

## Submission on Small Passenger Services

### 1 Introduction

TRAFINZ (The New Zealand Traffic Institute Inc) represents a wide grouping of NZ local authorities, covering the majority of the New Zealand population. Its membership includes regional councils, the major metropolitan cities and smaller provincial authorities as well as private sector and non-local government members.

TRAFINZ welcomes the opportunity to submit to the Ministry's small passenger services review team.

### 2 General Comments

- 2.1 TRAFINZ recognises the Ministry's efforts to encourage innovation within the passenger services sector with a regulatory framework that is flexible enough to accommodate consumer attitudes and needs, and is relevant to emerging technologies.
- 2.2 Globally, people in urban areas are starting to shift away from private car ownership and use in favour of scheduled services (such as public transport), shared transport (bike and car sharing), and on-demand modes (taxi and ride-sharing). The current low rate of adoption of driver licenses by youth points to a marked shift taking place within NZ urban areas. Some of these changes are also starting to occur in rural areas.
- 2.3 The more non-traditional transport activities have real potential for growth in New Zealand. Transport that is organised peer to peer has the potential to unlock capacity in the roading system by significantly reducing single occupant vehicle trips, if incentivised by lowering barriers for entry. The Review needs to be wide enough to encompass all current, emerging and future transport options.
- 2.4 Within the framework of the changes proposed in the Paper it is important that individuals are able to access trustworthy and reliable services. The proposal to remove Rules that require specific outcomes such as local area knowledge and English language competency presents a risk that service quality and reliability will be 'dumbed down'. TRAFINZ would encourage the Ministry to explore ways to encourage operators to adopt the latest technology to enhance high standards of driver performance and safety for drivers and passengers.

### 3 Impacts on Total Mobility

- 3.1 The introduction of the proposed new regulatory system is not without risk and there is a need to fully understand the potential consequences for existing users.

- 3.2** TRAFINZ is aware of concerns raised by Regional Councils regarding the future operation of the Total Mobility system. The users of this system are often elderly, mobility impaired, disabled and vulnerable. High standards of safe operation are currently able to be imposed by Regional Councils through their contracts with operators. Contracted operators are required to charge fares using a meter to ensure that fares are predictable and fair. TRAFINZ is concerned that allowing fare negotiation between drivers and users as signalled in the Paper has the potential to increase costs as the Total Mobility user demographic will generally be in a weak negotiating position.
- 3.3** The Total Mobility system is a very important part of public transport services and in some regions, such as Horizons, is a major part of their system. TRAFINZ supports their concerns. De-regulation and moving towards a free market given technological advancement is also supported. However it is important that Total Mobility is not adversely affected, particularly as it is essentially a system for the transport disadvantaged.

## **4 Carpooling and other informal systems**

- 4.1** Carpooling is an initiative which in the past has proved difficult to develop. If successful it has the ability to make a real difference with savings to the users and to the road system through reductions in traffic during peak periods. Near-universal cell phone availability and ever evolving Applications for cell phones could make carpooling or ride sharing very attractive options. Other initiatives being considered in response to congestion in major city centres (congestion pricing and/or long stay parking levies) will also encourage drivers to look for new options.
- 4.2** From the discussion paper, it would appear that out-of-scope activities, such as carpooling are defined by financial reward being limited to vehicle operating cost-recovery with no payment for the driver's time. To ensure a wide range of options are available a critical mass of drivers and riders within a carpooling network needs to be achieved. Traditionally it has been difficult for carpooling to gain traction as a mainstream transportation option in urban areas. This has primarily been due to the lack of incentives for drivers to go out of their way to pick up passengers. Drivers need to be incentivised for them to go out of their way to pick up passengers beyond recovering just the marginal vehicular costs incurred when doing so.
- 4.3** It is often not practicable to regulate all situations where passengers and drivers may or may not know each other. For instance, hitchhiking is not in-scope for the review, yet it would share several common themes with carpooling and ridesharing. Risks are present for passengers and drivers when hitchhiking or carpooling, (arguably greater risks than taxis and shuttles) yet from a regulatory standpoint that risk is mutually undertaken by the individuals and not specifically managed by regulation. In New Zealand there has historically been no formal monetary exchange in offering rides and no expectation that the service would be 'in trade' under the consumer guarantees act.

- 4.4 In recent years several markets have been disrupted by the rise of a new 'amateur economy' for small vehicle passenger transport. Services such as Uber have taken advantage of the wide availability of cell phones which enable person to person contact and agreement on a service. Regulators are having difficulty in defining this new space between private and commercial activity.
- 4.5 The review should consider the role of 'unapproved transport operators' and the role they serve in the broader transportation system. TRAFINZ recommends that the definitions should not attempt to describe small passenger services by their business model but rather the type of service that is being provided. A nimble business can adapt and evolve to customer demands which could mean today they provide passenger transportation services but tomorrow they are performing on-demand freight deliveries. Both these models have impacts on the performance of the local transport network yet only one would currently fall within the scope of the review.
- 4.6 Self-driving vehicles are another emerging, disruptive technology that will change car ownership models and how we travel in less than a decade, at least in urban areas. In time, this new technology is likely to be of benefit to those whose mobility is currently impaired.
- 4.7 Individuals should have convenient access to a range of private, public and shared transport modes that suit their needs. As new operating models emerge, they will not fit neatly into pre-defined models. It is likely that models will evolve and adopt new features to suit individuals' local needs. Such new services are hard to define in detail now but it is likely that they will attempt to fit outside or straddle any regulatory framework.

## 5 Conclusions

- 5.1 TRAFINZ supports the conclusion of the Review that Option 4 (Create a new system in which operators are responsible for safety and compliance) is the best approach to follow, and submits that further work on the matters listed below be carried out before any decision is made or implemented.
- 5.2 Greater clarity is needed about the 'role of approved operators'. A single class is desirable but what transport activities would fall within this scope and which would not?
- 5.3 Ways to encourage carpooling and ride sharing need to be considered in the Review as they have the potential to make a real positive difference
- 5.4 Total Mobility needs to be protected as a very valuable service for the transport disadvantaged

Trafinz submission on the Small Passenger Services Review Consultation Paper, December 2015

5.5 TRAFINZ appreciates the opportunity to make these submissions on behalf of our local government communities. We would welcome future involvement in this important area of transport policy development, together with other expert organisations working in the sector.

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