

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**

**REVIEW OF TAXI FARES FOR SYDNEY FROM JULY 2015 AND  
NUMBER OF NEW ANNUAL TAXI LICENCES TO RELEASE IN SYDNEY  
FROM JULY 2015**

**Tribunal Members**

**Dr Peter Boxall AO, Chairman  
Ms Catherine Jones and Mr Ed Willett, Members**

**Members of the Secretariat**

**Mr Hugo Harmstorf, Ms Fiona Towers, Ms Jennifer Vincent,  
Ms Sarah Blackwell**

**At**

**Corinthian Room, SMC Conference & Function Centre  
66 Goulburn Street, Sydney**

**On Tuesday, 27 January 2015, at 10.00am**

1 OPENING REMARKS

2  
3 THE CHAIRMAN: Welcome, and thank you all very much for  
4 coming. My name is Peter Boxall and I am Chairman of  
5 IPART. I would like to welcome everybody today and thank  
6 you very much for making the time to attend this public  
7 hearing on our review of the maximum fares for taxis and  
8 the release of annual Sydney taxi licences.

9  
10 With me today are Catherine Jones and Ed Willett, my  
11 fellow tribunal members.

12  
13 Today's hearing provides both you and us with the  
14 opportunity to discuss IPART's draft report on taxi fares  
15 for Sydney as well as the number of new annual Sydney taxi  
16 licences to be released both of which we recommend to  
17 Transport for NSW.

18  
19 We are also working on a separate review of fares for  
20 areas outside Sydney for which we will hold public hearings  
21 from March.

22  
23 Fare levels, the number of licences and the income  
24 that licence owners receive from leasing out their licence  
25 are all interrelated. Considering them at the same time  
26 allows us to focus on combinations of fares and licences  
27 and assess the outcomes of various combinations.

28  
29 Our objectives are to make taxi services more affordable  
30 for passengers and make entry into the market easier for  
31 operators and drivers, but we also have to need to make  
32 sure that what we recommend does not have an unreasonable  
33 impact on existing licence owners. There is a balance to  
34 be struck between existing licence holders on the one hand  
35 and benefits for passengers, operators and drivers on the  
36 other.

37  
38 As I am sure you will be aware, our data gathering for  
39 this review showed some interesting findings about the  
40 impact of competition from alternative forms of  
41 point-to-point transport on the demand for taxis.

42  
43 As Sydney's population continues to grow, economic  
44 activity in Sydney remains vibrant and Sydney airport  
45 passenger numbers increase from year to year, we are  
46 confident therefore that the demand for point-to-point  
47 transport is also continuing to grow, yet it appears that

.27/01/2015 2

Transcript produced by Merrill Corporation

1 the number of taxi trips has dropped off in the past three  
2 years due to competition from alternatives such as hire  
3 cars, car shares, such as GoGet, and most recently  
4 ride-share services, such as uberX.

5  
6 Competition has benefits for passengers in terms of  
7 choice, affordability and convenience and for taxi  
8 operators in terms of driving down licence lease costs.  
9 However, appropriate regulation for safety and protection  
10 of drivers and consumers needs to apply across all  
11 services. Therefore, one of our draft recommendations is  
12 for a review of the regulatory framework for all  
13 point-to-point transport.

14  
15 I am sure everybody here has an opinion on competition  
16 and regulation in point-to-point transport, but they are  
17 not the issues we will be able to resolve today. They are  
18 properly the subject of the broader review we have  
19 recommended in our draft recommendations. Today, we would  
20 like to focus on the subject of our current review, namely  
21 the number of new licences to be issued from July this year  
22 and also fares to apply from July.

23  
24 This is, as you know, a public hearing, which forms  
25 part of our consultation for this review. A transcriber is  
26 present to record the proceedings and the transcript will  
27 be publicly available on our website in a few days. So  
28 that we can have a complete record, please introduce  
29 yourself when you start to speak. Please also speak slowly  
30 and clearly.

31  
32 With that, I invite Jennifer Vincent from the IPART  
33 secretariat to start with a brief overview of our review  
34 and the drafts findings and recommendations.

35  
36 After Jennifer, I will call Roy Wakelin-King, from the  
37 Taxi Council, to make a short slide presentation and then  
38 we will open it up for comments around the table and also  
39 comments from the members on the floor.

40  
41 So over to you, Jennifer.

42  
43 DRAFT REPORT RECOMMENDATIONS ON TAXI FARES  
44 AND LICENCES FOR SYDNEY

45  
46 MS J VINCENT: Thanks, Peter. I might just start with a  
47 quick overview of IPART's role with respect to taxis. We

.27/01/2015 3

Transcript produced by Merrill Corporation

1 have been asked to recommend to Transport for NSW the  
2 number of new annual Sydney taxi licences to be released  
3 from July, as Peter has already said, and what maximum taxi  
4 fares should apply from July 2015.  
5  
6 The taxi fare recommendations are for taxi fares  
7 across New South Wales, but we have made the decision to  
8 split the review into two parts. Today we are going to  
9 look at Sydney fares, and we will be looking separately at  
10 licences and fares for areas outside Sydney.  
11  
12 We make a recommendation to Transport for NSW. They  
13 make the decision. Once they have made a decision on  
14 licence numbers, then Roads and Maritime Services will  
15 actually run the tender process for issuing new licences.  
16 The new fares will apply from a date nominated by Transport  
17 for NSW and that is usually in early July.  
18  
19 We undertake the reviews at the request of the Premier  
20 and we get terms of reference from the Premier, which  
21 determine what we are required to look at and take into  
22 account.  
23  
24 The key objectives in the terms of reference include  
25 making taxi services more affordable for passengers and  
26 making entry into the taxi market easier for operators and  
27 drivers.  
28  
29 We think these objectives are clearly supported by  
30 releasing more annual Sydney taxi licences and reducing  
31 fares, but another key objective is the requirement to  
32 consider the impact on existing licence owners and to  
33 ensure that what we recommend does not have an unreasonable  
34 impact on them. As Peter has already mentioned, we take  
35 seriously the need to strike a balance between existing  
36 licence holders on the one hand and benefits to passengers,  
37 operators and drivers on the other hand.  
38  
39 In mid-December, we released our draft report, which  
40 I hope everybody has had an opportunity to read over the  
41 holiday period. Our draft recommendations included a  
42 freeze on fares at current levels from July and maintaining  
43 the current stock of licences. So our recommendation is  
44 not to issue new licences for growth but to issue  
45 replacement licences for ones that have been relinquished  
46 or that we expect to be relinquished during the following  
47 year and those recommendations are for 40 unrestricted

.27/01/2015 4

Transcript produced by Merrill Corporation

1 licences, 99 peak availability licences and two fringe  
2 licences for the Richmond-Windsor area. Those were our  
3 draft recommendations. The final numbers around those  
4 replacements may well differ for the final report.  
5  
6 Our third key recommendation was a review of the  
7 regulatory framework for all point-to-point transport, and  
8 that includes taxis, hire car and ride-share.  
9  
10 In terms of process for the review, we repeated a  
11 survey of taxi drivers and operators that was last  
12 undertaken in 2011. We did that with the help of the CIE,  
13 and we have Hayden Fisher from the CIE here today with us  
14 as well if questions come up specifically about the survey.  
15  
16 All taxi drivers and operators in New South Wales were  
17 sent survey questionnaires in October. The preliminary  
18 results for Sydney on which we based our analysis for the  
19 draft report were based on 695 responses that were received  
20 up to early November. We also published the CIE's draft  
21 report on the preliminary findings on our website. Since  
22 then, Hayden has been very busy continuing to analyse  
23 further survey returns and our final report will be based  
24 on updated figures from a larger number of drivers and  
25 operators.  
26  
27 As well as the survey of taxi drivers and operators,  
28 we undertook our annual passenger survey conducted for us  
29 by Taverner Research, which surveyed 2,200 people about  
30 their use of taxis and hire cars which we have asked about  
31 in the last three years. This time for the first time we  
32 added questions about car share, such as GoGet, and  
33 ride-share, such as uberX.  
34  
35 With the new data, we updated our model of the Sydney  
36 taxi industry. This model shows what happens to licence  
37 lease costs, paid kilometres travelled and numbers of taxis  
38 on the road if fares and/or the number of licences and/or  
39 the demand for taxis changes.  
40  
41 Looking at the preliminary results in the driver and  
42 operator survey, CIE found that both average total revenue  
43 and average total cost per taxi appear to have fallen.  
44  
45 When we are looking at costs for delivering taxi  
46 services, we are including the cost of driver labour and  
47 the cost of operator labour, which is, of course, income

.27/01/2015 5

Transcript produced by Merrill Corporation

1 for those people. That appears to be lower in total per  
2 hour than in 2011. Fuel and network fees both showed an  
3 increase in nominal terms, although the increase in network  
4 fees did not keep pace with inflation over the period, so  
5 economists would describe that as a real decrease.  
6  
7 A couple of the costs in the survey moved in ways we  
8 would not expect. Insurance was down and the figure for  
9 vehicle lease payments was up by almost 50 per cent, but  
10 the method for collecting the data changed between 2011 and  
11 2015, so for people looking at the draft report and  
12 thinking "That does not seem to tie in with industry  
13 experience", we have asked the CIE to investigate these  
14 further using a like-for-like comparison for the final  
15 report.  
16  
17 In terms of revenue, night shifts are reporting lower  
18 revenue because there were fewer shifts driven per taxi  
19 and the average shift length also appears to be slightly  
20 shorter.  
21  
22 The survey also found a drop in average licence lease  
23 prices. Although paying to lease a licence is obviously a  
24 financial cost for a taxi operator, it is not considered a  
25 productive cost of providing taxi services and only exists  
26 due to the scarcity of taxi licences making it an economic  
27 rent, in economic terms. A drop in licence lease values  
28 indicates that the gap between revenue and costs is smaller,  
29 leaving a smaller rent to be captured as licence lease  
30 costs.  
31  
32 Taxi network KPI reporting to Transport for NSW also  
33 indicated a decrease in the numbers of taxis on the road  
34 per shift. However, as Peter said, Sydney's population is  
35 continuing to grow. Economic activity, as measured by the  
36 state final demand, continues to grow and Sydney airport  
37 passenger numbers are still increasing, so we are confident  
38 the demand for point-to-point transport is also growing,  
39 but it appears that the number of taxi trips has dropped  
40 off in the past three years and that is, we think, due to  
41 competition from alternatives such as hire cars, car share  
42 and ride-share.  
43  
44 As I have just mentioned, we have looked at those  
45 indicators of demand for point-to-point transport which are  
46 very similar to last time, but the reason for taxi use not  
47 growing appears to be people using alternatives to taxis.

.27/01/2015 6

Transcript produced by Merrill Corporation

1 This data comes from the passenger survey that we did.  
2 Taverner Research found that respondents were slightly more  
3 likely than in past years to report a decrease in taxi use.  
4 People are still travelling, though, and they are using  
5 alternatives to taxis.  
6  
7 18 per cent of respondents used hire cars in the last  
8 six months, compared with 13 per cent in 2012 and 14 per  
9 cent in 2013, so that number is growing. 13 per cent of  
10 respondents used car-share services, such as GoGet, in the  
11 last six months. We had not previously asked about this so  
12 we do not have earlier year comparisons. 11 per cent of  
13 respondents have used a ride-share service, such as uberX,  
14 in the last six months. Ride-share services only commenced  
15 in Sydney in late April 2014, so that is obviously a growth  
16 from zero to 11 per cent. The main reason that people said  
17 they used car-share and ride-share services was because  
18 they are cheaper than taxis.  
19  
20 We actually used our model to have a look at where  
21 these impacts on taxis were coming from. It is pretty  
22 clear that it is competition that is changing the industry  
23 and it is delivering the outcomes that were the objectives  
24 of the government's 2009 taxi licensing reforms, which  
25 were: to make it cheaper and easier to catch a taxi or, as  
26 has emerged, another form of point-to-point transport; to  
27 make it cheaper and easier to get into the industry through  
28 lower licence lease costs; and keeping impacts on  
29 existing licence owners not unreasonable. We have measured  
30 those as being somewhere around a 6 per cent reduction in  
31 licence lease costs in real terms in the last two years.  
32  
33 However when we modelled the changes, it appeared that  
34 the outcomes are not a result of the government's changes  
35 to fares and licence numbers in the last two years. If  
36 that growth in competition had not happened, our modelling  
37 showed that licence lease costs would have actually  
38 continued to rise slightly given the 3.6 per cent increase  
39 in fares over that period and the 345 additional peak  
40 availability licences that were released.  
41  
42 With our approach to the review this time in terms of  
43 coming up with the fare and licence recommendations, we  
44 modelled what would happen under our new assumptions about  
45 demand for taxis as opposed to demand for point-to-point  
46 transport. We previously assumed that the demand for taxis  
47 would grow at the same rate as the demand for

.27/01/2015 7

Transcript produced by Merrill Corporation

1 point-to-point transport, but for this review we assumed  
2 that the demand for taxis could stay at about the same  
3 level in the medium term.  
4  
5 We considered that fares should not go up, that any  
6 increase in fares would encourage consumers to use  
7 alternatives more often, and then we looked at the number  
8 of new licences to be issued and modelled the likely impact  
9 of that on licence lease costs.  
10  
11 We found that freezing fares and maintaining licence  
12 numbers is still likely to result in a less than 25 per  
13 cent real drop in licence lease costs over five years from  
14 2012-13, which is the modelling envelope we have been  
15 using.  
16  
17 We also consider that competition has benefits for  
18 passengers obviously, as Peter just covered, in terms of  
19 choice, affordability and convenience, but appropriate  
20 regulation for safety and protection of drivers and  
21 consumers obviously needs to apply to all services. So one  
22 of our key recommendations is for a review of the  
23 regulatory framework for all point-to-point transport.  
24  
25 This is a slide we have used before to explain why  
26 fares do not need to go up even though some costs of  
27 providing taxi services are increasing, such as fuel  
28 costs, and insurance and maintenance, which quite often  
29 increase from year to year.  
30  
31 We consider that fares are already high enough to  
32 cover any increases in costs because a big chunk of fares  
33 already goes to covering the licence lease cost which,  
34 as I have explained, is an economic rent rather than  
35 an economic cost, so licence lease costs can adjust to  
36 cover any changes in the other costs of providing taxi  
37 services.  
38  
39 As I mentioned, our recommendation is to maintain the  
40 current stock of licences. Because annual licences can be  
41 either not renewed at the end of each year, or handed back  
42 during the year in some cases, and also because wheelchair  
43 accessible taxi licences are available on request at any  
44 time outside the annual licence determination process, we  
45 make allowance for additional licences coming in and some  
46 licences going out.  
47

.27/01/2015 8

Transcript produced by Merrill Corporation

1 Our draft recommendation is that Roads and Maritime  
2 Services should release 40 unrestricted licences and 99  
3 peak availability licences to maintain licence numbers at  
4 their existing levels as well as two fringe area licences  
5 for Richmond-Windsor to replace the two that were  
6 relinquished during 2014.  
7  
8 Our other draft recommendations tended to relate to  
9 the tender process and also to our ongoing review of LPG  
10 prices that we had retained, even though we had changed our  
11 method for recommending fares and licenses, but this time  
12 we have said that we will discontinue the ongoing review  
13 of LPG prices because we think that the cost of fuel,  
14 whether that is LPG or another form of fuel, like all other  
15 costs can be covered by the economic rent that exists in  
16 fares.  
17  
18 We have basically recommended no change to the current  
19 tender process that Roads and Maritime Services run. We  
20 think they should use the existing online sealed tender  
21 process, that they should continue to publish preliminary  
22 results of the tender within four weeks of closing, which  
23 they did for the first time this year, to provide  
24 information to potential bidders for next year in plenty of  
25 time. We think that they should continue to provide  
26 up-to-date contextual information again to assist  
27 applicants to reach an informed decision about the  
28 appropriate value of the licence, and we think that maximum  
29 taxi fares should be announced before the annual licence  
30 tender opens, again to allow people to assess the  
31 appropriate value of the licence.  
32  
33 That was my relatively quick overview about our draft  
34 recommendations and how we got to them, so I will put you  
35 back in Peter's hands.  
36  
37 THE CHAIRMAN: Thank you very much, Jennifer.  
38  
39 Now I call on Roy Wakelin-King from the NSW Taxi  
40 Council to make a short slide presentation. After that we  
41 will open it up for discussion around the table and the  
42 floor.  
43  
44 We are scheduled to finish at 12.30 so we have plenty  
45 of time. You can feel free to hop up to grab a cup of tea  
46 during the time, if you like, because we are not planning a  
47 scheduled break. Thank you, Roy.

.27/01/2015 9

Transcript produced by Merrill Corporation

1  
2 MR R WAKELIN-KING (NSW Taxi Council): Thank you very  
3 much, Mr Chairman, and may I also express our thanks to  
4 IPART for the opportunity to provide a response to the  
5 review of the taxi licences and fares here in the Sydney  
6 metropolitan area and also the opportunity to make a brief  
7 presentation at this roundtable. We will be making some  
8 detailed points on this matter in our submission to the  
9 IPART draft report, however, we would like to provide the  
10 following comments in the interim.

11  
12 The NSW Taxi Council welcomes the recommendation of  
13 IPART for the New South Wales government not to release  
14 any more new licences in the Sydney metropolitan transport  
15 district. This is an important step in the right direction  
16 to addressing the prevailing uncertainty in the New South  
17 Wales taxi industry and reducing the negative social impact  
18 on hard-working New South Wales drivers, operators and  
19 owners arising from an oversupply of taxis in the market.

20  
21 As the NSW Taxi Council has been saying in detailed  
22 submissions and publicly for a number of years, we believe  
23 there is an oversupply of taxis in Sydney which is  
24 contributing to significantly reduced earnings for drivers,  
25 operators and owners. This oversupply, in our view, is not  
26 consistent with the reforms introduced by the New South  
27 Wales parliament in 2009. Importantly in this context,  
28 service levels have remained high throughout this period in  
29 which taxi licences have been issued in recent years.

30  
31 Whilst the New South Wales Taxi Council agrees with  
32 the views of IPART that substitutes such as hire cars, car  
33 sharing, and now illegal ride-sharing, are having an impact  
34 on taxi revenues, a point that we have been making for some  
35 time, we do not agree entirely with the view that it is  
36 largely substitutes alone that are having negative impacts  
37 on taxi earnings.

38  
39 As can be seen from this graph, which is a taxi  
40 licence value trend graph from 2008 to present, taxi  
41 licence values have been declining in both real and nominal  
42 terms since 2011.

43  
44 The principal causes for this are as follows: a  
45 softening of demand in the market generally in the post GFC  
46 period; the increase in supply of taxis relative to this  
47 demand by the end of 2014, in which time approximately

1 1,000 new licences have been tendered for Sydney resulting  
2 in over 800 new licences being on the road since 2010.  
3 This is an increase in the order of 15 per cent of the  
4 fleet since this time and notably at the time when demand  
5 in the post-GFC period has been softening.

6  
7 Other causes include the increase in the number of  
8 substitutes including hire cars, car sharing and most  
9 recently illegal ride-sharing and also New South Wales  
10 government policy decisions leading to an increase in the  
11 use of substitutes and/or softening in demand. This  
12 includes increased bus and train services, the removal  
13 of the airport line station access fees at Green Square  
14 and Mascot stations and the introduction of lockout laws  
15 and cessation of alcohol trading in the Sydney CBD from  
16 3am.

17  
18 It should be noted that the NSW Taxi Council has  
19 supported these policy decisions for important social  
20 reasons, however, it must be recognised that they are  
21 having an impact on taxi earnings.

22  
23 The final point that we believe contributes to this  
24 downward trend is the prevailing uncertainty that has  
25 pervaded the taxi industry as a consequence of both the  
26 Victorian taxi industry inquiry and the ongoing reviews  
27 being conducted by IPART, which have specifically targeted  
28 licence lease values, and also the recent advent of illegal  
29 ride-sharing. This is particularly the case given the  
30 intransigence of Uber through its persistence in providing  
31 these services through uberX despite knowing these services  
32 are illegal. I will talk more on this shortly.

33  
34 The issue of uncertainty has had a bigger impact on  
35 taxi earnings than what is given credit for, in our view.  
36 I draw your attention to the graph and particularly the  
37 increased negative movement in values since 2012 on the  
38 right-hand side. This is the time when IPART assumed  
39 responsibility for the taxi licence reviews and also when  
40 the final report of the Victorian taxi inquiry was brought  
41 down.

42  
43 It must be remembered that these two processes have  
44 been highly politicised and, in the case of the Victorian  
45 inquiry, statements have been made by a number of prominent  
46 national economic figures advocating for these reforms to  
47 be made national.

1  
2 I need to remind everybody that the significant  
3 negative movements in the Victorian licences were not as a  
4 consequence of substitutes or illegal ride-sharing but  
5 directly as a result of the uncertainty created by the  
6 Victorian taxi inquiry and the subsequent response from the  
7 Victorian government.  
8  
9 We believe that the suggestion that the issuance of  
10 about 800 new licence and the churn associated with  
11 replacement licences has not had a material impact on  
12 licence values and lease costs is inaccurate and  
13 potentially masks the real reasons for the outcomes as  
14 illustrated on the graph.  
15  
16 As the vast majority of my taxi industry colleagues  
17 will attest to, and have done so repeatedly in submissions,  
18 there are simply too many plates on the road for all those  
19 in the industry to make a reasonable living. This is why  
20 the recommendation of IPART in this current report makes a  
21 very welcome change and, importantly, allows all  
22 stakeholders to start having a more constructive and less  
23 adversarial dialogue on taxi licence policy, and we welcome  
24 this.  
25  
26 This leads me to the issue of substitutes and  
27 particularly illegal ride-sharing. Time here does not  
28 permit a full description of the risks to the public and  
29 the abject failure by providers of ride-sharing services,  
30 notably uberX, through the provision of this illegal  
31 service and, in doing so, not complying with the law. Let  
32 us be clear, ride-sharing is a for-profit enterprise that  
33 provides illegal taxi services. It places the public at  
34 risk through a lack of proper government-backed checks and  
35 balances on drivers and vehicles and it directly undermines  
36 the efforts of hard-working and law-abiding taxi drivers,  
37 operators and owners.  
38  
39 Dressed up as some Utopian sharing economy phenomenon,  
40 ride-sharing, and specifically uberX, is ripping off and  
41 exposing both drivers and customers in this industry  
42 through the non-compliance with the law, non-adherence to  
43 government checks and balances, inadequate or no insurance,  
44 no workers compensation, no industrial relations  
45 arrangements and the insidious practice of surge pricing,  
46 just to mention a few issues.  
47

.27/01/2015 12

Transcript produced by Merrill Corporation

1 Both here and overseas we are seeing the consequences  
2 of illegal ride-sharing and the risk it is creating for the  
3 New South Wales public. It is inevitable that this will  
4 only get worse as uberX is combining a fully deregulated  
5 taxi system proposal with a culture of non-compliance, a  
6 recipe for disaster which all of us in this room have a  
7 responsibility to address.  
8  
9 The NSW Taxi Council welcomes the efforts of RMS to  
10 crack down on illegal ride-sharing and notes that there  
11 have been over 72 fines and now court action is being  
12 taken, but more needs to be done. As an industry, we are  
13 fully aware of our responsibility for good customer service  
14 and compliance with the law but in an environment where  
15 organisations believe that they can get away with breaking  
16 the laws of this land, governments, regulators, industry  
17 stakeholders and commentators need not to be tempted to be  
18 diverted by this siren song and focus their efforts on  
19 upholding the public interest.  
20  
21 In terms of the review that is being proposed by  
22 IPART, the NSW Taxi Council notes that the New South Wales  
23 parliament has only in the last four months passed new  
24 legislation that has upheld the fundamentals of a  
25 well-regulated and managed taxi industry here in New South  
26 Wales. It is considered therefore that the issue here is  
27 not yet another review, notwithstanding the importance of  
28 this issue, but ensuring that the laws that have been  
29 established through the proper process are properly upheld  
30 and those organisations and individuals who thumb their  
31 noses at the law are appropriately dealt with.  
32  
33 The New South Wales Minister for Transport, in her  
34 second reading speech for the Passenger Transport Bill last  
35 year, made it clear that the bill did not address illegal  
36 ride-sharing. The minister also made it clear that the  
37 issue of ride-sharing and how it is to be regulated is a  
38 substantial issue and one that requires extensive  
39 consultation with the public.  
40  
41 This is an appropriate course of action should the  
42 government wish to consider this matter. However a  
43 cautionary note must be given that once the level of  
44 regulation for the taxi industry is set, the market will  
45 quickly move to that level and the consequences of this,  
46 intended or otherwise, will be manifest in the immediate  
47 future.

.27/01/2015 13

Transcript produced by Merrill Corporation

1  
2 Today, apart from the Passenger Transport Bill itself,  
3 there have been no substantive recommendations of what  
4 regulations should be removed to promote new services.  
5 Existing taxi laws have been developed to protect the  
6 public interest and any changes to accommodate new types of  
7 services such as ride-sharing run the risk of reducing  
8 important safety and reliability protections for the  
9 consumer.

10  
11 It is important in this context that I move to the  
12 issue of fares. The NSW Taxi Council acknowledges the  
13 point made by IPART in terms of industry competitiveness.  
14 As an industry we know that we must be competitive and not  
15 price ourselves out of the market. The issue in this  
16 context is how the taxi industry, which is privately funded  
17 and receives no subsidies from the state, recovers costs  
18 and makes a reasonable return.

19  
20 Since 2014, IPART has moved away from the taxi cost  
21 index model as a means of calculating fare recommendations.  
22 As you are aware, we have not supported this move as there  
23 is a need, in our view, for the industry, the government,  
24 and ultimately the public, to understand in transparent  
25 terms the increases in costs which are often greater than  
26 CPI and how they are to be properly recovered.

27  
28 In our response to the draft report we will be  
29 presenting information that demonstrates that cost  
30 increases without adequate remuneration have eroded the  
31 earnings of both drivers and operators.

32  
33 Could I have the next slide, please. The funding gap,  
34 as shown here, is increasing and taxi operators in  
35 particular are suffering.

36  
37 Insurance alone, as demonstrated on this slide, is  
38 rapidly becoming the largest cost burden on operators.  
39 I draw your attention to the left-hand side of the graph.  
40 In March 2008, Sydney CTP premium costs were in the order  
41 of \$3,500 and as at November last year, they have doubled  
42 over that period. Clearly these are in excess of CPI.

43  
44 It is important to note, and it is indeed highlighted  
45 both in the IPART draft report and reaffirmed here, that  
46 contrary to the views of some broader commentators, taxi  
47 licence costs have been diminishing over the last five

1 years, as has been demonstrated in the previous slides, and  
2 not contributing to any upward trend in fares.

3  
4 As indicated, costs such as insurance, fuel and LPG -  
5 however, we welcome the recent downturn in fuel prices  
6 although we note that LPG is still subject to increases in  
7 excise - and repairs and maintenance and vehicle costs have  
8 all increased and, as indicated, sometimes at greater than  
9 CPI.

10  
11 These are costs which, in the absence of government  
12 subsidies - and I should note that we are not seeking  
13 government subsidies - have to be recovered ultimately  
14 through the farebox.

15  
16 The issue of competitive pricing to substitutes is an  
17 important debate that needs greater transparency and we  
18 agree with IPART that this needs to be closely examined.  
19 Hire cars have little of the costs that taxis face,  
20 notably, in the case of insurance where they sit in the  
21 class one category and pay a fraction of the cost by  
22 comparison. Ultimately, anyone can provide services at a  
23 competitive price when they do not comply with the law and  
24 do not have the overheads that compliance with the law  
25 creates.

26  
27 The lopsided nature of the playing field needs to be  
28 addressed if taxis are to have a fair go in relation to  
29 pricing. Artificially holding down taxi fares to address a  
30 competition issue which is manifest as a consequence of an  
31 unbalanced policy and non-compliance with the law is  
32 ultimately unsustainable. We need to have a realistic  
33 fare-setting policy which is based on a transparent  
34 assessment of cost and what constitutes a reasonable  
35 return. This is the process that has been adopted for  
36 other modes of public transport and it is key to ensuring  
37 that the New South Wales taxi industry is viable now and  
38 into the future, which is ultimately in the public  
39 interest.

40  
41 In closing, we note some of the findings of the IPART,  
42 CIE and Taverner reports on which we will provide some  
43 further comments including some views where we may vary  
44 from your recommendations or findings. We will be  
45 responding to those reports in our submission, but we  
46 welcome the opportunity to do so and the information that  
47 has been provided as part of the evidence-based gathering



1 process.  
2  
3 Once again, Mr Chairman, thank you for the opportunity  
4 to present today and I hand the floor back to you. Thank  
5 you.  
6  
7 THE CHAIRMAN: Thank you very much, Roy.  
8  
9 DISCUSSION SESSION  
10  
11 THE CHAIRMAN: We will start off with contributions around  
12 the table. Please limit your contribution to five minutes  
13 time in order to give everybody a chance to speak.  
14  
15 Who would like to kick off around the table? Yes,  
16 Anne.  
17  
18 MS A TURNER: My name is Anne Turner and I am from the  
19 NSW Taxi Operators and Drivers Association. Thank you for  
20 allowing drivers and operators, through the NSW TODA, to  
21 put forward their views on the recommendations of IPART.  
22  
23 Drivers and operators, over decades, have found it  
24 increasingly hard to make a living from the industry due to  
25 the increasing cost of insurance, base fees, maintenance  
26 costs and government fees.  
27  
28 The government has used us as a cash cow for their bad  
29 budget decisions, yet put nothing back into the industry to  
30 make it sustainable.  
31  
32 Networks have continuously increased fees with no  
33 increase in productivity, which has been the catchcry of  
34 the industry for decades, and this should be reined in by  
35 basing fees on jobs offered or user pay basis.  
36  
37 Theory based proponents like Fels and Cousins and  
38 their hugely discredited reforms have made our industry an  
39 international laughing stock.  
40  
41 Letting ride-sharing apps operate illegally has made  
42 it harder and harder to make a living in the industry.  
43 With ride-sharing, which is, in another word, Uber, uberX,  
44 has finally admitted in India, which means worldwide, that  
45 they are a dispatch company so they should be made to  
46 comply with the same regulations as the taxi industry.  
47 Ride-sharing is destroying our industry. Enough is enough,

.27/01/2015 16

Transcript produced by Merrill Corporation

1 and we mean enough is enough.  
2  
3 Releasing any plates in today's climate would be  
4 destructive to the industry as it would force older drivers  
5 to move from the industry thus increasing the waiting time  
6 for people calling a cab, as new participants go to the  
7 ranks because of their lack of confidence and experience,  
8 as proven by Australian and international studies.  
9  
10 Putting on a tariff freeze does not make any sense as  
11 the market forces should apply, so when market forces can  
12 sustain an increase, it should be automatically gazetted.  
13 In other words, when we have an increase in the CPI, there  
14 should be an automatic adjustment.  
15  
16 Tariff rate 2 - I mean rate 2 in New South Wales -  
17 should apply on public holidays and on the weekends, as we  
18 have requested many times.  
19  
20 We are not opposed to competition as long as it is  
21 fair competition, thank you.  
22  
23 THE CHAIRMAN: Thank you very much, Anne.  
24  
25 Michael, would you like to say something?  
26  
27 MR M JOOLS: Thank you, Mr Chairman. My name is Michael  
28 Jools. I am from the Australian Taxi Drivers Association.  
29 We have mixed feelings about both the IPART report and the  
30 comments from the Taxi Council. We believe that fares are  
31 at a maximum and they cannot go any higher without  
32 affecting the business. That theory and that correlation  
33 of price inelasticity of demand we agree with and support,  
34 but what has happened in the last six months, and  
35 particularly with uberX, is that uberX has demonstrated to  
36 the people of New South Wales and to Australia that taxi  
37 fares and the taxi industry is out of whack.  
38  
39 It has demonstrated that there is a huge gap in what  
40 people expect to pay and what people are obliged to pay in  
41 a correctly regulated system. They have pointed out to the  
42 public, and to government, that maybe fares should be less,  
43 maybe there should be more competition and that it can be  
44 done at a vastly decreased cost.  
45  
46 What we do not have, however, is the recognition by  
47 IPART of what is that issue that the costs involved in the

.27/01/2015 17

Transcript produced by Merrill Corporation

1 taxi industry are seen to be too great. Certainly in  
2 recent months and years, the costs of operating a taxi  
3 service have gone up. The figures are unmistakably there.  
4  
5 For IPART to come out and say that these costs can  
6 be well covered by the economic or the non-economic rent  
7 of plate fees is a nonsense, a simple nonsense. Those  
8 cost increases that we all - as taxi drivers, as taxi  
9 operators - face and have to pay need to be compensated for  
10 directly through the farebox. It has not been done. But  
11 that farebox is still too great. We need look at the costs  
12 that are inefficient, non-economic and need to be removed,  
13 as uberX demonstrates. Those costs are the plate licence  
14 fees, the insurance costs and the network fees.  
15  
16 Government itself - our New South Wales government -  
17 is a beneficiary of all these things; yet it is at the same  
18 time encouraging IPART to ignore its role in this whole  
19 scenario. We have the absolutely ridiculous situation of  
20 some 141 new licence or replacement licences proposed to be  
21 issued out of what IPART refers to as 350-odd new PALs in  
22 the last two years going off the road. So half the people  
23 who have spent their incomes and their livelihoods in  
24 putting a new taxi on the road as a PAL in the last two  
25 years have given up.  
26  
27 What sort of government have we got that actually  
28 encourages this bizarre behaviour? For government itself  
29 to be encouraging people to take out new PAL licences when  
30 half will be handed back within that two-year period is  
31 unreasonable and improper.  
32  
33 These are issues that IPART seems to gloss over, but  
34 these are not issues that we at the ATDA are prepared to  
35 gloss over. We have an alternative stratagem and one which  
36 we have been pursuing for some years, and that simply is  
37 that what Uber has demonstrated has some foundations. It  
38 has the foundation of needing to reduce the operating costs  
39 of taxis, including all those excesses.  
40  
41 The way that we would suggest that that can be done is  
42 radical, horrific and practical. It is that government  
43 should release, as a matter of right, new licences to  
44 whoever is prepared to take them on as an operator either  
45 to drive those plates themselves or to employ a taxi driver  
46 to drive the taxi as the supporting taxi driver.  
47

.27/01/2015 18

Transcript produced by Merrill Corporation

1 It is a reversion for \$1,000 a year per plate to the  
2 notion of owner drivers as we used to have in New South  
3 Wales many years ago. We need the professionalism of owner  
4 drivers and employed taxi drivers. That, in our view, is  
5 the only way in which this situation can be remedied.  
6  
7 We need to keep the fares down. We are not talking of  
8 a flood of new taxis. We are talking of a replacement to  
9 those investors who have contributed and who demand and get  
10 the increased plate licence fees, as does the government.  
11  
12 We see that a practical reasonable solution is to  
13 release taxi plates for \$1,000 a year to whoever will drive  
14 those cars or employ a driver to drive them. It will not  
15 mean a flood of taxis. It will professionalise our  
16 industry and it will bring us back to a state of  
17 equilibrium which IPART is not doing.  
18  
19 THE CHAIRMAN: Thank you very much, Michael.  
20  
21 Graham, would you like to say something?  
22  
23 MR G HOSKIN: Graham Hoskin, Action for Public Transport.  
24 We are concerned primarily for public transport, but I also  
25 believe that taxis are an important complement to public  
26 transport. That has been stated a number of times in a  
27 number of inquiries. The Warren Centre report has  
28 mentioned that taxis can play a very important part in  
29 public transport systems.  
30  
31 At the moment, as I see it, taxis do provide a very  
32 effective service at the elite level, for example, a  
33 businessman who wants to get to the airport on time and for  
34 whom cost is not important, but that is the elite.  
35  
36 I see three particular areas in which taxis could  
37 complement public transport and one is in urban sprawl  
38 areas where public transport is clearly inadequate. The  
39 general history is that new suburbs have been added without  
40 particularly good public transport. There are exceptions  
41 like around Holsworthy railway station on the East  
42 Hills-Glenfield line, not far from me, but that is the  
43 exception. More frequently these suburbs have been added  
44 without proper transport.  
45  
46 The second issue is cross-suburban transport. For  
47 that I have long felt that a system which I observed in the

.27/01/2015 19

Transcript produced by Merrill Corporation

1 Middle East, which is a jitney-type of service where there  
2 is multiple hiring and shared riding, could operate because  
3 the bus service and the public transport services will  
4 never completely satisfy cross-suburban transport.  
5  
6 The third point relates to late night transport,  
7 especially for party-goers at times when public transport  
8 is inadequate and we certainly do not want people using  
9 their own cars when they are under the influence of  
10 alcohol, so effective transport in that situation is  
11 important and I believe taxis can play an important part in  
12 that.  
13  
14 I have long believed that we should have more  
15 jitney-type services and more minibus services.  
16 Governments are willing to cut back on buses even in close  
17 inner city areas where they believe the number of  
18 passengers is inadequate but they do not replace those  
19 buses with anything. I believe a minibus or jitney-type  
20 service could easily replace those where the government  
21 considers that a bus would not have an adequate number of  
22 passengers.  
23  
24 You do not have to have a fully loaded bus or even a  
25 bus with the majority of seats taken and then decide that  
26 if that is the situation that there should be a cut-back on  
27 that service, you should have nothing at all. We believe  
28 in basically a complementary taxi system which works well  
29 with public transport, and that has not been considered  
30 enough in the past.  
31  
32 THE CHAIRMAN: Thank you very much, Graham.  
33  
34 We will call on Janette Prichard and then we will call  
35 on Frank Toomeh.  
36  
37 MS J PRICHARD (NCOSS): I have not come fully prepared  
38 today, I do apologise, as I am sitting in for Rhiannon  
39 Cook. However, in the reading that I have done in  
40 preparation for today, my larger concern at the moment is  
41 the impact of the alternative point-to-point transport  
42 systems that are growing and obviously increasing; namely,  
43 the potential impact of that, in the long run, on the  
44 access to taxis that are appropriate for wheelchair access.  
45  
46 I appreciate that the future review may well be the  
47 place to raise these issues in much more detail but, in

.27/01/2015 20

Transcript produced by Merrill Corporation

1 brief, an unregulated system may advantage those with the  
2 most obvious access capabilities. The government needs to  
3 be watching the number of WATs and making sure that they  
4 are encouraging - one would like to think that they are  
5 encouraging this - more and more of those taxis. This is a  
6 major form of transport for people with mobility issues.  
7  
8 I was fascinated to hear the suggestion that all  
9 licences come down to a licence fee of \$1,000. I will just  
10 throw one on the table right now: let us really, really  
11 reduce the licence fee for the WATS - the wheelchair  
12 accessible taxis - as a way of counteracting --  
13  
14 THE CHAIRMAN: They are already quite low for the WATs.  
15  
16 MS PRICHARD: Yes, as low as they can go. I think that  
17 will do, thank you.  
18  
19 THE CHAIRMAN: Thank you very much Janette.  
20  
21 Frank?  
22  
23 MR F TOOMEH: My name is Frank Toomeh. I am  
24 vice-president of the NSW Taxi Operators and Drivers  
25 Association. I am wearing two hats here today actually as  
26 a member of the Taxi Council and the Taxi Operators and  
27 Drivers Association.  
28  
29 I do endorse what Roy Wakelin-King had touched on  
30 earlier. Our industry is going through problems due to the  
31 lack of demand for cabs, the lack of drivers, the lack of  
32 cabs leaving depots, the effects of Uber, the reduction in  
33 phone bookings - not in just one network but right across -  
34 and the increased costs.  
35  
36 I disagree with Michael Jools' proposal on the release  
37 of plates because that would diminish the equity of our  
38 forefathers who have given years and years of service.  
39 They rely on that plate as a form of income. They never  
40 had any superannuation in their time. To release a plate  
41 for \$1,000, as Michael was saying, would bring about the  
42 ruin of a lot of people in the industry and investors  
43 around this room, I would say. Just to be fair, that is  
44 not going to improve the service to the everyday client out  
45 there. Our problem is not lack of plates. We have plenty  
46 of them sitting in depots without drivers to take the taxis  
47 out.

.27/01/2015 21

Transcript produced by Merrill Corporation

1  
2 In every state, from what I have known through  
3 previous conferences, they release their plates per heads  
4 of population, except in Sydney where we seem to be dishing  
5 them out without taking the population count into  
6 consideration. I could go on for a long time, Mr Chairman,  
7 but --

8  
9 THE CHAIRMAN: You'll probably get another opportunity.

10  
11 MR TOOMEH: Thank you.

12  
13 THE CHAIRMAN: Thank you very much, Frank.

14  
15 Anthony?

16  
17 MR A WING: Anthony Wing, Transport for NSW. Thank  
18 you for inviting me here today . Our role in this, of course,  
19 is that ultimately Transport has to make the final decision  
20 about the number of licences to be issued in Sydney and the  
21 maximum fares. We will be receiving an independent  
22 report on this from IPART so I do not wish to comment on  
23 the potential findings of that report. We are looking  
24 forward to receiving it. However, I am very happy to  
25 assist with any facts or clarifications of current  
26 government policy that I can assist with.

27  
28 There is certainly one thing that I can assure NCOSS,  
29 and that is that actually Transport for NSW is very keen to  
30 see wheelchair accessible taxis. There are actually quite  
31 a large number of incentive schemes already, including  
32 cheap licences, interest-free loans, and also the  
33 wheelchair accessible taxi driver incentive scheme payments  
34 which go with trips as well. So let me reassure everyone  
35 that we are very keen to see that we have wheelchair  
36 accessible taxis.

37  
38 THE CHAIRMAN: Thanks very much, Anthony.

39  
40 Fred, would you like to say something.

41  
42 MR F LUKABYO (NSW Taxi Council): Yes, thank you,  
43 Mr Chairman. Once again, I appreciate the invitation of  
44 IPART to be able to address these hearings.

45  
46 I would like to touch on three points, if I may,  
47 Mr Chairman. The first one is the fall in the market for

1 licences, both in the price of licences transferred in the  
2 secondary market and also in the market for let's call them  
3 taxi leases, which is readily measurable, and that is the  
4 amount for which licences are available to taxi operators.

5  
6 There have been significant falls in recent time; as  
7 we have advised the Tribunal, there have been significant  
8 falls in recent time, but I would bring to everybody's  
9 attention that, in the secondary market, there have been  
10 very significant falls even post the release of this draft  
11 report and, of course, in the Taxi Council's submission, we  
12 will make comment on that with further detail.

13  
14 One point I would like to make is that in recent  
15 years, arguably for continuity but nevertheless avoiding  
16 the entire picture, the Tribunal has tracked the market for  
17 let's call them 24-hours licences whilst focusing most of  
18 its action in the market, its releases, on night-time  
19 licences.

20  
21 The Tribunal has not, in its releases, tracked the  
22 market for night-time licences in the same way and  
23 night-time licences have in fact shown more of a fall in  
24 price over the time that the Tribunal has used its current  
25 methodology than 24-hour licences, although they are not  
26 the primary instrument that is measured. I think this  
27 needs to be corrected, Mr Chairman.

28  
29 The second point I would like to address is this idea  
30 of WATs numbers in the market. I have previously said at  
31 this forum and in writing that the approach IPART has taken  
32 in trying to determine how many WATs equals a  
33 non-wheelchair accessible taxi is somewhat arbitrary.  
34 I think we have not done sufficient work on any of our  
35 parts in getting that right, but I notice that, in this  
36 year's draft, we have brought arbitrariness on  
37 arbitrariness by suggesting that because of behaviour in a  
38 past time, there will be no increase in WATs this year, no  
39 change in WATs this year of its own accord and then  
40 allocating taxis accordingly.

41  
42 I suspect we need to apply a bit more science to that  
43 and I would certainly endorse the views of both NCOSS,  
44 represented by Ms Prichard, and Transport for NSW in trying  
45 to increase the number of wheelchair accessible taxis in  
46 New South Wales and I suspect that there should be some  
47 focus from IPART on that issue as well.

1  
2 The third point I wish to make, Mr Chairman, if I may,  
3 is to take some exception to the commentary of Mr Jools  
4 from the Australian Taxi Drivers Association. Mr Jools  
5 suggested that the pricing we see in ride-sharing reflects,  
6 and I quote, the pricing in a "correctly regulated"  
7 point-to-point transport operation. I suggest it suggests  
8 pricing which is possible in a market which has no vehicle  
9 testing, no alcohol testing, no driver training, no  
10 adequate insurances, no industrial rights for drivers, no  
11 workers compensation, questionable GST on fares. I suggest  
12 that that is in fact what is reflected in the pricing of  
13 some of these substitutes.

14  
15 When Mr Jools adds to that a reference to appropriate  
16 network fees, the network fees of the ride-share operations  
17 into which I have looked typically range between 20 and  
18 40 per cent of revenue. So to say that network fees are  
19 the issue in the pricing of the substitutes is clearly  
20 unlikely. The issue is the complete removal of regulation,  
21 not for the sake of, not regulation which the Tribunal  
22 regularly addresses in terms of quantity regulation, but in  
23 terms of safety regulation. I would therefore argue that  
24 that should not be any Utopian goal towards which the  
25 Tribunal or the industry should move, Mr Chairman.

26  
27 Once again I thank you for the opportunity to address  
28 this meeting.

29  
30 THE CHAIRMAN: Thank you very much, Fred.

31  
32 Would you like to say anything, Michael, at this stage  
33 or later?

34  
35 MR JOOLS: A little later, thank you, Mr Chairman. .

36  
37 THE CHAIRMAN: Yes, that is fine.

38  
39 Hayden, would you like to say anything at this  
40 stage?

41  
42 MR H FISHER (CIE): No, thank you, Mr Chairman. I don't  
43 think I have anything more to add to what has already been  
44 said.

45  
46 THE CHAIRMAN: We are doing well on time. It is just  
47 about 11 o'clock so it is a good opportunity for people

1 from the floor. If you would like to speak just indicate  
2 with your hand. We have a place here at the desk for you  
3 to come up to, and first is Mike.

4  
5 MR M BURRAGE: Thank you, Mr Chairman. My speech is  
6 not going to be so policy --

7  
8 THE CHAIRMAN: Sorry, Mike, could I ask you to identify  
9 yourself. We know who you are, but --

10  
11 MR BURRAGE: Mike Burrage. I won't say the number of  
12 years I have been in the industry, it would make me look  
13 old, but I am an owner, operator and driver.

14  
15 I am an operator to the extent that I started work at  
16 3.30 this morning and finished at 8, technically speaking,  
17 to get my pay in so that my operating fees were not  
18 diminished. As an owner driver I haven't got any wages  
19 yet, but still I am willing to forfeit that.

20  
21 When I heard about IPART's report or findings that  
22 there would be no new licences I said, "Hallelujah!  
23 Perhaps we are singing from the same hymn sheet", but when  
24 I read the report, I realised I was wrong.

25  
26 My mind immediately went to 50 years ago when I was in  
27 grammar school in England, in a forum like this, where the  
28 maths teacher would be on to me about differential calculus  
29 or permutations and combinations. After five minutes he  
30 would say to me, "Burrage, you haven't asked any questions.  
31 I think it's going in one ear and out the other." This was  
32 even more so the case when I realised with the report that  
33 you had got the right answer but your process in getting  
34 there was completely wrong. Unless you understand the taxi  
35 industry in the past and how we have got to this present  
36 situation, you will never look to the future as far as the  
37 taxi industry is concerned.

38  
39 You have been doing fares since 2000. You have been  
40 doing these licences since 2009 and a combination of both  
41 since. You make various statements which are untrue or  
42 false. You use figures which are tainted and I must go  
43 again to what I have said in the past - you do not  
44 understand.

45  
46 You make statements that between 2000 and 2009, the  
47 number of licences issued did not correspond with the

1 growth in population and what you call other aspects.  
2 I have documented evidence now. I have said this in the  
3 past, but it wasn't until this year that I got documented  
4 evidence, but I would like to refresh your memory. In 2000  
5 we came down after the Olympics. This was acknowledged by  
6 the New South Wales government. We had deregulation of the  
7 hire car industry, which then went from 157 cars to 900  
8 plus. I will ask you a question and I will give you two  
9 seconds to reply. Where did they get their work from? It  
10 was from the taxi industry.

11  
12 You had technology changes, and I am very disappointed  
13 that Cabcharge are not here today and I am very disappointed  
14 that they have not raised this issue before. RSL Cabs used  
15 to have one cab a day leaving our base to Cabcharge with  
16 paper dockets. With electronic transfers and all that  
17 there is no taxi required there so we lost work. You  
18 multiply that by 1,000 times with 1,000 firms and you can  
19 understand what I am getting at.

20  
21 During this period also there was downsizing of big  
22 businesses, businesses cutting costs to make profits, and  
23 we are one of those costs, not necessarily directly, but  
24 sending a person to Melbourne, they cut that out so we  
25 lost.

26  
27 There were various other aspects. You talked about  
28 the airport and tourism. I will ask you another question  
29 and I will give you two seconds to reply. Why do we wait  
30 longer at the airport now than we did before? It used to  
31 be 40 minutes. Now it is an hour plus. I will leave you  
32 to understand that. There are a number of other aspects,  
33 such as workplace arrangements and the GFC.

34  
35 This is documentary evidence that I have obtained - it  
36 is very sensitive - from a driver of mine. In 2000, on a  
37 nine-hour shift, he took \$260. In 2005, because of what  
38 happened, he went down to \$225, so a decline. In 2009, he  
39 went to \$270 and in 2014-15, the figure is \$285. To my way  
40 of thinking, in 15 years our takings for a nine-hour shift  
41 have gone up 10 per cent, and I ask you why. In my  
42 experience as an operator, in the meantime my payments have  
43 gone up 10 per cent. How do we survive? We survive  
44 because that nine-hour shift has gone to 11 hours, like  
45 mine, and the necessity for me to have the cab on the road  
46 for 14 shifts a week instead of 12. You did mention a  
47 remark, a few years ago, of mine as though your operation

1 and results would solve that problem.

2  
3 Look, we are a small business and most small  
4 businesses have had to work harder. I quite agree with  
5 that. Working in a cab 14 shifts a week is a must and  
6 I have no sympathy for any operator who does not do that,  
7 to give them and their drivers a chance.

8  
9 What you are doing is what Woolworths and Coles are  
10 doing to us - you are squeezing our margins. Something has  
11 to go. With the trucking industry it is said that the  
12 maintenance is going. My maintenance is going. Instead of  
13 washing the cab once a day, I only wash it once every other  
14 day. I have to do something.

15  
16 You say our fares are expensive. Sydney is expensive.  
17 Property is expensive. Electricity is expensive. A lot of  
18 people would say bus and train fares are expensive here.  
19 With the bus and train fares, why don't you say to them  
20 what you have said to us, "Make the fares cheaper and more  
21 people will use them." Somehow, that is not the case.

22  
23 I could reduce our fares by 10 to 20 per cent with  
24 productivity. If you had a factory and you wanted to  
25 produce a product and you wanted to produce it more cheaply  
26 to sell more, if your machines were only working at 30 per  
27 cent of time, you wouldn't go out and buy more machines to  
28 make those extra products, you would make those machines  
29 work more with greater productivity.

30  
31 At the moment our productivity is about 30 per cent.  
32 If we go up to 40 per cent, which is where we should be, we  
33 would have then caught up what we have lost and we can  
34 reduce fares. I could reduce fares now if those 800 cabs  
35 that you have put on since 2009 were taken off the road.  
36 That is 15 per cent. You are on the right track, but why  
37 reissue 140 more plates for cars that could not make a  
38 living before because they were not worked properly?

39  
40 You refer to lease fees. I do have not have time to  
41 go back through the history of lease fees, but we never  
42 used to have any problem with lease fees because we were  
43 all owner drivers. This was only introduced by you, since  
44 2009, when you incorporated lease fees in the fare  
45 structure.

46  
47 To me, I am not an investor in the industry; I have an

1 investment but I make it work because I am an owner driver.  
2 I have no sympathy for what we call the investors who have  
3 come into the industry and do not work in the industry.  
4 Going back to what somebody said over here, perhaps we  
5 should look at owner drivers. That is the way to go  
6 because with owner drivers putting their money into the  
7 industry, you will get a better quality and I hope to get  
8 to that later in the second half.

9  
10 THE CHAIRMAN: Mike, if you could just finish up now, you  
11 will probably get another opportunity.

12  
13 MR BURRAGE: There were two comments I wished to make.  
14 I am afraid the person that I was going to address it to -  
15 Mr Reardon - is not here so I'll have to direct it here to  
16 Transport.

17  
18 THE CHAIRMAN: Anthony is the man now.

19  
20 MR BURRAGE: He is the man, is he? I think IPART get  
21 their funding from the government - the Ministry of  
22 Transport, and all that. I strongly suggest that if they  
23 ask for a CPI increase, you don't give it to them and you  
24 say to them, "I want you to employ three more people to  
25 make yourself be more efficient" - because that's what they  
26 did to us last year; no fare increase but 300 more cabs on  
27 the road - or you could say to them, "We have had three  
28 recommendations from you over the last three years. We  
29 have not accepted the complete things. You are not going  
30 to get any more money because, in the terms of Mr Kerry  
31 Packer, we don't think you are doing a good job with the  
32 money you are getting at the moment."

33  
34 Last night, I had a dream. I had a dream last night  
35 that my mobile went. I answered it, "IPART here. Mike,  
36 you seem to know something about the taxi industry after  
37 43 years. Could you come and tell us what it's all about."  
38 I woke up in a cold sweat and with pigs flying across the  
39 room. The only hope I have is that there was a missed call on  
40 my phone this morning. Thank you.

41  
42 THE CHAIRMAN: Every year, we take on board all of your  
43 comments, Mike.

44  
45 Next, Silvano?

46  
47 MR S PORCARO: My name is Silvano Porcaro. I am

1 representing a substantial investor in the industry,  
2 someone who has over \$10 million invested in this industry.  
3 As was mentioned previously, there are no government  
4 subsidies in this industry. However, there is now what  
5 we would term substantial sovereign risk in this industry,  
6 particularly obviously in Victoria and New South Wales  
7 where intervention has, for one reason or another,  
8 not resulted in an improvement in the industry but, in  
9 fact, a deterioration in the industry - a substantial  
10 deterioration - through the facts that were mentioned early  
11 on in the piece by Jennifer herself, that all of the  
12 indicators seem to be going backwards.

13  
14 I would like to make a couple of comments. Firstly,  
15 I would like to correct one notion. I think a 6 per cent  
16 decrease was mentioned in regard to lease fees. It is  
17 substantially higher than that. As Fred mentioned just  
18 now, in recent days there has been a substantial decrease;  
19 in the order of another 8 per cent, or thereabouts, of fees  
20 has come off in terms of lease plates.

21  
22 Another measure that needs to be taken into  
23 consideration is that 80 plus per cent of taxi plates owned  
24 in New South Wales are owned by individuals, single  
25 individual owners that are operating a small business.  
26 They have seen the value of their plates go from \$425,000  
27 when IPART started its reviews, down to, most recently,  
28 about \$368,000 or \$367,000.

29  
30 SPEAKER FROM THE FLOOR: No, it is less.

31  
32 MR PORCARO: In nominal terms, that is a decrease of 14 or  
33 15 per cent. In real terms over three years, it is closer  
34 to 22 or 23 per cent. That is a substantial decrease over  
35 three years. Small investors, and I can hear someone  
36 commenting behind me, who have one possibly two plates  
37 have suffered that decrease over that period of time. I do not  
38 know how that is justifiable within any context or any  
39 reasonable view of the market.

40  
41 The other point that I would like to make is in regard  
42 to submissions that I have now made personally three years  
43 in a row regarding competition in the industry. I think  
44 there is this belief - or there has been; I think it is  
45 changing now - that issuing more taxi plates will increase  
46 competition in the industry. That is just a load of  
47 bunkum.

1  
2 Competition does not exist between individual taxi  
3 operators or individual taxi drivers. They  
4 rank. They sit on a rank. You take the first car off the  
5 rank. The more taxis you have, the longer the rank. It  
6 does not create competition. Competition in the industry  
7 exists from alternative modes of transport, whether that be  
8 private vehicles, hire cars, GoGet, Uber, tourist vehicles,  
9 any other number of different point-to-point type of  
10 transport that you want to nominate. In addition to that,  
11 we have public transport. There has been a huge increase  
12 in investment and, I must say on behalf of the Minister for  
13 Transport, substantial improvement in public transport in  
14 recent times, be it bus, ferry or train. Timetables have  
15 changed. More lines have been opened up. We have had the  
16 privatisation of ferries. A whole lot of things have  
17 happened that have improved that market.  
18  
19 The taxi industry, on the other hand, unfortunately  
20 has suffered the opposite effect through the improvements  
21 that we have seen in public transport and through all of  
22 these other areas that have become available to people or  
23 to consumers, and to corporates, I might add. Corporates  
24 are more and more using hire cars. Business that was  
25 traditionally owned by taxi plate networks has basically  
26 disappeared and it is going to hire cars.  
27  
28 Taxis have some major problems with the hire car  
29 industry, which have not come out at this point. There are  
30 two issues and one relates to the standard of hire cars -  
31 there seems to be none. I see Toyota Priuses running  
32 around with hire car plates. How is that possible? How is  
33 that a hire car when you have better vehicles used as taxis  
34 than what you have as hire cars? That does not make any  
35 sense whatsoever.  
36  
37 We need to ensure that there are some proper  
38 regulations around the type of vehicle that can be used for  
39 a hire car in terms of wheel base, in terms of make, in  
40 terms of whatever the right dynamics are. To have a lower  
41 standard of car - I am not saying they are not in good  
42 condition or whatever - and to have a Prius running around  
43 as a hire car does not make any sense to me.  
44  
45 The second point I would make in regards to hire cars  
46 is that, once upon a time, you used to pick up the phone  
47 and you used to ring for a hire car. You would basically

.27/01/2015 30

Transcript produced by Merrill Corporation

1 have to book that hire car and you would get it in an hour,  
2 two hours or the next day. Today you go on the app. You  
3 have an app and the hire car is around the corner. Because  
4 there are so many of them on the road - there are 1,000 of  
5 them on the road - they are there in a minute. That is  
6 just unacceptable. It is unacceptable because that is  
7 basically taxi work. They have effectively de facto become  
8 taxis by using an app. That is the same as any taxi  
9 network, be it Legion, Premier, Taxis Combined, they have  
10 the same approach - use the app and the taxi will come.  
11 With hire cars there is no differentiation, so that is a  
12 major, major issue.  
13  
14 The last point I would make is in regard to fares.  
15 I might get up a bit later as I think of things, but in  
16 regard to fares some people have made some points in regard  
17 to the taxi costs or Sydney taxi growth model. I think  
18 there are some good things in that Sydney taxi growth  
19 model that should be considered.  
20  
21 I will give one example today. I don't know how many  
22 people might have caught a taxi in today, but today was an  
23 extreme day of weather. Weather and congestion do not seem  
24 to figure into anybody's calculation of the time that is  
25 lost on the road by a taxi operator.  
26  
27 Firstly, it is very, very hard to find a taxi operator  
28 or a taxi driver today because no-one wants to be in the  
29 industry any more. It is just too hard to make a living.  
30 At \$10 an hour, who wants to work in this industry?  
31  
32 Secondly, when you have so much congestion on the  
33 roads and you also have these 40-kilometre school zones and  
34 what have you, people do not realise when you are on the  
35 road in that two-hour period in the morning and that  
36 two-hour period in the afternoon, which is peak hours for  
37 taxi operators and taxi drivers, those things slow you down  
38 considerably. You lose two or three jobs in each of those  
39 time slots because you cannot move fast enough because of  
40 the congestion and because of the speed limit at which you  
41 are allowed to travel. Together with extreme weather like  
42 we had today, you just go nowhere; you are just sitting  
43 around. If you do not have a passenger in the car, it is  
44 additional dead time that you are not earning any money.  
45  
46 Those are the only points I would like to make at this  
47 stage. Thank you very much.

.27/01/2015 31

Transcript produced by Merrill Corporation



1  
2 THE CHAIRMAN: Thank you very much, Silvano.  
3  
4 Anybody else from the floor?  
5  
6 MR P LOURIDAS: My name is Peter Louridas. I am an  
7 owner. Good morning.  
8  
9 THE CHAIRMAN: Good morning.  
10  
11 MR LOURIDAS: Thank you for the opportunity to talk here  
12 this morning. I think the original charter of IPART, if I  
13 remember rightly, was something about eventually dropping  
14 licence lease values by a certain percentage. It might  
15 have been 20 or 25 per cent.  
16  
17 THE CHAIRMAN: It was 25 per cent over five years.  
18  
19 MR LOURIDAS: Well, by your own confirmation, in that  
20 period, revenues for taxis have dropped whilst the demand  
21 for point-to-point transport has increased. Conversely  
22 demand for taxis has subsequently dropped. Leases have,  
23 until recently, held firm but now they are taking a very  
24 significant hit, along with licence values. As Silvano  
25 said, I think they have dropped from about \$420,000-odd to  
26 about \$360,000-odd now. The last time interest rates were  
27 this low, the equity on plates jumped significantly because  
28 people recognised a return of roughly 8 or 9 per cent on  
29 taxi plates and those increased.  
30  
31 I would suggest that, in the last three or four years,  
32 the government's appointment of IPART to review taxi  
33 licences and fares has actually achieved its objective. We  
34 can see that now with the recommendation not to release any  
35 more plates. For that, well done to you.  
36  
37 I disagree that taxis are completely unaffordable.  
38 I think that the gentleman to my left described taxis as an  
39 elite level form of transport. A lot of people in the  
40 suburbs would dispute that. There is no doubt that taxis  
41 cater to the disabled, to the elderly and to the sick.  
42 I would endorse the view of Mr Lukabyo who said that we  
43 need more WATs vehicles.  
44  
45 I seem to remember an upper house state government  
46 review in 2009 which stated that, hopefully, by 2020 there  
47 would be 50 per cent of WATs vehicles to form part of the

1 Sydney taxi network. Whatever incentives that you have  
2 offered to potential WATs operators are clearly not working  
3 because WATs leases are relatively cheap, and we do seem to  
4 need more of them as we are living in a community where  
5 people are getting older.  
6  
7 It concerns me that it seems that all of that has been  
8 forgotten in the zeal to release more plates because the  
9 taxi plates are a good cash cow for the state government.  
10 I am not sure how much they would be raising. It would  
11 probably be upwards of \$5 million a year in terms of  
12 returns to the state government.  
13  
14 I would also suggest that there is an unintended  
15 effect of the lockout laws, which the NSW Taxi Council did  
16 support. It has had a major effect on Sydney taxis. Until  
17 recently I was going to work at 3 o'clock or 4 o'clock on a  
18 Saturday morning and now you would think you lived in a  
19 city of Methodists because there is hardly anyone on the  
20 road. Save for around the casino, the streets are  
21 virtually empty. However, whilst it is not particularly  
22 good for the taxi industry that we have suffered with that,  
23 it has helped because people have found it a lot easier to  
24 catch taxis on Friday and Saturday nights.  
25  
26 Lastly, what I would like to say is that I would hope  
27 that whatever review will take place, and whether or not  
28 IPART will conduct the review, I know that you have  
29 recommended yourselves to do that review --  
30  
31 THE CHAIRMAN: An independent organisation such as IPART.  
32  
33 MR LOURIDAS: Of course, of course. I would like to see  
34 that process come around relatively quickly because my fear  
35 is that it needs to happen in the next few months because  
36 point-to-point transport is obviously going to be an  
37 important part of transport in Sydney in the next 30 to  
38 50 years. It needs to be regulated.  
39  
40 The fact that you want to conduct reviews into new  
41 forms of transport like car sharing and ride-sharing - and  
42 ride-sharing is of particular concern to our industry -  
43 worries me. The fact that you have an open mind about  
44 ride-sharing is almost a green light for them to act  
45 illegally in the next few months because if you have an  
46 open mind, well, then, it can't be so bad and they will  
47 still keep picking people up until such stage as they are

1 told, "We are not going to let you do it."  
2  
3 THE CHAIRMAN: We have an open mind because we are  
4 independent and we are looking at what evidence will come  
5 forward in the event that we would conduct the review.  
6  
7 MR LOURIDAS: In terms of evidence to come forward, since  
8 your draft report came out a couple of months ago, I am  
9 sure everyone at this table has seen what type of company  
10 we are dealing with. Let's just say in terms of Uber what  
11 type of company we are dealing with. From the top of the  
12 organisation down, they are a nasty, nasty piece of work,  
13 from major executives down. One of them was quoted as  
14 saying that he has never got so much tail in his life ever  
15 since he came on with Uber, and it is going all the way  
16 down. From cities in America, in India, all over the  
17 place, there are accusations - not just accusations but  
18 allegations and criminal charges brought against drivers  
19 who are obviously not treating their customers as their  
20 customers would like to be treated.  
21  
22 This is what happens when you have unregulated forms  
23 of transport with no security cameras, no vetting of the  
24 drivers. Here we have a taxi industry. We jump every  
25 hurdle that you put forward in front of us, whether it is  
26 through workers compensation, whether it is through green  
27 slips, whether it is security cameras, all these things  
28 that we do because we understand.  
29  
30 When Tim Reardon was with Transport for NSW he used to  
31 say all the time, and I am sure Anthony Wing endorses it,  
32 that their only concern is the customer and that is the  
33 service to the customer. In particular when you are  
34 dealing with vulnerable people, it is the safety of the  
35 customer that is paramount.  
36  
37 THE CHAIRMAN: We need to be clear here that it is one  
38 thing to talk about point-to-point and ride-sharing. Uber  
39 is a company that undertakes ride-sharing. There are other  
40 companies that undertake ride-sharing, so the issue is  
41 about point-to-point transport and what sort of regulation  
42 should apply across the board.  
43  
44 I don't think it is terribly helpful to make comments  
45 about a particular operator in the market. These are  
46 comments on the public record. In the event that they hold  
47 an inquiry, then those sorts of things could come out.

.27/01/2015 34

Transcript produced by Merrill Corporation

1  
2 MR LOURIDAS: Absolutely, and if I am out of order  
3 I apologise. However, I think that whatever happens it  
4 needs to happen quickly because, unfortunately, there are a  
5 lot of people within our industry who are looking at  
6 alternative forms of point-to-point transport, whatever  
7 they may be, and looking at them as something that could be  
8 viable for them in the future because they perceive that  
9 there is a green light to go ahead and conduct those sorts  
10 of services rather than stay in an industry that has a  
11 commitment to the safety of its customers and to service.  
12 Thank you.  
13  
14 THE CHAIRMAN: Thank you very much, Peter.  
15  
16 Is there anybody else? Do you want to address  
17 something Peter raised, Graham?  
18  
19 MR HOSKIN: Yes, just to correct that statement about  
20 serving an elite, that is a misinterpretation of what  
21 I said. I believe, correctly or incorrectly, that the taxi  
22 service at the moment serves the elite users such as the  
23 businessman wanting to get a quick trip to the airport  
24 where cost is not the issue. But there are a lot of other  
25 people who use taxis apart from that and who have to pay a  
26 similar cost and the cost for them is quite a big issue.  
27  
28 THE CHAIRMAN: Thank you, Graham.  
29  
30 Another speaker from the back?  
31  
32 MR P BHATT: Thank you, Mr Chairman. My name is  
33 Prashant Bhatt. I am a taxi operator and taxi driver.  
34  
35 THE CHAIRMAN: Welcome.  
36  
37 MR BHATT: Thank you very much. I represent 1 per cent of  
38 wheelchair taxis in Sydney and 0.67 per cent of total  
39 Sydney taxis. I am directly in control of those vehicles.  
40  
41 I want to point out - I have read the draft report -  
42 that there is already a proven record of decline in demand  
43 for taxis. There is already a proven record of decline in  
44 revenue per shift. There is a lesser number of trips per  
45 shift. The nominal hourly driver earnings also show a  
46 significant decline in real terms. Operators' margins are  
47 reduced. More taxis are sitting at home. More taxis are

.27/01/2015 35

Transcript produced by Merrill Corporation

1 not going on the road.  
2  
3 The survey also suggests that for wheelchair taxis on  
4 the road, it is only seven shifts per week and in one year  
5 only 34 night shifts, and that is wheelchair taxis on the  
6 road. That is all in the CIE report.  
7  
8 Transport for NSW have new additional licence  
9 conditions for wheelchair taxis under regulation number 17,  
10 which states that all wheelchair taxis should be on the  
11 road on Sundays from 7am to 8pm. That is a new condition  
12 they have introduced. My understanding is that from 7am to  
13 8pm is the peak time where more taxis are required for the  
14 wheelchair-bound people.  
15  
16 I also want to request to all the people here that if  
17 wheelchair drivers are doing a job, a non-WAT job - not a  
18 wheelchair job, a non-WAT job - after 8pm, that should not  
19 be considered as a criterion to cancel the wheelchair  
20 licences. My request is that the peak time should be  
21 recognised for the wheelchair taxis from 7am to 8pm in the  
22 night-time, and also that from 8pm in the night-time to  
23 7 o'clock in the morning, whatever non-wheelchair jobs are  
24 done should not be considered as a criterion to cancel the  
25 licence of the wheelchair operators.  
26  
27 THE CHAIRMAN: We will take that on board.  
28  
29 Do you have any response to that, Anthony?  
30  
31 MR WING: Only that, yes, we will take that into account  
32 and consider it.  
33  
34 MR BHATT: I have lost three wheelchair plates in one  
35 month - \$100,000 each investment is sitting in the bank.  
36 Also, because of a discrepancy in the data system, nobody  
37 is taking responsibility for the correct data that is  
38 provided. Also Transport for NSW has a different view.  
39 I am operating six wheelchair taxis and two are already in  
40 the line of show cause notices. Also I am going to have an  
41 internal review done. They have mentioned that.  
42  
43 I have a school run. The Minister for Transport does  
44 recognise the school run as a taxi service. Even though we  
45 are carrying children, wheelchair-bound, less than 10 years  
46 old, every day, Monday to Friday to the school, they do not  
47 consider it a taxi service and they advocate not to provide

.27/01/2015 36

Transcript produced by Merrill Corporation

1 that service. They are banning operators and the licensee  
2 and the drivers from participating in the school-run  
3 program.  
4  
5 MR WING: I am not sure these things go to the current  
6 hearing, but I would be very happy to talk about that  
7 separately if you like.  
8  
9 MR BHATT: It shows that we are trying to provide the  
10 service, and that should be implemented in the draft report  
11 so the government can make a decision.  
12  
13 THE CHAIRMAN: We have it on the record, so the point is  
14 noted and Transport for NSW will take a look at it and we  
15 will take a look at it. Thank you very much, Prashant.  
16  
17 MR BHATT: Thank you.  
18  
19 MR WAKELIN-KING: I would like to make a point of  
20 clarification, before you go to another presenter, on the  
21 issue of wheelchair accessible taxis.  
22  
23 The NSW Taxi Council is working with the NSW  
24 Roads and Maritime Service, and indeed Transport for NSW,  
25 on the review of WAT services generally. That has been  
26 ongoing for a little while now.  
27  
28 One of the things which is critical in this context,  
29 which is germane to a number of comments that have been  
30 made today, is what constitutes appropriate levels of  
31 service from a licensing point of view for wheelchair  
32 accessible taxis users. We believe there needs to be  
33 greater transparency around performance indicators in  
34 relation to that and we will also be making a contribution  
35 in relation to those comments. Thank you.  
36  
37 THE CHAIRMAN: Thank you very much, Roy.  
38  
39 Are there any other comments or questions from the  
40 floor? Yes, Silvano?  
41  
42 MR PORCARO: I would like to make some further comments,  
43 if I could, on a couple of other issues. I understand one  
44 of the criteria that has been put forward in terms of the  
45 terms of reference is to simplify the licensing  
46 arrangements in regard to taxis in New South Wales. To  
47 date, I have not really seen any evidence of any

.27/01/2015 37

Transcript produced by Merrill Corporation

1 simplification. If anything I have seen complication or  
2 further complexity added to the licensing system in New  
3 South Wales in particular around the PALs. I am not sure  
4 I understand the rationale behind the PAL license.  
5  
6 The issue with the PAL licences, and I said it in my  
7 very, very first submission three years ago and repeated it  
8 on the last two occasions, is that PAL licenses do not  
9 work. They do not work because you cannot run two shifts.  
10 You can only run a single shift with a PAL licence and that  
11 is why so many of them are being handed back. They will  
12 continue to be handed back because they are uneconomic.  
13 They are uneconomic to run.  
14  
15 Even though the lease fees are substantially reduced,  
16 operators are finding they cannot make ends meet. Why? It  
17 is because their fixed costs are not reduced. They still  
18 have to pay the same level of insurance. They still have  
19 to pay the same level of network fees. They still have to  
20 pay the same level of all other major costs to operate a  
21 taxi other than the small variable costs that are slightly  
22 reduced because they are running 17 hours a day rather than  
23 24 hours to a day. With 17 hours a day, no-one will work a  
24 shift for the remaining eight hours. It is not feasible  
25 for a driver to take that on, so you end up with one shift,  
26 and that does not work  
27  
28 I have been in this industry, believe it or not, for  
29 nearly 50 years. I am second generation and I have been in  
30 the industry in two states - South Australia and New South  
31 Wales.  
32  
33 In South Australia, where we still have a substantial  
34 investment, the system is quite different. They have the  
35 advantage of the Transport Minister, who is also the  
36 Treasurer, actually having been involved in the taxi  
37 industry. Turbo Tom, as they call him, Tom Koutsantonis,  
38 knows the industry very, very well. They have chosen to  
39 not go down the path of New South Wales and Victoria. In  
40 fact the government has no holdings of any plates in South  
41 Australia and the industry runs very, very well.  
42  
43 In New South Wales we have the unfortunate situation  
44 where we have the government as the major plate owner in  
45 the state. It owns more taxi plates and leases more taxi  
46 plates than anybody else. Admittedly a lot of them are  
47 PALs, but they also have unrestricted plates which they

1 should not hold.  
2  
3 Coming back to the report, 99 licences have been  
4 recommended to be issued - PALs - and I think also  
5 40 unrestricted licences and two specific region-based  
6 licences. I agree with the two and I agree with the 40,  
7 although I believe they should be tendered for sale. The  
8 government should not be holding any unrestricted plates.  
9 They should just control supply through leasehold plates if  
10 they are going to stay in the market, but they should be  
11 24-hour lease plates.  
12  
13 THE CHAIRMAN: Just to clarify, when you say the  
14 government owns plates, they don't actually own plates.  
15  
16 MR PORCARO: Sorry, they lease them, so they effectively  
17 control - they control plates.  
18  
19 THE CHAIRMAN: What the government does is they decide  
20 how many new plates they are going to put out after taking  
21 advice from us, and they don't always follow our advice.  
22 They then decide how many plates they are going to issue --  
23  
24 MR PORCARO: And the revenue goes --  
25  
26 THE CHAIRMAN: -- and they auction them off. If they  
27 issued them for nothing, it would actually put further  
28 downward pressure on plate holders.  
29  
30 MR PORCARO: No, I am saying South Australia has recently  
31 opened for tender 13 plates, I think. They sell them.  
32 They auction them and they are sold for a lump sum in the  
33 market that basically maintains the market value of those  
34 plates, which is what used to be the system in New South  
35 Wales.  
36  
37 THE CHAIRMAN: So they are plates in perpetuity, are they?  
38 Is that your point?  
39  
40 MR PORCARO: Yes.  
41  
42 THE CHAIRMAN: So they are plates in perpetuity.  
43  
44 MR PORCARO: Yes, so they only have had the plates in  
45 perpetuity.  
46  
47 MR WAKELIN-KING: The property rights, Mr Chairman.

1  
2 MR PORCARO: Property rights, yes, so they have the  
3 property rights, whereas in New South Wales and in Victoria  
4 we have the situation where the government is a beneficiary  
5 of an annuity, an ongoing annuity depending on how many  
6 plates are actually issued. At the moment they are the  
7 biggest beneficiary of that annuity stream of any plate  
8 holders in New South Wales, as far as I am aware, and  
9 I think that is correct.  
10  
11 Coming back to my point in terms of the  
12 recommendations, I think that IPART, through their previous  
13 recommendations, erred in issuing too many plates. That is  
14 obvious to everybody. All of the statistics, all of the  
15 metrics that we look at have all turned down, they have all  
16 gone backwards - driver incomes, the number of trips,  
17 et cetera, all the ones that were rattled off previously.  
18  
19 Consequently I do not believe that the 99 plates that  
20 have been recommended as PAL plates should be issued.  
21 I think they should be removed from the system completely,  
22 in other words, a net decrease in the number of plates,  
23 because what you will find is that the industry will,  
24 hopefully, readjust itself to something that can be more  
25 reasonable in terms of drivers and operators being able to  
26 make a reasonable return through an increased number of  
27 fares per plate. That would be my view.  
28  
29 The last point I would like to make relates to what  
30 I think we should be doing in place of PALs. There is an  
31 issue that we should be trying to address rather than peak  
32 availability because you will never solve the situation  
33 where you have peak requirement or peak demand, say, on  
34 New Year's Eve or on a special event or on a day like today  
35 where there is sudden rain; there will never be taxis to  
36 basically cover those situations. What we should be  
37 looking at is how do we get taxis closer to the population  
38 areas in the suburbs.  
39  
40 The previous system many years ago was that you had  
41 differential plates. You had plates that allowed taxis to  
42 circulate everywhere and, more importantly, stop on ranks  
43 in the city and certain designated areas in the inner city.  
44 There were then other plates that were also 24-hour plates  
45 but those taxis were not allowed to actually stop or rank  
46 in the city or certain other locations. That forced them  
47 back out into various areas in the suburbs, which is what

.27/01/2015 40

Transcript produced by Merrill Corporation

1 we want as it improves waiting times. It means that cabs  
2 would always be available in the suburbs.  
3  
4 The practice now is for them to slowly drift back into  
5 the city because there is nothing happening. There is no  
6 point sitting on a rank with 10 cars, so they just cruise  
7 back in and they all wind up in the city. At non-peak  
8 hours in the city, you will see taxis that are circling and  
9 circling trying to find a rank they can actually sit on  
10 because the ranks are all full. That is a major issue and  
11 it is just a suggestion.  
12  
13 THE CHAIRMAN: Thank you very much, Silvano.  
14  
15 Prashant?  
16  
17 MR BHATT: I would like to add one statistic that I read  
18 from the draft report. It says that the revenue each taxi  
19 earns in a year and most variable costs depend on how  
20 frequently each taxi is on the road. This has come from  
21 the report and I just want to put forward the statistics.  
22 They have taken 198 samples out of 5,909 Sydney taxis.  
23 That constitutes only 3.35 per cent involved in their  
24 survey. There were 17 samples out of 629 wheelchair taxis.  
25 That constitutes only 2.7 per cent of the opinion of the  
26 people. So are we really to depend on those statistics  
27 when 97 per cent have not been taken into account? They  
28 have taken only 3 per cent into account to consider what we  
29 are doing today. Thanks.  
30  
31 THE CHAIRMAN: Thank you.  
32  
33 MR FISHER: Can I say that for the final report, we will  
34 have larger samples than we had for the draft report. We  
35 did not get as many responses as we did three years ago,  
36 but we will have substantially more in the final report  
37 than we did in the draft report.  
38  
39 THE CHAIRMAN: It is a question about whether the sample  
40 is representative or not and that is a question we should  
41 look at.  
42  
43 Mike?  
44  
45 MR BURRAGE: I will have a second go with some of the  
46 gaps that I left out. During that favourite period of mine  
47 between 2000 and 2009, besides, as I proved, the revenue

.27/01/2015 41

Transcript produced by Merrill Corporation

1 going down, more plates were issued. You had the overload  
2 still on the road from the Olympics. You had plates given  
3 to hire cars as compensation, and we had a big increase,  
4 which is very, very good, of WAT taxis - wheelchair  
5 accessible taxis. As I say, in that fundamental period we  
6 had a decline in income and there were more plates, so  
7 I still say your statement that you continually make is  
8 wrong.

9  
10 THE CHAIRMAN: Which statement?

11  
12 MR BURRAGE: The statement that between 2000 and 2009,  
13 the issue of plates did not keep up with the growth of income  
14 through business and activity and various other issues.  
15 You state that quite predominantly and therefore that put  
16 pressure on the increase in value of plates. So although  
17 our income went down, with regard to the value of the  
18 income of plates - and I don't think you quite understand  
19 this - it depends on the demand; it is the number of people  
20 who either want to buy a plate or want to lease a plate.

21  
22 I would like to word this correctly. When I came into  
23 the industry, it was as a migrant. We are a migrant  
24 industry. That is the way the world over. We have to  
25 admit that. The taxi industry is suitable for migrants.  
26 It suited me and, fortunately, I spoke the language. If we  
27 suddenly have 600 migrants, 600 people demanding plates,  
28 whatever you do, the price will go up. It will go up if  
29 you only have 200, 300 or 400 plates and you have 600 or  
30 700 people wanting them, and you don't seem to understand  
31 that.

32  
33 The history of the plates and the taxi industry is  
34 that when there is a depression - and this was in the 70s,  
35 80s and 90s - or, as someone said, when there are low  
36 interest rates, taxi plates go up. It does not matter what  
37 the business does. It is the demand and people's attitude.

38  
39 What should our fares be? You say cheaper. Name the  
40 price - 10 per cent, 20 per cent?

41  
42 I took a fare yesterday, the holiday Monday. It came  
43 to \$100 plus. It was from the international airport to  
44 Pymble. It was \$81 on the meter. The extra \$20 related to  
45 tolls and charges. That \$81 on the meter includes GST.  
46 I get \$70 of that. That journey involved an hour waiting  
47 at the airport, 40 minutes up and we'll say half an hour back, so

1 that is two hours work for \$70. Can anybody look me in the  
2 eye and say our fares are expensive? So what is wrong? Is  
3 it the hour waiting or is it the tolls and charges that  
4 make our fares expensive?

5  
6 I could have reduced that fare or the government could  
7 have reduced that fare by 5 per cent if the charge did not  
8 have to be paid. For any fare going north, the New South  
9 Wales government could reduce those fares. If we did not  
10 have to pay the bridge toll, a \$30 fare to Mosman could be  
11 reduced by 10 per cent; that is, if we did not have to  
12 charge the bridge toll. You could recommend to the  
13 government, to make the fares cheaper, to give the taxis  
14 complete free access to the bridge.

15  
16 You also have the wrong impression on lease fees.  
17 When I came into the industry it was owner drivers. When  
18 I bought my house, I had a mortgage and I worked a second  
19 job. When I bought my plate, I needed a second job to pay  
20 for that. I did not take it out of the farebox. The  
21 plate, fortunately, gave me the second job. So instead of  
22 working 10, 11 hours, I worked 15 hours. The lease fee, or  
23 the value of the plate or, follow-on, the lease fee is paid  
24 by the compulsion of the person to have the taxi on the  
25 road to pay for it. It is not an expense. It is a tax  
26 deductible expense, but it is a compulsion to have that  
27 taxi on the road.

28  
29 This gentleman here has as much experience as myself. We  
30 used to be owner drivers. This was slowly released in the  
31 late 80s and in 1990, it was released completely so that  
32 anybody could buy a plate and lease it back into the  
33 market --

34  
35 MR PORCARO: It was 1988.

36  
37 MR BURRAGE: -- and hence you have the word "investor".  
38 I have considerable investment in this industry, but I am  
39 not an investor; I work it. Once again I have no sympathy  
40 for investors. As long as the person who is investing  
41 their money works the taxi, that is okay. It will be on  
42 the road and that is what you want, taxis on the road.

43  
44 Once again you have to get away from this idea of  
45 economic rent. You cannot mention that again. You could  
46 say it is a compulsion to have the taxi on the road.

47

1 You say you want to reduce the lease fees by \$8,500  
2 over five years. Let us pretend you did that tomorrow.  
3 Let us just pretend it is successful. According to your  
4 forecast, if that happens, everything will be right in the  
5 taxi industry. That \$8,500 is \$165 a week. With a  
6 well-worked taxi, it comes down to \$13 a shift - so  
7 suddenly you can mysteriously make these lease fees \$8,500  
8 cheaper and the driver is \$13 a shift better off or there  
9 is \$13 in the industry better off.  
10  
11 A few months ago we were paying twice as much as that  
12 in extra fuel costs. I have lost - Peter Louridas also  
13 mentioned this - 50 per cent of my work between 4 and 6 on  
14 a Saturday and Sunday morning because of the lockout.  
15 10 per cent of the takings is gone because of that.  
16  
17 Your surveys have got it wrong, and I did query this  
18 before. In one of your surveys two years ago one of the  
19 questions asked was, "When you went to a taxi rank, did you  
20 have to wait between zero and 5 minutes, 5 minutes to 10",  
21 and so on. 54 per cent was the number who waited between  
22 zero and 5 minutes. You obviously used that figure of  
23 54 per cent for whatever purpose.  
24  
25 If the question had been asked, "When you went to a  
26 taxi rank, was there a taxi there, or taxis", the answer  
27 would have been 99 per cent yes. In other words, 99 per  
28 cent of those 54 per cent of people did not have to wait  
29 between zero and 5 minutes. They did not have to wait at  
30 all. It is the same at the airport. People might have to  
31 wait 15 minutes at the airport, but there are 400 cabs  
32 waiting to pick them up. There is not a shortage; there  
33 must be something else.  
34  
35 MR PORCARO: It is the process.  
36  
37 MR BURRAGE: Finally, any survey that might be done,  
38 although it might be hard, should be done on ranks. Taxi  
39 ranks are a catchment area for vacant taxis. They are the  
40 eyepiece of the industry. Just the same as a dam catches  
41 water, if a dam is full, any excess water - rainfall - is  
42 going to waste. Look at our taxi ranks. They are  
43 completely full, so any extra taxis going onto those ranks  
44 are going to waste and they are going to dilute the  
45 industry and make it worse and give it no confidence.  
46  
47 I hope there is time to say this. One of your terms

.27/01/2015 44

Transcript produced by Merrill Corporation

1 of reference also that nobody talks about is the quality of  
2 the industry. I don't know if I can have five minutes  
3 later or five minutes now to talk about the quality of the  
4 industry because nobody mentions that at all.  
5  
6 THE CHAIRMAN: Could you wait a little while, Mike.  
7  
8 MR BURRAGE: Yes, thank you.  
9  
10 THE CHAIRMAN: But that is mentioned in our draft report  
11 and it will be mentioned in our final report.  
12  
13 MR BURRAGE: Certainly.  
14  
15 THE CHAIRMAN: Would anybody else like to make a  
16 comment?  
17 Anthony?  
18  
19 MR WING: Thank you, Mr Chairman. I would like to clarify  
20 a couple of points. Firstly let me reassure Peter Louridas  
21 that, yes, Transport continues to regard the customer as  
22 the centre of everything and we will take the customers'  
23 needs into account in making policy.  
24  
25 Obviously, as many people have mentioned, ride-sharing  
26 is an issue that will need to be carefully worked through  
27 and there will have to be public consultation before  
28 anything occurs. In working through that, customer and  
29 driver safety and security will be a major issue that we  
30 would want to look at.  
31  
32 You did raise a concern, because IPART might be  
33 considering a possible future review, that there is some  
34 uncertainty about whether the law would be enforced in the  
35 interim. Let me assure you that the government has made it  
36 very clear that the law is clear and will be enforced. RMS  
37 is enforcing the law. It has been issuing on the spot  
38 fines and has now started issuing court attendance notices  
39 to drivers for breaking the law. They will continue to  
40 enforce it while that law remains in place.  
41  
42 Another thing I wished to mention, Mr Chairman, is  
43 that there were questions about the rules for hire cars.  
44 Certainly there are existing rules about what type of  
45 models can be used as hire cars and also the requirement  
46 for a pre-booking. Those rules have not changed in recent  
47 years. I do take the point that changes in technology may

.27/01/2015 45

Transcript produced by Merrill Corporation

1 change how operators are able to meet the laws and that is  
2 something we will take into account, but the laws  
3 themselves have not changed recently.

4  
5 Finally, a number of people have mentioned the  
6 improvements to public transport services. Yes, they are  
7 fantastic, thank you, and we are very proud of what we have  
8 delivered to the customer in that area.

9  
10 THE CHAIRMAN: Thank you.

11  
12 Roy?

13  
14 MR WAKELIN-KING: I would like to make a few comments  
15 in response to what has been said and emphasise a couple of  
16 other points. First of all in relation to network fees,  
17 I note that issue has been raised a number of times in a  
18 negative context and there are a couple of points I would  
19 like to raise.

20  
21 It has been highlighted both by Jennifer this morning  
22 and in the report that networks generally across the board  
23 have kept their fees below CPI and therefore represent a  
24 reduction in real terms. Networks clearly recognise that  
25 they must remain competitive in this environment and, in  
26 our view, are acting responsibly.

27  
28 It is important to note that the New South Wales  
29 parliament just recently reaffirmed the requirement for  
30 taxis to be connected to an authorised network, the  
31 rationale clearly being behind the important safety and  
32 reliability provisions and factors, and indeed activities,  
33 the networks bring to the table in this regard and  
34 therefore the recognition of the public interest in that  
35 regard.

36  
37 It is a matter for networks individually to respond to  
38 their issues about their fees. I do not intend to go into  
39 that, but suffice to say that clearly, and we make it clear  
40 in our forums, their competitiveness is critical to future  
41 viability.

42  
43 I do have a point in relation to replacement licences,  
44 if I could, Mr Chairman.

45  
46 THE CHAIRMAN: Yes.

47

.27/01/2015 46

Transcript produced by Merrill Corporation

1 MR WAKELIN-KING: I have highlighted in my opening  
2 presentation the impacts of churn. That has also been made  
3 clearer by a number of stakeholders here today. We would like  
4 to make a request for greater transparency in the reporting both  
5 through IPART, and indeed with RMS and Transport for NSW,  
6 as to exactly how many licences are handed back and how  
7 many are replaced so we can get a greater clarity on the  
8 net result at the end of any calendar year in terms of the  
9 tendering process.

10  
11 In the context of the tendering process, timing is  
12 critical. It is important in our view that the tender and  
13 issuance of replacement licences actually occurs  
14 consecutive to the tender for new licences, so, at the end  
15 of the day, the government knows exactly how many licences  
16 need to be replaced.

17  
18 At the moment, we have an estimate, a prospective  
19 estimate, that is put forward by IPART. I think based on  
20 last year's result, it was just simply an acceptance of  
21 your recommendation; yet, so far by the figures that have  
22 come to date, it would appear that there has in fact been a  
23 net increase in the marketplace of taxi licences so  
24 replacement has, by default, become new. I reserve our  
25 position and I --

26  
27 THE CHAIRMAN: Just to clarify that, Roy, we do an  
28 estimate, but then next year the estimate is reconciled  
29 with the actual number.

30  
31 MR WAKELIN-KING: Yes, I understand that, but there was an  
32 important change 12 months ago where you were going from  
33 a retrospective assessment to a prospective assessment. We  
34 therefore had a situation where, for a period of time, the  
35 net licences in the market may have actually been more than  
36 what was intended.

37  
38 THE CHAIRMAN: Or less depending on how good our  
39 estimate is.

40  
41 MR WAKELIN-KING: Yes, that is true. I note your point.  
42 There could be more licences handed back.

43  
44 THE CHAIRMAN: Yes.

45  
46 MR WAKELIN-KING: But the issue we have here allied to  
47 that is that we do not have the complete transparency on

.27/01/2015 47

Transcript produced by Merrill Corporation



1 that and I think that that needs to be done. We would ask  
2 therefore that the prospective assessment be overturned and  
3 that we revert to a retrospective estimate and that the  
4 tendering process be consecutive and not concurrent.  
5 I think that would eliminate the guesswork, if you like,  
6 Mr Chairman, in terms of that process, because if  
7 replacement is replacement and it is intended to maintain a  
8 net level, then we need to actually put in place  
9 appropriate systems and procedures to ensure that that  
10 outcome is achieved.

11  
12 There are a couple of other points of clarification.

13 In terms of return to government on licence plates which  
14 they lease, I defer to Transport for NSW, but estimates  
15 that we have had independently established, based on the  
16 numbers of licences, that there would be in the order of  
17 \$20 million per annum including also but not necessarily  
18 limited to transfer duties, et cetera. So the total per  
19 annum contribution the industry makes in financial terms  
20 alone is significant to the state and it is an important  
21 issue in the context of where we go from here

22  
23 THE CHAIRMAN: It is also important to remember that this  
24 is money that is paid for by customers. The customers pay  
25 a higher fare than otherwise would be the case, which then  
26 flows through in part to the government.

27  
28 MR WAKELIN-KING: Ultimately my point, Mr Chairman, is  
29 that there are operators in this room and taxi operators  
30 out there in the market who are paying direct financial  
31 contributions to the state and the industry also makes  
32 other contributions in terms of fees and licences.

33  
34 We note that the customer does make a contribution to  
35 that but, as I have said before, as a customer makes a  
36 contribution to purchasing a bus fare or a rail fare, the  
37 government chooses to subsidise those public transport  
38 services significantly. I reaffirm that we are not seeking  
39 subsidies from the state. If the state wished to give us  
40 subsidies, we would obviously gratefully receive them,  
41 Anthony, but the reality of the situation is that we  
42 recognise our lot in life as being through private  
43 investment.

44  
45 That leads me on to my next point. With the greatest  
46 respect to our owner drivers in the room, I understand the  
47 importance and the historical connection between owning and

1 driving a plate, but we all must be clear - this comes down  
2 to an important establishment of legislation that enables  
3 investment in this industry - that we cannot operate and  
4 sustain this industry without investment from the private  
5 sector. It is through that investment - of which you  
6 represent a significant number, Silvano, a lot of whom are  
7 our members - that a lot of them have either become  
8 investors by virtue of the fact that they have exited the  
9 industry because they need to retire or the fact that they  
10 have made an informed decision, notwithstanding sovereign  
11 risk and other risks, to invest in our industry. That  
12 capital is critical for us to have a properly functioning  
13 and sustainable industry into the future.

14  
15 Extreme caution needs to be considered, and is  
16 advised, in terms of any statutory restrictions on who can  
17 invest in this industry. We want you people. We want you  
18 people who are committed to this industry. We want you  
19 people to drive, own and operate in this industry. Our  
20 industry is a celebration of people who have taken a chance  
21 and a punt to come not only to this industry but to this  
22 country and actually make a contribution accordingly.

23  
24 We support the issue of WATs, but we recognise that  
25 there are significant subsidies and incentives. As  
26 I indicated, we will continue to work through with the New  
27 South Wales government in relation to those matters. We  
28 support the comments made on PALs in terms of their risk  
29 from an economic perspective and would assure stakeholders  
30 that the industry continues to work, particularly on the  
31 insurance front, on whether there can be relief for those  
32 licences that are restricted by time or place and we will  
33 continue to do so.

34  
35 My final point is on the issue of deregulation. We  
36 have touched on this in relation to ride-sharing, which is  
37 a manifestation purely of deregulated taxi services.  
38 History is on our side. When I say "our side", it is the  
39 side of the industry that says deregulated taxi services do  
40 not work. They do not work for the customer. They do not  
41 work for the government. They do not work for the  
42 industry.

43  
44 Significant impacts have been made, both social and  
45 economic, in a negative sense for industries and the  
46 community. This has been proven, well researched and well  
47 established and is the subject of much discussion around

1 the globe. The first person who suffers is the driver and  
2 then it goes on from there.

3  
4 I would encourage people who advocate on this issue,  
5 and particularly in the context of any review of  
6 point-to-point services, to realise that regulation is  
7 there for the public interest, and the public interest is  
8 also served by a strong, viable and sustainable taxi  
9 industry and removing regulations does not achieve that  
10 outcome. Thank you.

11  
12 THE CHAIRMAN: Thank you, Roy.

13  
14 Are there any other comments? Michael?

15  
16 MR JOOLS: Thank you, Mr Chairman. Roy has just mentioned  
17 that the first person who suffers from a deregulated  
18 industry is the driver. We would concur with that, but we  
19 also want to point out, and very strongly so, that the  
20 first time that IPART got involved in the taxi industry in  
21 New South Wales was in 1999 with Dr Tom Parry.

22  
23 At that time, a taxi driver was earning about the  
24 minimum wage. He was getting about 50 per cent of fare as  
25 his earnings. Today, he is getting about 35 per cent of  
26 the fare as his earnings. He is getting, as IPART  
27 recognises, as the CIE recognises, as the government  
28 recognises, about \$10 an hour as his hourly earning rate.  
29 That is a disgrace.

30  
31 To talk about the taxi industry as being viable, as  
32 serving the public interest or any of these things when its  
33 workforce gets 10 bucks an hour is absolutely abhorrent to  
34 me personally, to the association I represent, to the  
35 18,000 taxi drivers in New South Wales, and it should be  
36 equally abhorrent to the government. To have IPART and the  
37 whole system functioning on drivers getting 10 bucks an  
38 hour is a total disgrace.

39  
40 It so happens that under ride-sharing arrangements by  
41 Uber, which is the predominant form in Sydney at the  
42 moment, the driver on Uber is probably getting more than  
43 that because he is working in a more efficient manner. He  
44 only goes out on a job when he has a job. We, the taxi  
45 drivers in Sydney, are out on the road. We are getting  
46 10 bucks an hour.

47

1 One of the points that IPART has taken up in our first  
2 submission is the fact that the Transport Workers Union and  
3 the Taxi Council - the TIA in this case - are currently  
4 about to go into discussions in the New South Wales  
5 Industrial Commission. The principal part of the argument  
6 being advanced is that taxi drivers should be getting a  
7 minimum hourly safety net of \$23.40 an hour.

8  
9 If that comes about, and I passionately hope that it  
10 does, whatever we have seen to date will be as nothing  
11 because this industry will be forced to have a total and  
12 massive rethink. The discussions we are having today will  
13 be as nothing when taxi drivers are, by right, entitled to  
14 a decent hourly rate and all that we are doing here now  
15 will fall apart. I hope that it happens damn soon because  
16 what we are doing and sitting around here talking about now  
17 will be as nothing when that happens.

18  
19 THE CHAIRMAN: Thank you, Michael.

20  
21 Fred?

22  
23 MR LUKABYO: Thank you, Mr Chairman, and for clarity for  
24 those present, I disclose that I am a director of the TIA,  
25 one of the parties in the litigation discussed by Mr Jools.

26  
27 For Mr Jools to say that we should proceed in this  
28 forum on the basis of speculation of what may happen in  
29 another forum in litigation which is already in progress is  
30 perhaps unhelpful. He may have his view on what will  
31 happen in that litigation and I certainly have mine, but  
32 I would ask that we not try and taint this process with  
33 that process, the outcome of which is yet to be determined.

34  
35 I suppose, Mr Chairman, I have one further concern.  
36 Someone previously suggested that the charter of the  
37 Tribunal was to try and reduce prices of licences by 25 per  
38 cent. As I recall it, the charter, if we should call it  
39 that, of the Tribunal related to access to licences and  
40 opening of the industry and also access to taxi services  
41 for the travelling public.

42  
43 The Tribunal has assessed unreasonable impacts of  
44 those on licence holders at 25 per cent and it is fair to  
45 say that the Taxi Council's views on that are well known.

46

47 I think we have to look at the issue of fares outside

1 of a model which says that whilst there is any licence cost  
2 component of a taxi fare, to look at increases in costs is  
3 unhelpful. We have to realise that even if we were to take  
4 an economic model which said that our aim was to try and  
5 remove the value of licences, and I certainly do not  
6 support that but even if we were to say that, there are the  
7 transitional effects and the fact that there are real  
8 operators with real costs, particularly with regards to  
9 insurance. I am not sure what has happened in the  
10 measuring of that, but I think that can be resolved in  
11 submissions. There has been an increase in real costs of  
12 maintenance and real costs of insurance in particular, in  
13 the industry.

14  
15 With regard to the requirement for drivers to earn a  
16 living, for all of our disagreements on many things,  
17 Mr Jools and I do agree that it is only when people earn a  
18 real income in the industry that we can expect to get  
19 service levels which suit the purpose that all of us aim  
20 for.

21  
22 I suspect in that context we have to look at fares in  
23 relation to cost, Mr Chairman, because otherwise, the  
24 transitional pain and the transitional delays and lags in  
25 trying to do any of this will have impacts on drivers and  
26 operators out there in the traffic and we have to think of  
27 whether those impacts are bearable as well as those on  
28 licence holders. Thank you, Mr Chairman.

29  
30 THE CHAIRMAN: Thank you very much, Fred.

31  
32 Roy, did you want to make another comment?

33  
34 MR WAKELIN-KING: Only to emphasise the point that has  
35 been made that the matters to which Mr Jools has referred  
36 are before the Industrial Relations Commission and it is  
37 probably best left to that forum.

38  
39 THE CHAIRMAN: Mike, do you want to talk about quality?

40  
41 MR BURRAGE: Yes, thank you. Again I must go back to the  
42 good old days, I suppose you might say, when we all used to  
43 be owner drivers. The compulsion was that anybody who  
44 bought a taxi plate had to have a taxi and we had  
45 to sign every year to say that we were driving it and to say  
46 that it was our main source of income. That meant that at  
47 least 50 per cent of the drivers had a financial interest.

.27/01/2015 52

Transcript produced by Merrill Corporation

1  
2 As I say, get over the fact that the cost of the plate  
3 depended on the fare - it did not. To me, like your house,  
4 you paid for it by doing extra time, and that is what it  
5 was - the taxi was on the road.

6  
7 We then had a number of what we call career drivers.  
8 After 15 years, they went onto a seniority list and  
9 eventually they got a plate free. Fair enough, that's  
10 good, but we had a nucleus of professional people in the  
11 industry. Now what do we have? With so many plates  
12 allowed to be leased out and people thinking that they can  
13 make a go of it and then deciding they can't, you are in  
14 and out and in and out.

15  
16 In my opinion, it takes between five and ten years to  
17 get a professional driver in the industry handling all  
18 sorts of conditions, all the sorts of things that come  
19 along and the hurdles that drivers have to jump and all of  
20 that. At the moment we do not have people staying in the  
21 industry for that long because there is no incentive.  
22 There is no incentive.

23  
24 I compare this with your next-door neighbour. You  
25 have bought your house. Would you rather have living next  
26 door to you a person who is renting that house or a person  
27 who is buying that house and is on the same status as you?  
28 This is what I am getting at. When members of the public  
29 get into a taxi, they have more confidence in a person who  
30 is a professional and that person is a professional because  
31 he is putting all his effort into it. As I say, at the  
32 moment, we do not have that.

33  
34 Various standards have improved since the old days  
35 like wearing uniforms, and cars have been improved and so  
36 forth, but I do not consider drivers at the moment to be as  
37 good as what we had years ago because there is no  
38 incentive.

39  
40 To a certain extent, as Fred said with regard to  
41 Michael Jools, Michael comes up with these figures of what  
42 the drivers earn. That is only because they are probably  
43 working for an operator, who is grabbing all these plates,  
44 who is not on the road, who does not cover his costs and  
45 therefore the driver suffers.

46  
47 We need an industry where everybody is interested and

.27/01/2015 53

Transcript produced by Merrill Corporation

1 confidence is given, and this comes from you and the  
2 department. For the 43 years I have been in the industry,  
3 we have always had this problem of deregulation. It raises  
4 its head and it goes again. Unfortunately the modern trend  
5 now is to raise it again. We have taken up these  
6 challenges. We have to have confidence. All levels of the  
7 industry have to have confidence and it has to come from  
8 the top to say that these things happen.

10 At the moment the drivers that have come into the  
11 industry have no incentive to carry on because in 20 or  
12 30 years time when they retire, what will they have? They  
13 will have nothing. They would be leasing the cab. They  
14 have to be encouraged to perhaps buy it.

16 I half agree with what Roy says to the extent that he  
17 says that we need investors in the industry. Once again,  
18 I do not know your knowledge of the history before, but  
19 when we were owner drivers, you could only lease your plate  
20 if you got permission from what I would say was the  
21 department, then the old RTA. If you were of a pensionable  
22 age, if you were sick or you died and your wife wanted to  
23 keep it as an income, those were the only times that the  
24 lease plates were in the market. Usually the cooperatives  
25 ran those for the members. That is what we are; we are  
26 cooperatives running for the members. Quite often those  
27 cooperatives ran at a loss on those particular plates, but  
28 it was for their members.

30 Now, as I say, if we go back to a position of the  
31 department suddenly saying, "Right, only a person who has a  
32 taxi licence can buy a plate", I don't know what that would  
33 do to my price. Whether it would go up or down, I would  
34 not like to say.

36 Roy says we need investors in. Okay, if we need  
37 investors, perhaps they should only buy the plates or lease  
38 the plates from people like myself who are of a pensionable  
39 age or who become sick. But the whole industry would be  
40 much better then because you would have people with an  
41 interest in it, people who would put their money into it  
42 properly and use their money properly and not as an  
43 investment.

45 THE CHAIRMAN: Thank you, Mike, we note that. These are  
46 issues that have been raised before in terms of plates and  
47 about whether the auctions are restricted auctions, such as

1 what you would advocate, or whether they are open auctions.  
2 These are issues that we have looked at, but we will look  
3 at it again.

5 Next is Anne and then Silvano.

7 MS TURNER: Everybody knows I am from the NSW Taxi  
8 Operators and Drivers Association. I hear so much talk  
9 about driver income. I sympathise with the drivers on the  
10 question of income. We are in the same situation. Being  
11 on the road nowadays, you do not get nearly as much money  
12 as you used to earn three years ago. But where are the  
13 operator's costs? Does anyone care about the operators  
14 here today and their costs and their price going down? Who  
15 cares about them - Anthony, Transport, Mr Chairman?

17 Drivers work. They can do only so much. The pay for  
18 a day shift might be, for example, \$120. That particular  
19 driver will go back to the operator and he will say, "Boss,  
20 I have not made enough money today." He will pay the  
21 operator at the base maybe \$80 or \$90 and he will walk  
22 away. He might be a cowboy driver, for instance, and he  
23 can trash the car, damage it or anything like that, and the  
24 cost goes back to the operator, so there is a lot of cost  
25 there.

27 Without the operators, there are no drivers. The  
28 operators, they need the drivers. A few years ago there  
29 used to be complaints, "We need more taxis." At  
30 Christmastime, New Year, all these festive seasons, taxis  
31 were needed. Now there are no complaints. You do not hear  
32 any more complaints because there is ride-sharing picking  
33 up the jobs. They are working as taxis.

35 Please, do something about this. Get rid of those  
36 illegal drivers first before some more taxis are put on the  
37 road. There are far too many taxis on the road. Please  
38 think of the operators, their investment and their  
39 retirement money. They have worked hard for many, many  
40 years. This is affecting not only people here, this is  
41 affecting others Australia-wide. All over Australia, they  
42 are having the same problem - they are Australia-wide.

44 Before something happens, before the operators take  
45 action, please listen to us. We are the real people. We  
46 are working. We are the real operators here and we are  
47 talking the real issues today. Please, we say, no more

1 plates on the road. There are far too many plates and  
2 operators are suffering. Drivers, yes, they might make a  
3 little bit of money, but with the times that a taxi is  
4 sitting on the base and idling, there is a lot of loss for  
5 the operator. Please think of that. We say no more  
6 plates.

7  
8 THE CHAIRMAN: Okay, thank you very much, Anne, we will.  
9 Silvano?

10  
11 MR PORCARO: I have a couple of points. Firstly, I am  
12 very disappointed to hear some of the comments about  
13 investors and how they should be restricted from the  
14 industry and what have you. I think that is very, very  
15 counterproductive.

16  
17 Just as a history lesson, in 1998, the Greiner  
18 government, a Liberal government, opened up the taxi-plate  
19 market to investors. Since that point in time there has  
20 been significant investment in the taxi industry to take it  
21 from what was a horse and buggy operation to something that  
22 is much, much more professional today.

23  
24 We can all reminisce back to 40 years ago and what  
25 have you, but the industry has progressed significantly.  
26 I think it is also a slur to say that drivers are not  
27 professional. I believe that many drivers would take  
28 umbrage with that. I think everybody does their best to be  
29 a professional driver. Not everybody has 40 years  
30 experience, I accept that, but everyone starts somewhere.

31  
32 I want to put those two points aside and I want to  
33 talk about the structure of the industry where we have  
34 investors, we have owner operators and operators and we  
35 have drivers, each of which are reliant upon each other for  
36 the industry to work effectively. Each of them carries  
37 risk and I notice no-one has mentioned anything about risk  
38 here.

39  
40 Investors obviously have risk in terms of the capital  
41 that they outlay to put into an industry and they look for  
42 a return. Like any other investment, an investor is  
43 looking for a return that is commensurate with that risk,  
44 or better if they can get it. At the moment the return for  
45 an investor is appallingly negative. Even if you look at  
46 it just purely on nominal terms, it has gone substantially  
47 backwards by very close to that 25 per cent - that

1 arbitrary figure that was put in place by IPART as a  
2 reasonable figure.

3  
4 In addition, we need to look at that in context with  
5 the rest of the market and other forms of investment. Be  
6 that residential housing, be that the stock market, be that  
7 the bond market or whatever else, the opportunity cost of  
8 having invested in the industry is significant from the  
9 point of view not only of the movement backwards in the  
10 value of the investment but also the alternative  
11 investments that could otherwise have been made. To that  
12 extent there has been and will continue to be movement of  
13 funds outside the industry because of, as I mentioned  
14 previously, the sovereign risk.

15  
16 The operators, as was just mentioned here, are really,  
17 really struggling. I know, because I am involved in the  
18 industry, that a lot of them are taking fewer cars, fewer  
19 plates. They are handing them back. You can go to  
20 Premier, you can go to Legion, you can go anywhere and they  
21 will all have plates that they have available for lease  
22 that they cannot get rid of. They cannot get rid of them  
23 because nobody wants them. Operators cannot afford to run  
24 these cars at the moment because the costs are way too  
25 high.

26  
27 Then you have the drivers. The other issue for  
28 operators is drivers. We had an issue back when the GST  
29 first came out ten years ago. There used to be a lot of  
30 student drivers and what have you. When the GST came out,  
31 there was an exodus of drivers. Nobody wanted to have an  
32 ABN or register for the GST, et cetera, and that was an  
33 issue then.

34  
35 The issue we have now is that we have a lot of  
36 professional drivers, as I would call them, who are going  
37 to drive for Uber or they are going to do other things  
38 because the taxi industry just does not pay sufficiently  
39 for them to do that. So the operators are struggling to  
40 keep the cars on the road and the drivers are not earning  
41 enough.

42  
43 I will not touch on one issue that is separate, but  
44 I will say that each and every driver at the moment is a  
45 contracted driver. They have their own ABN. They have  
46 their own individual business. I, for one, would like to  
47 see it stay that way. I think any change to that would be

1 an absolute disaster for the industry which is already  
2 teetering on the brink and the industry would basically  
3 collapse.  
4  
5 The other point I would like to make - and this will  
6 be my last point, Mr Chairman - is in regard to fares.  
7 Someone mentioned previously, and I think it was someone  
8 over to my right, tariff 2 hours. I think tariff 2 hours  
9 need to be changed. That would provide incentives to  
10 drivers to get them back into the industry.  
11  
12 I notice that the review specifically steered away  
13 from a discussion around fare structure. I was  
14 disappointed to see that. I did make a submission in  
15 regard to it, even though it was not part of the review.  
16 I do believe that the tariff 2 hours should basically start  
17 from 7pm at night and run to 6am in the morning Monday to  
18 Friday and should run all weekend till 6am on Monday - so  
19 Friday 7pm till Monday 6am - and public holidays. I think  
20 that is only fair. In any other industry, you would find  
21 that those hours would be hours that would be considered as  
22 overtime or extraordinary hours. I think that is a fair  
23 approach.  
24  
25 I also note the comment that somebody made about free  
26 access over the bridge. That will obviously never happen,  
27 but I do believe that there is an opportunity to open up a  
28 discussion at least with the government in regard to the  
29 bridge, the Eastern Distributor, or whatever roads the  
30 government controls, to have a fixed quarterly fee per taxi  
31 to travel across those roads. If it is able to be expanded  
32 to cover the M2 and the M7, all the better. I think all  
33 taxi operators would be happy to have a payment, let's say,  
34 of \$300, \$500, whatever it is, a quarter and they can go as  
35 often as they want across that bridge. That would involve  
36 a one-off adjustment to the fare to compensate for that fee  
37 that the operator is meeting and then that would be  
38 something that comes out of the equation.  
39  
40 What happens at the moment - I think Mike Burrage  
41 mentioned it previously - is that an \$80 fare or a \$100  
42 fare is actually truly a \$75 fare. Then you have to add  
43 the Cabcharge of 5 per cent - which is still too high, by  
44 the way; it should be 3 per cent - and you add your tolls  
45 and your other bits and charges, the airport tolls, the  
46 booking fee, and this, that and the other, and all of a  
47 sudden you are over \$100. The customer sees \$100.

.27/01/2015 58

Transcript produced by Merrill Corporation

1  
2 Customers do understand the out of pockets. They do  
3 not understand that. They do not care about that. As a  
4 consumer when I go somewhere, I do not care. All I know is  
5 that I am paying 100 bucks to get that ride. The fact that  
6 the driver pays \$25 to somebody else in tolls and in credit  
7 card fees and the driver actually only has \$75, which  
8 I think is a much more reasonable fee, I would never know  
9 it. Well, I do know it because I am in the industry, but  
10 others hear you say blah, blah, blah, and this and the  
11 other but all they hear is "\$100". That is a big issue in  
12 the industry because what appear to be high fares are not  
13 really high fares. They are quite reasonable fares for  
14 what is being delivered. The issue is the add-on charges  
15 that are coming through that are all perceived to be part  
16 of the fare.  
17  
18 THE CHAIRMAN: Thank you very much, Silvano.  
19  
20 We are just about at 12.30, so we have a chance for  
21 very quick wrap-up comments from people, starting around  
22 the table. Roy?  
23  
24 MR WAKELIN-KING: Thank you, Mr Chairman. Very quickly,  
25 I would make the observation that we are more than happy to  
26 register ABNs and pay our GST, but the real point of my  
27 comments is that it is important that we all take a step  
28 back in this process. Ultimately, Anthony, picking up your  
29 comments and those of Peter Louridas, what is the service  
30 here for? It is to deliver for the customer. Without  
31 happy, paying and satisfied customers, we would not have an  
32 industry, we would have an upset government and we clearly  
33 would not have a viable and sustainable industry.  
34  
35 In that context I would like very quickly to draw  
36 everyone's attention to the fact that the customer  
37 satisfaction index which was independently done by the New  
38 South Wales government and Transport for NSW rated our  
39 services at 81 per cent. In areas of safety and  
40 reliability, the rating was as high as 90 per cent. It is  
41 recognised that pricing is a factor but for all the reasons  
42 that everyone has explained to you, pricing is a challenge  
43 particularly when you are privately funded and you have to  
44 recover costs.  
45  
46 We as an industry provide a good level of service. We  
47 as an industry must never rest on our laurels and we must

.27/01/2015 59

Transcript produced by Merrill Corporation

1 continue to strive to do better, but I think we need to  
2 reflect on the fact that we do provide a fairly good level  
3 of service and we must continue to do so.  
4  
5 Mr Chairman, you raised the issue of quality.  
6 I think our quality is quite good. Of course everyone can  
7 do better but we have that commitment to do better.  
8 Independently assessed, the KPIs speak to it. Even  
9 Taverner Research also indicated that the service is  
10 meeting the standards and, importantly, meeting the  
11 statutory standards that are set for that industry.  
12 Despite the somewhat pessimistic views that have been  
13 expressed, and they are right to be expressed, I think we  
14 also need to recognise that as an industry we do pretty  
15 well so let us not forget that.  
16  
17 The key issue now is about viability in price and that  
18 is the critical issue. What I am saying is that the issue  
19 has moved beyond the number of plates in the market because  
20 we are already meeting those performance requirements. It  
21 is now an issue of price and viability. Thank you.  
22  
23 THE CHAIRMAN: Thank you.  
24  
25 A final wrap-up comment, Frank?  
26  
27 MR TOOMEH: I have just one final wrap-up comment,  
28 Mr Chairman. From our perspective, like everyone else  
29 around this room, we want you to be on side. We want you  
30 to support us, and the government, which has been on side  
31 but we need them to come on side a bit more. No more plate  
32 releases, please. It is a heartbreak when you look at the  
33 number of depots with cabs sitting there. It is costing  
34 the operators on average \$50 a day just for them to sit  
35 there.  
36  
37 SPEAKER FROM THE FLOOR: No, no. It's \$150.  
38  
39 MR TOOMEH: \$150 a day; I might be a bit down on my  
40 mathematics. Drivers are not employees, they are bailees,  
41 so we cannot set their hourly rates because that  
42 immediately will send operators broke. Keep fares as they  
43 are because fuel costs have come down and we do not want to  
44 rock the boat. The industry is shaky as it is. I would  
45 like you to look into the costs of LPG and CTP for taxis.  
46 Thank you.  
47

1 THE CHAIRMAN: Thank you, Frank.  
2  
3 CLOSING REMARKS  
4  
5 THE CHAIRMAN: As there are no further comments, thank  
6 you all very much, it has been a good session and we have a lot  
7 of good information. A number of good points were raised  
8 and arguments put.  
9  
10 What happens now is that submissions are due on the  
11 draft report by this Friday, being Friday, 30 January.  
12 Then we will pull together our final report and make  
13 recommendations to Transport for NSW by the end  
14 of February. Transport for NSW will make a decision on the  
15 licenses by 31 March. The taxi licence tender will open  
16 in June 2015 and any new fare changes that might or might  
17 not be adopted and licences issued would apply from July  
18 2015.  
19  
20 Thank you very much. Have a great afternoon and  
21 thanks for coming. It is much appreciated.  
22  
23 AT 12.35PM, THE TRIBUNAL WAS ADJOURNED  
24 ACCORDINGLY  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47