



Council of Social Service of New South Wales

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Independent Pricing and Regulatory Tribunal
2012 Review of Taxi Fares in NSW
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Dear Sir or Madam

The Council of Social Service of NSW (NCOSS) would like to thank you for the opportunity to comment on the IPART 2012 Review of Taxi Fares in NSW.

NCOSS is an independent non-government organisation and is the peak body for the non-government community services sector in NSW. Through its organisational membership, NCOSS represents a vast network of service delivery and consumer groups. NCOSS has established a Transport Policy Advice Group (NCOSS TPAG) as one mechanism to both consult and inform our policy development and advocacy on transport related matters.

Introduction

Taxis play an important role in meeting the needs of people whose transport choices are very limited, including those people who cannot afford to own a car, people who live in areas with no other public transport options, and people who cannot drive or use other forms of public transport due to mobility limitations or because they are unwell. NCOSS is concerned about the impact of increased taxi fares on this group of people.

In 2012, IPART is conducting a major review of the way in which the costs of providing taxi services are calculated, and is reassessing the information used to determine appropriate fare levels. This process may have a significant impact on taxi fares.

At the same time, the effects of the NSW Government's 2009 changes to the taxi-licensing framework are yet to be fully realised¹. These changes, and the way in which they intersect with IPART's review (particularly with regard to the issue of license lease costs) may also have a significant impact on taxi fares.

While NCOSS does not have a position on the technical aspects of the way in which taxi fares are calculated, we would like to use this opportunity to highlight the social impacts associated with increased taxi fares. This is one of the factors IPART is required to consider under section 9 of the IPART Act (1992) when making its recommendations.

¹ Note that NCOSS has recently provided comment on two issues relating to these changes: a proposed amendment to Clause 184 of the Passenger Transport Regulation 2007 to allow for the collection of notifiable taxi licence transaction terms and values; and the 2012/13 Annual Taxi Licence Release.

Taxi fare increases and transport disadvantage

As described above, taxis play an important role in meeting the transport needs of people experiencing disadvantage. This can include people who live in locations with no other public transport options, people who cannot afford to own a car, and people who cannot drive or use other forms public transport due to mobility limitations or because they are unwell.

Increases in taxi fares are likely to have a disproportionate impact on these groups of people by making the only viable form of transport unaffordable. For some people, this may mean they are no longer able to access opportunities that should be available to everyone: education, employment, social and family networks, appropriate and timely health care etc.

In previous submissions to IPART, NCOSS has expressed concern that taxi fares have risen substantially over an extended period of time. Between 1999 and 2011 taxi fares in NSW increased by approximately 63 per cent in urban areas and 60 per cent in country areas: significantly more than the increase in the CPI over the same period (43 per cent) (*IPART 2011 Review of Taxi Fares in NSW*). Taxi fares in NSW are now amongst the most expensive in Australia.

Due to the likely impact of fare increases on people experiencing disadvantage, NCOSS does not support any further increases in taxi fares above the CPI.

Relativity of fare components

NCOSS understands that increasing flag fall rates in proportion to distance charges has previously been proposed by some stakeholders as a mechanism to address the problem of short-trip fare refusals.

While members of the NCOSS TPAG report that their stakeholders and/or clients are continuing to experience short-trip fare refusals, NCOSS does not support an increase in flag fall rates as a potential solution. We believe this would adversely impact people who use taxis for short journeys, particularly people with mobility difficulties who use taxis to access local services. We therefore recommend that current fare component relativities should be maintained.

Given ongoing reports of short-trip fare refusals, we believe this issue should be further investigated and that other options for managing the problem should be explored. In our response to Transport for NSW's *Annual Taxi Licence Release Discussion Paper* NCOSS recommended that the taxi customer surveys due to be conducted in 2012 should be designed to gather data on the number of short trip refusals, along with information about the differences in wait times for shorter and longer trips.

Financial assistance for taxi users

The NSW Government funds a number of schemes that provide financial assistance to people who rely on taxis for transport. These include the Taxi Transport Subsidy Scheme, taxi services brokered by community transport schemes, and taxi vouchers provided through the Transport for Health program.

There is no direct link between the funding arrangements for these schemes and the determination of taxi fares, and NCOSS is aware that Government subsidies are not within IPART's purview. However, given that increases in taxi fares will erode the value of the financial assistance provided by the NSW Government these schemes should be taken into consideration.

The Taxi Transport Subsidy Scheme is of particular concern. Despite significant increases in taxi fares over the past 13 years, the existing \$30 cap for the scheme has not been increased since 1999. IPART has previously recommended increasing the cap, as did the Select Committee on the NSW Taxi Industry's Inquiry into the NSW taxi industry (June 2010). This recommendation is supported by NCOSS and was identified as a priority in our [2012-2013 Pre-Budget Submission](#) (pp. 28-29). There is also a need for a broader review of the scheme including its administration, (particularly the outstanding recommendations from the 2006 Departmental Review of the scheme), the level of subsidy, and eligibility.

Increased taxi fares are also likely to have a negative impact on the level of services available through community transport and health transport programs. Community and health transport providers are increasingly brokering taxi services to provide transport, particularly between 9am and 3pm on Mondays to Fridays. These peak periods for community transport usually correspond with slower periods for the taxi industry and such arrangements are therefore mutually beneficial. The brokerage of taxi services also increases the capacity of community and health transport providers to provide out of hours and weekend transport services to clients. Taxi fare increases are likely to have an adverse impact on the service capacity of community transport and health transport providers, who operate within very limited budgets. NCOSS recommends that the NSW Government acknowledge this impact by committing to increasing the budgets for the relevant funding programs to accommodate any increases in taxi fares.

Fairness for taxi drivers

NCOSS acknowledges as legitimate the concerns that many taxi drivers are not currently receiving a fair hourly rate, and that taxi fares are not covering legal entitlements such as sick leave, annual leave and superannuation. The findings of the Centre for International Economics' (CIE) draft report supports claims that driver earnings are lower than previously assumed.

As IPART notes in Chapter 6 of the *2012 Review of Taxi Fares in NSW Issues Paper*, however, taxi fares do not directly determine driver incomes. Increases in taxi fares may instead lead to increased pay-ins and increases in licence lease costs, which then further impact fare levels.

In the absence of additional regulatory changes, NCOSS therefore does not support an increase in taxi fares as a means of ensuring taxi drivers are fairly remunerated, as this approach is unlikely to be effective.

The changes made to the taxi-licensing framework in 2009 were designed to encourage competition by addressing issues with supply, thereby making taxi licences more affordable. It is not yet clear what impact these changes are having on the cost of taxi licences (and therefore on taxi fares), and on the distribution of revenue between drivers, operators and licence holders. NCOSS recommends that both IPART and the NSW Government continue to monitor the impact of the 2009 reforms, including any impact on driver earnings. If these reforms fail to

achieve the desired outcome, further changes, including those put forward by the Legislative Council's Select Committee on the NSW Taxi Industry, should be considered.

Conclusions and Recommendations

The taxi industry makes a valuable contribution to the public transport system, and can be an indispensable transport option for people experiencing disadvantage.

For those people who rely on taxis for transport and who do not have access to alternative forms of transport, fare increases can result in additional disadvantage and hardship. For this reason, NCOSS does not support any further increases in taxi fares above the CPI.

NCOSS also recommends that:

- Current fare component relativities should be maintained and flag fall rates should not be increased in an attempt to reduce short fare trip refusals.
- The issue of short-trip fare refusals should be further investigated and other options for managing the issue should be explored.
- The existing \$30 cap for the Taxi Transport Subsidy Scheme should be increased. A broader review of the scheme including administration (particularly the outstanding recommendations from the 2006 Departmental Review of the scheme), the level of subsidy, and eligibility for the scheme should also be initiated.
- The NSW Government should acknowledge the impact of taxi fare increases by committing to a corresponding increase in the budgets for funding programs (such as the Community Transport Program and the Health-Related Transport Program) that utilise taxis to provide transport services.
- In the absence of additional regulatory changes, taxi fares should not be increased to address concerns over driver's wages. Both IPART and the NSW Government should continue to monitor the impact of the 2009 reforms, and should consider further changes to the regulatory framework if the initial changes fail to adequately address concerns over the affordability of taxi licences and the distribution of revenue between drivers, operators and licence holders.

If you would like any further information on the issues raised in this submission please contact Rhiannon Cook, Senior Policy Officer (Transport) on (02) 9211 2599 ext 128 or rhiannon@ncoss.org.au

Yours sincerely



Alison Peters
Director

12th March, 2012.