



DRAFT REPORT

2014 survey of taxi drivers and operators

Preliminary survey results for the Sydney metropolitan transport district



*Prepared for
Independent Pricing & Regulatory Tribunal
December 2014*

The Centre for International Economics is a private economic research agency that provides professional, independent and timely analysis of international and domestic events and policies.

The CIE's professional staff arrange, undertake and publish commissioned economic research and analysis for industry, corporations, governments, international agencies and individuals.

© Centre for International Economics 2014

This work is copyright. Individuals, agencies and corporations wishing to reproduce this material should contact the Centre for International Economics at one of the following addresses.

CANBERRA

Centre for International Economics
Ground Floor, 11 Lancaster Place
Canberra Airport ACT 2609

GPO Box 2203
Canberra ACT Australia 2601

Telephone +61 2 6245 7800
Facsimile +61 2 6245 7888
Email cie@TheCIE.com.au
Website www.TheCIE.com.au

SYDNEY

Centre for International Economics
Suite 1, Level 16, 1 York Street
Sydney NSW 2000

GPO Box 397
Sydney NSW Australia 2001

Telephone +61 2 9250 0800
Facsimile +61 2 9250 0888
Email ciesyd@TheCIE.com.au
Website www.TheCIE.com.au

DISCLAIMER

While the CIE endeavours to provide reliable analysis and believes the material it presents is accurate, it will not be liable for any party acting on such information.

Contents

Summary	1
The survey	1
Key findings – changes in revenue/costs per taxi	2
Taxi industry costs in 2014	3
1 Background and introduction	5
The NSW taxi industry	5
Regulation of the taxi industry	6
IPART's role in regulating the taxi industry in NSW	9
This report	9
2 Methodology	12
Approach to measuring costs	12
The surveys	13
Analysis of survey responses	15
3 Comparison with previous estimates	17
Comparison with 2011 estimates	17
4 Driver revenue and costs	26
Taxi usage patterns	26
Driver revenue	27
Driver costs	28
Summary of driver costs	33
5 Operator revenue and costs	35
Operator revenue	35
Operator costs	35
Summary of operator costs	40
A Survey examples	41
Survey of taxi drivers	41
Survey of taxi operators	44
 BOXES, CHARTS AND TABLES	
1 Change in taxi revenue/costs in Sydney — 2011 to 2014	2
2 Total costs	3
1.1 The NSW taxi industry	5
1.2 The value of licence plates	7

1.3	Regulated maximum fares	7
1.4	Maximum pay-ins	8
1.5	Taxi Cost Indexes	9
1.6	Fare comparison — urban areas	10
1.7	Licence plates as at October	Error! Bookmark not defined.
2.1	Distribution of fare revenue — Standard Sydney taxi	12
2.3	Summary of approach to obtaining relevant information	13
2.4	Survey responses as at 4 December 2014	14
2.5	Response to 2011 survey	14
3.1	Change in taxi revenue/costs in Sydney — 2011 to 2014	17
3.2	Share of taxis logged onto the network	18
3.3	Estimated number of shifts — comparison	18
3.4	Driver earnings per hour	19
3.5	Hours per shift	20
3.6	Pay-ins per shift	21
3.7	Fuel costs per shift	21
3.8	Trips per shift	22
3.9	Change in revenue per shift from 2011 to 2014	23
3.10	Comparison of operator costs (excluding own labour)	24
3.11	Return to operator labour	24
3.12	Returns to operator labour per hour	24
4.1	Number of taxis operating during each shift period	26
4.2	Number of shifts per year	27
4.3	Total revenue per shift	28
4.4	Total revenue per year	28
4.5	Driver earnings per hour	29
4.6	Hours worked per shift	30
4.7	Annual driver earnings	30
4.8	Pay-ins per shift	31
4.9	Total payments to operators	32
4.10	Fuel costs per shift	32
4.11	Annual fuel costs	33
4.12	Annual cleaning costs	33
4.13	Total revenue per taxi	33
4.14	Total revenue per year — comparison	34
5.1	Total operator revenue	35
5.2	Estimated plate lease costs	36
5.3	Vehicle costs	36
5.4	Network fees	37
5.5	Insurance costs	37
5.6	Maintenance and repair costs	38

5.7	Operator administration	39
5.8	Return to operators	39
5.9	Operator returns per hour	40
5.10	Summary of operator costs	40

Summary

Each year IPART reviews the fares for taxi services in NSW and recommends new maximum fares to Transport for NSW. IPART also reviews and recommends the number of new annual Sydney taxi licences to be released from July each year.

As part of these reviews, IPART has surveyed taxi drivers and operators on their costs and revenues every 4 or 5 years. The CIE conducted the last survey on behalf of IPART in 2011. The cost and revenue data from the 2011 survey was used to construct a model of the Sydney taxi industry. Since 2013, IPART has recommended licence numbers and fares for Sydney using this model to estimate the impact on taxi trips taken, passenger waiting times, occupancy rates and annual taxi licence costs of different combinations of fare levels and additional licences. (Prior to 2013, IPART used the cost and revenue data to construct cost indices for urban and country taxis, and would recommend fares based on the estimated annual change in financial costs.)

Given the paucity of public information on the taxi industry, IPART's change in approach to regulation and a number of other recent developments in the industry, it is timely to gather new information. IPART has therefore commissioned the CIE to undertake a new survey of drivers and operators. The data will be used to assess changes in the taxi industry since 2011 and to estimate changes in the costs of providing taxi services over time as an input to the taxi industry model.

This report presents preliminary results from the survey for the Sydney metropolitan transport district, based on survey responses received to 31 October 2014, as required by IPART for its draft report on Sydney taxi fares and licences. A final report based on additional Sydney survey responses will be provided to IPART by the end of January 2015.

A separate report covering the results of the survey for areas outside Sydney will be provided to IPART in early 2015.

The survey

The survey was conducted by mailing out survey questionnaires to all authorised taxi drivers and accredited operators in October 2014 along with reply paid envelopes. A web-based version of the same surveys was also available to authorised taxi drivers and operators as an alternative means of responding.

Our general approach was to minimise changes from the 2011 survey questionnaires to ensure comparability across time. While there were few changes to the driver questionnaire, we made more significant changes to the operator questionnaire in order to seek more information directly from operators in relation to:

- usage patterns
- network costs
- vehicle costs
- insurance costs.

We have received more than 2100 survey responses (as at 4 December 2014), of which 695 have been analysed for this draft report.

Key findings – changes in revenue / costs per taxi

Preliminary analysis of the survey (and other) data suggests that total revenue and total costs per standard taxi in Sydney may have decreased in nominal terms over the past three years (table 1) by around 3.2 per cent. This is despite fare increases over this period that have broadly kept pace with inflation.

Table 1 sets out the changes for each cost component in nominal terms between the 2011 survey and the 2014 survey, for Sydney taxis only.¹

1 Change in taxi revenue/costs in Sydney – 2011 to 2014

	Absolute change	Relative change
	\$ ex GST	Per cent
Driver labour	-2 708	-4.4
Fuel	938	6.5
Cleaning	- 51	-1.9
Operator administration	-2 670	-27.4
Maintenance costs	- 79	-1.2
Plate lease costs	-1 887	-6.4
Insurance	-1 403	-11.1
Vehicle lease payment	2 828	48.7
Network fees	193	2.7
Total	-4 839	-3.2

Source: CIE estimates.

Some of these results need to be treated with caution — in particular, the changes in insurance costs and vehicle lease costs — as the method for collecting the data changed between 2011 and 2014. We will investigate these further before we complete our final report.

There appears to have been a small decline in revenue per shift across most night shifts, due to both slightly shorter shifts and a small decrease in the average number of trips per

¹ Please note that the published results of the 2011 survey separated results into urban (a category which included Wollongong, Newcastle and surrounding areas as well as Sydney) and country. To ensure like-for-like comparison of Sydney results between 2011 and 2014, we have re-analysed the 2011 data to isolate Sydney data; therefore, the 2011 cost estimates in the data tables in this report may not match the previously published 'urban' estimates.

shift (although simple hypothesis tests suggest that changes from the 2011 survey are not statistically significant). Furthermore, there appears to be a lower proportion of taxis on the road.

Both of these observations point to a decline in demand for taxis, of about 2 per cent per year since 2011. This could have resulted from increased competition from hire cars and other alternative point-to-point transport services.

While nominal hourly driver earnings do not appear to have changed significantly over the past three years, this implies a material decline in real terms. Drivers may have also decreased the length of their night shifts slightly since 2011.

The preliminary survey results also suggest that operator margins may have declined, due to both lower nominal pay-ins received per shift and fewer shifts operated per taxi.

Lower revenue per taxi also appears to have put some downward pressure on the value of licences. Survey results suggest that licence lease costs have declined by around 6.4 per cent in nominal terms since 2011.

Taxi industry costs in 2014

Based on a preliminary analysis of responses to the driver and operator surveys, the total costs associated with operating (and driving) a standard taxi and a WAT in Sydney are summarised in table 2.

2 Total costs

	Standard	WAT
	\$ ex GST	\$ ex GST
Driver labour	54 924	52 510
Fuel	14 206	14 538
Cleaning	2 316	3 487
Operator administration	1 693	13 052
Maintenance costs	6 402	6 402
Plate lease costs	27 507	1 016
Insurance	11 246	11 246
Vehicle lease payment	8 633	10 728
Network fees	7 425	7 425
Total	134 354	120 404

Source: CIE.

A note on methodology

As noted above, for this survey we asked operators directly for information about which shifts they put taxis on the road, and how much they paid for insurance, network fees and vehicle costs such as lease and fit-out. In 2011 we obtained quotes from industry

suppliers for the latter costs, and obtained daily data from networks on the share of taxis logged onto the network at 9am and 9pm for the shift usage pattern.

As further noted above, there were relatively large changes in cost estimates between 2011 and 2014 for insurance and vehicle costs which may well have been driven by the methodology change rather than by actual market changes and we will investigate further before finalising our survey analysis.

There was also a big difference in shift usage patterns between the 2011 network data and the 2014 operator survey data. We have not been able to obtain equivalent daily network data for 2014, so we are unable to directly compare like with like and assess how much of the change is due to market changes and how much to the different method.

For our calculation of absolute costs in 2014, we have used the survey data on shift patterns. This preserves the integrity and consistency of survey results and will allow us to make comparisons between 2014 costs and revenues for Sydney, other urban and country areas on a like for like basis.

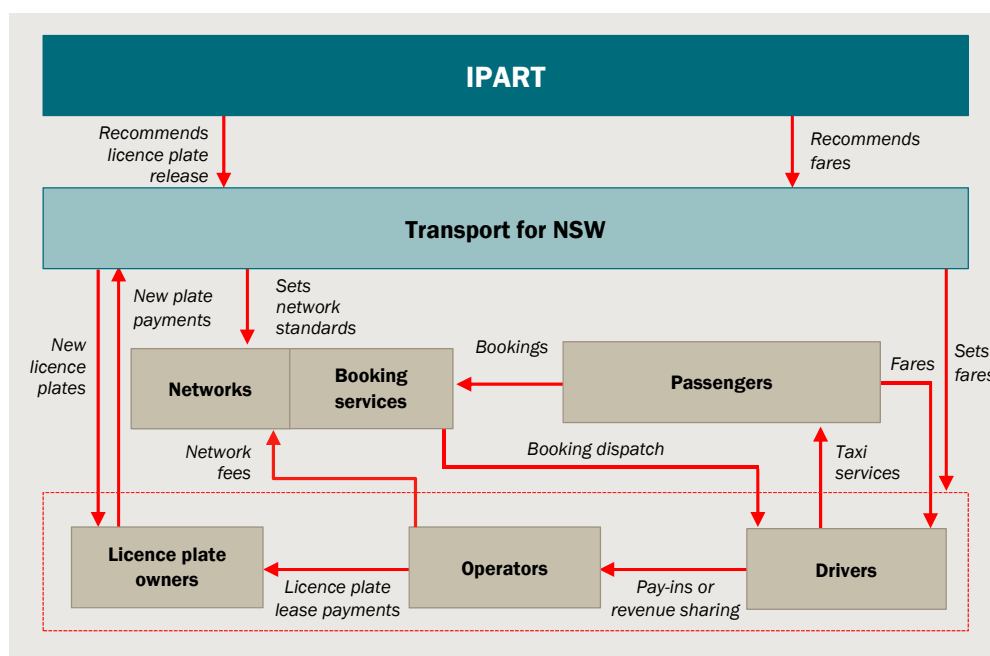
However, for estimating change in costs over time, we consider that comparing 2011 Sydney costs and revenue using network shift patterns and 2014 Sydney costs and revenue using survey shift patterns is not an accurate measure of the changes because of the distorting effect of the difference in methodology. Instead, to ensure comparability between results we have compared the monthly network KPIs for taxis on the road at 9am and 9pm from 2014 and 2011, and used this to adjust the 2011 shift participation rates to get a proxy figure for 2014.

1 Background and introduction

The NSW taxi industry

The taxi industry involves many players and the relationships between these players can be complex. In some cases, a single organisation (or individual) can take on multiple parts of the supply chain, while in others it is separated out into distinct components. The relationship between taxi-industry players is summarised in chart 1.1.

1.1 The NSW taxi industry



Note: The roles of licence owner, operator and driver can sometimes be held by a single person. The functions of taxi booking services will be separated from taxi networks when the Passenger Transport Act 2014 commences.

Data source: CIE.

All taxis are required to be licensed by Transport for NSW. There are several types of taxi licences. Some are temporary, while others are perpetual and transferable. More recently, NSW Transport has moved away from issuing perpetual licences and instead issues 10-year annually renewable licences. There are also time and area restrictions placed on some licences. Perpetual licence transfer values currently reflect above-normal profits earned by taxis due to restrictions on the number that may operate.

Licence owners can either operate a taxi themselves or earn a rate of return on their asset by leasing the licence to a separate operator. Operators are responsible for various costs associated with operating a taxi, including purchasing or leasing the vehicle, vehicle

maintenance and insurance. The operator is also required to register the taxi with an authorised taxi network and is responsible for paying the network fees.

Operators can drive the taxi themselves or obtain a bailee driver (or both). Bailee drivers are required to pay the operator for the use of the taxi. The arrangements vary, although most pay a fixed 'pay-in'. The maximum pay-in is determined by the Industrial Relations Commission, although the actual pay-ins are typically lower than the maximum. Drivers are typically responsible for fuel and cleaning costs and keep the remaining fare revenue. Alternatively, some operators enter into a revenue-sharing arrangement with the bailee drivers.

Passengers can procure a cab in a number of ways. The most common way of procuring a cab is from taxi ranks or by hailing them down on the street. This 'rank and hail' market makes the majority of passenger journeys in the Sydney. However, in other areas, the majority of journeys are booked. Taxis can be booked by telephone, the internet or a smartphone app. Networks dispatch phone and internet bookings to all affiliated taxis and each driver can decide whether to accept the booking. More recently smart phone apps that are independent of established networks have also emerged. These apps allow passengers to book a trip directly with the driver and often include an automatic payment system. Passengers pay an additional fee for bookings on top of the standard flag-fall and distance/time-based charges.

Networks are required to meet the standards set by NSW Transport. They are also responsible for monitoring and enforcing minimum standards for all affiliated cabs.

Regulation of the taxi industry

The regulatory arrangements for the taxi industry include:

- the requirement for all taxis to be licensed
- regulated maximum fares
- the Contract Determination — amongst other things, this sets out the arrangements between operators and bailee drivers.

Restriction on licence plates

As mentioned above, there is a requirement that all taxis are licensed. As there are restrictions on the number of licences issued in each area, taxi licence plates have significant value in some areas, reflecting economic 'rent' (see box 1.2).

1.2 The value of licence plates

In a market with no barriers to entry, competition would normally prevent firms from earning above-normal profits (referred to as ‘economic rent’) in the long run. If incumbent firms consistently earns an above-normal profit, new firms enter the market and compete away this rent.

In the NSW taxi industry, market entry is restricted by the number of licence plates on issue. The value of the licence plate is therefore derived from its scarcity. If there were no restrictions on entry, licence plates would have no value. The value of the licence plate therefore reflects the future rents earned by licence plate owners.

Maximum fares

Transport for NSW also sets maximum fares that may apply in urban and country areas (table 1.3). This approach to fare regulation allows taxis to offer lower fares, but in practice most, if not all, taxis charge the regulated maximum.

1.3 Regulated maximum fares

Country	Urban	Country
Flag fall (\$)	3.60	4.10
Peak time surcharge ^a	2.50	n.a.
Distance charge – first 12 Km (\$ per Km)	2.19	2.26
Distance charge – after first 12 Km (\$ per Km)	2.19	3.13
Night/holiday distance charge – first 12 Km (\$ per Km)	2.63 ^b	2.71 ^c
Night/holiday distance charge – after first 12 Km (\$ per Km)	2.63 ^b	3.75 ^c
Waiting time charge (\$ per hour)	56.68	57.65
Booking fee (\$)	2.50	1.20
Maxi taxi surcharge on total fare (%)	50	50
Waiting time threshold speed (Km per hour)	26	26

^a Applies to journeys commencing between 10pm on a Friday, Saturday or day before a Public Holiday and 6am on the next day. ^b This is a 20 per cent surcharge that applies to journeys commencing between 10pm and 6am daily. ^c A 20 per cent surcharge applies between 10pm and 6am daily and between 6am and 10pm on Sundays and Public Holidays.

Source: IPART, 2012 *Review of Taxi Fares in NSW: Maximum fares from July 2012*, Final Report and Recommendation, p. 43; Transport for NSW website, <http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges>, accessed 4 December 2014.

The Contract Determination

The *Taxi Industry (Contract Drivers) Contract Determination 1984* (the Contract Determination) sets out a range of conditions, including the financial arrangements between operators and bailee drivers in the Sydney area (specifically the Metropolitan Transport District).

As discussed above, bailee drivers pay the operator for the use of the taxi for a shift. Under the Contract Determination, a bailee can choose to operate under either:

- Method 1 (Commission) — under this approach:
 - first year drivers keep 45 per cent of all fares taken, including GST, but not including tips
 - after the first year, drivers keep 50 per cent of all fares taken
 - the operator pays for fuel and car wash.
- Method II (Set pay-in) — under this approach, the bailee drivers pay the operator a set pay-in and are responsible for fuel and car wash (where necessary). The maximum pay-in is specified in the Contract Determination (table 1.4) and is periodically amended by the Industrial Relations Commission. Actual pay-ins may and are often below the maximum.

Most drivers operate under Method II.

1.4 Maximum pay-ins

	Day shifts	Night shifts
	\$ (ex GST)	\$ (ex GST)
Monday	102.90	111.70
Tuesday	102.90	113.60
Wednesday	102.90	122.50
Thursday	102.90	138.20
Friday	102.90	156.80
Saturday	102.90	156.80
Sunday	102.90	121.50

Source: Taxi Industry (Contract Drivers) Contract Determination 1984.

Under the Contract Determination, permanent bailee driver is also entitled to annual leave and sick leave. Permanent bailee drivers are those that have completed at least 220 night shifts or 230 days shifts within a 12 month period for the same operator.

Permanent bailee drivers are entitled to five weeks of paid annual leave per year.

- For drivers operating under Method I, holiday pay is set at a rate equal to 5/47 of the driver's total entitlement from chargeable fares during those 12 months.
- For drivers operating under Method II, holiday pay is set at \$833.28 per week.

Permanent bailee drivers are also entitled to 8 days sick leave (5 days in the first year).

- For drivers operating under Method I, the average earnings per shift over the preceding three months is used to work out the rate of sick leave.
- For drivers operating under Method II, the sick leave rate is set at \$167.22.

Both permanent and casual drivers are also entitled to long service leave if they have worked for the same owner/operator continuously for 10 years.

In practice, however, these leave entitlements are rarely paid.

IPART's role in regulating the taxi industry in NSW

IPART recommends maximum taxi fares. Recently it has also been given responsibility for recommending the number of licence plates to be released in Sydney annually.

Up until 2013, IPART's fare recommendations have been based on changes in the cost of providing taxi services, as estimated by urban and country Taxi Cost Indexes (see box 1.5).

1.5 Taxi Cost Indexes

Until recently, IPART used Taxi Cost Indexes for urban and country areas to guide its fare recommendation. The TCIs were designed to measure *changes* in the cost of providing taxi services in urban and country areas over time.

The TCIs were made up of cost items that reflect the major costs (such as the driver's and operator's labour, fuel, insurance, etc) incurred in providing taxi services. To measure changes in the cost of providing taxi services over the year, IPART applied an inflator — a measure that is intended to reflect the *change* in the cost over the year — to each cost item. The change in each inflator was then weighted according to each cost item's share of total costs.

IPART then adjusted fare components (flagfall, distance rate, waiting time rate) such that the average fare changed in line with the change in the index.

More recently, IPART has moved away from the cost index approach. This approach typically delivered fare increases that exceeded increases in general consumer price inflation, as measured by the Consumer Price Index (CPI). This was moving fares further away from an efficient level, making taxis less affordable for passengers. Despite these real fare increases, driver incomes had remained low, while the economic rent going to licence holders had been increasing.²

In recent years, IPART has been using a model of the taxi industry — developed by the CIE — to model the outcome of various licence plate release and fare options and guide its recommendations.

This report

There is relatively little public information available for IPART to base its recommendations. In recent years, IPART has used information collected from a survey of NSW taxi drivers and operators undertaken by the CIE in 2011. Given IPART's change in approach to regulating the taxi industry and a number of other recent developments in the industry, it is timely to gather new information.

² IPART, 2013 Review of taxi fares in NSW: Maximum fares from July 2013, Final report, June 2013, p. 3.

IPART has therefore commissioned the CIE to undertake a new survey of drivers and operators.

Recent developments in the NSW taxi industry

One focus of this report will be compare survey results to the 2011 results. It is therefore useful to consider some recent developments in the NSW taxi industry since 2011 to provide context to the survey results.

Fares

Since the previous survey conducted in October 2011, most components of the regulated maximum fare have increase by ~6-7 per cent, with the booking fee increasing by almost 9 per cent in urban areas (table 1.6). In addition, a peak-time hiring charge of \$2.50 — which applies to journeys commencing between 10 pm on Fridays, Saturdays and Public Holidays and 6 am the next days — has been included in the fare schedule.

1.6 Fare comparison — urban areas

	Fares as at October 2011	Current fares	Per cent change
Flag fall (\$)	3.40	3.60	5.9
Peak time hiring charge (\$)	0.00	2.50	n.a.
Distance charge (\$ per Km)	2.06	2.19	6.3
Night-time distance charge (\$ per Km)	2.47	2.63	6.4
Waiting time charge (\$ per hour)	53.33	56.68	6.3
Booking fee (\$)	2.30	2.50	8.7
Maxi taxi surcharge on total fare (%)	50	50	-
Waiting time threshold (Km per hour)	26	26	-

Source: 3; Transport for NSW website, <http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges>, accessed 4 December 2014.

These fare increases are broadly in line with general inflation. The Sydney CPI increased by 6.7 per cent between the September quarter 2011 and the September quarter 2014. Over this period, the private motoring component of the Sydney CPI increased by 1.2 per cent, while the urban transport fares component increased by 10.4 per cent. This suggests that taxis may have become relatively more expensive, compared to private motoring, but cheaper compared to public transport options.

Licence plate releases

The number of standard taxi licence plates (including peak availability licences) in the Sydney metropolitan area has increased by around 4.5 per cent over the past three years, while the number of WAT licences has increased by around 3.8 per cent (table 1.7).

1.7 Number of licence plates on issue

	2011	2014	Change	Change
	No.	No.	No.	Per cent
Unrestricted	4 757	4 666	- 91	-1.9
PAL	283	602	319	112.7
WAT	606	629	23	3.8
Fringe area	13	12	- 1	-7.7
Total	5 659	5 909	250	4.4

Source: Data provided by IPART.

Increased competition

Another major development in the NSW taxi market has been the emergence of smartphone apps. Many of the established networks — particularly in the Sydney area — have been allowing passengers to book taxis through smartphone apps for several years. Since the previous survey, a number of smartphone apps that are independent of the established networks have also emerged, including goCatch, ingogo and Uber. These smartphone apps allow passengers to making bookings directly with the driver and may also include automatic payment systems, reducing the need for cash or separate credit card transactions.

Under the Passenger Transport Act, these services must be provided in a licensed taxi or hire car, by an appropriately accredited driver.³

Report structure

This report presents preliminary survey results, focusing on the Sydney metropolitan area. The remainder of this report is structured as follows:

- Chapter 2 discusses the survey methodology
- Chapter 3 compares cost estimates to the 2011 survey
- Chapter 4 presents the survey results for driver revenue and costs
- Chapter 5 presents the survey results for operator revenue and costs.

³ Transport for NSW, *Transport for NSW statement regarding 'ride sharing' apps*, Media Release, 30 April 2014.

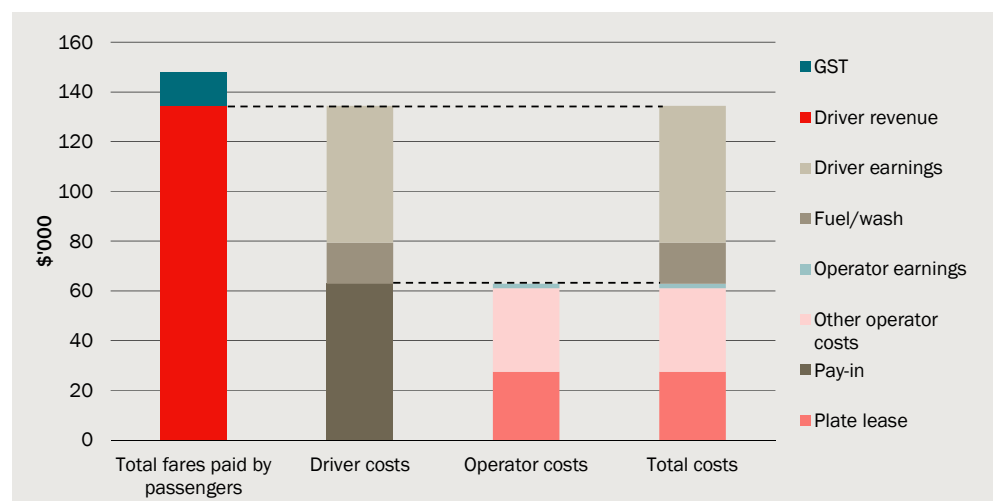
2 Methodology

In this chapter we outline the methodology used to estimate costs and revenue and other details relating to the survey.

Approach to measuring costs

As discussed previously, the relationship between various parties in the taxi industry can be quite complex. Chart 2.1 summarises the distribution of fare revenue among the various parties for a Standard Sydney taxi, where the driver operates under Method II (i.e. a set pay-in).

2.1 Distribution of fare revenue — Standard Sydney taxi



Data source: CIE.

The fragmented nature of the taxi industry in NSW means that the full story cannot be obtained from a single source, particularly in Sydney where most drivers operate under Method II. This means that surveys of both drivers and operators are required.

In general, we have:

- sought information on a per shift basis from drivers and aggregated this up to an annual estimate using information on usage patterns from operators.
- directly sought information on operator costs from operators.

Our general approach to measuring each cost item and the source of information is summarised in table 1.6.

2.2 Summary of approach to obtaining relevant information

Cost item	Information required	Source
Licence lease costs	Annual lease costs for each licence type	Operator survey
Vehicle	Cost of vehicle	Operator survey
	Cost of fit-out	Operator survey
	Useful life of vehicle	Operator survey
Network fees	Network fee costs	Operator survey
Insurance	Insurance purchased	Operator survey
	Insurance costs	Operator survey
Maintenance and repairs	Maintenance costs	Operator survey
	Maintenance time	Operator survey
	Hourly rate for own maintenance	Market estimates
Operator earnings	Pay-ins per shift	Driver survey
	Number of shifts operated	Operator survey
	Operator costs	Operator survey
Driver earnings	Hours worked per shift	Driver survey
	Driver earnings per hour per shift	Driver survey
	Pattern of shifts worked across a year	Operator survey
Fuel	Fuel costs per shift	Driver survey
	Pattern of shifts worked across a year	Networks
Cleaning costs	Cleaning cost per wash	Suppliers

Source: CIE.

The surveys

Development of the survey instrument

Our general approach to the survey was to minimise changes from the 2011 survey instrument to ensure comparability across time. The 2011 survey instruments were developed in close consultation with key stakeholders, including IPART, Transport for NSW, the NSW Taxi Council, the NSW Taxi Drivers' Association and the Australian Taxi Drivers' Association and yielded meaningful results.

While changes to the driver survey instrument were minimal, we made more significant changes to the operator survey. Whereas in 2011 we relied on supplier quotes and other sources of industry information for some cost items, we decided to seek additional information from the operator survey in relation to:

- usage patterns
- network costs
- insurance costs.

We also consulted with the same stakeholders listed above. The final survey instruments are provided in appendix A.

Survey details

The survey was conducted through a number of separate channels.

- Mail-out survey — the surveys were mailed out to all authorised taxi drivers and accredited operators in October 2014 along with reply paid envelopes.
- Web-based survey — a web-based version of the same surveys were developed and went live in October 2014. Links to the survey were provided in the letter to drivers and operators and on Transport for NSW's taxi portal.

Responses

We have received more than 2100 survey responses (as at 4 December 2014) across NSW (table 2.3). This draft report covers 695 responses relating to the Sydney area; 576 driver surveys and 119 operator surveys. The remaining responses either relate to other areas of NSW or have not yet been analysed. These surveys and any surveys received subsequently will be included in the analysis presented in the final report.

2.3 Survey responses as at 4 December 2014

	Driver surveys	Operator surveys	Total
	No.	No.	No.
Responses from the Sydney area included in draft report	576	119	695
Responses from other areas	435	70	505
Other responses received			939
Total			2 139

Note: Includes responses from all of NSW, not just the Sydney region.

Source: CIE.

The number of responses was significantly lower than for the 2011 survey (table 2.4). As the surveys were broadly similar and conducted in a similar manner, it is not clear what accounts for the lower response rate in 2014.

2.4 Response to 2011 survey

	Driver survey	Operator survey	Total
	No.	No.	No.
Responses	2 645	594	3 239

Note: Includes responses from all of NSW, not just the Sydney region.

Source: CIE.

Analysis of survey responses

As expected, there is significant variation in the survey responses, reflecting variation in the experiences of different drivers and operators. As discussed previously, the challenge is to obtain from the range of responses in the survey sample a single measure that is representative of the average of the taxi industry as a whole. This raises two issues relevant to the interpretation of survey results:

- the level of disaggregation
- treatment of outliers
- treatment of GST.

Level of disaggregation

Costs can vary significantly across a number of dimensions, including the area the taxi operates, the type of vehicle, the type of licence and the number of shifts. Disaggregating the data across multiple dimensions reduces the sample size and therefore decreases the precision of the estimates. This is of particular concern, given the smaller sample size compared to 2011.

In general, standard taxis and WATs have significantly different cost structures. Some of the cost items that will vary significantly between standard taxis and WATs include: licence plate-related costs; vehicle-related costs; and usage patterns, which will affect driver labour costs, fuel and pay-ins. We have therefore explicitly measured costs for both standard and WAT licences in urban and country areas. We have not separately attempted to measure the cost structure of premium taxis.⁴

Since the purpose of the 2011 survey was to re-weight the Taxi Cost Indexes, we disaggregated our estimates across urban and country areas. For the current exercise, IPART requested that we separate 'urban areas' into Sydney and 'other urban', which includes Newcastle, Wollongong and a number of other areas. However, this report focuses specifically on the Sydney area. A separate report on the survey results for other urban and country will be provided to IPART.

Treatment of outliers

There are various measures that can be obtained from the survey sample that can be interpreted as representative of the whole taxi industry. These include:

- the mean — the mean is the average of the survey responses. The mean uses all the information available, but may be influenced by outliers; and
- the median of the survey responses — the median is the middle response of the sample. The median is less influenced by outliers, but uses less information and therefore may not be representative of the whole population.

⁴ We use the term 'premium taxis' to refer to taxis that try to differentiate themselves in the market by providing a higher level of service through means such as more experienced drivers, higher quality vehicles etc.

In general, we prefer to use the mean because it uses more of the information available. However, the mean can be heavily affected by outliers, particularly when the sample is small. Some outliers may reflect an unusually good or bad actual experience (for example, an unusually quiet or busy night). However, others may occur due to misinterpretation of the question or input errors in putting the survey into our database.

Following the approach used in 2011, we present survey results based on a 5 per cent trimmed mean, where the 5 per cent of responses in each tail of the distribution are removed from the sample (where there are sufficient responses). Therefore, unless otherwise stated, survey responses reported are the 5 per cent trimmed mean.

Treatment of GST

Cost models for standard taxis and WATs in urban and country areas are developed in subsequent chapters. Since the Goods and Services Tax (GST) is designed as a tax on consumption rather than on businesses, the cost models developed exclude GST.

Although the cost models are presented exclusive of GST, the survey asked for costs inclusive of GST. This was so that the questions aligned with actual payments to suppliers, which is the figure that is most likely to be at the forefront of drivers and operators minds. Any GST paid on inputs can be subsequently claimed as an offsetting input tax credit.

This means that GST must be subtracted from the costs estimated in the survey and from supplier quotes. This includes the takings retained by drivers, when estimating driver earnings.

3 *Comparison with previous estimates*

In this chapter, we analyse how costs and revenues per taxi have varied between 2014 and our 2011 survey estimates.

Change in revenue/costs per taxi between 2011 and 2014

When compared on a comparable basis, total revenue/costs per standard taxi in the Sydney area are estimated to be around \$4840 lower in nominal terms in 2014, compared to a 2011 (table 3.1). This is a decline of around 3.2 per cent.

3.1 Change in taxi revenue/costs in Sydney – 2011 to 2014

	Absolute change	Relative change
	\$ ex GST	Per cent
Driver labour	-2 708	-4.4
Fuel	938	6.5
Cleaning	- 51	-1.9
Operator administration	-2 670	-27.4
Maintenance costs	- 79	-1.2
Plate lease costs	-1 887	-6.4
Insurance	-1 403	-11.1
Vehicle lease payment	2 828	48.7
Network fees	193	2.7
Total	-4 839	-3.2

Source: CIE estimates.

Comparison with 2011 estimates

Of significant interest to IPART is how costs and the factors that drive those costs have changed since 2011. We therefore compare the estimates from the 2014 surveys with previous estimates from 2011.

Here we focus on standard taxis in the Sydney area, as this is the information IPART requires to update its taxi cost model. Note that in 2011 we estimated the costs for all urban areas, rather than the Sydney area only. To ensure that the estimates are comparable, we have re-analysed the 2011 surveys to exclude 'other urban' areas.

Consequently, the 2011 estimates presented here will not necessarily align exactly with the estimates presented in our 2012 final report.⁵

Usage patterns

Taxi usage patterns are a key driver of driver labour and fuel costs. They are also a key factor influencing operator revenue and therefore overall returns to operators.

The 2011 estimates were based on daily data on the share of taxis logged onto the network at 9am and 9pm obtained from a network, adjusted for the possibility that some drivers working during that shift period may not be logged onto the network at that particular time. We have not been able to obtain daily data network data for 2014 that would enable us to compare the data on a shift by shift basis.

The number of taxis logged onto the network at 9am and 9pm is one of the network key performance indicators (KPIs). Comparing monthly KPI data for the January to September period in 2014 to the same period three years earlier suggests that the share of taxis logged onto the network at 9am and 9pm was lower than three years earlier, by around 2-4 per cent.

3.2 Share of taxis logged onto the network

	2011 ^a	2014	Difference
	Per cent	Per cent	Percentage change
Day shifts (logged on at 9am)	68.2	65.8	-3.6
Night shifts (logged on at 9pm)	71.0	69.7	-1.9

Note: Monthly data averaged over the January to September period.

Source: Key Performance Indicator data provided by IPART.

When comparing estimates that rely on usage estimates, it is important that it is compared on a like for like basis. For comparison purposes we therefore estimate the number of shifts operated by scaling down the 2011 estimates based on changes in the overall KPIs (table 3.3). Specifically, we scale down all day shifts by 3.6 per cent and all night shifts by 1.9 per cent, as per the change in the share of taxis logged onto the network at 9am and 9pm (see table 3.2).

3.3 Estimated number of shifts – comparison

	2011	2014 – comparable basis ^a	Difference
	No.	No.	No.
Day shifts			
Monday	41.8	40.3	-1.5
Tuesday	43.0	41.4	-1.6
Wednesday	43.8	42.2	-1.6

⁵ Centre for International Economics, *Reweighting of the taxi cost index*, Final report prepared for IPART, April 2012.

	2011	2014 – comparable basis ^a	Difference
	No.	No.	No.
Thursday	45.3	43.7	-1.6
Friday	43.5	41.9	-1.6
Saturday	31.6	30.5	-1.1
Sunday	28.5	27.5	-1.0
Total day shifts	277.5	267.5	-10.0
Night shifts			
Monday	33.7	33.1	-0.6
Tuesday	38.4	37.7	-0.7
Wednesday	41.0	40.2	-0.8
Thursday	43.7	42.9	-0.8
Friday	46.3	45.4	-0.9
Saturday	43.4	42.6	-0.8
Sunday	28.2	27.7	-0.5
Total night shifts	274.7	269.6	-5.1
Total	552.2	537.1	-15.1

^a Estimates derived from scaling down days shifts by 3.6 per cent and night shifts by 1.9 per cent (see table 3.2)

Source: CIE estimates.

We will consider this issue in more detail in the final report when all survey responses have been analysed.

Shift information

A comparison of driver earnings per hour from the two surveys is shown in table 3.4. In general, the survey suggests that hourly driver earnings are little changed from 2011 in nominal terms. Driver earnings are generally estimated to be slightly higher for day shifts (except Saturdays) and slightly lower for night shifts (except Saturday nights), although these changes are not statistically significant.

Given that the Sydney CPI has increased by around 6.7 per cent over this period, the survey implies a significant real decline in driver earnings over this period.

3.4 Driver earnings per hour

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Day shifts			
Monday	9.32	9.49	0.17
Tuesday	9.15	9.56	0.41
Wednesday	9.42	9.84	0.41
Thursday	9.96	10.00	0.04
Friday	10.81	10.86	0.05

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Saturday	10.63	10.09	-0.55
Sunday	10.78	11.51	0.74
Night shifts			
Monday	7.53	7.16	-0.36
Tuesday	8.60	7.94	-0.67
Wednesday	9.68	9.34	-0.34
Thursday	10.89	10.62	-0.27
Friday	14.37	14.28	-0.09
Saturday	14.47	14.57	0.10
Sunday	10.50	10.04	-0.46

Source: CIE Survey of taxi drivers.

Hours worked per shift are also estimated to be little changed from 2011, particularly for day shifts (table 3.5). Although not statistically significant, the survey suggests that drivers are working slightly shorter night shifts (except Sunday nights).

3.5 Hours per shift

	2011	2014	Change
	No.	No.	No.
Day shifts			
Monday	9.91	9.95	0.04
Tuesday	9.87	9.95	0.08
Wednesday	9.96	9.87	-0.09
Thursday	9.97	10.03	0.06
Friday	10.03	9.94	-0.09
Saturday	10.28	10.15	-0.13
Sunday	10.53	10.54	0.01
Night shifts			
Monday	9.84	9.59	-0.25
Tuesday	9.94	9.62	-0.32
Wednesday	10.15	9.83	-0.32
Thursday	10.50	10.35	-0.16
Friday	11.42	11.01	-0.40
Saturday	11.30	11.07	-0.23
Sunday	9.68	9.71	0.03

Source: CIE Survey of taxi drivers.

The survey also suggests that pay-ins in the Sydney area are consistently a few dollars (between around \$1.50 and \$5.50) per shift lower than in 2011 across most shifts in nominal terms. The key exceptions are Friday, Saturday and Sunday nights.

While the differences between the two surveys is not statistically significant in nominal terms, this nevertheless suggests a significant decline in operator income in real terms.

3.6 Pay-ins per shift

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Day shifts			
Monday	116.45	114.65	-1.80
Tuesday	117.09	114.55	-2.54
Wednesday	117.52	114.11	-3.40
Thursday	117.41	115.49	-1.93
Friday	118.65	115.14	-3.51
Saturday	105.86	100.67	-5.19
Sunday	103.54	101.85	-1.69
Night shifts			
Monday	122.96	117.49	-5.47
Tuesday	133.32	127.88	-5.44
Wednesday	140.87	139.52	-1.35
Thursday	150.53	148.58	-1.95
Friday	169.40	170.72	1.32
Saturday	163.87	165.43	1.56
Sunday	103.57	104.35	0.77

Source: CIE Survey of taxi drivers.

The survey suggests that fuel costs are consistently around \$2-3 per shift higher in 2014 than they were in 2011. Although as above, the difference is not statistically significant based on simple hypothesis tests, this is nevertheless 8-12 per cent higher for most shifts. This is likely to at least partly reflect higher fuel prices; the automotive component of the Sydney CPI was around 4 per cent higher in the September quarter 2014, compared to the September quarter 2011.⁶

3.7 Fuel costs per shift

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Day shifts			
Monday	23.46	26.14	2.68
Tuesday	23.00	25.52	2.52
Wednesday	23.81	26.14	2.33
Thursday	23.85	26.76	2.91
Friday	24.58	27.24	2.66

⁶ Australian Bureau of Statistics, *Consumer Price Index*, Australia, September 2014, Catalogue No. 6401.0.

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Saturday	25.55	26.98	1.43
Sunday	27.06	30.52	3.46
Night shifts			
Monday	24.13	26.15	2.02
Tuesday	25.15	27.25	2.10
Wednesday	26.44	28.64	2.20
Thursday	28.28	30.67	2.40
Friday	33.13	35.30	2.16
Saturday	33.66	36.49	2.83
Sunday	24.71	27.68	2.97

Source: CIE Survey of taxi drivers.

The number of paid trips per shift do not appear to have changed significantly across most shifts. Averaged across the week, the number of trips per day shift is estimated to be around 0.12 trips higher than in 2011. The number of night trips is estimated to be around 0.33 trips lower.

3.8 Trips per shift

	2011	2014	Change
	No.	No.	No.
Day shifts			
Monday	12.35	11.84	-0.51
Tuesday	12.16	12.21	0.05
Wednesday	12.94	13.10	0.16
Thursday	12.75	12.98	0.23
Friday	13.90	13.63	-0.27
Saturday	13.56	13.94	0.38
Sunday	14.53	15.36	0.83
Night shifts			
Monday	12.24	13.08	0.83
Tuesday	14.33	14.12	-0.21
Wednesday	15.88	15.75	-0.13
Thursday	17.44	16.82	-0.63
Friday	22.90	21.41	-1.48
Saturday	22.54	22.00	-0.54
Sunday	15.34	15.20	-0.14

Source: CIE Survey of taxi drivers.

Table 3.9 summarises the change in nominal revenue per shift between 2011 and 2014 (excluding wash costs). This suggests that total revenue is estimated to be slightly higher on most day shifts, but lower on Fridays and Saturdays. Revenue is generally lower for

night shifts (except Saturday nights), despite fare increases that have broadly kept pace with general inflation. This appears to be due to both a small decline in the number of trips per shift (partly due to small decrease in the number of hours worked) and shorter trips.

3.9 Change in revenue per shift from 2011 to 2014

	Driver earnings	Fuel	Pay-in	Total
	\$ ex GST	\$ ex GST	\$ ex GST	\$ ex GST
Day shifts				
Monday	1.46	2.68	-1.80	2.34
Tuesday	6.06	2.52	-2.54	6.03
Wednesday	3.22	2.33	-3.40	2.15
Thursday	1.21	2.91	-1.93	2.18
Friday	-1.04	2.66	-3.51	-1.89
Saturday	-8.60	1.43	-5.19	-12.36
Sunday	8.82	3.46	-1.69	10.60
Night shifts				
Monday	-5.77	2.02	-5.47	-9.22
Tuesday	-9.29	2.10	-5.44	-12.63
Wednesday	-6.27	2.20	-1.35	-5.42
Thursday	-4.50	2.40	-1.95	-4.06
Friday	-5.99	2.16	1.32	-2.50
Saturday	-3.25	2.83	1.56	1.14
Sunday	-4.94	2.97	0.77	-1.19

Note: Excludes wash/cleaning costs.

Source: CIE Survey of taxi drivers.

Operator costs

Operator costs in 2014 based on survey estimates compared to 2011 estimates are shown in table 3.10. These estimates suggest that in aggregate, operator costs have not changed significantly over the past three years. Nevertheless, there have been significant changes in some cost components.

- Plate lease costs are estimated to have declined by around \$1900 over this period, or around 6.5 per cent.
- Insurance costs are estimated to be around \$1400 lower in 2014, compared to 2011. As discussed previously, in 2011 insurance cost estimates were based on quotes from suppliers, while in 2014 we obtained this information from the survey. In 2011, the quotes were based on a new operator (with no record) with an excess of \$1000 (for comprehensive insurance). One possibility is this may have overstated the actual premium paid by operators because many will have a track record and the survey indicates that the average excess on comprehensive insurance policies may be higher

than \$1000. For the final report, we will investigate whether this implied decrease in insurance costs is due to a change in methodology.

- Vehicle-related costs was the only cost category that was estimated to have increased significantly.
- Network fees and repairs and maintenance costs are estimated to be little changed from 2011.

3.10 Comparison of operator costs (excluding own labour)

	2011	2014	Difference
	\$ ex GST	\$ ex GST	\$ ex GST
Maintenance costs	6 481	6 402	- 79
Plate lease costs	29 394	27 507	-1 887
Insurance	12 649	11 246	-1 403
Vehicle costs	5 805	8 633	2 828
Network fees	7 233	7 425	193
Administrative costs (ex own labour)	451	415	-36
Total	62 013	61 629	-384

Source: CIE estimates.

Operator revenue and therefore returns to operator labour (which is included in the operator administration costs cost category) depends on the number of shifts driven. We compare operator returns on a like for like basis using the usage estimates set out in table 3.3. This suggests that operator revenue has declined by around \$3000 per year in nominal terms, due to both fewer shifts, as well as slightly lower pay-ins per shift (table **Error! Reference source not found.**). The return to operator labour could therefore be around \$2600 lower than in 2011 in nominal terms.

3.11 Return to operator labour

	2011	2014	Change
	\$ ex GST	\$ ex GST	\$ ex GST
Revenue	71 319	68 301	-3 018
Costs	62 013	61 629	- 384
Return to operators	9 306	6 672	-2 634

Source: CIE estimates.

This implies that returns to operator labour may have decreased from around \$50.60 per hour to around \$40.70 per hour.

3.12 Returns to operator labour per hour

	2 011	2014	Change
Return to operator (\$)	9 306	6 672	-2 634
Hours per year (No.)	184	169	- 15
Return per hour (\$ per hour)	50.57	39.46	-11.12

Source: CIE estimates.

However, this finding should be treated with caution. Operator margins are estimated to be quite thin relative to revenue and costs, which means that relatively small errors in estimating revenue or costs can have a large impact on the estimated operator margin.

Interpretation of preliminary results

The preliminary survey results suggest that despite fare increases that have broadly kept pace with inflation, overall revenue earned by each taxi per shift may have decreased in nominal terms. There appears to have been a small decline in revenue per shift across most night shifts, due to both slightly shorter shifts and a small decrease in the average number of trips per shift. Furthermore, there appears to be a lower proportion of taxis on the road.

Both of these observations point to a decline in demand for taxis. This could potentially reflect an increase in the number of peak availability licences, as well as increased competition from hire cars and other services offered by companies such as Uber.

- While nominal hourly driver earnings do not appear to have changed significantly over the past three years, this implies a significant decline in real terms. Drivers may have also decreased the length of their night shifts slightly since 2011.
- The preliminary survey results also suggest that operator margins may have also been reduced, due to both lower nominal pay-ins per shift and fewer shifts per taxi.
- Lower revenue per taxi may have also put some downward pressure on the value of licence plates. Survey results suggest that plate lease costs have declined by around 6.4 per cent.

4 *Driver revenue and costs*

In this chapter we estimate the revenue received by drivers and how that revenue is then distributed, including the amount paid to operators and the amount retained by drivers as compensation for their labour.

Taxi usage patterns

The revenue each taxi earns in a year and most variable costs depend on how frequently each taxi is 'on the road'. In the survey, operators were asked how many of their taxis were 'on the road' during each shift period. As not all operators responded to this question, we excluded any response that did not answer any part of this question. Once these responses had been excluded, the total number of taxis in the sample and the number operating during each shift period are shown in table 4.1.

4.1 Number of taxis operating during each shift period

	Standard	WAT
	No.	No.
Total taxis in sample	198	17
Operating during day shifts		
Monday	151	17
Tuesday	153	16
Wednesday	163	17
Thursday	166	16
Friday	165	16
Saturday	114	17
Sunday	82	15
Operating during night shifts		
Monday	86	1
Tuesday	115	1
Wednesday	143	1
Thursday	149	2
Friday	165	3
Saturday	158	2
Sunday	66	1

Source: CIE Survey of taxi operators.

From this data, we can infer the average number of shifts in each shift period an ‘average taxi’ drives per year (table 4.2). This implies that:

- standard taxis in Sydney are ‘on the road’ for around 493 shifts per year (around 9.5 shifts per week on average), including 260 day shifts and around 232 night shift
- WATs in Sydney are ‘on the road’ for around 382 shifts per year (around 7 shifts per week on average), including around 349 day shifts and only 34 night shifts.

4.2 Number of shifts per year

	Standard	WAT
	No. per year	No. per year
Day shifts		
Monday	39.7	52.0
Tuesday	40.2	48.9
Wednesday	42.8	52.0
Thursday	43.6	48.9
Friday	43.3	48.9
Saturday	29.9	52.0
Sunday	21.5	45.9
Total day shifts	261.1	348.7
Night shifts		
Monday	22.6	3.1
Tuesday	30.2	3.1
Wednesday	37.6	3.1
Thursday	39.1	6.1
Friday	43.3	9.2
Saturday	41.5	6.1
Sunday	17.3	3.1
Total night shifts	231.6	33.6
Total shifts	492.7	382.4

Note: Estimates based on the proportion of taxis ‘on the road’ during each shift period (see table 4.1) multiplied by 52 weeks per year.

Source: CIE estimates.

Driver revenue

As shown in charts 2.1, passengers pay the fare to drivers depending on their booking app. Bailee drivers distribute some of this revenue to the operator in the form of a fixed pay-in or as a share of the fare revenue. Drivers operating under Method II in the Sydney area are also responsible for paying fuel and car wash costs. Drivers retain the remaining revenue as compensation for their labour.

The driver survey asked drivers to report the total revenue earned during each shift over the past week (table 4.3).

4.3 Total revenue per shift

	Standard	WAT
	\$ ex GST	\$ ex GST
Day shifts		
Monday	241.10	295.72
Tuesday	236.15	306.67
Wednesday	240.26	302.40
Thursday	250.38	305.02
Friday	257.88	357.14
Saturday	237.05	297.95
Sunday	253.70	236.92
Night shifts		
Monday	213.17	163.64
Tuesday	229.35	227.27
Wednesday	257.01	227.27
Thursday	285.96	260.61
Friday	366.26	395.45
Saturday	362.56	387.01
Sunday	226.67	290.91

Source: CIE Survey of taxi drivers

To convert these per shift estimates to an annual revenue estimate, we multiply the revenue per shift by the number of shifts each taxi is on the road (table 4.4).

4.4 Total revenue per year

	Standard	WAT
	\$ ex GST	\$ ex GST
Total revenue	131 414	115 253

Source: CIE estimates.

Driver costs

Driver earnings

To estimate the portion of fare revenue that is retained by drivers, we estimate drivers' hourly earnings from survey responses from bailee drivers only.

Hourly earnings

Drivers' hourly earnings were estimated by dividing total earnings per shift (less GST) reported by bailee drivers by the number of hours worked by bailee drivers per shift, including the time spent on driver administration (around 19.2 minutes per shift based on

the average across all drivers). The survey suggests that taxi drivers' hourly earnings are considerably below the Australian Minimum Wage of \$16.87 per hour (table 4.5).⁷

- For standard taxis:
 - earnings for drivers of Standard taxis average around \$10 per hour for day shifts for most of the week, up to around \$11.50 per hour on Sundays.
 - earnings for night drivers are as low as around \$7.16 per hour on Monday nights, but generally increase through the week, up to more than \$14 per hour on Friday and Saturday nights.
- On average, WAT drivers tend to earn a few dollars (~\$1-\$4) per hour more than (Sydney) Standard taxi drivers during day shifts.

4.5 Driver earnings per hour

	Standard	WAT
	\$ ex GST	\$ ex GST
Day shifts		
Monday	9.49	10.60
Tuesday	9.56	10.89
Wednesday	9.84	10.97
Thursday	10.00	13.14
Friday	10.86	14.51
Saturday	10.09	13.47
Sunday	11.51	9.92
Night shifts		
Monday	7.16	5.06
Tuesday	7.94	6.17
Wednesday	9.34	7.49
Thursday	10.62	8.63
Friday	14.28	16.50
Saturday	14.57	16.86
Sunday	10.04	12.95

Source: CIE Survey of taxi drivers

Hours worked

Excluding time spent on administration, drivers generally work for around ten hours per shift (table 4.6), but may work 11-12 hours during peak times, such as Friday and Saturday nights.

⁷ Fair Work Australia website, <http://www.fairwork.gov.au/about-us/policies-and-guides/fact-sheets/minimum-workplace-entitlements/minimum-wages>, accessed 25 November 2014.

4.6 Hours worked per shift

	Standard	WAT
	hours	hours
Day shifts		
Monday	9.95	11.44
Tuesday	9.95	11.39
Wednesday	9.87	10.83
Thursday	10.03	11.61
Friday	9.94	11.43
Saturday	10.15	11.36
Sunday	10.54	10.00
Night shifts		
Monday	9.59	8.67
Tuesday	9.62	10.00
Wednesday	9.83	9.40
Thursday	10.35	10.60
Friday	11.01	11.57
Saturday	11.07	11.25
Sunday	9.71	10.33

Source: CIE Survey of taxi drivers

In addition to the hours that the taxis are on the road, drivers reported they spend around 19.2 minutes on average on shift administration.

Annual driver labour costs

To estimate annual driver labour costs, we multiply average hourly earnings during each shift period by the number of hours worked (including time spend on shift administration) to get the average driver labour costs per shift. This is then multiplied by the number of shifts driven during each shift period throughout the year and summed to get total annual drive labour costs (table 4.7).

4.7 Annual driver earnings

	Standard	WAT
	\$ ex GST	\$ ex GST
Annual driver earnings	54 924	52 510

Source: CIE estimates.

Payments to operators

Bailee drivers pay operators for the use of the taxi. As discussed previously, in the Sydney area, the arrangements between the driver and operator are governed by the Contract Determination. However, the Contract Determination does not apply in 'other urban' or country areas.

Pay-ins per shift

The pay-ins per shift estimated below are based on the responses of bailee drivers (table 4.8). As driver-operators simply keep all of the fare revenue generated during a shift (except the cost of fuel and a wash where relevant), it may be difficult for these drivers to distinguish between earnings in their capacity as a driver from their earnings in their capacity as an operator. The responses of driver-operators were therefore excluded from the sample.

- The survey suggests that pay-ins are significantly below the maximum determined in the Contract Determination.
 - For day shifts, the average pay-in are estimated at around \$115 per shift for weekdays and around \$100 per shift for weekends.
 - For night shifts, the average pay-in increases during the week from around \$105 on Sunday nights up to around \$170 on Friday nights.
- The survey suggests that pay-ins for WATs are more variable, although this may be a result of the small number of observations for some shifts.

4.8 Pay-ins per shift

	Standard	WAT
	\$ ex GST	\$ ex GST
Day shifts		
Monday	114.65	147.09
Tuesday	114.55	139.85
Wednesday	114.11	118.75
Thursday	115.49	138.45
Friday	115.14	105.68
Saturday	100.67	131.17
Sunday	101.85	137.66
Night shifts		
Monday	117.49	90.91
Tuesday	127.88	104.55
Wednesday	139.52	111.36
Thursday	148.58	109.09
Friday	170.72	144.32
Saturday	165.43	139.09
Sunday	104.35	109.09

Source: CIE Survey of taxi drivers

Annual payments to operators

To estimate the total annual payment to operators, we multiply the estimated pay-in per shift (table 4.8) by the number of shifts in each shift period over the year (see table 4.2) and then sum across all shift periods. This suggests that payments to operators from each taxi is

4.9 Total payments to operators

	Standard	WAT
	\$ ex GST	\$ ex GST
Total pay-ins	62 907	49 868

Source: CIE estimates.

Fuel costs

Drivers in the Sydney area operating under Method II are responsible for fuel costs. While operators are responsible for fuel costs in other areas, we nevertheless estimate fuel costs based on the responses to the driver survey.

Fuel costs per shift

Fuel costs per shift are based on the responses of all drivers, including bailee drivers and driver-operators. Estimated fuel costs per shift are shown in table 4.10.

4.10 Fuel costs per shift

	Standard	WAT
	\$ ex GST	\$ ex GST
Day shifts		
Monday	26.14	41.16
Tuesday	25.52	38.59
Wednesday	26.14	38.45
Thursday	26.76	39.64
Friday	27.24	40.04
Saturday	26.98	32.09
Sunday	30.52	28.06
Night shifts		
Monday	26.15	27.27
Tuesday	27.25	29.55
Wednesday	28.64	30.18
Thursday	30.67	36.62
Friday	35.30	48.82
Saturday	36.49	50.91
Sunday	27.68	39.74

Source: CIE Survey of taxi drivers

Annual fuel costs

As with all the variable costs, survey responses referring to a one week period are scaled up to an annual estimate based on the estimated number of shifts each taxi was 'on the road'. The specific week may vary across drivers, but most surveys refer to a week in the

second half of October or November due to the timing of the survey. One weakness of this survey methodology is that fuel prices can vary significantly throughout the year. Nevertheless, estimated annual fuel costs are shown in table 4.11.

4.11 Annual fuel costs

	Standard	WAT
	\$ (ex GST)	\$ (ex GST)
Annual fuel costs	14 206	14 538

Source: CIE estimates.

Cleaning costs

As with fuel costs, drivers using Method II in the Sydney area are responsible for the cost of washing the vehicle, where necessary. We did not specifically ask drivers or operators about these costs in the surveys. However, discussions with industry stakeholders suggest that Standard taxis are typically washed after night shifts. Since WATs are generally 'on the road' during most day shifts, but much less frequently on night shifts, we assume WATs are cleaned after each day shift.

The cost of a car wash can vary, depending on location and the level of service. Our estimates are based on a cost per wash of \$11 (including GST) or \$10 (excluding GST).⁸ This implies that the annual wash costs are around \$2316 (ex GST) for a standard taxi and \$3487 for a WAT (table 4.12).

4.12 Annual cleaning costs

	Standard	WAT
Washes per year (No.)	232	349
Cost per year (\$ ex GST) ^a	2 316	3 487

^a Based on \$11 per wash (including GST), or \$10 per wash (excluding GST).

Source: Coles Express website, <http://www.colesexpress.com.au/services/car-wash.aspx>, accessed 11 December 2014; CIE estimates.

Summary of driver costs

A summary of the driver costs estimated above is shown in table 4.13.

4.13 Total revenue per taxi

	Standard	WAT
	\$	\$
Driver labour	54 924	52 510
Pay-in to operator	62 907	49 868

⁸ Based on the cost of a Wash Express at a Coles Express car wash. See Coles Express website, <http://www.colesexpress.com.au/services/car-wash.aspx>, accessed 11 December 2014.

	Standard	WAT
	\$	\$
Fuel	14 206	14 538
Cleaning	2 316	3 487
Total	134 354	120 404

Source: CIE survey of taxi drivers; CIE survey of taxi operators; CIE estimates.

Since the driver labour costs (i.e. driver earnings) reflect the leftover revenue after all of the drivers' costs have been deducted, the sum of all driver costs should equal total revenue. A comparison between the two revenue approaches is shown in table 4.12. The discrepancy is mostly fairly modest in the range of 2-4 per cent.

4.14 Total revenue per year — comparison

	Standard	WAT
	\$ ex GST	\$ ex GST
Cost build up approach	134 354	120 404
Direct survey approach	131 414	115 253
Discrepancy	2 939	-5 151

Source: CIE estimates.

5 Operator revenue and costs

In this chapter we estimate the revenue an average operator generates per taxi and the associated costs.

Operator revenue

Operators earn revenue through bailing their taxi to a bailee driver. Many operators also drive the taxi themselves. Since we are separating the role of drivers and operators, this is effectively bailing the taxi to themselves. Operator revenue will therefore reflect driver pay-ins estimated in the previous chapter (table 5.1).

5.1 Total operator revenue

	Standard	WAT
	\$ ex GST	\$ ex GST
Total pay-ins	62 907	49 868

Source: CIE estimates.

Operator costs

Operators are responsible for a range of costs, including:

- the licence plate
- the vehicle, including the fit-out
- network fees
- insurance
- maintenance and repairs
- administration costs.

Operators where the drivers chooses Method I are also responsible for the cost of fuel and car wash (where necessary).

Licence costs

As discussed previously, all taxis in NSW must be licensed. An operator can obtain a licence by either owning it outright or leasing it from either Transport for NSW or another owner.

The survey directly asked operators directly whether they leased the licence plate and the annual cost. Operators were also asked whether other services were bundled together with the licence plate lease, such as the vehicle, insurance and/or network fees. To isolate the cost of the licence plate lease only, we excluded all responses whether other services were bundled together.

In the Sydney area, the average standard licence plate cost was around \$30 258 (including GST), or \$27 507 excluding GST⁹ (table 5.2). The cost of a WAT licence is close to \$1000 per year.

5.2 Estimated plate lease costs

	Standard	WAT
	\$	\$
Plate lease (including GST)	30 258	
Plate lease (ex GST)	27 507	1 016 ^a

^a WAT licences leased from Transport for NSW do not attract GST.

Source: CIE Survey of taxi operators.

Vehicle costs

Operators can either purchase the vehicle outright or lease it. Based on survey responses, it is more common for operators to purchase the vehicle. The operator must also pay for the fit-out.

To estimate the annual vehicle-related cost, we amortise the cost of the vehicle plus the cost of the fit-out over the expected life of the vehicle (table 5.3). The purchase cost, the cost of the fit-out and the expected life of the vehicle are estimated from survey responses. The cost of capital is assumed to be 7.95 per cent, based on the average lending rate for small business that has applied since August 2013, as reported by the Reserve Bank of Australia.¹⁰

5.3 Vehicle costs

	Standard	WAT
Purchase cost (\$)	24 055	51 414
Fit-out (\$)	6 113	16 322
Expected life (years)	4.25	8.39
Annualised cost (\$)^a	8 633	11 365

^a Using a cost of capital of 7.95 per cent based on the average lending rate for small business.

Source: CIE Survey of taxi operators; RBA website, <http://www.rba.gov.au/statistics/tables/index.html#interest-rates>, accessed 11 December 2014; The CIE.

⁹ Note that licences leased from Transport for NSW do not attract GST.

¹⁰ Reserve Bank of Australia website, <http://www.rba.gov.au/statistics/tables/index.html#interest-rates>, accessed 11 December 2014.

Network fees

Unlike the 2011 survey, operators were asked directly what costs they incur for network fees (table 5.4).

5.4 Network fees

	Cost
	\$
Network fees (including GST)	8 168
Network fees (ex GST)	7 425

Source: CIE survey of operators.

Insurance

Operators could have a range of insurance policies. Some insurance is compulsory. Operators are required to have:

- third party personal insurance (a 'green slip')
- workers' compensation insurance is also required where the operator uses bailee drivers.

In addition, many operators will also have either comprehensive insurance or third party property. Some will also have public liability insurance.

The survey suggests that most operators have comprehensive, while relatively few have third party property only. Based on survey responses, the total cost to an operator with: comprehensive insurance, plus compulsory third party, workers' compensation and general liability insurance is shown in table 5.5.

5.5 Insurance costs

	Cost
	\$
Compulsory Third Party	5 486
Comprehensive	4 692
Workers' Compensation	1 507
General liability	686
Total (including GST)	12 371
Total (ex GST)	11 246

Source: CIE Survey of taxi operators.

Maintenance and repairs

The cost of maintenance and repairs for each taxi in any particular year could vary significantly. While all vehicles will undergo some servicing every year, some relatively expensive mechanical repairs may occur less frequently. Similarly, the cost of body repairs will depend on the number of accidents each vehicle has been involved in and the

damage caused. The cost to the operator will also depend on whether the vehicle has comprehensive insurance. The survey responses should capture this range of experiences. Averaging across all responses should therefore capture the average experience.

There are various ways that an operator can approach the task of maintaining and repairing the vehicle.

- Own labour — many operators are likely to undertake minor maintenance tasks, such as replacing light globes. In addition, some operators may have mechanical expertise and undertake much of the repairs and maintenance themselves.
- Hire staff — some larger operators may have in-house mechanics to undertake mechanical repairs and maintenance.
- External suppliers — many operators will pay an external mechanic or bodyworks to undertake maintenance and repairs on the vehicle. Operators that undertake repairs and maintenance may also need to pay a supplier for parts, etc.

The total cost of maintenance and repairs on the vehicle is some combination of all of these costs. The survey asked operators for information on each of the above approaches.

Estimating total repairs and maintenance costs from the survey responses requires careful interpretation. Simply estimating the average across each different approach to repairs and maintenance and then summing is likely to over-estimate the true costs.

We therefore exclude all responses that did not answer all parts of the question and then add each category to get the total maintenance and repair costs per vehicle. We valued the operator's own labour at \$39.82 per hour, based on the median total salary package of an auto mechanic in Sydney of \$65 700 per year (including 9.5 per cent superannuation)¹¹ and 1650 hours per year (220 working days per year multiplied by 7.5 hours per day). We then estimate the average across the whole sample (table 5.6).

5.6 Maintenance and repair costs

	Sydney
Own time (hours per year)	20
Staff costs (\$)	24
Other costs (\$ ex GST)	5 175
Total (\$ ex GST)^a	6 402

^a Own labour valued at \$39.82, based on the median total salary package (including 9.5 per cent superannuation) and 1650 hours per year (220 working days per year multiplied by 7.5 hours per day).

Source: CIE Survey of taxi operators; Live Salary website, <http://www.livesalary.com.au/salary-search-results.aspx?profession=31&role=3125&country=AU&location=1&jobtype=1&frommonths=12>, accessed 11 December 2014.

¹¹ Live Salary website, <http://www.livesalary.com.au/salary-search-results.aspx?profession=31&role=3125&country=AU&location=1&jobtype=1&frommonths=12>, accessed 11 December 2014.

Fuel and cleaning

As discussed above, operators are responsible for covering fuel and cleaning costs in in the Sydney metropolitan area where the driver chooses to operate under Method I. Fuel and cleaning costs for all areas were estimated in the previous chapter.

Operator administration

There are various administrative tasks associated with operating a taxi. These tasks include paying bills, organising bailee drivers, organising repairs and maintenance and completing Business Activity Statements (BAS).

Operators can approach these administrative tasks in a range of ways, including:

- use their own labour
- pay staff to undertake these administrative tasks
- pay and external supplier for some tasks.

While the combination may vary across operators, total administration costs will be some combination of these approaches. To estimate operator administration costs, we excluded all survey responses that did not answer all parts of the relevant question.

The survey suggests that on average, operators spend around 3.3 hours per week on administration and \$415 per year on staff and other costs (excluding GST) (table 5.7).

5.7 Operator administration

	Value
Own time (hours per week)	3.3
Costs (\$ per year ex GST)	415

Source: CIE Survey of taxi operators.

Operators do not get compensated directly for their labour. Rather, they keep the pay-in revenue leftover once they have covered all their costs. This operator margin can be interpreted as the return to operator labour (table 5.8). The survey results suggest that the operator margin for a Standard taxi is around \$1300 per year, but is close to \$12 600 for a WAT.

5.8 Return to operators

	Standard	WAT
	\$ ex GST	\$ ex GST
Revenue		
Pay-ins	62 907	49 868
Costs		
Maintenance costs	6 402	6 402
Plate lease costs	27 507	1 016
Insurance	11 246	11 246

	Standard	WAT
	\$ ex GST	\$ ex GST
Vehicle costs	8 633	10 728
Network fees	7 425	7 425
Administration costs	415	415
Total costs	61 629	37 232
Return to operator	1 278	12 636

Source: CIE estimates.

This implies that the return to operator labour is around only \$7.56 for a standard taxi and around \$74.73 for WATs. This seems implausibly low for standard taxis, while the estimate for WAT operators seems too high. As there are fewer barriers to market entry for WAT operators, returns of this size are likely to encourage new entrants that would compete away these excess returns.

5.9 Operator returns per hour

	Standard	WAT
Return to operator (\$ ex GST)	1 278	12 636
Hours per year (No.)	169	169
Return per hour (\$ per hour)	7.56	74.73

Source: CIE estimates.

Note that operator margins are quite thin relative to total revenue/costs. This means that relatively small errors in estimating revenue and/or costs will have a large impact on operator returns. The true return to operator labour is likely to be somewhere between these two estimates.

Summary of operator costs

Operator costs for each area/taxi type are summarised in table 5.10.

5.10 Summary of operator costs

	Standard	WAT
	\$ ex GST	\$ ex GST
Maintenance costs	6 402	6 402
Plate lease costs	27 507	1 016
Insurance	11 246	11 246
Vehicle costs	8 633	10 728
Network fees	7 425	7 425
Administration costs ^a	1 693	13 052
Total costs	62 907	49 868

^a Administration costs plus return to operator labour spent on administration.

Source: CIE estimates.

A Surveys

Survey of taxi drivers

Survey of taxi drivers

Your response is anonymous — no personal information will be recorded with your response.

This questionnaire is made up of 12 questions. Please answer all relevant questions.

Date questionnaire completed: _____

1. Do you currently drive a taxi? (choose yes or no)	
☐ Yes Do you expect to be driving a taxi in 2 years? ☐ Yes ☐ No, why not? ☐ Retiring ☐ Another job ☐ Too hard to get shifts ☐ Pay too low ☐ Poor conditions ☐ Other: _____ ☐ Not sure	☐ No, why not? ☐ Can't get a shift Don't want a shift because: ☐ Retired ☐ Got another job ☐ Pay too low ☐ Poor conditions ☐ Other: _____ <i>If you are not currently driving a taxi please end the survey here and mail to the CIE.</i>
2. Are you: (choose one)	
☐ a permanent bailee driver (at least five shifts per week for the same operator) ☐ a casual bailee driver (less than five shifts a week or works for multiple operators)	☐ an operator who also drives <i>If you also operate a taxi please make sure that you also fill out the operator survey as well as this driver survey</i>
3. How many years have you been driving taxis in NSW? (choose one)	
☐ less than 1 year ☐ 1-3 years	☐ 4-6 years ☐ 7 years or more
4. What type of taxi vehicle do you normally drive? (choose one)	
☐ Standard taxi ☐ Wheelchair accessible taxi (WAT)	☐ Premium taxi ☐ Maxi taxi (vehicle that carries 5-11 passengers but is not wheelchair accessible)
5. What area do you normally drive? (choose one)	
☐ Sydney ☐ Central Coast ☐ Newcastle	☐ Wollongong ☐ Other urban. Please indicate: _____ ☐ Country NSW. Please indicate: _____
6. Type of fuel used in the vehicle you normally drive? (choose one)	
☐ LPG ☐ Diesel	☐ Petrol ☐ Hybrid electric

7. In the space provided, please indicate which shifts you have driven over the past week. If you work a shift that covers part of the usual day shift (3am to 3pm) and part of the usual night shift (3pm to 3am), such as 10am to 10pm, please tick day or night depending on when most of the shift took place. For each shift you have driven please indicate:

- The number of hours worked — this is the number of hours the taxi you were driving was either hired or available for hire, was being cleaned (including waiting to be cleaned), refuelled or otherwise repaired. Do not include time when you were taking breaks or when you were using the vehicle for private purposes (eg. your own shopping) or time spent on administration.
- Total fare revenue for the shift including GST, but excluding road tolls.
- The cost of fuel (whether this was paid by you or the operator) including GST.
- The amount paid to the operator through a fixed pay-in or percentage of fares (including GST). If you are a driver/operator please write zero in this column and report all takings as takings kept by the driver.
- Takings kept by the driver (from cash and electronic payment of fares). This is what you receive as earnings after paying all expenses (except for GST). For example, takings would equal all fare revenue (cash and electronic, including GST) less payment to the operator less all tolls paid including tolls not part of a fare less any fuel paid by the driver, less wash costs etc.

Day	Did you drive this shift in the last week?	Number of hours worked	Total fare revenue (incl. GST)	Cost of fuel used during shift (incl. GST)	Amount paid to operator for shift (incl. GST)	Takings kept by driver (incl. GST)	Number of paid trips
	Tick if yes	Number	\$	\$	\$	\$	Number
Day shifts							
Monday	☐						
Tuesday	☐						
Wednesday	☐						
Thursday	☐						
Friday	☐						
Saturday	☐						
Sunday	☐						
Night shifts							
Monday	☐						
Tuesday	☐						
Wednesday	☐						
Thursday	☐						
Friday	☐						
Saturday	☐						
Sunday	☐						

8. On average, what share of your paid trips are from bookings, such as radio bookings or apps, compared with rank and hail passengers? (specify percentage)

Network/co-operative: _____%

Independent smart phone apps: _____%

Rank and hail: _____%

9. For the vehicle you normally drive, who pays for: (please tick one)

a. Daily wash/cleaning costs?	☐ Driver	☐ Operator
b. Fuel costs?	☐ Driver	☐ Operator

10. If you are a bailee driver do you pay a percentage of fares (rather than a fixed amount) to the operator?	
☐ No	☐ Yes, What share of metered fares do you give to the operator? _____ %
11. This question relates to administrative tasks required of drivers. Please answer parts (a) and (b). <i>Do not include administrative tasks related to your role as an operator if you also operate your taxi.</i>	
a. How much time do you spend on administration tasks required for each shift not included in the number of hours worked above (such as filling out timesheets, pre-shift inspections etc)? Number of minutes per shift: _____	
b. There are a range of other less frequent administrative tasks that taxi drivers are required to do from time to time, such as Business Activity Statements, filing police reports, network training etc.	
Do you spend time on these tasks yourself? ☐ No ☐ Yes, how many hours per <u>year</u> ? _____ hours	Do you pay someone else (such as an accountant) to undertake any of these tasks for you? ☐ No ☐ Yes, what are your costs per <u>year</u> (GST inclusive)? \$ _____
12. Are there other expenses that you incur as a taxi driver? (For example, phone, GPS, laundry etc)	
☐ No	☐ Yes How much in total would these expenses typically amount to for a year? (GST inclusive) \$ _____

THANK YOU FOR COMPLETING THIS SURVEY!

Please return this survey in the reply paid envelope provided or mail to:

The CIE
Taxi Survey Team
Reply Paid 87720
Sydney NSW 2000

Meter data is also useful as a cross-check against survey responses. If you are able to print out meter data from your most recent shift, please feel free to provide printouts with your survey response. If you are interested in discussing the survey or providing additional information, please provide contact details. These contact details will not be recorded with your survey responses.

Name:	
Telephone:	
Email:	

Survey of taxi operators

Survey of taxi operators

Your response is anonymous — no personal information will be recorded with your response.
This questionnaire is made up of 12 questions. Please answer all relevant questions.

Date questionnaire completed: _____

1. Is it easier or harder to find taxi drivers now compared to 12 months ago? (choose one)					
☐ Easier now		☐ Harder now		☐ Same as before	
2. How many taxis do you operate? _____					
3. What area(s) do your taxi(s) operate in? (tick all that apply)					
☐ Sydney		☐ Wollongong			
☐ Central Coast		☐ Other urban. Please indicate: _____			
☐ Newcastle		☐ Country NSW. Please indicate: _____			
4. This question relates to your taxi licences/licence plates . Please answer parts (a), (b), (c) and (d).					
a. Do you lease any of your licences (including from Transport for NSW)? ☐ Yes ☐ No					
b. If yes, who do you lease your licences from?					
☐ Transport for NSW		☐ Through a licence broker			
☐ Directly from private owner		☐ Other, please specify: _____			
☐ Through a network					
c. If yes, what is the <u>annual</u> lease cost for each type of licence on average?					
\$ _____ Standard taxi licence			\$ _____ Peak availability licence		
\$ _____ Wheelchair accessible taxi (WAT) licence					
d. Please indicate if the licence lease costs reported above include other services? (tick all that apply)					
☐ Lease of the vehicle		☐ Insurance			
☐ Network fees		☐ Other, please specify: _____			
5. This question relates to your vehicles . Please answer parts (a), (b), (c) and (d).					
a. Please provide the information requested in the table below.					
	Standard taxi(s)	Premium taxi(s)	WAT(s)	Maxi taxi(s)	Hybrid
Number of taxis operated (No.)					
Average purchase cost of vehicle if owned (\$)					
Average cost of fit-out (if not included in the purchase price) (\$)					
Average age of vehicle at purchase (years)					
Expected life of vehicles as a taxi from date of purchase (years)					
Average distance per year as a taxi (Km)					
If known, average fare revenue per year (\$)					
Type of fuel (LPG/ULP/Diesel)					

b. Do you lease any of your vehicles ? ☐ Yes ☐ No						
c. If yes, what is the <u>annual</u> lease cost for each type of vehicle on average?						
\$ _____ Standard			\$ _____ WAT			
\$ _____ Premium			\$ _____ Maxi taxi (vehicle that carries 5-11 passengers but is not wheelchair accessible)			
\$ _____ Hybrid						
d. Please indicate if the vehicle lease costs reported above include other services? (<i>tick all that apply</i>)						
☐ Licence lease			☐ Insurance			
☐ Network fees			☐ Other, please specify: _____			
6. Please indicate how many taxis you had on the road during each shift period in the last week. If you work a shift that covers part of the usual day shift (3am to 3pm) and part of the usual night shift (3pm to 3am), such as 10am to 10pm, please tick day or night depending on when most of the shift took place. Please report figures in the first four columns for vehicles operating with unrestricted time licences. Use the fifth column for all vehicles operating on time restricted licences, such as peak availability licences.						
	Standard taxi(s)	Premium taxi(s)	WAT(s)	Maxi taxi(s)	Restricted time taxi(s)	Average pay-in per taxi
	Number	Number	Number	Number	Number	\$
Day shifts						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Saturday						
Sunday						
Night shifts						
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						
Saturday						
Sunday						
7. In the space provided please indicate what insurance you have on your business/vehicles, the <u>annual</u> premium (including GST) and the excess on your policy.						
	Do you have this type of insurance?	What is the annual premium?	What is the excess on your policy?			
	Tick if yes	\$ (incl. GST)	\$			
Compulsory third party insurance (green slip)	☐					
Comprehensive insurance	☐					
Third party property (if not part of comprehensive)	☐					
Workers' compensation	☐					
General liability insurance (separate to your comprehensive policy)	☐					

8. Please tick yes or no for the following questions. If you tick yes, please provide additional information if requested.			
Question	No	Yes	If "yes"...
Do you use bailee drivers?	☐	☐	
Do you pay for fuel used by bailee drivers?	☐	☐	
Do you pay for daily cleaning costs for your vehicle(s)?	☐	☐	
Do you also drive your taxi? <i>If you drive please also fill out the driver survey</i>	☐	☐	How many hours each week on average? _____
Do you collect a percentage of fares (rather than a fixed amount from the driver)?	☐	☐	What share do you collect? _____ %
9. This question is about administrative tasks related to your role as an operator. This includes organising drivers, paying bills, organising maintenance for the vehicle, obtaining insurance, completing Business Activity Statements etc. (Do not include administration related to your role as a driver if you also drive your cab.) Please answer all parts of this question — answer No if it is not relevant to your business.			
a) Do you spend your own time on administration? ☐ No ☐ Yes, hours per <u>week</u> ? _____	b) Do you pay staff to undertake administration? ☐ No ☐ Yes, staff costs per <u>year</u> (including overheads)? \$ _____	c) Do you pay other businesses for administration (such as accounting fees)? ☐ No ☐ Yes, costs per <u>year</u> (including GST)? \$ _____	
10. This question is about costs to access services provided by a network or cooperative. Please answer all parts of this question — answer No if not relevant to your business.			
a. What is the <u>annual</u> network fee (including GST) that you pay for each taxi that you operate? \$ _____			
b. Please indicate if the network fees reported above includes services other than standard network services (such as radio bookings, lost property etc.) (<i>tick all that apply</i>)			
☐ Lease of the vehicle ☐ Lease of the licence		☐ Insurance ☐ Other, please specify: _____	
11. This question is about repairs and maintenance costs for your vehicle(s). Do not include costs that were covered by insurance. Please answer all parts of this question — answer No if not relevant to your business.			
a) Do you spend time on repairs and maintenance yourself? ☐ No ☐ Yes, hours per <u>year</u> ? _____ hours	b) Do you pay staff to undertake repairs and maintenance? ☐ No ☐ Yes, <u>annual</u> staff costs (including overheads)? \$ _____	c) Do you pay other businesses to undertake repairs and maintenance (mechanics, parts etc.)? ☐ No ☐ Yes, <u>annual</u> expenses? (including GST): \$ _____	
12. How many permanent drivers (at least five shifts per week) work in your business (include yourself if you normally drive the taxi)? _____			

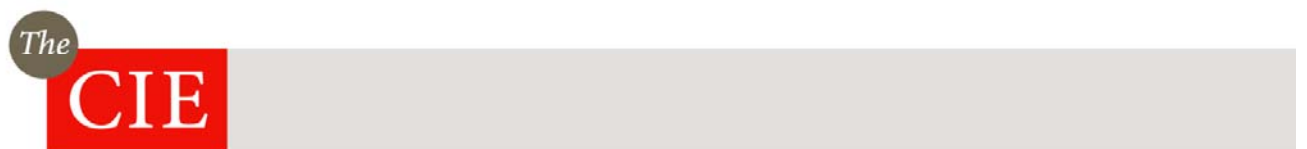
Thank you for completing this survey!

Please return this survey in the reply paid envelope provided or mail to:

The CIE
Taxi Survey Team
Reply Paid 87720
Sydney NSW 2000

If you are interested in discussing the survey or providing additional information, please provide contact details. These contact details will not be recorded with your survey responses.

Name:	
Telephone:	
Email:	



THE CENTRE FOR INTERNATIONAL ECONOMICS
www.TheCIE.com.au