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PRESS RELEASE

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RESTRICTIONS ON TAXIS ADD ONE THIRD TO AVERAGE FARE

“Laws that restrict the number of taxis on our roads do nothing to improve taxi reliability, availability, safety or cleanliness”, Mr Graeme Samuel, President of the National Competition Council said today.

Taxi licence restrictions exist in all Australian States, except the Northern Territory, and have brought about a steady decline in the number of taxis per head of population.

Taxi licences cost between \$250,000 to \$300,000. The price has risen steadily over many years as State Governments have not issued sufficient new licences to meet increasing customer demand.

The massive cost of licences adds around one third to an average taxi fare. In Sydney alone, the cost to customers of the restrictions has been estimated at around \$75 million per annum.

Issuing more licences would make owning a taxi cheaper, could reduce fares and would make the operation of part-time taxis commercially viable. Part time taxis allow major peaks (such as Friday and Saturday evenings, airport peaks and shift change-over times) to be better serviced.

If the costs of ownership significantly decreased current drivers could feasibly own their own taxis and be self employed. Currently, around half of all taxi licences are owned by investors and most drivers are employees or lease licences from the owners.

Governments would still legislate for standards of roadworthiness, driver presentation and knowledge and taxi uniformity, as part of the licence qualification.

The National Competition Council has today released a Discussion Paper outlining the issues associated with taxi reform. Under National Competition Policy all Australian governments have agreed to reform

legislation which restricts competition without providing an overall community benefit.

The Discussion Paper highlights the disadvantages to customers under the current arrangements and details how taxi drivers would be better off if restrictions on taxi numbers were lifted.

However, whilst the current restrictions clearly work against the *overall* community interest, removing licence restrictions would result in significant paper losses to those people who currently hold taxi licences.

Consequently, the taxi industry has invested significant time and money to ensure that governments retain the legislative restrictions.

One reform option is a 'buy back' program that offers existing licence holders full compensation at market prices. However, this would require taxpayers to foot the bill and does not recognise that many licence holders have already gained significant profits through the restriction on total taxi numbers over many years. In Sydney alone, a buy-back program would cost around \$1.3 billion on current values.

A staged reform program, whilst delaying benefits to consumers would allow the industry some time to adjust to increasing competition and the lowering of licence prices.

But, previous staged reform proposals have been thwarted by powerful industry lobbying. In Victoria, a 1986 staged reform proposal was essentially abandoned, and licence values doubled over the ensuing four years.

"Ultimately, to ensure that the substantial community benefits of taxi reform are attained, customers and taxpayers may need to bear some of the cost of reform," said Mr Samuel.

"Change and reform is clearly in the community's interest. Governments must seek a realistic solution rather than a short-term 'band-aid' fix or placing taxi reform in the 'too hard basket'."

For further information or additional comment from Mr Samuel, contact: Anna Schulze on 03 9285 7789
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