

FROM THE CEO

AN EVERGREEN

It's time for me to revisit an evergreen matter that never goes away because it is so fundamental to the structure and operation of the taxi industry. Yes, you guessed it - regulation, business, and associated matters.

The taxi industry has always been heavily regulated by Government, but over the last few years the scope and detail of regulation has significantly increased, as has enforcement of the regulation. Taxi regulation today covers most aspects of the taxi industry including licensing, licence holders, operators, drivers, networks, equipment, vehicles, safety, payment methods, and fares.

Why is this so?

Some (often economists) have argued (and continue to argue) that the taxi industry need not be so regulated or regulated at all. Sensibly though, Governments across Australia have continued to regulate the taxi industry, but not for the sake of industry participants generally but for the sake of the community.

It must be remembered that a mantra of all Governments is "Competition is King" so if a Government does not see the community benefiting from regulation then it will not regulate and will let the market look after itself.

We have seen this demonstrated recently in the granting of network service provider (NSP) accreditation. The VTD on the one hand looks for NSP accreditation applicants to demonstrate compliance with Business Service Standards, but on the other it does not usually take into account implications of competition between the applicant and already existing NSPs. This will remain the case until it can be demonstrated (probably on a case by case basis) that the public is being disadvantaged.

Hand in hand with this economic thinking is that **businesses (whether regulated or not) should not be protected from failing**. The theory is that businesses must stand on their own two feet and create their own markets. This is why it is so incredibly important that NSPs in particular (whether large or small) accept as a fundamental role the marketing of services they provide or can organize to provide.

The reality is that only a handful of NSPs are adequately marketing – the others might do some advertising (one small part of marketing), and some do nothing at all except perhaps list in the telephone directory.

Regulation, competition, trade practices, economic rationalism, marketing, market development, business failure, business growth, customer satisfaction, and industry performance are all part of the same reality and business equation.

Remember, gaining and retaining customers can be nearly as expensive as delivering the service, but without the first you don't have the second, and without the second you don't have a revenue stream which means you don't have a business.

For the taxi industry, the main thrust therefore has to be to increase taxi occupancy – that is, gaining and retaining passengers. This can only be sustainable if the passengers are happy with the standard and reliability of the service being provided. After all, the taxi industry is a service industry.

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