

Submissions in relations to Review of Sydney Taxi Licenses to be released from 1 July 2013

Dear Sir/Madam,

I agree with the other submissions that the increase in taxi numbers do not lead to better service. In fact this will reduce the earning of taxi drivers and reduce the quality of drivers.

There are many signs of over-supply of licenses already. You only need to talk to the people in the industry to find that:

1. Many operators are already experiencing difficulties in finding drivers.
2. The vacant time for taxi drivers increases on the road. This is not reflected at all in PwC's model.
3. The perpetual taxi license leasing rate has not gone up in the last three years. If any increase is coming from the annual license where the government is winner, at the expense of perpetual license investors.
4. If you look at number of bidders per license, there has been a sharp fall from 8.5 in 2010/11 to 3.7 in 2011/12. It really shows a rapid decline of interest in operating taxis. Bearing in mind that a ratio of 1:1 is equivalent of no barrier to entry in the taxi industry. 3.7 is not far off from that.

The propose recommendation for 2013/14 aiming to create the effect of 10% depreciation in perpetual taxi license is no means of orderly adjustment. Just imagine that the Sydney property prices falls by 10% in one year, this would be consider a **crash**. This is highly inequitable to the perpetual license owners.