



17 AUG 2012

Dr P J Boxall AO
Chair
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

Dear Dr Boxall *Peter,*

I am writing to request that the Independent Pricing and Regulatory Tribunal review the number of Sydney taxi licences to be issued by Transport for NSW (TfNSW) for the year from 1 July 2013 to 30 June 2014.

Please find enclosed a Reference under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* for the Tribunal to perform this work.

If your officers wish to discuss this matter, they should contact Mr Tim Hurst, Executive Director, Economic Development and Transport Policy, Department of Premier and Cabinet on (02) 9228 5493.

Yours sincerely

Barry O'Farrell MP
Premier

cc the Hon G Berejiklian MP, Minister for Transport

Independent Pricing and Regulatory Tribunal Act 1992

Terms of Arrangement – Annual Sydney Taxi Licence Review

I, Barry O'Farrell, Premier, pursuant to section 9(2) of the *Independent Pricing and Regulatory Tribunal Act 1992*, approve the Independent Pricing and Regulatory Tribunal (IPART) entering into an arrangement with Transport for NSW (TfNSW) to review and make recommendations on the number of annual taxi licences (other than wheelchair accessible taxis) to be released in Sydney for the year commencing 1 July 2013.

In making its recommendations, IPART is to consider the objectives of amendments made in 2009 to the *Passenger Transport Act 1990* (the Act) for taxi licensing in Sydney, of:

- ▼ Ensuring that the supply of taxis responds closely to growth in passenger demand;
- ▼ Balancing the need for a more affordable means of entry into the taxi market with the need to avoid unreasonable impacts on existing licence holders;
- ▼ Reducing barriers to entry and encouraging competition;
- ▼ Placing downward pressure on fares over time; and
- ▼ Simplifying existing taxi licence structures.

IPART is also to specifically consider the factors in section 32C(3) of the Act including:

- ▼ The likely passenger demand and latent demand for taxi-cab services;
- ▼ The performance of existing taxi-cab services;
- ▼ The demand for new taxi-cab licences;
- ▼ The viability and sustainability of the taxi-cab industry; and
- ▼ Any other matters it considers relevant, having regard to the objective of ensuring improved taxi-cab services.

In providing this advice, IPART may also consider and make recommendations in relation to:

- ▼ The number and class of any licences which should be issued to authorised taxi-cab drivers who are also accredited taxi-cab operators or who have applied for such accreditation;
- ▼ Whether restricting the number of annual licences that may be granted to the same applicant or related applicants would promote competition that would benefit the public, and if so, what such a restriction should be; and
- ▼ Any other matter relating to the issue of annual licences that is prescribed by the regulations.

IPART is to also make recommendations to TfNSW in relation to how licence fees for annual taxi licences (other than wheelchair accessible taxi-cab licences) in Sydney should be set under section 32JA of the Act. The Act requires that the fee for an annual taxi licence is to be determined by inviting applicants for the licence to bid for it at public auction or to submit sealed tenders for it. TfNSW may also, in the circumstances specified in the regulations, determine a licence fee for any such annual licence.

IPART should publish draft recommendations and consider public submissions made in response to those draft recommendations before making final recommendations.

The recommendations are to be provided by IPART in a Final Report to TfNSW by 21 February 2013, for consideration prior to an annual Determination by TfNSW before 31 March 2013.



The Hon Barry O'Farrell MP

Premier

Dated at Sydney 17 AUGUST 2012