

**Submission
No 29**

**INQUIRY INTO REMOVING OR REDUCING STATION
ACCESS FEES AT SYDNEY AIRPORT**

Organisation: NSW Taxi Council Ltd

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NSW TAXI COUNCIL

SUBMISSION BY THE NSW TAXI COUNCIL

Sydney Airport Railway Station Access Fee

This submission is provided in response to the NSW Parliament's General Purpose Standing Committee No 3's call for submissions for the Inquiry into removing or reducing the station access fees at Sydney airport

18 November 2013

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EXECUTIVE SUMMARY

The NSW Taxi Council welcomes the opportunity to provide a submission in response to the NSW Parliament's General Purpose Standing Committee No 3's call for submissions for the Inquiry into removing or reducing the station access fees at Sydney airport

Sydney Airport is a significant economic generator for NSW and Sydney. With an estimated 97,400 passenger movements per day, Sydney airport is one of the major demand generators for the NSW Taxi Industry. Apart from the private motor vehicle, the NSW Taxi Industry is the key provider of ground transport services to Sydney Airport with thousands of vehicle movements per day encompassing services to both the domestic and international terminals.

Taxis also form a major part of the overall customer experience at the airport. The customer service by taxi drivers, which includes drivers having equitable and efficient access to kerbside space for the delivery and pick of passengers, is a critical component of this experience. The efficient operation of taxi services at the airport is also critical to the overall functioning of the airport, particularly groundside operations. Passenger arrival and departures need to occur efficiently to ensure that the airport and its surrounding precinct operate effectively.

The NSW Taxi Industry views the Sydney Airport Rail line as direct competitor. Whilst the Taxi industry acknowledges that affordable and efficient public transport to and from the airport is critical to the overall operation of the precinct, and we are acutely aware of the need to provide high quality services at the most affordable price, the reduction and/or removal of the station access fees will have a direct impact on the viability of the industry overall as it is expected that more passengers would shift from taxi (and other modes of private transport) to trains.

Whilst a reduction in revenues for taxi drivers and operators is not desirable, the concern of the NSW Taxi Council is that it appears that this issue is being considered in isolation to the proposal by the NSW Independent Pricing and Regulatory Tribunal's (IPART) proposal to release in excess of 1,000 new taxi licences on the road in Sydney over the next four years.

The NSW Taxi Council therefore requests that the NSW Parliament's General Purpose Standing Committee No 3 considers this issue in the context of IPART's unrealistic and excessive proposals and ensures that its deliberations take into account the likely reduced demand arising from any reduction or removal of the station access fee at Sydney Airport.

The NSW Taxi Council also asks that the NSW Parliament's General Purpose Standing Committee No 3 considers the financial impact on taxi drivers and operators and assesses the cost benefit of using taxi payers funds that would otherwise be used to subsidise the rail system for this proposal to further improve taxi services at the airport

INTRODUCTION

The NSW taxi industry is a major contributor to the State's public transport system. It provides approximately 170 million passenger journeys each year and it meets customer travel needs right across NSW. It functions as a door to door transport service that operates 24 hours a day seven days a week. The NSW taxi industry also provides services at times when other forms of public transport either significantly reduce service levels or cease operations altogether. Taxis are often the only form of public transport for some members of the community, and they provide essential transport services to some of the most disadvantaged people in the State.

The NSW taxi industry is also a significant contributor to the State's economy, providing employment opportunities for tens of thousands of drivers and operators, network management staff as well as for other industries that rely on economic activity that the NSW taxi industry generates. The taxi industry contributes to the economic generation of the State by connecting people efficiently and effectively for business, education, tourism and essential lifestyle activities.

The NSW taxi industry is made up of a complex array of providers, ranging from the licence owner (the licence being the principal legal instrument to provide a taxi service), through to operators and drivers. A licence owner may own, operate and drive a taxi, where as some elect only to own and be the operator of the vehicle. Some licence owners have chosen to invest in a licence and then subsequently lease the licence to an operator. Authorised taxi networks are the principal means through which taxi services are coordinated. They provide direct booking services to the public and a range of safety and other services to operators and drivers.

The NSW Government does not, unlike other forms of public transport, procure taxi services from the NSW taxi industry. Whilst some financial support is provided to assist disadvantaged members of the community to access taxi services, on the whole the taxi transport system has been created and continues to operate as a consequence of the many people and organisations that have committed capital to invest in the industry. The NSW taxi industry also generates revenue for the NSW Government through the sale of licences and stamp duty on third party licence sales. It also generates other revenues through authorisation fees and indirect taxes.

Sydney Airport is a key precinct for the NSW taxi industry. It is a major travel demand generator with many thousands of taxi trips being undertaken to and from the airport each day. In many cases, taxis make multiple journeys to and from the airport on any given day of the year. As with most major airports, taxis are the preferred mode of travel and are often the first point of contact between a passenger and the culture of the city.

The relationship between the airport and the taxi industry is therefore critical to the efficient functioning of the airport precinct and particularly in generating a positive experience for passengers. It is also a key part of the NSW taxi industry's ongoing viability.

COMMENTS ON THE REVIEW OF THE SYDNEY AIRPORT STATION ACCESS FEE

The following general comments are provided in response to the NSW Parliament's General Purpose Standing Committee No 3's call for submissions on the possible removal or reduction of the Sydney Airport Access Fee.

Impact on Demand for Taxi Services

As the rail line to and from Sydney is a direct substitute for taxi services, it is likely that there will be a shift away from demand for taxis towards the use of the rail system. Currently travel between the city and the airport is comparable in price terms when the two modes are compared on a per passenger basis.

It is considered that the travelling public are relatively price sensitive and therefore whilst a train service will never be able to replace the convenience of a door to door service provided by a taxi, there will nonetheless be a shift away from taxis due to the increase of affordability of train travel to and from the airport.

The NSW Taxi Industry acknowledges that improved affordability is obviously a benefit for passengers and in a broader context, cheaper travel to the airport would be a desirable outcome for the public. It needs to be recognised however that, unlike other modes of public transport, the NSW Taxi Industry does not receive any subsidies from the NSW Government and therefore it must be able to make a reasonable return from the farebox.

The reduction and/or removal of the Airport station access fee will, in real terms, result in the NSW taxi payer providing a higher level of subsidy to Sydney Trains which will result in a further fiscal imbalance between the relative competitive positions of the two modes of transport. In short, it will be difficult for the NSW Taxi Industry to compete with the airport rail line when the latter is so heavily subsidised by the NSW Government.

It is therefore not without merit that the NSW Parliament's General Purpose Standing Committee No 3 consider the financial viability and cost effectiveness of funding increased taxi services, including passenger rebates and quality initiatives, at the airport in comparison to the funds required to reduce or remove the Airport station access fee.

IPART Licence Review Process

IPART has recently released an Issues Paper on the Review of Taxi Licences and Taxi Fares for NSW.¹ The Issues Paper, amongst other matters, is proposing a substantial

¹ IPART Issues Paper on taxi licences and fares dated October 2013

increase in taxi licences for Sydney. In certain circumstances, IPART is recommending that over 1,000 new taxi licences are released in Sydney over the next four years.

It is the strong view of the NSW Taxi Council that the proposals being put forward by IPART are flawed and will have a significantly deleterious effect on the NSW Taxi Industry. The economic and social impacts of these proposals on all levels of the NSW Taxi Industry will be significant and they will result in taxi drivers, operators and owners being financially disadvantaged.

As can be seen in the attached images, there is a significant oversupply of taxis in Sydney and NSW. This is having unintended negative consequences on the industry and the broader community including increased congestion, illegal parking by taxis throughout the city due to a lack of available kerb space, and in some cases, anti-social competitive behaviour between drivers who are trying to earn a living.

It is in this context that any proposal to reduce and/or remove the Airport station access fee needs to be considered. It appears incongruent that Government is considering proposals that would place significant downward pressure on demand for taxis at the airport (a significant trip demand generator for the NSW Taxi Industry), whilst IPART on the other hand is proposing to substantially increase the supply of taxis. The aforementioned economic and social impacts will only be exacerbated if both of these proposals were implemented.

It is therefore critical that the NSW Parliament's General Purpose Standing Committee No 3 does not consider the Airport station access fee in isolation of the work being undertaken by IPART.



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