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Small Passenger Services Review

NZAA submission

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NEW ZEALAND

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REGARDING: **Small Passenger Services Review**

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Introduction

The New Zealand Automobile Association (NZAA) welcomes the opportunity to provide comment on the Small Passenger Services Review.

The NZAA is an incorporated society with over 1.5 million Members. It represents the interests of road users who collectively pay over \$2 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. The NZAA's advocacy and policy work mainly focuses on protecting the freedom of choice and rights of motorists, keeping the cost of motoring fair and reasonable, and enhancing the safety of all road users.

Our comments on the questions in the review for which we have feedback are provided below.

Executive summary

The New Zealand Automobile Association (NZAA) strongly shares the Government's desire to open up the small passenger service sector to greater innovation.

The NZAA supports, with a few caveats, Option 4: *Operators have responsibility under new single class* system. We feel this model strikes an effective balance between safety, security and the promotion of competition. This should provide passengers with greater choice and possibly more competitive fares.

The introduction of new technology – in particular smartphone-based solutions that match supply with demand and facilitate ride-sharing – will drive greater competition, reduce transport costs, extend mobility benefits to a greater range of users, increase the utilisation of the vehicle fleet, and play an increasingly important role in addressing congestion challenges.

We also agree that the need for innovation must be balanced with maintaining a safe system for passengers and drivers. While that balance has generally been achieved throughout this review, there are certain instances – namely, the red tape around the P endorsement process – where it has not, and where there is a risk that innovation will be stifled.

The NZAA believes companies that, often via an app, link driver and passengers and receive revenue from the subsequent journey should be treated as approved transport operators (ATOs). They therefore should be subject to the same requirements as other ATOs.

Question 8: P endorsement

The NZAA supports the retention of the P endorsement to ensure only fit and proper persons are able to carry passengers. However, we consider that the current cost and delay in obtaining a P endorsement presents a significant barrier to entry to the small passenger service industry. This limits competition and consumer choice. With the role technology will play in improving mobility options, it is likely a greater number of drivers may enter the small passenger service sector, either full-time, part-time or temporarily. It is essential therefore that the process for obtaining a P endorsement is streamlined and simplified to reduce costs and delays.

NZ Police also need to be appropriately resourced to ensure they can undertake their role in the P endorsement process in a prompt and efficient manner. This is essential to ensure innovation and growth in the sector is not unnecessarily restrained.

The NZAA strongly believes it is important to review the P endorsement vetting process to identify and remove any unnecessary and/or burdensome components. We also recommend the merits of an online P endorsement application are investigated.

Question 10: Complaints

The NZAA supports retaining the requirement for small passenger service providers to maintain a complaints register. We do not consider the maintenance of a complaints register an onerous task, and believe it can be facilitated through technology, such as app-based feedback systems. A complaints register is important for monitoring ATOs and vetting new ATOs and P endorsement applications from former employees.

Question 12: Duty to promote driver safety

The NZAA is not convinced that ATOs and/or drivers should primarily make their own decisions about what security measures to employ. We are concerned that, in a highly competitive market, companies will spend the least amount they can on security and essentially “cut corners” to reduce costs. This could have negative consequences for the safety and well-being of drivers and passengers. We urge the Ministry to ensure there are sufficient security requirements that ATOs must meet to ensure drivers and passengers are not exposed to unnecessary risk.

Questions 13&14: In-vehicle security cameras

The NZAA supports an exemption from a vehicle requiring a camera where all of the following conditions are met:

- services are provided to registered passengers only
- driver and passenger information is collected
- driver and passenger information is available
- a record of each trip is retained

We feel that these conditions provide sufficient security for driver and passengers. Whilst we recognise that cameras can deter and record crime and disorder it is important this is balanced against the high cost of in-vehicle cameras and the considerable barrier to entry for new providers this poses. App based technology provides an effective and significantly cheaper security alternative to cameras.

Question 16: Certificate of Fitness

The NZAA supports retaining the 6-month Certificate of Fitness regime for all passenger service vehicles.

Question 17: Agree the fare basis

The NZAA agrees that drivers need to agree the fare rate with the passenger before the trip begins. This could be a set fare or a per km rate. The fare could be agreed either at the time of booking or upon entry into the vehicle.

The fare rate should not be allowed to change during the journey (e.g. because of “increased demand”). The rate agreed should remain the same throughout the journey.

Question 21: Regulated signage

The NZAA has some reservations about the removal of specific sign requirements. However, we agree the Braille requirement could be optional as technology can provide the necessary information to blind passengers. The NZAA believes that signage provides safety benefits for both passengers (especially street hire) and other road users (in the event of a traffic altercation).

We recognise that the existing signage requirements do impose additional costs on providers. We therefore encourage the Ministry to consider simplified requirements that reduce costs while preserving the safety benefits. These could include retaining interior stickers for contact details and fare information (where applicable), and magnetic exterior decals in place of livery and roof signs for ATOs that accept street hire.

Question 22: Area knowledge

The NZAA supports the removal of the area knowledge requirement. This can be achieved through other technologies such as GPS. In addition, drivers will quickly develop area knowledge as they continue to drive their areas.

Question 23: English language requirements

The NZAA does not support the removal of the English language requirement. It is important that passengers are able to be understood by drivers. They may, for example, require the driver to urgently pull over or take a different route and it is essential that they are able to communicate this.

Question 25: Passenger Service Licence

The NZAA supports, in principle, replacing the current Approved Taxi Organisation and Passenger Service Licence with the new Approved Transport Operator (ATO) certification. However, we are keen to ensure that the safety benefits provided for in the PSL are retained under the new ATO regime. The NZAA does not believe it will be sufficient for the operator of the ATO to merely be a 'fit and proper' person. As with the P endorsement, the NZAA would support reviewing elements of the PSL and incorporating those that are fit for purpose within the ATO.

Question 26: Provision of 24/7 service in large cities

The NZAA opposes the removal of the 24/7 service requirement in large cities. In metropolitan areas it is essential that passenger hire services are available at all hours. This is necessary for vulnerable people and medical emergencies. It also can enhance road safety by providing an alternative for alcohol or drug-impaired people who might otherwise drive.

With increased competition and innovation provided by technological developments, the cost of passenger services may fall, thereby making these services more affordable than self-drive. If 24/7 is not mandated however, there is a risk that operators or contracted drivers will choose not to make their services available at off-peak times. If services are withdrawn, then mobility will be restricted and consumers disadvantaged. There may also potentially be increased risks to road safety. Additionally, if only a few operators choose to maintain 24/7 availability, off-peak

charges may rise and competition and flexibility be reduced if those operators have a near-monopoly with restricted availability.

Therefore, the NZAA recommends that 24/7 services continue to be a mandatory requirement in large cities, however we suggest that this requirement only be imposed on ATOs with a vehicle fleet over a minimum size (to be determined).

Conclusion

The NZAA supports proposed Option 4 subject to the caveats made in this submission. We welcome a sector that promotes innovation, competition and utilisation of New Zealand's existing vehicle fleet whilst maintaining passenger and driver safety. We thank you for the opportunity to submit on this important review. Please do not hesitate to contact us if you wish to clarify or discuss any of our points further.