

AUSTRALIAN TAXI DRIVERS' ASSOCIATION

SUBMISSION TO IPART 2024

A RADICAL SOLUTION AND ASSURED SUSTAINABILITY

Full Government Funding, with a \$5 per trip Service Fee, for all TTSS (Taxi Transport Subsidy Scheme) Users who are otherwise unable to use Public Transport for their Daily Needs.

Uncapped and unlimited usage for all M40 and M50 TTSS users, providing financial and social support for our disabled community who rely on Taxis for Transportation and rebuilding our Taxi Industry towards a sustainable model of Service.

The NSW Government already subsidizes Public Transport by over 75% of Operational Costs, and has an \$80 a week cap on Fares. A compassionate subsidy for the disabled would keep Taxis on the road for everybody.

Taxi Drivers in NSW welcome IPART back to its involvement in setting Fares in the Taxi Industry. For over a decade, and notably during the current period of Inflation and overwhelming increases in the Cost of Living, Taxi Fares have increased by only 2% in over ten years, and that burden falls on the Driver.

The impact of Rideshare and Covid was devastating for Taxis. Even as usage is slowly restored, Taxis have less than half the pre-2014 trade, and are on the verge of being unsustainable.

IPART has recommended increases in all other modes of Public Transport Fares, based largely on Cost of Living increases and in those all other modes the Fare-Box Recovery is accepted as an average 27%. For Taxis, it's 100%.

Certainly, the costs of operating a Taxi Service have decreased by up to \$30,000 a year with the effective removal of Plate Lease Fees for Taxi Operators, and this has generally been passed on as an effective decrease in the Driver's Pay-in.

But, so has the massive decline in the Taxi share of the now Point to Point Transportation Industry. Taxi trips have dropped, with Covid and Rideshare, by more than half, and so has Taxi Driver Income, other than for the one Network which invested heavily in Marketing, and now has a near monopoly in Booked Taxi Trips.

This leaves the Taxi Driver as a Worker in Limbo and requires that he drive about twice the standard working week to earn the minimum wage. In a world where other 'gig workers' are about to achieve a degree of wage justice, the Taxi Drivers are left behind with a Forty Year Old Contract Determination.

In the now Twenty-Five years of IPART's involvement in the Taxi Industry, we still do not have accessible data on the basic building blocks: the average Fare and the average Taxi. Again, our Association calls for that basic data. We almost got there in 2014 with the IPART Taxi Model, but so many of its assumptions are now invalid as to require a new model, and in this Submission we will suggest such a model.

A major anomaly is the WATS operation, which previously and still, has zero Plate Fees, and which has thereby effectively lost a \$30,000 a year Subsidy. It is a problem that flows over into MaxiCabs generally and is an issue for this Inquiry.

The first step is to enunciate a Taxi Services Model against which the multiple variations can be compared and analysed, and this model has two parts – the average Fare, and the average Taxi, and then to examine the cost of operations.

The Average Fare -- Rank and Hail

The fare for Rank and Hail Taxi Trips is composed of a Flag-Fall or Starting Fee, a Rate per Kilometre of Distance travelled, a Rate for Waiting Time of Travel at less than 26 kms per hour and any Tolls incurred. A surcharge on Distance is applied for travel after 10pm, and a trip surcharge is applied on Friday and Saturday nights or before a Public Holiday. Variations occur for Metropolitan and Country Trips, and an overall 50% surcharge for trips in a Maxi Cab.

The ATDA would leave those arrangements in place, saving only for a new 200% surcharge for an 11 Seater Maxi, and 175% for an 8 Seater Maxi

That makes for an already complex fare table, and one which needs complex calibration to avoid manipulation by the Driver. Absent any firm data on the empirically derived average Distance and Time on Taxi Trips we would query the existing 7 km Distance and 5 minutes Waiting Time assumptions and review calculations accordingly, as well as noting the possible impact of a longer trip.

The ATDA looks to providing a more comprehensive and evidentiary alternative.

We note from the 2023 IPART Survey that the Taxi Median Fare is quoted as \$42 a trip, which includes Booked Trips and not just Rank and Hail. It is essential that the data be fully analysed, but it does point to an average of longer trips and our view is that a 10 km trip with 13 minutes of waiting time is the average in 2024.

We do however believe that the passage of time and inflationary pressures warrant at least a 5% increase in Fares applied to all components, and be indexed in future years. Feedback from our members indicate that all are fearful of the impact of a Fare increase, and we therefore propose only a 5% increase.

| | Current | Proposed |
|------------------------|--|---|
| Starting Fee | \$3.60 | \$3.80 |
| Distance Rate | \$2.29 km | \$2.40 km |
| Waiting Time Rate | \$0.94 min | \$1.00 min |
| Passenger Service Levy | \$1.32 | \$1.32 |
| Average Fare | \$25.65 7 km / 5 min \$40.00 10 km / 12 min | \$26.92 7km / 5 min \$42.00 10 km / 12 min |

The Average Taxi

We note 5 types of Taxi and suggest a Fare structure

| | |
|---|---------------------------|
| Sedan 4 seats | 100% of the Standard Fare |
| Maxi-Cab 5 to 7 seats | 150% |
| WATS Van 1 Wheelchair + 4 seats | 150% |
| Maxi-Cab 8 to 9 seats | 175% |
| 11 Seat Maxi-Van 2 Wheelchairs / 11 seats | 200% |

The second step is to define the role of the Driver.

He, or she, is certainly a Worker, but is that as an Independent Contractor, an Employee, a “gig” worker, a Bailee, or as a self-employed businessperson?

Should that make any difference so long as the overall remuneration package is more or less equal, and consistent with overall social expectations ? IPART may not have an Industrial Relations role, but it does have a social role to maintain a sustainable industry. The legal definition of a Driver may determine his individual entitlements but the overall package should be consistently comparable.

We would take IPART back to the 1999 Parry Report in which IPART recognised Taxi Driver ‘wage equivalents’ as a cost of providing the service.

We note that Taxis are being driven under several different regimes:

- Shift by Shift with a Bailee Driver for each Shift (or the Operator driving one shift)
- Weekly “Lease” with one or more Drivers
- “One Out” by the Owner / Operator

As an Association we are concerned for the Safety of Drivers and Passengers, and question the legality of the “weekly lease” arrangement.

A Taxi Driver should not be expected to drive for more than Four shifts a week of between ten and twelve hours, and with at least one half-hour break after six hours of driving. Shifts worked in excess of four per week should attract an extra benefit to the Driver. He should expect to be able to take a week’s sick leave and five week’s annual leave, paid or unpaid, without affecting his continuity of service. Superannuation should be part of that Australia-wide standard.

Assuming due diligence and application on his own part, he should have the expectation of earning an average minimum wage of \$26.00 an hour, or \$35.00 an hour without leave entitlements, as a casual worker. IPART may well choose to make recommendations to the Minister for Industrial Relations as to a guaranteed minimum “Safety Net” for Taxi Driver remuneration.

Assuming 110 hours over 12 shifts on the road per week and two full-time Drivers plus a few casuals that is about \$4000 a week.

Given the constraints of Fatigue Management, it then requires multiple Drivers to keep the taxi on the road – a single Driver is unlikely to cover costs and drive safely, other than by developing a work pattern responsive to peak demand periods, and / or with a regular cliental.

A single owner/driver may choose to work longer, or to drive in a more flexible manner than a continuous shift, but he or she should still be bound by total hours per day.

With the common, if improper and possibly illegal, practise of “Weekly Leases”, the Operators “Cost of Operation” is easily verified. For a current-model Hybrid Sedan in the 13Cabs Network, the market price is \$750 per week. Without analysis of all component costs, and with a return on investment factor, the “weekly lease market price” and addition of a fuel cost appropriate for a Hybrid Sedan in Metropolitan conditions, plus Tolls incurred while Vacant for a 13 Cabs Taxi results in a cost of \$1000 a week. Details are attached to this Submission.

With the benefit of very broad brush strokes, the weekly operating cost of an average six days a week Taxi is \$5000

With costs of \$5000 a week, Fare revenue needs be greater, to allow for the GST and the Passenger Service Levy and, again broadly, can be estimated at \$5500 a week

The model has changed from a Bailor / Operator with a large fleet and Bailee / Drivers to one of Taxi Service Providers also ‘renting’ their smaller fleets on a weekly basis to Drivers who share that ‘rental’ vehicle with other Drivers, or who drive themselves.

Single Owner / Drivers are an increased number of the new vehicle Registrations, and the traditional Bailor / Bailee model is diminishing.

Assuming the average Taxi is sustainable with a revenue of \$5500 per week, and an average \$26 fare it follows that it must have averaged 18 trips in each of the nominal 12 Shifts, or 12 trips at the \$42 a trip average, to achieve that degree of sustainability.

The problem is that this model is achieved by many Drivers in Sydney in 13Cabs and Silver Service. It is not generally achieved by Taxi Drivers in any of the other Networks. It is also a model relevant to a Driver on the equivalent of the Minimum Wage, and sets aside the very real skills of Taxi Driving, and appropriate earnings.

As a radical solution, and one which protects all workers in the Taxi Industry, we propose the equivalent of a Wage Safety Net for engaged Bailee Taxi Drivers. This is outside the strict framework of IPART's concerns, but it is central to the issues of sustainability. It would require the intervention of the Minister for Industrial Relations, given that the existing parties to the NSW Taxi Contract Determination are conspicuously absent, to determine a minimum retention by the Driver over the average number of Shifts worked weekly of say, \$300 per shift.

This would have the effect of eliminating the "hungry mile of the Nineteen Thirties Waterfront Workers" into an Industry able to militate the variations of Supply and Demand.

MAXI-Cabs and WATS

For many years the policy of releasing Taxi Plates without fees for the Wheelchair Accessible Taxi Service (WATS), gave an effective \$20,000 a year or more of a Subsidy to Operators providing that service. Indeed, the premise on which Lime Taxis was initiated, and on which an unfulfilled promise of 450 Plates was predicated, was the now long-ago solution for universally accessible Taxis.

The Reforms and Deregulation now in place have left WATS as a casualty. The number of WATS on the road continues to decline and as of August there are only in Metropolitan areas and in the regional areas. The Minister and Transport for NSW are in the lengthy process of assessing the situation, and have now asked IPART for its input.

The simple issue is that there is insufficient incentive to operate a WATS vehicle.

It costs twice as much to purchase and operate, it can't do as many jobs, and it is more physically and mentally demanding. The "lift fee" incentive is inadequate, and given the choice, Passengers prefer a sedan. Formerly, if the job required a Maxi, then a Maxi fare could be charged. Now it's only when there are five or more Passengers.

The ADTA has made suggestions to the Minister, and we also are of the view that the Maxi Cab should have four Fare Schedules based on it being a Five Seater, an Eight Seater or an Eleven Seater vehicle or it being a single wheelchair WATS. We would also revert to a higher Tariff when the job requires the extra facilities of a Maxi.

An important suggestion is that a WATS be permitted to start the Meter on acceptance of the job, pause whilst loading, and thereby cover the cost of travel to the Pick-up point.

The fundamental issue is, however, that a Taxi servicing the disabled community requires a financial incentive to provide those services. We have lost that incentive.

The solution lies in making it making it easier for the disabled community to use a Taxi as the primary transportation resource. Given the unreasonable burden imposed by Government on the use by disabled patrons compared to able commuters using conventional Public Transport we would suggest a subsidy for the TTSS of the full fare less a \$5 user contribution per trip. That would equate to the current Commuter Cap. It would also increase usage and thereby improve WATS Driver income, at a but relatively minor cost to State Government expenditure.

We, perhaps rashly, suggest that making Taxi Transport virtually free for those members of our Community who cannot use other modes of Public Transport would be a progressive policy, and not be at a great cost.

The alternative and more radical solution is that all Taxis be universally accessible as in London, but the same issues arise as to Governmental Subsidy. We note yet again that other modes of Public Transport are massively subsidized by Government to an average of 75% of operating costs.

The suggestions made would re-incentivate the WATS operations and better service the Disabled Community. It would provide a stimulus for standard Taxis on non-wheelchair disabled M40 use, and re-develop community spirit.

IPART has posed a series of specific Questions. We respond:

- 1. What are your views on the level and nature of competition in the rank and hail market? Does it vary by region of NSW or by time of day?*

The relative ease of Booking a Rideshare Service has effectively reduced by half the total of Point to Point Trips undertaken by Taxis in NSW. The level of Demand for Rank and Hail Services has reduced to less than half of pre-2015 levels, probably as a joint function of Covid and Uber. Regional demand still has a significant majority of Booked trips and the Urban demand is still about evenly split for 13Cabs / Silver Service and almost solely Rank and Hail for all other Networks. There are still peak demand periods in the morning, end of work-day and Friday / Saturday nights.

2. What are the main differences between operating rank and hail services and booked services?

To effectively operate a Booked Taxi Service requires affiliation with 13Cabs or Silver Service as the only Network able to offer Drivers a substantial resource of Booked work. That costs about \$200 a week and, anecdotally, provides between 5 and 10 job offers per shift.

An extra cost is the (fairly minor) cost of Fuel in travelling to the Pick-up point for a Booked Trip. That is about equivalent to the cost of random driving to look for Street Hails.

The inequity is that major Taxi Networks charge a flat Network Fee for their services, but their major service is in providing Bookings. The Regulatory requirement for all bookings to go through an Authorised Booking Service has severely curtailed the opportunity for a Taxi Service Provider to build up a “private clientele”

3. What changes have you seen that impact services, costs and prices since the 2017 regulatory framework came into effect?

The quality of Service appears to have improved, as sustained by IPART Surveys and Operator’s Operating Costs have been reduced, but the regulated price of Rank and Hail Fares has increased by less than 2% in the last decade. With generally reduced Demand for Taxi Services, the average hourly earnings for a Taxi Driver remain at less than \$10.00 an hour.

4. Is the cost of providing taxi services increasing, stable or declining? What evidence is there that costs are changing?

The elimination of Plate Lease Fees has reduced Operating Costs by up to \$30,000 pa per Taxi leaving only Insurances and Network Fees as the major cost barriers. However the reduction in Plate Leases has been assumed to be an offset against Driver Income and an excuse for not raising Minimum Fare Rates.

5. Are current fare levels too low, too high or about right?

Too low . They have not moved with Inflation and Cost of Living

6. Maximum fares for rank and hail are currently set using fixed components including a hiring charge, distance rates and waiting time rates. Do you have suggestions for an alternative approach?

No

7. Pre-booked fares can vary depending on supply and demand conditions. Should maximum fares for rank and hail services also be allowed to vary depending on local conditions?

They already do vary by Time of Day and Weekend nights, but there should be a temporary and localised “hot spot” surcharge which can be communicated to intending Passengers.

8. There are currently two fare zones (‘urban areas’ and ‘country areas’) in TfNSW’s fares order. Should there be different zones and why?

I believe it to be discriminatory to maintain two fare zones, as the Service is the same and the Primary Operating costs (Driver ‘Wages”) are the same.

9. What factors are impacting the sector’s willingness and/or ability to offer wheelchair accessible taxi services?

The lack of financial incentives to perform what is a more costly service to offer.

10. If you are a taxi driver, do you ever have trouble getting passengers from ranks, or from street hails? Do you have to wait for long periods before getting a passenger in either of these ways? What do you see as the main issues?

An excess supply of Rideshare vehicles operating on costs below the cost of supplying a Taxi Service.

11. If you are a taxi passenger, do you ever have trouble catching taxis from ranks, or hailing taxis from the street? Have you experienced fare refusal or other problem

As a Passenger I have not experienced delays in getting Rank and Hail Hirings other than at major events finishing times. I have not had a Fare Refusal, but my habit is to get in the Taxi before advising the Destination. I have had issues when the Driver has started the Meter before I commence the trip and or fails to turn on the meter.

TAXI COSTS and the VIABILITY OF PROVIDING A SERVICE

IPART has stated that it will consider the costs of providing rank and hail services including vehicle, labour and other costs impacting the viability of providing a service.

Ideally, it will re-create a Taxi Model which includes and analyses all those costs, as they vary by the different services provided. We suggest a simple model that reflects Market conditions and social expectations, operating 6 days a week for 52 weeks a year.

The most common Taxi vehicle is a late model Toyota Camry Hybrid Sedan, of which the market based weekly 'lease' is not more than \$750 a week in all Networks other than 13Cabs / Silver Service, where the average 'lease' is \$900 a week. The difference is a function of the amount of Booked Trips offered. Say \$39,000 to \$47,000 in 52 weeks.

The extra cost to a Driver, and or an Operator who wants Booked Trips is \$8,000 a year

The Labour cost, irrespective of actual earnings for a Driver, must be calculated as the Minimum Hourly Wage plus Entitlements for Annual Leave, Sick Pay and Superannuation on a standard working week. \$35.00 per hour before Tax. Ideally, the Driver would seek to maximise his hours on the road by the, perhaps illegal, engagement of other Drivers. In a Bailment arrangement there would be 12 shifts a week with about 110 hours. Say \$206,000 a year.

At its simplest, the cost of providing a Rank and Hail Taxi Service is \$250,000 a year.

To be viable, Revenue from Fares must exceed this amount. With IPART's \$42 a trip this requires 6000 trips a year, or 115 per week, or 10 per shift.

However. With the current 6500 Taxis in NSW, this implies 39,000,000 taxi trips a year. The best available information shows about 20,000,000 taxi trips. This indicates that only 3000 Taxis are required, on a one-out model to meet Demand for services.

IPART could well develop a Taxi Cost Model of its own, based on surveyed and reported actual cost inputs. The very wide range of costs over the 24 years since the Parry Report could be better substantiated and detailed. Our glaringly obvious observation is that a \$750 Weekly Lease supports an annual \$39,000 profit making outlay.

Effectiveness of Competition in Point to Point

The broadly referenced "competition" has two aspects, and both lead to the issue of Predatory Pricing. :

Competitive pricing for a Passenger, and

Competitive cost recovery for the Driver

Competition in an open market for Point to Point Transportation Services cannot exist when one party is bound by Regulated Costs and the other is not. The notion of a "level playing field" is important and necessary, and at this time Rideshare vehicles can estimate a Fare based on acceptable cost recovery for that trip, whilst Taxis are bound to accept a Regulated Fare, or one based on an Annual cost recovery with fixed cost items.

Where a Taxi Driver needs to gross \$400 in a 12 hour shift to recover his costs, a Rideshare Driver is required to accept any job on its offer value alone for the actual time.

Passenger Demand for Rank and Hail Services

There remains a lack of available data on Point to Point Transportation Services from which to make well-reasoned analysis. IPART should make use of the next few months leading up to the traditional peak November / December period to accumulate such data. Apart from Revenue NSW's inability to perform simple mathematical additions, the data of the Passenger Services Levy indicate that PtoP usage is above pre-Covid levels. Transport for NSW can provide data on total Trips and total Booked Trips, and we urge IPART to obtain that data. PSL data can also reveal Rank and Hail Data.

Use of Smartphone Apps has significantly changed the patterns of usage. The ease of Booking an Uber or a Taxi has altered the traditional wave of an arm into the tap of a button. When there is a peak local demand, such as after a Stadium Event, is there still a need for Taxis at a rank.

Current CBD experience is that the city ranks provide parking space for taxis. Rank and Hail work is just about all that is available for Taxis outside the 13Cabs / Silver Service duo, and that is the crux of the problems of Demand for all other Networks, away from the Airports.

Supply of Taxis and Drivers

The availability of Taxi Plates for \$200 a year has resulted in the increase in Taxis to 6472 in NSW, and almost at pre-2017 numbers. WATS have lost a net 200 units, and that is the subject of a separate analysis. As of September 2024 an increasing number of Plates are being returned by their Owner/Drivers who cannot find regular and reliable Drivers able to pay the break-even \$750 a week "lease".

As but an example, the chief contributor to this Submission used to work four night shifts a week (40 hours) to support himself and his family. Now a Driver must work at least six shifts a week over 70 hours to make the minimum wage, and without any entitlements. Engagement, not employment, is an option only for those whose working activities are unrecorded.

The Matching of Supply and Demand (WATS and Maxi Cabs)

The extra capital cost of a WATS Vehicle and for the recruitment and training of a WATS Driver, without any longer a financial incentive to provide that service is a current and important issue. Unless the NSW Government takes immediate and positive steps to incentivate the WATS, there will be a continuing shortage and an ever-growing lack of facilities for the disadvantaged and disabled sector of our Community.

The ATDA suggestion of full and free TTSS (with a \$5 contributory fee) has the potential to resolve this issue. With suggested subsidies and fare restructure, the potential can be realized.

A complicating factor is that SUV and larger models capable of seating five or more Passengers are more frequently available and used as Maxi Cabs to attract the higher Fare Rate, but are not adding to WATS availability.

Availability and Accessibility of Alternative Point to Point Transportation

The provision of alternative accessible transportation is properly part of Government's competitive neutrality policies. Except where excess profits are being made by some community service providers, very little has developed outside the Taxi inputs to Point to Point services. There used to be an aim, and a requirement, that Taxi Networks have at least 10% of their Fleets as WATS. No longer.

Whilst the WATS numbers are now in excess of 10% of the total fleets, the dependence upon WATS by the disabled community remains constant, or is building up to pre-Rideshare and Covid levels and the provision of Services is therefore in decline.

Additionally, the monopoly situation in which only a Cabcharge Meter can read and process a TTSS Card is impacting on Service availability. In order to process the TTSS Card an Operator must have installed a Cabcharge Meter at his own Monthly Cost, or use exclusively a meter/eftpos from Cabcharge. It is manifestly anti-competitive to permit such a practise, and Transport for NSW must make its TTSS Card universally a smartcard system.

Conclusions

A modest 5% increase in all Fare components is long overdue, together with an annual revision for inflationary costs. The TTSS can be used as a relatively low cost stimulus for the WATS in particular and Taxis in general by providing disabled Passenger users with equitable assistance in their Taxi Transportation.

In arriving at a recommendation, IPART must have the benefit of detailed statistical information from both Transport for NSW and the several Taxi Networks to analyse fares and develop a sustainable maximum fare for Rank and Hail Taxi Services, and one which can indicate Predatory Pricing under the disguise of Competition.

Michael Jools, Australian Taxi Drivers Association, September 2024

