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**Submission**

***Draft Report – Maximum fares for rank and hail taxi services from 1 July 2025***

*28/03/2025*

**Transport Workers' Union of New South Wales**

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# Transport Workers' Union of NSW

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## 1. Summary of recommendations

1.1 The Transport Workers' Union of New South Wales (**TWU**) believes that this IPART review is a necessary step forward in advancing the environment of rank and hail taxis in NSW. The recommendations below include reference to the TWU's initial submission in this review.

1.2 Below is a summary of the TWU's recommendations and observations.

- The Draft's recommended 2.2% fare increase (up to 12 km) but will do nothing for Western Sydney bailees who currently, on average, earn below the minimum wage on a full-time weekly basis. This is due to a variety of factors, including the geographical length of trips they take.
- In disincentivising fare refusal for short trips, Western Sydney bailees are again drawing the short end of the stick. Declining the distance rate by 8% after 12 km will disproportionately impact Western Sydney taxi services, as running a privately funded taxi does not become cheaper the longer a particular journey may be.
- As other parties in the review have shared, the TWU is receptive to the idea of removing flagfalls entirely and introducing a minimum fare as a baseline for using point to point transport in NSW. However, such an extensive change would realistically require further review and industry consultation – which the TWU advocates for.
- Under the current rank and hail model, the NSW Government must reflect on the last decade of economic inaction in point to point transport. Allowing another extensive period of time where no economic uplifts or changes are made to rank and hail fares for taxis in NSW is simply not an option.
- Given that rideshare is largely outside the terms of reference for this review, IPART should consider making the recommendation for the NSW Government to conduct a forensic investigation into rideshare as part of its final report.
- The NSW WATS loading fee should be identical to Victoria's.

## 2. About the TWU

2.1 The TWU represents tens of thousands of people in Australia's road transport, aviation, oil, waste management, gas, passenger vehicle and freight logistics industries.

2.2 With over one hundred years' experience representing the workers who conduct Australia's crucial passenger and freight transport tasks, the TWU has been proactive in advocating for the establishment and improvement of industry standards which advance the lives and safety of transport workers, their families and the community at large.



### 3. Introduction

- 3.1 The TWU welcomes the opportunity to provide feedback to the *Draft Report - Maximum fares for rank and hail taxi services from 1 July 2025 (the Draft)*. By virtue of a long-standing representational history of transport workers, the TWU has a unique understanding of the industry, as well as the needs of taxi drivers themselves.
- 3.2 In the IRC, the TWU is the entity armed with the capacity to represent taxi drivers. The TWU has always sought to improve conditions within this often-overlooked sector of the transport industry, and believes this review is a much-needed step forward.
- 3.3 The TWU congratulates IPART on the release of the Draft. This is a crucial, rare opportunity to make transformative change in point to point transport, and the TWU appreciates the opportunity to provide feedback for the Draft.

### 4. Draft Recommendation – Maximum Fare Taxi Schedules

- 4.1 Section 2.5 of the Draft reads;

*“... if fares are not at a sufficient level to cover costs, drivers and taxi service providers will reduce or withdraw their supply.”*

- 4.2 Nominal fares for rank and hail have not increased in more than a decade at the time of this submission. The Draft acknowledges that this immense lag in price relevance will only continue to do harm to this vulnerable sector if left unchecked. However, the TWU urges IPART to consider that the reduction of service by drivers and taxi service providers is not a forthcoming concern – it is happening right now, and has been happening for many years whilst being further compounded by the emergence and continuous expansion of rideshare as an adjacent operation in point to point transport.
- 4.3 The Draft’s recommendation of a 2.2% fare increase for trips up to 12 km fails to consider the nature of taxi work in Western Sydney and beyond. Journeys from Sydney Airport to the CBD, or trips between eastern suburbs will likely benefit from the Draft’s proposed pricing structure, given the average length of journeys as well as the geographical distances between said areas.
- 4.4 However, the Draft effectively disincentivises longer trips, noting that prices for trips between 12 – 15 km will largely remain the same, and any trips greater than 25 km will cost less. For Western Sydney, or anywhere that may require longer trips (using the Draft’s interpretation), the proposed recommendations will be entirely inequitable, and will support anything but the attraction of new drivers and the retention of current ones.
- 4.5 It would be remiss to assume that there will always be a willingness to work a particular job, regardless of how unattractive the proposition may be. In the case of taxis, the lack of qualities to facilitate a vocational career in the industry not only hinders recruitment, but serves to disincentivise professionalisation, and by extension, service delivery and safety. Traditional point to point transport suffers from a high “turnover” rate in the sense that unacculturated



labour will occupy their seat for a transient period, and then move on.

- 4.6 As other parties have highlighted in the overarching review, the industry is not necessarily suffering from a vehicle shortage, but a driver shortage. This shortage of labour will not be improved without a genuine monetary motivation in place. The TWU believes the 2.2% fare increase (up to 12 km) will not fulfill this.
- 4.7 Anecdotally, bailee drivers report earning well below the minimum wage. Empirically, this is supported by the Australian Taxation Office's (ATO) own data. In 2019, the ATO reported that the average income for taxi drivers for FY19 was \$29,262<sup>1</sup>. Given the lack of an increase in nominal fares, this average figure would remain unchanged.
- 4.8 The TWU acknowledges that there are "bad actors" in the taxi industry, including drivers who adopt shady practices on the road (trip manipulation), as well as false charges to gouge as much money as they can from patrons. The TWU denounces such drivers, and does not support their actions. Though the TWU does not defend these drivers or their actions, the harsh reality of this matter must be addressed - the absence of a suitable economic uplift will do nothing to mitigate the issue of bad driver practice.
- 4.9 Taxi drivers who run the meter inappropriately, slug passengers with non-existent fees, knowingly take routes longer than necessary – or any other form of "shady" practice – do not do these things because they get personal enjoyment from it. They do it because their average weekly earning as a taxi driver falls below the Henderson Poverty Line<sup>2</sup>.
- 4.10 The Draft's proposed 2.2% increase up to 12 km, realistically, only has the potential to benefit bailees who operate solely in and between Sydney Airport, the CBD and eastern suburbs. Bailees in Western Sydney and beyond will still be subject to the same struggles given the geographical distance of trips they often conduct. Ultimately, the financial imposition of bailees will likely remain their lived reality even after the adoption of the Draft's current recommendations.
- 4.11 The TWU also raises that trips don't become cheaper for operators or bailees the longer they run. Ultimately, taxis are privately funded vehicles without the subsidies and support available to other modes of public transport that could hypothetically operate through a declining-distance rate. The idea to frontload fares makes sense in the scheme to disincentivise fare refusal by drivers, but does not make functional sense for drivers outside of the airport – CBD – eastern suburbs ring, and may only further incentivise bad practice.
- 4.12 As other parties in the review have raised, the TWU is open to the idea of removing flagfalls altogether, and introducing a minimum fare as a baseline rate for passengers using point to point transport in NSW. However, such an extensive change would realistically require further review and industry consultation – which the TWU advocates for.
- 4.13 Under the current rank and hail model, the NSW Government must reflect on the last decade

<sup>1</sup> Taxation Statistics – 2018-19 Individuals: Average and median taxable income, salary or wages, and total income, by occupation and sex, 2019 – 19 income year. Australian Taxation Office. *Australian Government*.

<sup>2</sup> Poverty Lines: Australia. (2024). September Quarter 2024. *Melbourne Institute: Applied Economic & Social Research*.



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of economic inaction in point to point transport. Allowing another extensive period of time where no economic uplifts or changes are made to rank and hail fares for taxis in NSW is simply not an option, providing the pricing and payment structure of taxis is not completely reviewed and overhauled.

- 4.14 Bailees have shared with the TWU that a wage-based model may be the only true long-term economic fix for point to point transport. The TWU supports exploring such options long-term, but again acknowledges that such a transformative change would require time, resources and industry to come together with the NSW Government.

## 5. Rideshare

- 5.1 For specific points on rideshare, the TWU would refer to its initial submission through IPART's review.
- 5.2 The Draft states that a forensic investigation into the rideshare industry is beyond the scope of IPART's terms of reference. The TWU respects this and understands why this conclusion was drawn.
- 5.3 However, the TWU urges IPART to insert a recommendation in its final report for the NSW Government to conduct such an investigation into Rideshare for all the reasons detailed in the TWU's initial submission.

## 6. Wheelchair Accessible Taxi Services (WATS)

- 6.1 Service providers cannot reasonably afford to provide WATS in NSW due to a combination of nuanced reasons. Many of the currently existing challenges applicable to standard taxis can be applied to WATS. However, WATS suitable vehicles are largely restricted in choice to diesel or unleaded fuel types, which increase running costs for operators. Additionally, the CTP costs are significantly higher than that of standard passenger taxis.
- 6.2 The Draft's recommended uplift of WATS lifting fees in NSW still falls short of the WATS fee in Victoria. The TWU believes that the best results can be achieved by aligning the NSW WATS lifting fee with that of Victoria.

## 7. Conclusion

- 7.1 The TWU would like to thank IPART, and by extension, the NSW Government for the opportunity to participate in this crucial review.
- 7.2 Following a decade of economic inaction, this review is a necessary step forward in advancing the lives of workers in point to point transport. The Draft raises valuable insights and recommendations to the NSW Government, and the TWU believes that industry feedback will only strengthen the eventual Final Report.