



Council of Social Service of New South Wales

66 Albion St, Surry Hills NSW
phone 02 9211 2599 fax 02 9281 1968
email info@ncoss.org.au web www.ncoss.org.au

abn 85001 797 137

14 November 2013

Independent Pricing and Regulatory Tribunal
2014 Review of Taxi Fares and Licences in NSW
ipart@ipart.nsw.gov.au

Dear Sir or Madam

**RE: Review of maximum taxi fares and review of annual Sydney taxi licences
from July 2014**

The Council of Social Service of NSW (NCOSS) thanks you for the opportunity to comment on the 2014 Review of Taxi Fares and Licences in NSW.

NCOSS is a social justice advocacy organisation and is the peak body for the social and community services sector in New South Wales. We work with our membership, comprising a vast network of service delivery and consumer groups, on behalf of disadvantaged people and communities in New South Wales.

Taxis and Transport Disadvantage

Taxis are often perceived to be a luxury item, yet for many people – such as people with disability and older people with limited mobility – they are the only form of transport that is available to them. For example, in a survey of Taxi Transport Subsidy Scheme recipients conducted in 2012, one third of respondents said that taxis were their only transport option¹. People with low-incomes who cannot afford to own a car may also use taxis for essential journeys. In areas where public transport services are minimal or non-existent, taxis can play a particularly important role. This is the case in many parts of rural and regional NSW where taxis can be a means of accessing health services, social support and basic necessities.

For those who rely on taxis as their only form of transport, affordability is a major concern. A survey of clients of the Home Care Service in Northern Sydney conducted in 2004 sought to discover why clients did not use various forms of transport. Of the 4000 respondents, 61% said their use of taxis was restrained by expense².

¹ Northern Rivers Social Development Council (2013) *TTSS: The Shrinking Circle*. Available from http://www.nrsdc.org.au/images/newsletter/May13/The_Shrinking_Circle_for_web.pdf

² Denmark, David (2007) Local and community transport: A mobility management approach?. In *No way to go: Transport and social disadvantage in Australian communities*, edited by Currie, Graham; Stanley, Janet; Stanley, John. Melbourne: Monash University ePress. pp. 15.1–15.13. DOI: 10.2104/nwtg0715.

In commenting on the specific issues raised in IPART's Discussion Paper, our interest is therefore in ensuring taxi fares are made as affordable as possible. We have provided responses only to those questions relating to the experience of taxi services from the perspective of customers; specifically those customers experiencing some form of disadvantage.

What are your views on our proposed approach to developing recommendations for fares and licences from July 2014?

In making its determination on taxi fares and new licences, IPART must balance the need to avoid unreasonable impacts on existing licence holders against improved affordability for passengers and easier entry into the market for drivers and operators.

We agree with IPART's assessment that historically, the impact on licence holders has outweighed other considerations. This has led to circular feedback between licence costs and fares that has artificially inflated the cost of taxi services. We also note that many taxi drivers are likely to be low-income earners, and that efforts to enable them to enter the market via purchasing a licence will provide greater income and job security.

Taxis are an integral part of the public transport system, providing an essential service to many people. Our view is that this service should not be compromised in order to preserve historic investment returns at unreasonably high rates. We therefore support IPART's proposal to model changes to fares and licences based on a 25% reduction in licence lease costs over five years.

Recommendation 1: An approach to fares and licences modeled on a 25% reduction in licence lease costs over five years should be adopted.

How should we translate the aggregate number of licences modelled in the fare and licence scenarios to a recommendation for 2014/15?

IPART presents four scenarios for fares and licences in its Issues Paper, each with different impacts on fare affordability, waiting times and occupancy rates. As stated above, the cost of taxi services is the main barrier to taxi use for people with low, fixed incomes who rely on taxis as their only form of transport. As such, we consider that affordability should be the primary goal, and that Scenario 4 should therefore be adopted.

Recommendation 2: Affordability should be the primary goal in determining taxi fares and licences, and Scenario 4 should therefore be adopted.

Although the NSW Taxi Transport Subsidy Scheme (TTSS) is not formally connected to the process used to determine taxi fares, the decisions made here will impact the users of this scheme. Over the last 14 years, steady and significant increases in the cost of taxi services have eroded the value of this scheme, which has not been increased since 1999.

IPART has previously recommended increasing the Scheme's \$30 cap³, as did the

³ This recommendation was made in the 2008, 2010 and 2011 IPART Taxi Fare Reviews.

Select Committee on the NSW Taxi Industry's Inquiry into the NSW Taxi Industry⁴. The affordability of taxis continues to be a concern for TTSS users, and is an issue raised through many of our stakeholder forums. In late 2012 we conducted a survey of TTSS participants together with the Physical Disability Council, Spinal Cord Injuries Australia and the Northern Rivers Social Development Council. Of the 117 respondents, just over half reported spending between 11-50% of their income on taxis⁵. Research conducted by Transport for NSW confirms that affordability is the main barrier preventing TTSS participants from using taxis as much as they need to or would like to⁶. More affordable taxi fares will improve the value of the TTSS subsidy, but as stated above the current cap has not been increased in 15 years despite significant increase in taxi fares in this same time period. We therefore ask that IPART reiterate its recommendation that the TTSS subsidy be increased.

Recommendation 3: *IPART should reiterate its recommendation that the TTSS subsidy be increased.*

What are your views on extending licence reforms to urban areas outside Sydney?

We strongly support changes to licensing arrangements in urban areas outside Sydney that will lead to downward pressure on fares.

Recommendation 4: *Changes to licensing arrangements that will lead to downward pressure on fares should be extended to urban areas outside Sydney.*

What are your views on extending licence reforms to country areas? What approach should we take to fares in country areas from July 2014?

In many country areas, public transport is limited or even non-existent. In these areas a larger segment of the population may therefore be reliant on taxis. In addition, the population in regional areas is ageing more rapidly than in urban areas.⁷ This will likely mean a corresponding increase in the number of older people who can no longer drive, and who therefore depend on taxis in order access essential services and participate in society.

Current arrangements in rural and regional areas mean that it is less likely that new licences are bought up, with new entrants to the market most likely to have purchased a perpetual licence on the secondary market. This drives up licence values, lease costs and fares, while not delivering any service improvements. This is not an acceptable situation and impacts disproportionately on people experiencing disadvantage who are dependent on taxis for day to day living.

We therefore strongly support changes to licensing arrangements, in line with those in

⁴ Select Committee on the NSW Taxi Industry (2010) Inquiry into the NSW Taxi Industry. Available from [http://www.parliament.nsw.gov.au/prod/parlament/committee.nsf/0/1d2003f0722bef88ca257735001a4b5c/\\$FILE/1006%20Final%20report.pdf](http://www.parliament.nsw.gov.au/prod/parlament/committee.nsf/0/1d2003f0722bef88ca257735001a4b5c/$FILE/1006%20Final%20report.pdf)

⁵ Northern Rivers Social Development Council (2013) *TTSS: The Shrinking Circle*. Available from http://www.nrsdc.org.au/images/newsletter/May13/The_Shrinking_Circle_for_web.pdf

⁶ Stancombe Research & Planning (2013) Wheelchair Accessible Taxi Customer Research, conducted for Transport for NSW.

⁷ NSW Government (2001) *Whole of Government Ageing Strategy Ideas Pack*. Available from http://www.adhc.nsw.gov.au/_data/assets/file/0012/241122/Ageing_strategy_ideas_pack.pdf

metropolitan areas, that will lead to downward pressure on fares in country areas.

Recommendation 5: *Changes to licensing arrangements that will lead to improved market entry rates, more licences in operation and downward pressure on fares should be extended to country areas.*

Should the hiring charge be increased in combination with a reduction in the distance (per km) and waiting time (per hour) charges?

In previous submissions we have highlighted the issue of short trip fare refusals⁸. Our stakeholders report that some taxi drivers refuse to take passengers for short journeys even though they are prohibited from doing so. Research conducted in 2004 suggests that this problem is not uncommon, with 23% of Home Care Clients surveyed in North Sydney nominating short trip fare refusal as a reason for not using taxis⁹.

While increasing the hiring charge may make short trips more attractive to taxi drivers, any potential benefits to customers may well be outweighed by the fact that these trips will become less affordable. This is likely to adversely impact people – particularly those with limited mobility – who rely on taxis in order to access local services and health appointments.

NCOSS therefore does not support changes to the fare structure that would make shorter trips relatively more expensive. Rather, we believe the issue of short fare trip refusals should be further investigated and that other options for managing the problem should be explored.

Recommendation 6: *The base hiring charge should not be increased relative to other fare components.*

Recommendation 7: *The issue of short fare trip refusals should be further investigated and other options for managing the problem should be explored.*

WAT Taxis and the NSW Taxi Transport Subsidy Scheme

The *Disability Standards for Accessible Public Transport (2002)* require that the response times for accessible taxis be the same as for other taxis. While there has been some improvement in response times in recent years, people requiring an accessible taxi are still likely to experience longer wait times.

In order to reduce wait times for accessible taxis, the *Transport for NSW Disability Action Plan* commits to continuing to identify opportunities to increase the number of WAT licences.

The annual release of new licences does not directly affect the number of WAT licences, which are available on request at any time. However, changes to the number and value of new licences will impact the relative value of the incentives currently in

⁸ NCROSS (2012) Submission to 2012 Review of Taxi Fares in NSW. Available from <http://www.ncross.org.au/resources/120312-IPART-review-of-taxi-fares.pdf>

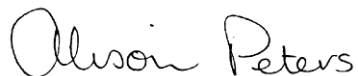
⁹ Denmark, David (2007) Local and community transport: A mobility management approach'. In *No way to go: Transport and social disadvantage in Australian communities*, edited by Currie, Graham; Stanley, Janet; Stanley, John. Melbourne: Monash University ePress. pp. 15.1–15.13. DOI: 10.2104/nwtg0715.

place to promote the take-up of WAT taxi licences. We therefore ask that IPART monitor the number of WAT taxis as a percentage of the fleet. If there is no improvement in the availability of these taxis, further action should be taken. Given the complexities of the taxi industry, it may be that an information campaign is required to ensure that those interested in entering the market fully understand how WATs work and the benefits of taking up a WAT licence.

Recommendation 8: IPART should monitor the number of WAT taxis as a percentage of the NSW taxi fleet and if there is no improvement in the availability of WAT taxis should recommend further action be taken by Transport for NSW, including consideration of an information campaign.

Thank you again for the opportunity to provide input into the 2014 Review of Fares and Licences. 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 email rhiannon@ncoss.org.au

Yours sincerely



Alison Peters
Chief Executive Officer