

Point to point transport

The NSW Government response to the taskforce report

In November 2015, the independent Point to Point Transport Taskforce provided the Government its report with 57 recommendations on how to improve the point to point transport industry, which includes taxis, hire cars and emerging services such as ridesharing.

The NSW Government's response to the report will legalise rideshare services and modernise regulation for point to point services to provide more opportunities for all drivers along with stronger safety mechanisms, better competition and choice for customers.

The response also includes assistance for parts of the industry, which will need to adjust to the new regulatory and market changes.

A new regulatory framework

The Taskforce recommended:

A new regulatory framework for point to point transport services that:

- > Focuses on outcomes and innovative service delivery.
- > Distinguishes between booked services (with a booking record) and taxi services hailed or hired from a rank.
- > Makes taxi and booking companies accountable for ensuring services are safe.



NSW Government response:

The new regulatory regime allows rideshare drivers to operate legally, provided they get a hire car driver authorisation and have a business registration for their car. The new model also focuses on customer and driver safety and will reduce red tape and costs for service providers. This will encourage new and innovative services that will better meet the needs of individual customers.

The NSW Government will maintain current standards for safety and security, but industry will be better able to decide the best and most cost-effective means of meeting those standards. Taxi and booking companies will be accountable for ensuring their services are safe. For the first time these companies will have a duty to ensure services are safe.

A new dedicated regulator and graduated penalty regime will be introduced – the toughest regulator the NSW transport industry has ever had – to promote a culture of safety.

What is the difference between booked services and rank and hail taxi services?

Taxis caught from a rank or hailed in the street are anonymous, and so additional security measures, such as security cameras, are necessary. Booked trips come with a record of the journey and so have different safety requirements. Only taxis will be able to provide rank or hail services and there will be strict enforcement of safety standards.

Why do we need to change?

The current prescriptive regulations increase the cost of delivering services and limit the ability of existing industry participants to innovate in response to customer demand.

Under the changes, all industry participants will be obliged to ensure their services are safe. The law will assign clear accountabilities to ensure services meet the safety and security standards. Providers will have more flexibility in making their services safe.

How will the new framework be implemented?

To bring in the new safety framework, the NSW Government will introduce a Bill to Parliament in 2016.

Competition, quality and supply

The Taskforce recommended:

- > Removing restrictive requirements for booked services – for example, vehicles won't need to be licensed to operate in a particular area, restrictions on the kinds of vehicles will be lifted and the companies providing the service will set fares.
- > Stopping the regulation of the quality of services, with industry to be responsible for customer service and other quality issues.
- > Creating legislation to remove existing perpetual taxi licences, and not growing the number of non-wheelchair accessible taxi licences in Sydney for four years.

NSW Government response:

We're removing restrictive regulations for services booked by customers. This reform will create a more level playing field by stripping back unnecessary red tape which has been adding to costs and stifling innovation.

From day one, we're removing more than 50 pieces of unnecessary regulation. This will free up the industry to focus on providing quality services for customers.

By 2019, these reforms will deliver more than \$30 million a year in red tape savings, shorter waiting times and more innovative services. They will increase demand for point to point services, creating new opportunities for existing industry participants to grow their businesses and more jobs in the future.

What about taxi and hire car licences?

A special licence like a hire car licence will not be required for any booked service. This will immediately cut costs for existing hire car operators and make it easier for the point to point transport industry to provide new services. Booked services won't have to operate in particular geographical areas and will be able to accept bookings for journeys anywhere in NSW.

For taxis, the NSW Government has accepted the Taskforce's recommendation to stop the release of perpetual licences. In Sydney, the NSW Government will stop the release of growth taxi licences in Sydney for four years to help the industry adjust. However, the NSW Government has not accepted the recommendation to create legislation to remove existing perpetual taxi licences, as this would significantly affect the rights of taxi licence owners.

For other areas of the state, the NSW Government will introduce a Bill to allow the release of annual licences in the future, similar to arrangements that have been in place in Sydney since 2009.

What will happen to fares?

Like current hire cars and tourist services, fares for all booked services (including in taxis) will be unregulated. This means companies will be able to set their own fares for booked trips. Customers will need to agree on fares before bookings are confirmed, but a rate and estimate of the total fare will be provided.

The NSW Government will continue to set maximum fares for taxis caught at a taxi rank or hailed on the street. As is the case at the moment, companies can charge less than the maximum fare. Well informed customer choices can influence fare offerings. There will be no immediate changes to maximum taxi fares, which will also continue to apply to Taxi Transport Subsidy Scheme trips in the short term.

Adjustment assistance

The Taskforce recommended:

- > Providing assistance to owners of perpetual taxi licences to help them adjust to the changes in the regulatory framework, with additional assistance for those most adversely affected.
- > Providing practical assistance for industry, such as education and guidance.
- > Developing a public education campaign about the changes for customers.

NSW Government response:

A \$250 million industry adjustment assistance package to provide assistance to perpetual licence owners to adjust to changes in the regulatory framework for booked services and a more competitive market. This includes:

- > Transition assistance of \$20,000 per perpetual licence, for up to two licences, for taxi licensees who obtained a licence before 1 July 2015, to help them adjust to a more competitive market.
- > An industry adjustment fund of up to \$142 million for taxi licensees facing hardship as a result of the changes.
- > A buy back scheme for perpetual hire car licences, reflecting the fact that – unlike taxi licences – these licences will have little or no value going forward.

This means that more than 90 per cent of licensees who own only one or two licences will receive structural adjustment assistance payments of \$20,000 for each licence. This structural adjustment assistance is subject to legislation giving effect to the reforms being passed by the NSW Parliament.



What other assistance is available?

In addition to the adjustment assistance package, the NSW Government is providing a range of other support measures to taxi licensees and operators, including:

- > \$3 million for the Office of the NSW Small Business Commissioner to provide a range of business advisory services to taxi operators, to help them to adjust to the new operating environment and make the most of new opportunities.
- > \$15.5 million per year additional funding to support the delivery of safe and reliable wheelchair accessible taxi services to customers who rely on them.

How will this package be funded?

The cost of this assistance will be recovered through a levy on all point to point transport providers, equivalent to \$1 per trip for five years. It will be up to service providers to decide whether or not they choose to pass on this cost to their customers.

Why provide adjustment assistance?

The decision to remove most NSW Government requirements for booked only services will impact on taxi licence values as there will be increased competition for those services. The Government is providing structural adjustment assistance to help licence owners adjust to these changes.

What isn't changing?

The reform package does not change the legal rights of taxi licence owners. Taxi licences give taxis the right to service the rank and hail market, which accounts for around 70 per cent of taxi work in Sydney. This means taxi licences will continue to have a significant value in the future.

Transport access and inclusion

The Taskforce recommended:

- > Exploring opportunities to better target subsidies and incentives for improved services for customers with disabilities. Replacing universal service obligations (USOs) with explicit and targeted measures to support different customer groups, where required.
- > Introducing arrangements to release a small number of annual taxi licences that can be used anywhere in the state outside of Sydney.

NSW Government response:

The NSW Government is committed to ensuring wheelchair accessible services are available and affordable for customers who need them. That is why the NSW Government will be committing \$15.5 million a year to support wheelchair accessible services, including:

- > Raising the Taxi Transport Subsidy Scheme cap from \$30 to \$60 per journey. Increasing the wheelchair accessible taxi (WAT) driver incentive payment from \$7.70 (ex GST) to \$15.
- > Reducing WAT licence fees in metro areas to zero (in line with the rest of NSW).
- > Expanding the current WAT interest free loan scheme to help get more WATs on the road.
- > Subsidising the cost of a central booking service for WATs in Sydney, saving businesses that provide these services \$2,130 per year.



The NSW Government has also accepted the recommendation to better target subsidies and incentives for improved services for customers with disabilities. This review will be a priority for Transport for NSW in the coming year.

What about community transport?

The community transport sector provides critical point to point transport services for thousands of customers across the state. The NSW Government will work with them to adapt to these reforms.

As is the case today, community transport organisations will continue to be responsible for ensuring their services are safe and that their drivers have passed background checks.

These reforms will also allow community transport operators to provide a range of new booked point to point services as long as they comply with contract requirements.

What do the reforms mean for regional areas?

Taxis provide essential transport services in rural and regional NSW. These reforms help reduce cost and red tape for taxis in regional areas and will help make taxi businesses sustainable by allowing them to be more flexible about how they do business.

These reforms will also open up more choice for regional customers with new types of booked services likely to become available. Fewer restrictions on what services can be provided will encourage innovative new services that better meet the needs of individual customers.

Additionally, the NSW Government has accepted the Taskforce's recommendation to introduce annual taxi licences outside of Sydney. A Bill will be brought to Parliament in the New Year to give effect to this decision.