



Submission
to the Ministry of Transport
on the
Future of Small Passenger Services

Date: 12 February 2016

The Tourism Industry Association New Zealand wishes to provide comment to the Ministry of Transport on their consultation paper 'Future of small passenger services'.

Executive Summary

1. Small Passenger Service Vehicles (SPSV) play a critical part in the transport infrastructure for visitors, both international and domestic.
2. The Tourism Industry Association New Zealand does not endorse the favoured Option 4 as it is currently proposed. However, with some modifications we may be in a position to support it.
3. Safety of visitors and drivers is critical to this discussion. Visitors need to know they are using a transport operator that meets a set of minimum requirements in regards to the quality of the driver and the safety standard of the vehicle.
4. Enhancing the visitor experience is also important. Drivers must have the ability to communicate effectively and being able to speak English is a minimum requirement.
5. While the proposal states that Option 4 will impose a lower level of cost on the sector the document is silent on any case studies or information on how that will be achieved. More information needs to be provided before we are in a position to comment fully on this.

Introduction

The Tourism Industry Association New Zealand (TIA) is the peak body for the tourism industry in New Zealand. With around 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and activities, attractions and retail, airports and airlines, as well as related tourism services.

The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.

Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager at steve.hanrahan@tiaz.org.nz or by phone on 027 912 2624.

About Tourism

Tourism for New Zealand is big business as the country's largest export sector. It is a major contributor to the New Zealand economy that will always be here and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

The tourism industry delivers the following value to New Zealand's economy:

- Tourism in New Zealand is an \$81.6 million per day and \$29.8 billion a year industry.
- Tourism attracts over 3 million international visitors a year. A majority of these visitors will be transferred by small passenger services at some stage of their journey. Domestic visitors are also users of these services. Therefore, tourism has a strong interest in ensuring that these small passenger vehicles are operating in a safe and visitor-friendly manner.
- The tourism industry directly and indirectly supports 12.1% of the total number of people employed in New Zealand. That means 295,908 people – one in eight – are working in the visitor economy.
- Tourism is one of New Zealand's biggest export industries, earning \$11.8 billion or 17.4% of New Zealand's foreign exchange earnings (year ended March 2015).

Tourism 2025 (www.tourism2025.org.nz), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. To achieve that, the industry must grow international tourism at a rate of 6% year on year and domestic tourism at a rate of 4% year on year. The industry's focus is on growing value faster than volume. The Tourism 2025 framework is based around five key themes which are Insight, Connectivity, Productivity, Visitor Experience and Target for Value.

COMMENT

1. Our understanding of the current situation

Vehicles operating under the banner of small passenger services (SPSV) are vehicles that carry up to 12 passengers, including the driver. These are grouped into seven main classes. The four directly relevant to tourism are taxis, private hire services e.g. limousines, shuttle services and transport network companies. The other three classes are dial-a-driver services, carpooling, and ridesharing.

This review appears to have been prompted by the introduction of Uber, and with that a desire to manage the impacts of new technologies on the transport sector. Alongside that is the opportunity to create a single class system for the seven classes of SPSVs.

The consultation paper provides five options:

Option 1 – Status quo – modified

Option 2 – Two classes: taxi and private hire services

Option 3 – Drivers responsible under new single class system

Option 4 – Operators have responsibility under new single class system

Option 5 – Existing taxi requirements apply to all

The Ministry favours Option 4.

2. The tourism perspective

- a. TIA's interest in this proposal is based on three principles:
 - i) safety of both visitors and drivers
 - ii) enhancing the visitor experience; and
 - iii) ensuring any additional compliance requirements and costs to transport operators are not unreasonable
- b. Option 4 in its current form does not meet industry needs. This option outlines 28 possible features. While we support the vast majority of the features there are three features in particular we do not support, and others that may need modification.
- c. Following is our view on both areas of strength in Option 4 and those features that require modification.

Safety

- d. Assessment of the driver's capability and background is an important feature of the safety regime. We support the continued requirement for all drivers to obtain a P-endorsement on their licence and support the current standards (training, minimum period to hold a licence, fit and proper person check) that must be met to obtain this.
- e. We have in the past raised concerns with NZTA about the delays that operators have experienced in getting P-endorsements for drivers. During 2015, some drivers experienced delays of up to three months to get the endorsement. This is unacceptable and results in loss of business for operators who are unable to put vehicles on the road and lost work opportunities for the applicants. We acknowledge that timeframes have improved in the latter part of 2015. It is, however, an issue that needs to remain high on the radar to ensure turnaround times are prompt.
- f. Safety of vehicles is paramount. We support the requirement for all SPSV's to undergo a six-month Certificate of Fitness (COF) check.
- g. The requirement for in-vehicle security cameras in all SPSVs has received a mixed response from members. The main concern is in regards to costs of purchase and installation. We are advised that camera purchase and installation are commonly in the vicinity of \$1,200 per vehicle. One operator we spoke to with nine vehicles is facing a cost of over \$10,000 to equip their fleet.
- h. However, some owners see the cameras as providing additional security and also positively impacting the visitor experience due to the monitoring aspect that cameras provide which has a positive aspect on both driver and passenger behaviour.
- i. Our view is that we are generally in favour of in-vehicle cameras due to the security and monitoring aspects they provide. If a single class system is to be adopted, then we view in-vehicle cameras as an important feature to the SPSV sector.

- j. The exemption criteria for cameras require further investigation. On the face of it, the current exemption criteria support those operations that have advanced technologies. This is due to the proposal that to be exempt from in-vehicle cameras, passengers must register prior to the trip and this registration process includes name, photo, address and phone number. Only operators with advanced technologies that have a pre-booking system could meet the exemption criteria. Operators who deal with walk-up business could not be exempt.
- k. It makes more sense that the exemption criteria are modified to make them more workable, and/or are linked to a risk-rating. For example, Approved Transport Operators (ATOs) that can demonstrate a series of factors that create a low risk profile should be exempt from in-vehicle cameras, rather than the decision being based on whether they do or don't have an advanced booking system. Safety criteria might be based on the previous risk profile of the operator/sector, whether there is a head-office arrangement or they are an owner/driver operation, the general hours they operate and so on.
- l. Regulated signage is important. Walk-up customers need to know they are getting into a vehicle that meets compliance requirements. Signage is an important part of this. Without a requirement for regulated signage, there is a real risk bogus/unmarked SPSVs could operate.

The Visitor Experience

- m. An outstanding visitor experience is a key theme of the tourism industry's strategic framework Tourism 2025. The industry's goal is to have visitors promote New Zealand when they get home, and also to return to New Zealand for subsequent trips in the future. A positive visitor experience is critical to achieving this.
- n. We do not support the proposal in Option 4 that drivers do not require knowledge of the English language. Our view is that the ability to speak and hold a conversation in English is a minimum requirement of any driver of a SPSV.
- o. We do not, however, advocate for a compliance system to achieve this. The application of this requirement can be done through either existing systems and/or the employment process (or if owner-operator through the ATO registration process via an interview). It should be reasonably easy to assess if someone can hold a conversation in English without wrapping an unnecessarily high level of compliance around it.
- p. As noted earlier, the requirement for a six-monthly COF is important to make sure vehicles are safe and also of an acceptable quality. It may be useful to consider some best-practice guidelines around maintaining the vehicle interior/exterior e.g. regular cleaning inside and out. This will have a positive impact on the visitor experience.

Suggested modifications

- q. As mentioned before, TIA does not endorse the favoured Option 4 as it is currently proposed.
- r. TIA might be in a position to support Option 4 with the following modifications:
 - A review of the criteria for exemption from camera requirement is undertaken to align more closely with a risk profile as opposed to the technological capability of an operator.
 - Regulated signage is required on all SPSVs.
 - Driver is required to have a knowledge of English language

Proposed compliance costs

- s. The proposal notes early on that Option 4 provides the lowest level of cost to achieve the regulatory objective. However, the proposal is silent on what the proposed compliance costs are under this option. There are no case studies or analysis to show what the likely costs are to an ATO under a range of typical scenarios. In addition, the requirement for in-vehicle cameras as noted earlier in the report will increase compliance costs. More information is required before we are in a position to comment fully on this aspect of the proposal.

END