

Submission  
No 39

## INQUIRY INTO NSW TAXI INDUSTRY

**Organisation:** The Australian Hotels Association  
**Name:** Ms Sally Fielke  
**Position:** Chief Executive Officer  
**Date received:** 22/01/2010

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Office  
of the Chief  
Executive Officer

22 January 2010

The Director,  
Select Committee on the NSW Taxi Industry  
Legislative Council, Parliament House  
Macquarie Street, Sydney NSW 2000

*Ref: JRG/SH-all/govt/taxi*

Dear Director,

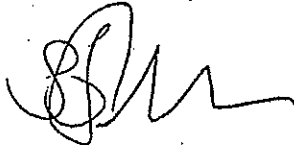
**RE: INQUIRY INTO THE NSW TAXI INDUSTRY**

Thank you for the invitation to make a submission to the NSW Legislative Council's Select Committee on the NSW Taxi Industry.

The Australian Hotels Association (NSW) believes that efficient public transport systems including Taxis are an essential component in moving tourists, patrons and commuters in and around Sydney, and to and from our hotels. It is also an important component in reducing crime and anti-social behaviour caused when transport systems fail to move people away from entertainment precincts at the end of an evening.

**Attached** please find our submission for your consideration. Should you have any questions or require further information, please do not hesitate to contact Mr. John Green on \_\_\_\_\_ or email \_\_\_\_\_

Yours faithfully,



**SALLY FIELKE**  
Chief Executive Officer

**Att.**

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**Submission to the  
NSW Legislative Council's  
Select Committee  
on the Taxi Industry**

**1.0 Opening remarks**

1.1 AHA (NSW) represents some 2000 business undertakings in NSW, ranging from small country pubs and large metropolitan taverns to four and five star accommodation hotels and resorts, all of which are key players in the nation's tourism industry.

**2.0 AHA (NSW) Contacts**

2.1 Our primary contact, for the purposes of the Inquiry is:

Ms Sally Fielke

2.2 In her absence, our replacement nominee is:

Mr John Green

**3.0 Issues of Concern to AHA (NSW) and our members**

3.1 It is pertinent to note, in relation to Ms Rhiannon's motion in the Upper House and the broader Terms of Reference for the Inquiry, that we have no knowledge of actual or perceived corrupt conduct associated with the taxi industry, nor that there is a lack of transparency and appropriate accountability mechanisms. We will thus not comment on those points.

3.2 AHA (NSW) is concerned purely with taxi service-related issues and the impact of those on our members, their patrons, guests or visitors and, in many instances, on the communities in which our members operate their business undertakings. The provision of appropriate passenger transport including buses, trains and taxis to move people to, from and around key business, tourist and community areas within NSW is a key component in ensuring the safety and amenity of these areas, and providing a seamless and enjoyable experience for patrons and tourists alike.

3.3 Taxi industry issues which are related to, and are of concern to the hotel industry all fall under two of the Inquiry's Terms of Reference, i.e.,

“(c) the effect of limits on the supply of unrestricted taxi licences in NSW, particularly as it impacts on customer service” and,  
“(l) other related matters”.

3.4 For ease of reference, we raise each issue under separately numbered and titled headings below.

#### **4.0 Taxis – The favoured form of public transport**

4.1 During this or any review of the taxi industry, there must be underlying acceptance, when addressing service delivery issues and determining a suitable level of taxi coverage, that these days there is a noticeably increasing trend amongst many in society toward taxis as opposed to general public transport such as buses or trains. This applies especially to young people.

4.2 Even when those other forms of public transport are convenient and readily available, people are often demanding of a more personal and convenient form of conveyance. Our members report

that patrons often prefer to wait on a street for inordinately long periods until eventually they are able to secure a cab.

4.3 Whilst difficult to completely solve all the demands or service delivery issues, especially at peak periods, there are a number of initiatives that can be taken to alleviate present failings in service delivery and we are putting those forward in this submission for consideration and in the hope that even after this Inquiry there will be further opportunities, in discussions with Government and industry representatives, for AHA (NSW) to advance various suggestions for improvements.

#### **5.0 Taxi shortages at traditional driver 'change-over' times**

5.1 The most common complaint against the NSW taxi industry concerns the near industry-wide standard of driver shift change-over times at 3pm and 3am. We understand that these times have become custom and practice over many years so as to provide drivers with a relatively even spread of revenue, i.e., the good times and the not so busy times are encompassed in each shift.

5.2 To our industry and to the City of Sydney, the disastrous affects brought on by the two common change-over times are an embarrassment and to our customers, including overseas visitors, it is an inconvenience that they do not understand or accept.

5.3 Despite taxi industry claims (that have constantly been expressed in the past) that the change-overs cause little, if any disruption, the hands-on experience of hotel industry operators in city and other high density areas is that they do.

5.4 The blanket 3pm change-over takes taxis out of the city and all at much the same time. It creates difficulties for the travelling public and especially related to our industry, it is a nightmare to get patrons to and from accommodation hotels, to tourist spots and to airline connections. Anecdotal

evidence indicates that drivers are refusing fares from 2pm onwards if the desired destination is not in the general direction of their change-over location.

5.5 The 3am changeover is even more problematic and creates a dearth of vehicle availability between a much wider span of hours and most noticeably between the hours of 1.30am to 4.30am. This is when vehicles head to suburban bases, are often washed and cleaned and re-fuelled, get a change of driver and then return to the central areas of demand, if they actually ever get to return. This wider span of hours also clearly reveals that drivers often have little desire to return to those areas of peak demand, preferring to rely on suburban pick-ups and destinations.

5.6 We have considered a raft of suggestions that have been proposed by various members from time to time to address the change-over situations. Most suggestions are well-intentioned but would be relatively ineffective and not result in sufficient number of vehicles to meet patron demand. Most would also be impossible to enforce and thus, no effective change would result.

5.7 For example, we are aware that there would be obvious logistical difficulties imposing driver change-overs in the same areas where peak demands occur (e.g., the city or Kings Cross), although it would ensure that vehicles were out of service for only a very short time. Similarly, if conditions were to be imposed on individual operating licences to stipulate the hours when each vehicle was required to be on the road and stagger change-over times, that would unfairly disadvantage drivers required to work in non-peak periods. Or, to change the most problematic 3am change-over time to say 5am would alleviate many of early-morning difficulties but would create chaotic shortages at the opposite end of the shift at 5pm on weekdays.

5.8 The major shortage problem occurs because of the 3am change-over on weekends, between the hours of 1.30am to 4.30am on Saturday and Sunday mornings. It would be possible for

**Government to amend existing taxi licence conditions to mandate that change-overs on those two days be at 5am (and 5pm, if 12 hour shifts are to be retained across the board).**

5.9 If the above propositions do not find favour, then all new / additional taxi licence conditions could dictate alternative permissible change-over times or the hours a particular vehicle must be on the road. However, it is acknowledged that this would have far less useful and immediate impact than amending weekend change-over times.

**5.10 To even further address the shortage of taxis during peak periods, when there is clearly huge demand and thus a readily available and attractive income source for taxi drivers, the introduction in Sydney of licensed 'Peak Period Taxis' should be trialled for at least a 12 month period.**

NB A similar scheme in Perth, WA has been a success and yielded positive benefits for taxi customers. It provided additional taxi capacity during Perth's peak 5am to 9am timeslot on weekday mornings.

5.11 'Peak Taxis' in Sydney could be private vehicles, checked and certified as meeting specified mechanical and appearance standards, required to operate from areas of peak demand, not be attached to the traditional radio networks (so fares could only come from waiting passengers in such areas). These cars would require little more than a moveable illuminated 'Peak Taxi' sign and a time-based fare meter.

5.12 Because most people generally travel in small groups (especially to social gatherings and during the overnight peak times), it is our suggestion that licences for 'Peak Taxis' only be granted to people-mover type vehicles with a capacity for at least 6 passengers plus the driver. At other times, the same vehicles could be used as the family car or in other small business undertakings. We address the need for maxi-taxis further under para 7.0.



5.13 Whether these vehicles be granted limited licences or full-blown operational opportunities, remains a matter for further discussion and consideration. If initial trials in Sydney proved of benefit to the travelling public, as they no doubt will, the scheme for 'Peak Taxis' could easily be extended to other times of the week, as dictated by need and that would be one fair, gradual and commercially feasible way of moving from limited to full licensing of these vehicles.

#### **6.0 Offering an incentive – late night surcharge**

6.1 Our experience tells us when patrons are anxious to get home they would happily pay an additional surcharge (for example \$5.00 per vehicle) to ensure the ready availability of a cab during what is now the period associated with the 3am change-over.

6.2 Whilst we prefer some other suggestions made in this submission to alleviate the difficulties caused by the 3am change-over, if none of them are found to have practical application, then perhaps an incentive of \$5.00 per trip (not per head) would be sufficiently attractive to encourage more drivers to provide a service between 1.30am and 4.30am (or during a slightly longer spread of hours).

#### **7.0 Limited availability of larger passenger carrying vehicles and the challenges of patron migration**

7.0 One of the challenges which needs to be addressed and solved is how to adequately move people from areas where large numbers congregate. This occurs at various times in the CBD and in suburban commercial centres at close of business, at the end of Thursday night shopping, after major events and sporting fixtures and far more regularly (on every weekend) in high density areas in the middle of the early morning (1.30am to 4.30am) traditional change-over period when many people are ready to go home and during which time a majority of licensed premises cease trading.

7.1 Whether they be the slightly larger 'Maxi Taxis' or medium sized domestic people movers, there is a need for more of that type of vehicle to be in service as taxis in Sydney and suburbs.

7.2 Hotel industry experience shows that in many instances, and more noticeably in social settings, people move in small groups. The present majority of sedan-type taxis, with limits of a maximum of four (4) passengers do not adequately cater for present demands.

7.3 As suggested in Section 5.10 where we highlighted an arrangement to introduce 'peak period taxis' and suggested they should be 'people-mover' vehicles, we would reinforce this by submitting that any new taxi licences, granted under any scheme, should only be attached to vehicles of large passenger carrying capacity, i.e., at least 6 passengers plus the driver.

7.4 The immediate benefit, especially in peak periods, will be the ability to potentially move double the number of people, to the same or similar destinations. People-movers and similar, enjoy passenger car ANCAP safety-ratings and the same driver comforts as the more traditional taxis that are sedans.

7.5 This scheme and a greater availability of larger vehicles would provide Sydney with immediate and much improved transport infrastructure and would receive both wide acceptance and public acclaim, especially when combined with an increase in the number and usage of taxi ranks.

7.6 It is worth pointing out that the dispersal of larger numbers of persons by providing timely and adequate transport options at major events and in entertainment precincts (and other principle locations) reduces anti-social behaviour, other random acts of malicious damage and noise and provides much welcomed community benefits in these areas.

7.7 More efficient and effective patron migration also has the ability to reduce the need for 'on the beat' police resources or other crowd control and security measures and generates far less rubbish thus lessening the cost of local council clean-ups of the streets.

#### **8.0 Other options for better servicing areas of high demand**

8.1 One other option which we raise for closer consideration, is one also developed to achieve greater passenger movements in the shortest possible timeframe.

8.2 Existing private bus and coach operators, as well as local Liquor Accords, should be given the right to operate 'courtesy buses' at peak times from designated areas, where passengers pay a fee upon entering the vehicle and the buses, of varying carrying capacity, are able to pick up and set down passengers at convenient locations along defined routes and with set destinations. An alternative transport scheme somewhat similar to this has recently been introduced in the Manly area but it is too early to properly assess its success.

8.3 While such a scheme would be in direct competition to existing taxi services, if marketed properly and operated efficiently with attractive and modern vehicle stock, it could considerably reduce the insatiable demand for taxis and would release existing taxis to operate longer haul journeys.

8.4 As a device to encourage taxis to more willingly service entertainment areas, it is further suggested that the same \$5.00 per journey surcharge (canvassed in para 6.0 of this submission) could also be used as an incentive to attract more taxis into areas of high demand.

8.5 Clearly, these high demand areas would need to be pre-defined and well publicised but in Sydney they could conceivably include, the Darling Harbour and King Street Wharf precincts, The Rocks,

Kings Cross, Oxford Street (from Whitlam Square to Taylor Square), Manly and Coogee to name the obvious ones — and there will no doubt be more.

**Other related matters:**

**9.0 Industry standards** — As a general observation and as frequent users of taxi services in the city and suburbs, our over-arching view of the present state of the taxi industry is that the standard of both vehicles and drivers has noticeably improved (over the last decade or so). But, in recent times there has been somewhat of a deterioration in driver competency particularly in regard to poor English language comprehension and less than adequate knowledge of relatively popular and established localities. This clearly impacts on the quality of service and on the perception and acceptance of the taxi industry as a whole and we discuss this further at para 11.0 .

**10.0 A need to address potential claims of a 'Flood of De-regulation'** — It is instructive to note that although Governments have implemented various taxi industry reforms including the issue of additional taxi plates over the years, and other changes are in the pipeline including renewable taxi licences, such changes have always been designed to be introduced in a gradual, phased and sustainable fashion and were often more administrative in nature than practical in application.

**10.1** Because of this, past changes have had minimal impact, not offered transport improvements to the travelling public and certainly not kept up with demand. As such, AHA (NSW) believes it is now time to grasp the nettle and make some more dramatic and worthwhile changes — changes which have the majority of community and user support.

**10.2** We make this submission as an association in an industry which has been the subject of deregulation. Changes have been felt (and will continue to be felt) by our industry with the

introduction of restrictions on the service of liquor and legislation which gave rise to the advent of new forms of competition. But we are not alone.

10.4 Other major changes have had an impact on various flagship industries. For example, the deregulation that occurred in the milk industry, or that which was foisted upon egg producers and those introduced with the freeing-up of the issuance and allocation of tourist vehicle (TV) plates in NSW several decades ago. All had an impact which was deleterious to some. However, those industries all survived and individual businesses within them remain viable propositions.

10.5 Some collateral damage may well be experienced as a result of major changes in the taxi industry but the needs of customers in any service industry must be of paramount importance. A service industry must at all times be operated in the most optimally efficient manner so as to be responsive to the needs of its client base. Our industry experience is that good operators will survive even when circumstances are changed beyond their control.

**11.0 Drivers & geographic knowledge** — The difficulties caused by a lack of locality knowledge amongst many drivers in Sydney and suburbs these days seems to be somewhat ameliorated by their use of GPS guidance devices. In discussing these issues with a number of hotel operators when preparing this submission, we were advised that more and more taxi drivers —after asking passengers to spell the street and suburb names of their destination — are then typing the dictated information onto a navigation device touch screen while the taxi is already in motion. This recent but increasingly common habit of data entry while a vehicle is mobile is disconcerting to many and, for safety reasons, it should be banned in much the same way as the use of handheld mobile phone equipment is illegal unless a vehicle is stationary.

11.1 It is to be hoped that issues of inadequate geographical knowledge may be addressed and rectified to some extent with the introduction of new national Competency Standards for taxi drivers

which were reported to have been agreed by transport ministers at the Australian Transport Council meeting on 6 November 2009. However, in that regard, there apparently remains a question of whether the higher standards are to be applied retrospectively to current drivers.

11.2 We would press all state and territory ministers, and particularly the NSW Minister for Transport, to progress and implement these agreed competency measures without further delay.

11.3 Our observations about drivers using GPS devices whilst taxis are in motion should not be taken to suggest that taxis should not be fitted with GPS systems. Although it is anecdotal, it is worth recording here that one of our member accommodation hotels conducted a small survey of ten (10) taxis drivers — 6 prestige cars and 4 regular taxis — asking them to take a passenger from the hotel to Tetsuya's restaurant. Not one of the ten drivers knew where the restaurant was or had even heard of it. That becomes an embarrassment when international guests want to visit the Number One restaurant in Australia and Number 4 in the world.

11.4 An estimate by the accommodation sector of our industry is that 50% of taxi drivers are unfamiliar with many of the more common Sydney city destinations. Contrast that to London where every London cabbie knows the name and location of every nook and cranny in at least the Cities of London and Westminster. GPS devices have their place and in fact, have become a useful educational tool which should certainly be encouraged in taxis.

**12.0 Customers other complaints** — One of the most constantly heard and aggravating complaints from visitors about Sydney taxis is that, radio-booked taxis just don't turn up, especially if the stated destination is only a short distance away or if the destination is the airport at an 'unfavourable' time of day. Other complaints are that longer distance journeys are refused if the driver is uncertain of obtaining a return fare. These things reflect badly on the image of the industry as well as showing our city in a very poor light.

**13.0 Selective touting & similar scams** — Pre-determined change-over times are often used by drivers as an excuse not to be able to take a fare which may be 'out of the way'. But this is becoming more frequent and not only at change-over times.

13.1 Human nature being what it is we expect this will continue. While we don't have a complete solution, we do offer a way of avoiding 'job picking' in areas of high customer density, such as entertainment precincts and at peak times.

13.2 An increase in the number of taxi ranks in high demand areas, where queuing of both passengers and taxis, and a 'first come- first served' principle for both, will better ensure (as it does now at airports and existing ranks) that selective touting and job picking is reduced. Our suggestion will involve some initial public education.

**14.0 Pedestrian Safety** — We believe that increasing the number of taxi ranks would discourage prospective passengers from rushing out onto roadways in their endeavours to spot an approaching cab and flag one down.

14.1 The importance of pedestrian safety becomes even more paramount when people's regard for rudimentary safety is often overtaken by their anxiousness to get home and by them being in high spirits, or when they are impatient from having to wait for a taxi for an inordinately long period. If passengers knew they would more easily obtain a taxi at a rank, and the location of the ranks were well located and sign-posted, then this very real road safety problem would be greatly reduced.

**15.0 Alternatives to taxis** — Members of the Select Committee will appreciate that AHA (NSW) has wrestled with a number of these issues for many years, in the interests of providing better options for our customers as well as ensuring the amenity and good order of the neighbourhoods in which our

members' businesses are situated. Based on past experiences we are somewhat loathe to recommend or even canvass transport options that may be alternatives to taxis knowing that most people prefer the convenience and prestige of taxi travel against heavier forms of often unavailable public transport.

15.1 However, and whilst we recognise that this Inquiry is to address issues related to the taxi industry, the Inquiry cannot disregard that the assured success of any transport option is to have co-ordination between the various forms of public transport.

15.2 For instance, if bus services were of greater frequency and buses were assembled and started from locations within or very near to entertainment precincts – rather than merely pass through them – then they would become more attractive to more people.

15.3 If late night bus timetables were designed to account for increased and slower traffic flows and greater passenger numbers in entertainment precincts, including Kings Cross, Oxford Street and the various sectors in and around the CBD, bus services would become more efficient and be more attractive. Similarly a better co-ordination of bus destinations with train and night-rider services, would all serve to lessen the demand for taxis.

**16.0 Country and regional areas** — Our members in regional and country areas constantly report that the regulated numbers of taxi licences in rural areas has a negative impact on the provision of sufficient services during periods of higher demand.

16.1 Whilst there is no desire and little need to increase taxi numbers during periods of lower demand, there may be opportunity to consider the option of granting limited licences to suitably accredited persons to operate normally privately registered vehicles as public transport conveyances during pre-determined higher demand hours.



16.2 This proposal, or something similar to what has been proposed in para 5.10 for the 'Peak Taxis' in city areas, could be trialled and refined in a couple regional cities and in one or two country towns on Friday and Saturday evenings and even on occasions of large increases in population, such as during the Tamworth Country Music Festival and the Bathurst Car Races and in snow resorts during the ski season.

**17.0 Concluding remarks** — None of these suggestions by themselves will solve all the issues related to the taxi transport needs of the increasing NSW population. In fact, even doubling the entire existing fleet capacity in Sydney would not likely provide the complete panacea at peak times.

17.1 However, enhancements can and need to be made and government must continually implement improvements to provide at least partial relief. It is our hope that some of the suggestions made in this submission will go some way to addressing certain of our community's present needs and the shortcomings that are an inconvenience and annoyance to so many.

17.3 AHA (NSW) would be pleased to make senior personnel and elected officials available to Government as part of the process of refining or implementing any of the recommendations made in this submission and those stemming from this Inquiry.

**Note:** The following page contains a summary of the recommendations made in this submission.

## Summary of recommendations made in this submission

- **At para 5.8**

Mandating that change-overs on the two weekend days be at 5am to replace the 3am change-over on those days.

- **At para 5.10**

Trialling the introduction of 'Peak Period Taxis' to address the shortage of taxis during peak periods

- **At para 6.0**

Introducing a late night surcharge to encourage taxis into areas of high demand

- **At para 7.3**

Allocating all newly issued taxi plates to only people mover vehicles to increase passenger capacity

- **At para 8.2**

Introducing fare paying 'courtesy buses' operating at peak times from high density areas along defined routes

- **At para 8.4**

Introducing a fare surcharge as an incentive for taxis to service high demand areas at peak times

- **At para 11.0**

Banning the input of data to navigation devices whilst taxis are in motion

- **At para 11.2**

Implementing agreed national competency standards without further delay

- **At para 11.4**

Encouraging the use of GPS navigational devices in taxis to improve service standards

- **At para 13.2**

Increasing the number of taxi ranks in high demand areas to reduce selective touting and job picking

- **At para 14.1**

Increasing the number of taxi ranks in high demand areas to improve pedestrian safety

- **At para 15.2**

Re-arranging late night bus routes and timetables to specifically service peak demand areas

- **At para 15.2**

Better co-ordinating bus destinations with train and night-rider services making them more attractive options and lessening the demand on taxis

- **At para 16.1**

Granting limited licences in regional and rural towns to cater for times of over-demand