

Tabled Mr Tudely  
16/11/27

## POINT TO POINT TRANSPORT (TAXIS AND HIRE VEHICLES) AMENDMENT BILL 2022

### STATEMENT OF PUBLIC INTEREST

#### **Need: Why is the policy needed based on factual evidence and stakeholder input?**

Since 2015, in response to the Point to Point Transport Taskforce Review, the NSW Government has delivered customer-centred and outcome-focused reforms to enable a more adaptive, innovative and competitive market for the point to point transport industry, resulting in both customer and safety benefits. The NSW Government paid out more than \$145 million to assist industry transition to the new regulatory arrangements.

The *Point to Point Transport Independent Review 2020* (Independent Review) was tasked with considering whether, following the post 2015 reforms, there was a need for further structural adjustments to ensure the long term viability of the sector and to realise positive customer outcomes. It also considered whether there was any need for further financial assistance to the industry.

The Independent Review found that the higher costs inherent in the existing model of tradeable and leasable taxi licences, including the common separation of the licence owner from the business that operates the licence, combined with the cap on supply, means that taxis struggle to compete with a largely deregulated and uncapped booked sector, including hire cars and rideshare. Removing these costs and restrictions would free up the taxi industry to provide a wider range of flexible offerings to passengers.

The further reforms to taxi licensing will remove all remaining value from existing taxi licences, and because of this further financial assistance is being provided to taxi licence owners. The total value of the new assistance program is \$760 million. The assistance scheme will be funded by an extension and increase of the Passenger Service Levy which is already in place for the point to point transport industry.

#### **Objectives: What is the policy's objective couched in terms of the public interest?**

The reforms will enable a competitive and innovative taxi industry that is better able to compete with the booked sector of the point to point transport market.

#### **Options: What alternative policies and mechanisms were considered in advance of the bill?**

The *Point to Point Transport (Taxis and Hire Vehicles) Act 2016* needs to be amended to deregulate the supply of taxi licences, remove operating areas, deregulate rank and hail taxi fares, establish transition arrangements for taxi businesses and a financial assistance scheme for taxi licence owners.

Without these reforms, taxis would continue to be restricted in their ability to respond to customer demand.

#### **Analysis: What were the pros/cons and benefits/costs of each option considered?**

The Independent Review found that although there have been improvements in customer satisfaction since the 2015 reforms, the previous reforms have not enabled taxis to compete effectively with rideshare.

Making licences available on demand will facilitate increased competition in the broader point to point transport market. The deregulation of rank and hail taxi fares will mean that service providers

will be able to compete on price, as well as quality and other service features. As a result of these changes, it is expected customers will benefit from lower fares and greater choice.

**Pathway: What are the timetable and steps for the policy's rollout and who will administer it?**

The Bill provides for a staged commencement process, to prioritise getting financial assistance payments to current owners of ordinary taxi licences.

Transport for NSW will administer the financial assistance scheme for taxi licence owners, and the Point to Point Transport Commissioner will facilitate the transition to the new licensing arrangements for taxi business.

The impact of the changes to the supply of taxi licences will be considered before any changes to fares are introduced. The Independent Pricing and Regulatory Tribunal (IPART) will be asked to make recommendations about fares to guide taxi service providers when setting their own fare schedules and to enable customers to compare fares.

**Consultation: Were the views of affected stakeholders sought and considered in making the policy?**

The Independent Review consulted widely with industry participants and customers, including through group consultation sessions with more than 100 participants, one-on-one interviews, on-line surveys (including a general survey open to anyone, as well as surveys of local councils and taxi service providers in regional areas), and by inviting submissions. Details of the consultations are included in the Report.

After the NSW Government announced its response to the Review, Transport for NSW consulted with the taxi industry about proposed transitional arrangements and the financial assistance scheme for the taxi industry. The feedback gathered through this consultation process helped inform the final design of the transitional arrangements and the financial assistance scheme.