funds to pay for the Passenger Service Levy without having to pass it on to passengers.
- The sales data that has been used for the value of taxi plates is outdated and inflated to the current market value today. There are plate owners that would like to sell their plates, however they have been unable to find a buyer.
- Share of market data presented stating there has been no decrease in taxi trips following the introduction of Rideshare is to be questioned. It is evident from our data that taxi providers have seen 30% decreases in their trips.
- IPART refers to taxis as having had a monopoly for some time – this is an incorrect statement as competition has always existed within the NSW taxi industry, between drivers, operators and networks.

- IPART made the comment that taxis are not able to supply growing demand for Point to Point Transport. How is this statement supported?
- IPART indicated that licence numbers have grown slower than the population. If you take Southern Highlands as a case example, this region has gone from eight taxis (18 years ago) to approximately 55 non-taxi services operating today. Services in country towns have grown significantly, including courtesy buses, community transport, shuttle buses and On Demand trials by NSW Government.
- 1 November 2018 saw the introduction of the new point to point regulations which has had a significant impact on the industry. The draft report states it expects that these new regulations will have an impact on competition. It is our recommendation that adequate time be allowed for these regulations to take effect.

Rather than releasing new taxi plates, the focus for the government should be on working with taxi stakeholders to get taxi plates that are on hold back on the road.

RESPONSE TO IPART RECOMMENDATION REPORT

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

Other passenger/public transport service, such as buses, trains, ferries and other point to point providers are not required to display their fares outside of the vehicle.

The NSW Taxi Council understands this recommendation is based on regulations that take place in New Zealand.

Does IPART have any evidence that this approach has improved outcomes for the passengers, as we have been unable to locate evidence that supports this move?

How does IPART propose this work? The pricing would have to appear on a sticker which would make it difficult for drivers to change prices and compete, unless it is electronic, which is unfeasible for taxis.

We also hold concerns that this recommendation may create customer confusion at ranks and airports.

Furthermore, this will create danger and risks to vehicles and pedestrians on the road as a passenger may hail a taxi and then decide they want the other one behind because the fare may be cheaper.

We would appreciate if IPART could further explain how this system could be implemented at minimal cost and how this will create competition.

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.

The Point to Point Transport Commission is already collecting trip data through the Driver and Vehicle Dashboard portal as a result of the Passenger Service Levy collection, which should provide a good indication of competition as each provider is individually registered.

Anything above this needs to be considered from the whole of the point to point market, including rideshare, and other substitute sources of travel, i.e. community transport, free shuttle services etc.

Limiting any such exercise to only taxis will not yield beneficial results.

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

We disagree with this proposal as there is insufficient data in the report to even have the need to create this classification.

As mentioned in our initial submission the focus needs to be on getting the plates on hold into active service.

We would like to understand how IPART made the claim that plates were put on hold to keep licence prices higher than they otherwise would be (p.49) and ignored advice from industry that they are on hold due to lack of demand, which was overwhelmingly communicated at the public hearings.

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

As mentioned in our initial submission the focus needs to be on getting the plates on hold into active service.

We would like to understand the modelling that IPART used to determine that 10% was an appropriate figure.

We would like to understand how IPART made the claim that plates were put on hold to keep licence prices higher than they otherwise would be (p.49) and ignored advice from industry that they are on hold due to lack of demand, which was overwhelmingly communicated at the public hearings.

Just this week four taxis in Gunnedah have closed down due to the uncertainty of the industry and the costs to operate the business.

Under the new regulations, there is a very minimal cost of entry (\$120) to be a Booking Service Provider in a country town with no restriction on area of operation.

With over 90% of work in country areas coming from booked services, it has been identified that there is sufficient competition. These include;

- Community Transport Operators
- Free Shuttle Buses
- Courtesy Buses by local Clubs and Community Organisations
- Health Share Transport
- Cross Border Transport Providers, operating outside of their restricted area of Operation.
- Rideshare Operators
- Hire Car Operators
- On Demand Trials

As per the report on page 31: "Some of the market power we observed in our competition assessment may dissipate quite quickly once market participants and potential new entrants

adjust to the new framework” – we recommend that adequate time be given to allow the new regulations to take effect, then assess the impact and the need for any new licences to be issued.

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.

The NSW Taxi Council does not support new licences being allowed to operate anywhere outside the Sydney Metropolitan Transport District.

We believe that any new licences that are issued must have a restricted area of operation. Furthermore, the release of any new licences must not occur, at least until a review of all current licences on hold takes place. Licences on hold must be a priority before any new licences are released. Part of the review of licences on hold, is to consider changing the area of operation for a licence on hold to an area where it is needed.

Releasing new licences with no area of operation will encourage rogue (gypsy) operators to gain easy access to cherry pick where they want to work and only focus on the peak/busy locations. Local taxis depend on these peak periods to sustain their business across the quiet periods.

For the traditional taxi business as mentioned in the public hearings, Friday and Saturday nights are survival mode, the other nights of the week are their service to the community, with little financial gain.

The impact from releasing new licences in many areas could in some cases be detrimental to licence owners and operators of a taxi business. This may force the taxi network to cease operations and suffer severe consequences as a result.

Impacting these Friday and Saturday nights will see the other nights of the week lose services, leading to a sporadic service only servicing the good times, which will have a significant impact on the transport needs of the local community.

As mentioned in our initial submission the focus needs to be on getting the plates on hold into active service.

– 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.

We disagree with this proposal as there is insufficient data in the report to justify an increase. As proposed originally focus should be given to seeing the current 80 plates that are on hold to re-enter the market by increasing demand for taxi services.

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

It should not be permitted to have only new licences operate across the state without thought being given to the area of operation for current licences. This will create a further uneven playing field.

We do not object to Queanbeyan being excluded from the area of operation to protect the ACT taxi industry from an influx of NSW Taxis.

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

We do not object to Queanbeyan having restrictions on area of operation.

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

We disagree with this proposal as there is insufficient data in the report to even have the need to create this classification.

Creating an exempt zone that issues new licences for an administration fee, in effect makes the value of existing plates in those areas \$0.

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.

It must be noted that taxi fares have not been increased since July 2014. If fares do not change, this would mean at least five years since the last fare adjustment. Considering that a fare is a means for a driver's earnings, it would not be seen as reasonable if an individual has never had a wage increase in five years. Since the removal of the return toll on the Sydney Harbour Bridge, drivers' earnings have been reduced.

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.

We have no objection to this.

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

We do not object to this.

We would like to understand a point made on page eight it is noted, "We expect that there is sufficient scope in current fare levels for taxi service providers in most, but not all, areas to absorb the cost of the levy." What evidence allowed IPART to arrive at this conclusion?

In our calculations in a number of TSP's the Levy Costs can exceed the total income for the business.

It is paramount that the fare order includes reference to the Passenger Service Levy.

What the NSW Taxi Council believe the NSW Government needs to do.

- 1) Rather than release new taxi plates, the NSW Government needs to work with the NSW taxi industry to increase demand for services so that current plates on hold are being actively utilised. This includes looking at on demand services, government subsidies, to determine the impact these services are having on existing businesses.

The intention of on demand pilot services is to not impact or interfere with existing services. This is not always the case. The On Demand trial in the Illawarra region is an example of pilot services interfering with existing services, through touting and soliciting for fares, development of a "Taxicall" app offering taxi services. The NSW Taxi Council has called for an immediate investigation by Transport for NSW.

- 2) Give the NSW Taxi Industry time to adjust and adapt to the new Point to Point Transport Regulations (2017). We request that the NSW Government does not adopt the IPART report and give the NSW taxi industry two years to work its way through the reforms as we believe that there is an adequate number of licences to meet current demand.