

# ON-DEMAND TRANSPORT INDUSTRY

## REPORT ON WHAT WE HEARD



### ON-DEMAND TRANSPORT INDUSTRY – TAXIS, RIDESHARE, AND HIRE CARS

Following the ACT Government's 2015 reforms across the on-demand transport industry, as well as the 2017 evaluation of those reforms, we conducted an in-depth conversation with the community and industry about a number of newly proposed reforms to develop an understanding of their potential impacts.

We asked whether environmental standards should be applied to on-demand transport vehicles, if the current supply of taxi licences is sufficient, whether taxi supply and fares should be deregulated, and what formula we should use to calculate increases in taxi fares.



### THE CONVERSATION

Between September and December 2018 we developed a comprehensive understanding of passenger and industry perceptions about the proposed reforms.

- 19 written submissions were sent to us, from taxi industry associations, individuals in the taxi industry including plate owners and operators, and associated stakeholders from the disability and tourism sectors.
- We had eight face-to-face meetings, including with industry peak bodies, associated industry bodies, and representatives from the community and disability sector, and held focus group discussions with members of the public.
- Individuals and organisations responded on YourSay with five surveys submitted.
- There were 311 unique visitors to the YourSay page during the survey period.

### WHO ENGAGED

Passengers of different ages and specific transport needs, as well as organisations and businesses whose people use on-demand transport, industry bodies, and people working in the on-demand transport industry engaged with us.

Key stakeholders included:

- Taxi, hire car, and rideshare passengers
- Taxi drivers and vehicle owners
- Hire car drivers and vehicle owners
- Rideshare drivers and vehicle owners
- Perpetual taxi licence holders
- Peak bodies representing various community, disability, hotels, and industry groups

### Key insights from the community

#### Passengers value regulation of the taxi industry by government

1. There was strong support for environmental standards for both taxi and rideshare vehicles, through encouraging incentives like subsidies for driving electric or hybrid vehicles. A consensus of people who participated in the consultation preferred an orderly and gradual transition to environmentally friendlier cars, to help the owners absorb the initial costs of buying new vehicles.
2. Survey respondents strongly agreed that the current pricing of fares was the least satisfactory element of using taxis. Other concerns related to safety, like not knowing who the driver was before entering the taxi, and the less user-friendly booking technology for taxis compared with rideshare services.
3. A large majority of people in this consultation strongly supported regulation by government in both the taxi and rideshare industries, to ensure services meet both safety and community expectations. Regulation was especially supported in the wheelchair accessible taxi industry, to ensure high quality services are being provided and waiting times are minimal for people with disability and vulnerable members of the community.
4. Most participants agreed that deregulation of the taxi industry may be harmful to taxi driver incomes, primarily due to taxi driving being a full-time job, as compared to most rideshare operators who are part-time workers.
5. A majority of participants in this engagement supported regular reviews of taxi fares, to ensure that fares kept in line with the expenses of operating and maintaining taxi vehicles. Most participants also agreed that regular fare reviews would ensure that taxi fares remain affordable for the public, including vulnerable members of the community.

#### Participants in the on-demand transport industry expressed concerns and identified opportunities

6. The possibility of deregulation was a leading concern for many taxi operators and perpetual taxi licence owners who engaged in this consultation, with concerns that increasing taxi supply may reduce taxi driver incomes, and that more competition could make the taxi industry financially unviable.
7. Most industry participants agreed that lifting the cap on the supply of taxi licences would be detrimental, saying the current market supply is already higher than required. Some taxi licence holders said they would prefer the freedom of self-regulation in a deregulated market, over a higher regulated cap. A few taxi associations supported deregulation of the taxi licence cap, believing that a natural equilibrium of taxi supply and demand would be reached after an initial settling-in period.

8. Some industry participants supported deregulation, as there is some agreement that this would allow operators to set their own taxi fares and allow the industry to better compete with rideshare services. Participants also acknowledged that deregulation may initially harm incomes, before prices arrive at a natural equilibrium.
9. Industry stakeholders expressed concerns about regulatory and administrative barriers in obtaining taxi licences in the ACT, and felt that perceptions of long waiting times to process taxi applications is acting as a disincentive for more taxi drivers to enter the market.
10. Many perpetual taxi licence owners proposed financial compensation from the government through a buy-back scheme, to recoup decline in the value of existing taxi licences as well as any reduction in income from leasing licences to other taxi operators. However, some taxi licence holders acknowledged they were holding onto licences instead of selling, as leasing activities continued to provide them with a supportive income.
11. Among perpetual licence holders, many participants said they are concerned about their financial and emotional wellbeing, due to the perception of decreasing market value and declining income derived from perpetual taxi licences, which seem to provide a large portion of the retirement incomes of some taxi licence owners.
12. Like passengers, participants in the on-demand transport industry also expressed strong support for environmental standards for both taxi and rideshare vehicles. Most participants agreed that the transition should be encouraged through financial support, rather than enforcing new standards.

### **Participants from disability and community associations valued the ACT's wheelchair accessible taxi service and identified opportunities**

13. People who engaged in this consultation strongly supported wheelchair accessible taxi services being highly regulated by government, to ensure people with disability and vulnerable members of the community continue to be provided high quality services specific to their needs.
14. Participants agreed that deregulation of wheelchair accessible taxi services may be harmful to people with disability, and supported appropriate measures being put in place by the government to ensure there aren't any steep rises in taxi fares that could make fares unaffordable for vulnerable members of the community.
15. There was strong support for one in three taxis being wheelchair-enabled, to ensure there is adequate supply for people with a disability and to reduce waiting times.
16. Disability and community peak bodies expressed strong support for environmentally friendly taxi vehicles to help achieve the ACT's greenhouse gas reduction targets.

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### **People not directly involved with the on-demand transport industry focussed on the importance of supply and pricing**

17. There was strong support for a greater supply of both standard and wheelchair accessible taxi services, particularly at taxi ranks on Parliamentary sitting days, to ensure availability and cut waiting times for locals, tourists and visitors to the ACT.
18. Participants generally agreed that transitioning toward more environmentally friendly on-demand transport vehicles should be incentivised, to lower emissions and improve the general presentation of taxis in particular, as it was noted that rideshare vehicles are generally newer than taxis.
19. Deregulation of the taxi industry was supported by these participants in the consultation, to best meet the needs of consumers based on demand and supply, and to encourage lower fares for consumers.

## WHAT'S NEXT?

**The ACT Government will now decide on whether to implement further reforms, based on recommendations from this evaluation process.**

The Government made 35 additional standard-taxi licences available in May 2019, to meet the demand of our community's growing population and visitation for tourism and business.

The ACT Government will take the information gleaned from this consultation process and consider ways forward on the regulation of potential environmental standards, taxi supply and taxi fares.

You can learn more about the recommendations that came out of the On-Demand Transport Industry Evaluation, at: <https://www.yoursay.act.gov.au/on-demand-transport-reform/evaluation> .

To find out more about on-demand transport and other initiatives, policies and projects in Canberra visit [www.yoursay.act.gov.au](http://www.yoursay.act.gov.au).

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### Key Timings

**Step 1: July – September 2017** Community consultation. Gathering and analysing stakeholder perceptions of the ACT's earlier on-demand transport reforms.

**Step 2: October 2017 – August 2018** Government consideration of Evaluation findings. Government considers recommendations and follow-on actions.

**Step 3: October – December 2018** Second phase of community consultation. Government seeks community and industry input on a number of further possible changes to the regulation of taxi-licence supply and fares.

**Step 4: 2019** Government consideration of consultation outcomes. Government will consider ways forward on the regulation of taxi supply and taxi fares.

### THANK YOU FOR YOUR FEEDBACK IN 2018

**51**

We had in-depth conversations with 51 individuals from the taxi and rideshare industry and from the ACT community

**5**

We received 5 survey responses via YourSay

**19**

We received 19 written submissions

**14**

We spoke to 14 peak bodies representing community, disability, accommodation, taxi and rideshare interests