

Submission
to the
Productivity Commission Inquiry
Economic Regulation of Airport Services

NSW Taxi Council

April 2011

1. Introduction

The New South Wales Taxi Council represents the interests of the owners and operators of taxis throughout New South Wales.

The New South Wales Taxi Council is the operational body for two state-based industry associations and the owners and members of urban taxi networks. Its membership comprises all the directors of the New South Wales Taxi Industry Association, representatives of the New South Wales Country Taxi Operators' Association along with all the taxi networks in Sydney, Wollongong, Newcastle and the Central Coast.

This submission mainly addresses one aspect of the inquiry's scope relating to the examination of: *"the provision and quality of land transport facilities providing access to the airports"*.

2. Taxi Services at Sydney Airport

Taxis provide services to a high proportion of airport users. The Productivity Commission issues paper indicates that revenues from taxi access charges at Sydney Airport were \$7.7 million during 2009/10. This equates to approximately 2.5 million taxi trips from the airport during the year, which we estimate equates to approximately 4.5 million passenger journeys originating at the airport.

It is likely that taxis provide a similarly high proportion of journeys taking passengers to the airport. However, as taxis utilise the same drop-off facilities as other transport modes, the factors that are within the airport's control affecting taxi journeys to the airport are less likely to have a direct impact on the competitive position of taxis compared to other transport modes. Nevertheless, the interaction between the surrounding road network and the airport is important and there are broader public benefits in providing priority for public transport to the airport including taxis.

This submission will concentrate on journeys that originate at the airport, as these are the journeys over which the airport owner has the greatest direct influence.

Passengers' perception of taxi services at airports is heavily influenced by the amount of time passengers feel they have to wait to obtain a taxi. Perceptions are also influenced by the perceived efficiency of the system they observe. For instance passengers are more likely to tolerate waiting for a taxi if they can see that the system of queuing and loading is efficient and the flow of taxis to the rank is not unnecessarily constrained. The presence of well-trained staff who are effective in assisting passengers and keeping the flow of taxis and passengers moving safely and as quickly and smoothly as possible can make a big difference to passengers' perceptions of service quality.

Sydney Airport Corporation exercises control over access that taxis have to the airport and has control over factors that can affect both the quality of service and cost of taxi services to passengers.

The following factors can affect passenger waiting time at taxi ranks and hence quality of services for passengers using taxis on journeys from the airport:

- Capacity of holding areas for taxis can act as a constraint on the number of taxis that can be made available to passengers within a given period of time during peak periods;

- Comfort and convenience of facilities for taxi drivers can affect the number of drivers who are willing to work at the airport and hence affect the supply of taxi services;
- Location of taxi holding areas and the efficiency and congestion of the internal road network can constrain the rate at which taxis can arrive and leave taxi ranks and hence constrain the number of passengers that can be picked-up within a given period of time;
- Capacity of taxi ranks and the number of taxis that are loaded with passengers in parallel can constrain the number of passengers that can be carried within any given time frame;
- Effectiveness of system of distributing vacant taxis to ranks when and where taxis are needed;
- Effectiveness of distributing taxis that have particular attributes required by particular passengers e.g. wheelchair accessible taxis, maxi-cabs etc.

The supply of taxis arriving at the airport can also affect passenger waiting times when the supply of taxis in the holding areas has been exhausted. The supply of taxis can be affected by a range of factors including the attractiveness of the airport to taxi drivers compared to other locations where they can choose to work and traffic conditions (particularly congestion) in the surrounding road network. SACL has some ability to influence some factors affecting these issues but not all.

The following factors affect the cost of taxi services for journeys from the airport:

- Cost of taxi access fee for journeys originating at the airport;
- Efficiency and congestion of internal road network and impact of time delays that result in higher costs of taxi fares for passengers;
- Congestion on surrounding road network.

In addition, the degree and effectiveness of enforcement of regulations governing passenger transport services also affects the extent to which the taxi industry can function effectively in the face of illegal transport operators who may otherwise be attracted to the airport by the prospect of high passenger numbers.

The factors listed above affect the degree of competition between taxi services and alternative modes of transport including use of car parking for journeys from the airport.

Despite the fact that competition exists, it is also likely that some passengers have little choice but to use taxi services in cases where taxis are the only mode that can feasibly meet their particular combination of needs. This may include needs based on particular destinations or personal attributes such as mobility difficulties (including luggage) or the need for wheelchair accessible transport. It is likely that only a small minority of passengers would have no feasible alternatives.

3. Taxi Facilities at Sydney Airport

Sydney Airport Corporation has invested in significant upgrades to facilities provided for taxi drivers and taxi passengers during recent years. The following is not an exhaustive list but provides an indication of the range and extent of investment that has been undertaken to improve systems for taxi drivers and taxi passengers at the airport.

- Introduction of automatic tolling equipment has improved efficiency;

- Capacity of holding areas for taxis have been increased significantly at both domestic and international precincts;
- Capacity of passenger corral and taxi rank is being increased at the international terminal;
- An automated number plate recognition system to increase efficiency of the “short-fare” scheme for taxis is currently being installed;
- A range of improvements have been made to increase comfort and convenience for taxi drivers;
- Road infrastructure changes to try and improve traffic egress from the airport;
- Staff numbers have increased in the ground transport division of SACL which should mean increased resources and attention can be paid to the needs of taxi passengers and drivers.

SACL has liaised with the NSW Taxi Council in relation to making these and other improvements and other issues of concern to the taxi industry.

4. ACCC Monitoring

The inquiry scope includes a requirement for the Commission to consider matters raised in the ACCC’s monitoring reports including the extent to which monitored airports can act strategically to raise costs of on-airport parking by controlling the conditions of landside access to terminal facilities.

The incentive to act strategically in this manner in relation to taxi services at Sydney airport is offset to some extent by SACL’s ability to set access fees for taxis and hence earn revenue from passengers who use taxis. Whilst the possibility exists for SACL to influence the transport mix used by passengers it is not clear whether there is any clear incentive to shift the balance between taxis and other modes including car-parking.

Since 2008-09 passenger surveys have been used to monitor passenger perceptions of waiting time for taxis at both the international and domestic terminal precincts. As indicated above “waiting time” is a key ingredient in customer satisfaction.

In each of the two years for which data has been reported, customers’ ratings have been “satisfactory” for each precinct.

The NSW Taxi Council does not have any information about the passenger surveys themselves, so cannot comment on how robust the surveys are, but we assume they meet requirements specified by the ACCC.

The following questions appear in the issues paper:

- *“Is there evidence that airports are influencing the level of competition from alternative transport modes?”*
- *“Is there evidence that land transport service providers (such as taxis, shuttles, off-airport parking providers) are impeded unduly in gaining access to airports.”*

The NSW Taxi Council does not have any evidence that SACL has attempted to limit the quality of services or increase the cost of services provided by taxis at Sydney airport with the aim of influencing the competitive position of taxis compared to on-site car parking.

We have no evidence that SACL has unduly impeded access for taxis, however there remains scope for access and service to continue to be improved for taxis.

The effectiveness of the surrounding road network and its connections to the airport does have a significant impact on access that taxis have to the airport.

As the incentive for SACL to act in various ways is likely to change over time as capacity changes for each alternative transport mode, we believe it is appropriate that SACL be required to publish information about passenger perceptions of waiting times for taxis at Sydney Airport. There may also be advantages in publishing data on waiting times for taxi passengers as a more direct measure of this most important ingredient of service quality. This may assist in understanding whether changes in customer perceptions are based on changes in expectations or changes in performance.

5. Conclusions

Sydney airport is the single largest trip generator for taxis in Sydney and hence access to the airport is very important for taxi drivers and for passengers.

The taxi industry competes with alternative transport modes including rail, bus, hire car, tourist vehicles, and private car usage. Sydney Airport Corporation has the ability to control access and influence the cost and quality of service offered by each of these modes.

The NSW Taxi Council has no evidence to suggest that SACL has unduly impeded access for taxis, and considerable investment has been made by SACL in improving access in recent years.

It is important that SACL is able to recover the cost of services and obtain a return on investment in infrastructure dedicated to the use of taxis and taxi passengers. It is also important that charges be set at an efficient level to remove any incentive for SACL to try to limit the quality or supply of taxi services to strategically increase revenues received from car-parking or other transport modes.

As charges levied on passengers affect the cost-competitiveness of taxi services, the industry needs to be protected from pricing decisions that adversely affect the industry's competitive position.

Price setting decisions for taxi fares are conducted via a public process, and price-setting mechanisms for road tolls that can be charged to taxi passengers in NSW are also generally controlled by government. The airport taxi passenger access fee is the only fee charged to taxi passengers in New South Wales that is not subject to public scrutiny.

Greater transparency in the price-setting process may provide greater protection for the taxi industry and taxi passengers.

The operation of the surrounding road network and priority (or lack of) afforded to public transport has a significant impact on the quality and cost-effectiveness of taxi services to and from the airport. An integrated approach to infrastructure planning by the airport and other road transport agencies is required to enable taxi services to operate efficiently.