



Independent Pricing and Regulatory Tribunal

# **2011 Review of Taxi Fares in NSW**

Maximum fares from July 2011

**Transport — Final Report and Recommendations**

June 2011





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# 1 Introduction

Each year we review the fares for taxi services in NSW and recommend new maximum fares to the Director-General of the Department of Transport. Our aim is to ensure that the annual change in fares we recommend reflects changes in the costs of providing taxi services that have occurred since our last review. In doing this we consider the factors required by our terms of reference, which are provided under section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* (see Appendix A) and the views of our stakeholders and interested members of the public.

We have now finalised this year's review and have recommended maximum fares to apply from July 2011. After considering our recommendations, the Director-General of the Department of Transport will decide on the maximum fares that will apply and the date they will come into effect.

## 1.1 Overview of decisions

We decided to recommend an average increase in maximum taxi fares of 3.5% in urban areas and 3.6% in country areas, to apply from July 2011. This increase reflects the annual change in the cost of providing taxi services measured by the Taxi Cost Indices (TCIs).

We decided not to recommend changes to the balance between fixed charges (flag fall and booking fee) and variable charges (distance rate and waiting time charges).

We have decided to retain mid-year reviews of LPG prices with a 20% threshold; that is, we will recommend a mid-year (January) fare change only when LPG prices are found to have changed by more than 20% in the 6 months since our annual review.

We are planning to undertake a major review of the TCIs next year and have started to gather data to support that review.

## 1.2 List of recommendations

We make the following recommendations to the Department of Transport:

- 1 Maximum fares from 1 July 2011 should be equal to those set out in Table 4.1. This represents an average increase of 3.5% in urban areas and 3.6% in country areas. 19

**Table 1.1 Recommended maximum taxi fare components from 1 July 2011**

	Urban	Country
Flag fall	\$3.40	\$3.90
Distance rate per km (Tariff I)	\$2.06	\$2.12
Distance rate per km (Tariff II) <sup>a</sup>	n/a	\$2.94
Waiting time (per hr)	\$53.33	\$54.29
Waiting time threshold (km/h)	26	26
Booking fee	\$2.30	\$1.10
Night-time surcharge (% on distance rate) <sup>b</sup>	20%	20%
Maxi-cab surcharge (% on total fare, excluding tolls) <sup>c</sup>	50%	50%
Sunday/Holiday surcharge (% on distance rate) <sup>d</sup>	n/a	20%

<sup>a</sup> Applies to each kilometre after the first 12km in country areas. The first 12km are at the normal distance charge.

<sup>b</sup> The night time surcharge applies to journeys commencing between 10pm and 6am.

<sup>c</sup> The maxi-cab surcharge applies if the maxi-cab is pre-booked, regardless of the number of passengers, or if the maxi-cab is hired from a taxi rank or street hail and is carrying 5 or more passengers (except in the case of a multiple hiring).

<sup>d</sup> The Sunday/Holiday surcharge applies in country areas only and applies to journeys commencing between 6am and 10pm on a Sunday or public holiday.

- 2 The Government should increase the Taxi Transport Subsidy Scheme (TTSS) subsidy, having regard to increases in taxi fares since the cap was last adjusted in 1999. 22
- 3 Performance data for wheelchair accessible taxis should be collected by location (eg, local government area or region) and published regularly in order to identify local supply/demand imbalances. 30
- 4 The Department of Transport should regularly (at least annually) undertake surveys of taxi passengers and publish the results to ensure that service standard information is available that reflects the experience of all taxi users, not just those booking their trips through networks. The Department should complete its initial survey in time for the results to be considered as part of our 2012 fare review. 31
- 5 Clause 184 of the *Passenger Transport Regulation 2007* should be amended to require the industry to report licence type and geographic area, licence lease term, total value of lease and lease price per month, when a new operator takes over a lease. 45

### 1.3 How this paper is structured

The following chapters explain how and why we reached our final recommendations in detail:

- ▼ Chapter 2 outlines the context for and scope of the review, and our analytical approach to it, as well as providing an overview of our intended major review next year
- ▼ Chapter 3 discusses our findings on the changes in costs of providing taxi services in urban and rural areas of NSW in the past 12 months, as measured by the Taxi Cost Indices
- ▼ Chapter 4 sets out our recommendations on maximum fares and explains how we arrived at them
- ▼ Chapter 5 provides a discussion of the impact of our fare recommendations on passengers, including information on how fares in NSW have changed over time and how they compare with those in other states
- ▼ Chapter 6 discusses the most recent data available on service performance
- ▼ Chapter 7 explains how we are gathering data to support a planned major review of the Taxi Cost Indices next year
- ▼ Appendix A contains the terms of reference for this year's review
- ▼ Appendix B provides a list of submissions received
- ▼ Appendix C provides more detail on how we calculated this year's increase in costs using the Taxi Cost Indices
- ▼ Appendix D provides more detail on our consideration of the various fare components
- ▼ Appendix E provides more detail on service quality changes over the past year
- ▼ The Glossary defines the terms and abbreviations we have used in the report.

## 2 Context, scope and approach for this review

Taxis are a privately-provided means of transport. However, taxi operations are usually regulated by government to ensure that taxis meet acceptable standards of safety and service quality. In NSW, the Department of Transport regulates most aspects of taxi operations.

Each year the NSW Government asks IPART to review taxi fares and make recommendations on maximum fares to the Director-General of the NSW Department of Transport.

We estimate how much the cost of providing taxi services has changed over the previous 12 months based on the movement in two industry-specific cost indices, known as the Taxi Cost Indices (TCIs). One TCI applies to urban taxi services, and the other to country taxi services.<sup>1</sup> We use these indices to develop fare changes that, on average, match the change in the cost of providing taxi services.

Last year we indicated that we would undertake an extensive review of the TCIs during our 2012 review of taxi fares. For 2011 we have used the TCIs with the same composition as last year.

The sections below provide more information on the context and scope of our 2011 review, explain the matters we were required to consider and the analytical approach we used in making our recommendations, and provide an overview of our preparations for the major review we plan to undertake next year.

### 2.1 The context: providing taxi services in NSW

The taxi industry in NSW includes multiple participants, who may play more than one role in providing taxi services. For the purposes of our fare reviews, we focus on the costs incurred by taxi operators and drivers in providing taxi services.

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<sup>1</sup> Urban areas include: Sydney Metropolitan; Camden, Picton; Thirlmere, Tahmoor and Bargo; Blue Mountains; Newcastle and Fern Bay, Toronto, Minmi, Williamstown, Medowie, Ferodale, Raymond Terrace, Campvale, Fassifern, Hexham, Maitland, Beresfield, Fullerton Cove, Tomago and Cams Wharf; Gosford and Wyong; Wollongong and Shellharbour. Country areas include all of NSW except: the urban areas listed above and exempted areas - Moama, Barham, Tocumwal, Mulwala, Barooga and Deniliquin.

Every taxi is required to have an operator accredited by the Department of Transport. The operator is responsible for, among other things, obtaining the use of a taxi licence plate (through leasing or owning it), fitting out a car as a taxi (including, for example, installing a meter and communications equipment), affiliating with a taxi network that provides a booking service, insuring the taxi, maintaining the taxi so that it is mechanically sound and clean, and engaging licensed and authorised drivers to drive the taxi. An operator may be an individual or a corporation. Operators may operate one or multiple taxis.

A taxi driver must be licensed to drive in NSW and authorised to be a taxi driver by the Department of Transport. A driver may also be the operator of a taxi, or she or he may drive the cab under arrangement with the operator. The most common arrangement in NSW is bailment, where the driver has the use of the vehicle for a specified period of time – a shift<sup>2</sup> – in return for a bailment payment. A bailee may be permanent or casual.<sup>3</sup> The bailment methods are determined by the NSW Industrial Relations Commission and may be either:

- ▼ Method 1: a percentage of the shift takings. The percentage has been determined by the Industrial Relations Commission as 45% for a first year permanent driver and 50% for a casual or second and subsequent year driver. Method 1 is the most common bailment method in country NSW.
- ▼ Method 2: a fixed “pay-in”. The Industrial Relations Commission sets the maximum pay-in each year. Method 2 is the most common bailment method in urban NSW.

Operators could also employ drivers for a wage, but we understand that this is rarely the case.

The Industrial Relations Commission has determined that a permanent bailee is entitled to sick, annual and long-service leave. A casual bailee is not.

The driver pays for fuel and car washing under a “pay-in” arrangement and the operator pays for these items in other cases.<sup>4</sup>

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<sup>2</sup> A taxi shift is defined by the NSW Industrial Relations Commission as being at least 9 hours but not more than 12 hours.

<sup>3</sup> A permanent bailee is a driver who regularly takes a taxi cab on bailment from the same bailor for 5 shifts per week or at least 220 night shifts per year.

<sup>4</sup> NSW Industrial Relations Commission, *Taxi Industry (Contract Drivers) Contract Determination*, 1984, Schedule 1.

## 2.2 The scope: taxi charges on which we make recommendations

We make recommendations on the following charges:

- ▼ Flag fall
- ▼ Distance rate
- ▼ Night-time and public holiday surcharges
- ▼ Waiting time
- ▼ Booking fees
- ▼ Surcharge for maxi-cabs.<sup>5</sup>

We do not regulate the surcharge which may be levied if passengers use EFTPOS, credit card or the Cabcharge payment system to pay their fares.

We do not regulate the access fee that Sydney Airport charges taxis.

We do not regulate the fees that networks charge operators.

We do not determine the share of fare revenue that goes to operators or to drivers.

## 2.3 Matters we were required to consider in making our recommendations

Each year the Premier approves terms of reference for us to undertake our review of maximum fares for taxis under section 9 of the IPART Act.

The terms of reference specify the factors that we must consider when making recommendations on fares. The factors include:

- ▼ the cost of providing taxi services
- ▼ the need for efficiency in supplying taxi services
- ▼ the social impact of our recommendations
- ▼ standards of quality, reliability and safety of taxi services.

The full terms of reference for this review can be found in Appendix A.

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<sup>5</sup> A maxi cab is a taxi with seating for 5 or more adults, in addition to the driver. The surcharge applies if a maxi cab is pre-booked, or if the maxi-cab is hired from a taxi zone or street hail and there are 5 or more passengers.

## 2.4 How the review was conducted

We commenced the review by releasing an information paper in March, which set out the review's scope and process, our preliminary estimates of the likely fare increases we would recommend (3.4% for urban taxis and 3.5% for country taxis), and some specific issues on which we sought comment. We called for submissions on these and any other relevant issues to be made by 15 April 2011. We received 8 submissions.

We took into account all of the information and comments made in submissions before making our recommendations. Appendix B contains a list of the submissions received. All submissions are available on our website.

## 2.5 The analytical approach we used to make our recommendations

The analytical approach we used to make our recommendations on maximum fares for taxis ensured that we considered all of the matters identified above. This approach comprised 3 main steps:

1. As outlined above, we used two industry-specific cost indices to estimate how much the cost of providing taxi services has changed over the previous 12 months.

In 2007 we reviewed whether we should continue to use this approach and decided that it remains the most appropriate method.<sup>6</sup> In 2008 we undertook a complete review of the indices' cost components, weightings and inflators. In subsequent reviews we have made further changes to some of the inflators and also considered issues such as the introduction of flat fares between Sydney Airport and Sydney CBD.

Last year we flagged our intention to conduct a major review of the TCIs in 2012. For this review we have used the TCIs with the same cost items and inflators as last year, with weightings as determined at the end of our 2010 review. Chapter 3 provides more information about these indices and how they were updated this year.

2. We then used the indices to develop fare changes that, on average, match the change in the cost of providing taxi services. Chapter 4 explains more about this process and the results we obtained this year.
3. Next we assessed how changes in fares would impact on passengers, the NSW government and the environment. Chapter 5 provides more information about our considerations of these impacts.

<sup>6</sup> IPART, *Review of Form of Regulation for Taxis in NSW*, March 2007.

We did not directly take service performance into account in making our fare recommendations. Nevertheless, we reviewed the available data on taxi service performance and have summarised our findings and recommendations about service performance data collection and reporting in Chapter 6.

## **2.6 We plan to undertake a major review of the TCIs next year**

We review the composition of the TCIs from time to time (approximately every 5 years) to ensure the cost items, weightings and inflators are still relevant, and to accommodate changes that may have occurred in the taxi industry. We plan to undertake a major review of the composition of the TCIs as part of our 2012 review. We are currently gathering data to inform the 2012 review. Chapter 7 provides more information on our data-gathering activities.

## 3 Change in the costs of operating taxi services

As in past reviews, we used the two Taxi Cost Indices (TCIs) to measure the change in the costs of providing taxi services in urban and country areas over the 12 months to the end of March 2011.

To calculate the change in costs using the TCIs we:

- ▼ used the weightings as at the start of the review period
- ▼ used the same inflators as last year to measure the change in cost items (updated for the most recent year's values)
- ▼ included a zero productivity adjustment for driver labour costs and a 0.3% productivity adjustment for operator labour costs.

We also considered whether to make a prospective adjustment for the announced introduction of excise on LPG fuel from 1 December 2011.

We decided to retain a mid-year review of LPG fuel costs for taxis.

This chapter sets out our findings on the change in costs of providing taxi services, and our considerations and conclusions on adjustments to the TCIs. Box 3.1 explains how the TCIs work. For more detailed information on our calculation of the TCIs, see Appendix C.

### 3.1 Our findings on the change in the costs of providing taxi services

Our findings are that the changes in the costs of operating taxi services over the past 12 months (to the end of March 2011) were 3.5% for urban areas and 3.6% for country areas, as measured by the Taxi Cost Indices. Table 3.1 shows the findings for urban taxis and Table 3.2 the findings for country taxis.

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### **Box 3.1 How do the Taxi Cost Indices work?**

The TCIs aim to measure the change, in percentage terms, from year to year in the costs incurred by taxi operators and drivers in providing taxi services.

The TCIs consist of a basket of **cost items** – such as notional wages, LPG fuel, insurance, repairs and maintenance, and the cost of leasing a vehicle and a taxi licence.

Each cost item has a **weighting**, which is based on the proportion of a standard taxi's total costs that it represents. It also has an **inflater**, which is a relevant piece of data that reflects the likely percentage change in the costs associated with that cost item. For example, the labour cost items are inflated by the annual change in the Wage Price Index published by the Australian Bureau of Statistics.

The separate TCIs for urban and country taxis reflect the different cost structures of providing taxi services between urban and country areas. While the 2 TCIs have the same basket of cost items and the same inflators, there are differences in the weightings for each item which reflect differences in costs between these areas.

To calculate the annual change in each TCI, we take the current weighting of each cost item and multiply it by the relevant inflater. This gives the contribution of each cost item to the index. We then sum the contributions for each of the cost items to give the percentage change in the cost index.

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**Table 3.1 Estimated changes in the cost of providing taxi services in urban areas over the year to 31 March 2011**

Cost item	Weighting at the start of the review (%)	Inflator	Inflator value (%)	Contribution to overall change in TCI (%)
<b>Driver costs</b>				
Notional drivers' wages <sup>a</sup>	39.1	Productivity-adjusted WPI (Driver)	3.5	1.4
Notional self-funded entitlements <sup>b</sup>	1.4	Productivity-adjusted WPI (Driver)	4.3	0.1
Driver superannuation <sup>a</sup>	4.0	Productivity-adjusted WPI (Driver)	3.5	0.1
LPG fuel <sup>c</sup>	6.6	FUELtrac LPG data	7.7	0.5
Other drivers' costs <sup>d</sup>	2.4	CPI	2.8	0.1
<i>Total drivers' costs</i>	<i>53.5</i>			<i>2.2</i>
<b>Operator costs</b>				
Driver entitlements in the Contract Determination <sup>b</sup>	4.4	IRC determination cost	3.3	0.1
Operators' salary equivalent <sup>a</sup>	6.8	Productivity-adjusted WPI (Operator)	3.2	0.2
Maintenance costs	4.8	CPI Repair and Servicing	1.7	0.1
Plate lease costs	13.9	Licence plate lease information from Taxi Council	4.4	0.6
Insurance	8.2	CPI Insurance	2.1	0.2
Vehicle lease payments	2.3	CPI Motor Vehicles	-2.0	0.0
Network fees	3.1	CPI	2.8	0.1
Other operators' costs	3.0	CPI	2.8	0.1
<i>Total operators' costs</i>	<i>46.5</i>			<i>1.4</i>
<b>Total costs</b>	<b>100.0</b>			<b>3.5</b>

**a** WPI is the ABS's Wage Price Index. Labour cost items include a zero productivity adjustment for driver related labour costs and a 0.3% productivity adjustment for operator labour costs.

**b** The drivers' entitlements cost item was inflated by WPI then this cost was allocated between drivers and operators based on the estimated cost of legal obligations imposed on operators in the IRC contract determination.

**c** LPG fuel cost information to 30 April 2011 is used as part of this review.

**d** CPI is the ABS's Consumer Price Index.

**Note:** Figures may not add due to rounding. Unless otherwise specified, cost increases are based on average index value for the year to 31 March 2011 divided by the average index value for the year to 31 March 2010.

**Table 3.2 Estimated changes in the cost of providing taxi services in country areas over the year to 31 March 2011**

Cost item	Weighting at the start of the review (%)	Inflator	Inflator value (%)	Contribution to overall change in TCI (%)
<b>Driver costs</b>				
Notional drivers' wages <sup>a</sup>	42.2	Productivity-adjusted WPI (Driver)	3.5	1.5
Notional self-funded entitlements <sup>b</sup>	6.3	Productivity-adjusted WPI (Driver)	3.5	0.2
Driver superannuation <sup>a</sup>	4.4	Productivity-adjusted WPI (Driver)	3.5	0.2
Other drivers' costs <sup>d</sup>	1.6	CPI	2.8	0.0
<i>Total drivers' costs</i>	<i>54.6</i>			<i>1.9</i>
<b>Operator costs</b>				
Operators' salary equivalent <sup>a</sup>	7.4	Productivity-adjusted WPI (Operator)	3.2	0.2
LPG Fuel <sup>c</sup>	6.1	FUELTrac LPG data	9.5	0.6
Maintenance costs	4.1	CPI Repair and Servicing	1.7	0.1
Plate lease costs	11.7	Licence plate lease information from Taxi Council	4.4	0.5
Insurance	5.0	CPI Insurance	2.1	0.1
Vehicle lease payments	2.4	CPI Motor Vehicles	-2.0	0.0
Network fees	4.7	CPI	2.8	0.1
Other operators' costs	4.1	CPI	2.8	0.1
<i>Total operators' costs</i>	<i>45.4</i>			<i>1.7</i>
<b>Total costs</b>	<b>100.0</b>			<b>3.6</b>

<sup>a</sup> WPI is the ABS's Wage Price Index. Labour cost items include a zero productivity adjustment for driver related labour costs and a 0.3% productivity adjustment for operator labour costs.

<sup>b</sup> The drivers' entitlements cost item was inflated by WPI then this cost was allocated between drivers and operators based on the estimated cost of legal obligations imposed on operators in the IRC contract determination.

<sup>c</sup> LPG fuel cost information to 30 April 2011 is used as part of this review.

<sup>d</sup> CPI is the ABS's Consumer Price Index.

**Note:** Figures may not add due to rounding. Unless otherwise specified, cost increases are based on average index value for the year to 31 March 2011 divided by the average index value for the year to 31 March 2010.

As the tables show, the biggest contributors to increases in the cost of providing taxi services were notional drivers' wages, LPG fuel costs and taxi licence (or "plate") lease costs. These increases were partially offset by a decrease in vehicle lease payments and relatively small rises in maintenance costs and insurance costs.

#### Different changes in costs for drivers and operators

For calculation of the TCIs, it does not matter whether costs are incurred by drivers or operators. Nor does IPART play a direct role in determining the maximum bailment pay-in (which distributes fare revenue between drivers and operators). However, we understand that the Industrial Relations Commission uses our reports in making its annual determination of bailment pay-ins, and we seek to assist the Commission by continuing to separately identify driver and operator costs.

In urban areas, the costs faced by drivers rose by more than the costs faced by operators over the past year. This is in part due to a significant increase in the cost of LPG fuel, which is a driver cost in urban areas, and the more moderate increase in operators' costs.

In country areas, the costs faced by drivers and operators rose by similar amounts. In country areas LPG fuel costs are met by operators, whose other costs rose moderately, or, in the case of vehicle lease payments, fell.

Table 3.3 below summarises the changes in costs for drivers and operators over the past year.

**Table 3.3 Estimated changes in the costs faced by taxi drivers and operators for the period April 2010 - March 2011 (%)**

	Urban taxis	Country taxis
Drivers	4.0	3.5
Operators	2.9	3.7

### 3.2 We decided to retain the current inflator for taxi licence lease costs for this review

We currently use information about industry licence lease charges provided to us by the Taxi Council on a confidential basis to calculate the licence lease cost inflator. As we have noted in recent reviews, we would prefer to use a transparent, publicly available source of data for the inflator if one were available.

Some information is now publicly available about lease costs for the new taxi licences being issued by the Department of Transport. These licences are being issued at a fixed annual lease price (determined by tender). They are renewable annually at that price for up to 10 years.

However, as we noted in our information paper in March, we do not yet have annual comparison data for the new licences, nor can we assess whether the licensing reforms have had an impact on lease prices for transferable taxi licences issued prior to 2010, which remain the bulk of the market. As a result, we decided to continue to use industry data provided by the Taxi Council to calculate the licence lease cost inflator for the 2011 review. We will reassess this inflator as part of our major review in 2012.

### **3.3 We decided to make an adjustment to the operator labour cost item for expected productivity gains**

For this review, we decided to make the same productivity adjustments as in the last review: no adjustment to the inflator for drivers' labour costs, and a 0.3% adjustment to the operators' labour cost item.

#### **What is productivity?**

Productivity measures the rate at which outputs (eg, goods and services) are produced per unit of input (eg, labour, capital, raw materials). When an industry's productivity increases, it means it is producing more outputs for a given level of inputs than it did previously. For example, it may have reduced its costs, or increased the quantity or value of its output (eg, by improving the performance of its goods or the quality of its services).

Productivity improvements will reduce the need for taxi operators and/or drivers to be compensated for rising costs. For those cost items inflated by the change in the Consumer Price Index (CPI), this adjustment occurs automatically, because the CPI includes a measure of economy-wide productivity gains. However, for others – particularly the labour cost items inflated by the Wage Price Index (WPI) – we need to consider whether we should make this adjustment ourselves.

#### **How did we assess the productivity adjustment?**

In our information paper we called for comment on the extent to which changes in labour costs should be adjusted to take account of any productivity gains made by the industry. We also undertook our own analysis of Australian Bureau of Statistics (ABS) measures of productivity trends in the economy.

As in past taxi fare reviews, we looked at ABS measures of productivity trends in the broader economy (ie, not just the transport, postal and warehouse sector). As Table 3.4 shows, these measures suggest that in general productivity growth has been positive over recent years.

We tend to give most weight to the 5-year average annual growth in productivity. For gross value added per hour worked (all industries) this was 1.1%, while for labour productivity per hour worked, it was between 0.9 and 1.2%.

**Table 3.4 Productivity measures – 2009/10 National System of Accounts**

	2005/06	2006/07	2007/08	2008/09	2009/10	5-year average	Last year's 5-year average <sup>a</sup>
	% change						
<b>Gross value added per hour worked:</b>							
Transport & storage	2.9	3.6	-1.7	-6.5	6.1	0.9	0.5
All industries	0.9	0.8	0.9	0.6	2.1	1.1	0.7
<b>Other measures:</b>							
Market sector productivity (GDP per hour worked)	0.8	0.8	0.8	0.4	2.0	1.0	0.8
Labour productivity per hour worked	1.5	0.7	1.0	0.6	2.3	1.2	0.9
Labour productivity per hour worked (quality adjusted)	1.0	0.3	0.7	0.3	2.0	0.9	0.7
Capital productivity	-3.1	-2.4	-2.8	-4.5	-2.5	-3.1	-2.4
Multifactor productivity per hour worked	-0.6	-0.7	-0.7	-1.8	0.0	-0.8	-0.7
Multifactor productivity per hour worked (quality adjusted)	-0.8	-0.9	-0.9	-1.9	-0.2	-1.0	-0.8

<sup>a</sup> Last year's 5-year average as shown in the 2010 Review of Taxi Fares final report.

**Source:** ABS Australian System of National Accounts, 5204.0, 2009/10 – Tables 1, 22 and 25.

A productivity adjustment of 0.3% for operators is consistent with a conservative estimate of productivity improvements that are achievable across the economy as a whole. We made no adjustment to drivers' labour costs this year reflecting our view that drivers may not be able to make productivity improvements in line with a conservative estimate of productivity in the rest of the economy. The impact of the productivity adjustment on the overall fare increase is small.

### Stakeholder views

Stakeholders such as the NSW Taxi Council, ATDA, and individual submissions<sup>7</sup> continued to oppose our productivity adjustment.

Stakeholders commented on factors which may influence productivity that are outside operator or driver control such as:

- ▼ increases in traffic congestion
- ▼ increases in road infrastructure changes
- ▼ decreases in speed limits

<sup>7</sup> NSW Taxi Council submission, 15 April 2011, p 2; ATDA submission, 4 May 2011, p 3; E Mollenhauer submission, 15 April 2011, p 12; P Fletcher submission, 15 April 2011, p 1.

- ▼ decreases in average travel speeds in many areas
- ▼ increases in private bookings and hirings
- ▼ significant increases in the number of hire cars, tourist vehicles, courtesy vehicles and free bus services as well as an increased number of taxis
- ▼ increasing number of government-subsidised “free” bus services
- ▼ removal or reduction in the size of taxi ranks, and lack of growth in local taxi rank facilities commensurate with the growth in licences
- ▼ decreases in access to drop-off and pick-up locations, caused by the introduction of cycleways and additional stopping restrictions
- ▼ increases in number of taxi licences issued in Sydney.

We agree with some of the arguments raised by stakeholders on the scope for drivers to achieve productivity gains. Taxis essentially operate as small businesses, and their productivity is closely linked to the patronage of their services. We agree that taxi drivers may have limited scope to improve their productivity in line with a conservative estimate of what is achievable in the broader economy due to increasing road congestion and changes to road rules.

However, there is little evidence to verify several other factors listed by stakeholders. We are also of the view that other factors listed by stakeholders would be unlikely to have a significant impact on driver productivity. For example, decreases in speed limits are likely to be less important than congestion, particularly in the inner city and during peak periods.

On the other hand, there may still be some scope for the industry to improve its productivity through:

- ▼ Improvements in technology such as GPS technology to improve trip time and make central despatch more effective, SMS and internet bookings.
- ▼ Training for taxi drivers to enable them to improve service quality and increase the demand for service through quality improvements.
- ▼ Operational improvements to increase the ratio of paid kilometres to unpaid kilometres – for example, better positioning of taxis.

We also note that all of the reasons identified in submissions for lower productivity relate to the productivity of drivers and not operators. As a result, these factors do not support a reduction in operator productivity to the same extent as driver productivity.

### **3.4 We decided not to make a prospective adjustment to the index for the announced introduction of excise on LPG fuel**

As we noted in our information paper, the Commonwealth Government has released draft legislation to support the introduction of an excise of 2.5 cents per litre on LPG fuel from 1 December 2011, rising to 12.5 cents per litre by 1 July 2015.

The TCIs take into account changes in costs over the year prior to the resultant taxi fare changes.

Given that the excise has not yet been legislated, and its impact on fuel prices is in any case unclear, we have decided not to make an adjustment this year to the TCIs with respect to fuel excise.

#### **Stakeholder views**

An individual submission sought an automatic, scheduled fare increase for the day the excise comes into effect.<sup>8</sup> However, the impact on fares of an increase in fuel prices caused by a 2.5 cents per litre excise is unlikely to be large enough to justify a mid-review fare increase. Last year we changed the threshold for a mid-review fare recommendation to be triggered to a 20% change in fuel prices to avoid recommending small changes to fares with associated administrative costs.

### **3.5 We will continue to undertake a mid-year review of fuel costs for taxis**

In response to stakeholder concerns about the volatility of LPG fuel prices, since 2008 we have undertaken a review of fuel prices midway through the review year. In November each year, we look at the average daily LPG cost for the 6 months to the end of October and compare it to the average daily LPG cost for the 12 months to the end of April, which is the cost incorporated into the TCIs. If the cost of LPG has increased or decreased by more than 20%<sup>9</sup>, we recommend a change in taxi fares from December.

In our information paper on the taxi fare review released in March we requested comment from stakeholders on whether we should continue to undertake the 6 monthly review of LPG costs. After considering the views of stakeholders, we have decided to retain the mid-year review of LPG fuel costs, with a 20% threshold for recommending a fare change.

<sup>8</sup> E Mollenhauer submission, 15 April 2011, p 12.

<sup>9</sup> The threshold to trigger a recommendation was 10% in 2008 and 2009, and in 2010 we changed the threshold to 20%.

### Stakeholder views

The Taxi Council's submission gave qualified support for the current review process with a 20% threshold.<sup>10</sup> As noted above in section 3.4, an individual submission sought pre-emptive fare rises in anticipation of further LPG fuel price rises.<sup>11</sup> No other submission mentioned the mid-year review.

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<sup>10</sup> NSW Taxi Council submission, 15 April 2011, pp 3-4.

<sup>11</sup> E Mollenhauer submission, 15 April 2011, p 12.

## 4 Fare changes needed to cover changes in costs

Each year we recommend fare changes that reflect the change in the cost of providing taxi services, on average. As discussed in Chapter 3, we estimated the change in the cost of providing taxi services since the 2010 review by calculating the change in urban and country Taxi Cost Indexes (TCIs). Then we applied these increases to the fare components such that the increase in the average fare is equal to the increase in costs measured by the TCIs.

This chapter provides an overview of our recommendations on fares and discusses our recommendations in relation to fare structure. Appendix D provides more detail on our consideration of individual fare components.

### 4.1 Recommendations on maximum taxi fares

#### Recommendation

- 1 Maximum fares from 1 July 2011 should be equal to those set out in Table 4.1. This represents an average increase of 3.5% in urban areas and 3.6% in country areas.

**Table 4.1 Recommended maximum taxi fare components from 1 July 2011**

	Urban	Country
Flag fall	\$3.40	\$3.90
Distance rate per km (Tariff I)	\$2.06	\$2.12
Distance rate per km (Tariff II) <sup>a</sup>	n/a	\$2.94
Waiting time (per hr)	\$53.33	\$54.29
Waiting time threshold (km/h)	26	26
Booking fee	\$2.30	\$1.10
Night-time surcharge (% on distance rate) <sup>b</sup>	20%	20%
Maxi-cab surcharge (% on total fare, excluding tolls) <sup>c</sup>	50%	50%
Sunday/Holiday surcharge (% on distance rate) <sup>d</sup>	n/a	20%

<sup>a</sup> Applies to each kilometre after the first 12km in country areas. The first 12km are at the normal distance charge.

<sup>b</sup> The night time surcharge applies to journeys commencing between 10pm and 6am.

<sup>c</sup> The maxi-cab surcharge applies if the maxi-cab is pre-booked, regardless of the number of passengers, or if the maxi-cab is hired from a taxi rank or street hail and is carrying 5 or more passengers (except in the case of a multiple hiring).

<sup>d</sup> The Sunday/Holiday surcharge applies in country areas only and applies to journeys commencing between 6am and 10pm on a Sunday or public holiday.

The fare increases recommended above are in line with the change in the cost of providing taxi services over the past year, as measured by the Taxi Cost Indices, as discussed in Chapter 3.

The fare components recommended above reflect the current fare structure, with no major changes to the relativities between the different components.

## 4.2 How we translated the overall percentage increase to the fare components

To translate our decision on the required overall percentage increase in taxi fares into a specific recommendation on the maximum level of individual fare components, we applied the required change to a specified 'average fare' for country and urban areas. This involved exercising judgement on how individual fare components should change to ensure that the 'average fare' increase is in line with the required change.

Table 4.2 shows the assumptions associated with the average fares, and how the level of these fares change under IPART's recommendation.

**Table 4.2 Assumptions associated with the 'average fares' and how they change under IPART's recommendation**

	Urban	Country
<b>Assumptions:</b>		
Distance travelled (kilometres)	7	5
Waiting time (minutes)	5	3
Share of trips that are phone bookings	20%	65%
Share of trips that are night trips	20%	15%
<b>Change under our recommendation:</b>		
Average fare in 2010	\$22.50	\$17.63
Average fare in 2011	\$23.29	\$18.26
% increase	3.5	3.6

### 4.2.1 Relativities between the different fare components

In our information paper released in March we requested comment from stakeholders on how the overall changes in costs should be distributed amongst the various fare components. After considering the comments we received, we have decided to apply the increases evenly between the cost components.

### Stakeholder comments

The NSW Taxi Council and Council of Social Services of NSW (NCOSS) both agreed that fare increases should be distributed evenly across each component of the fare, on the basis that this helps avoid any disproportionate impact of fare adjustments on particular groups of customers or drivers.<sup>12</sup>

Other submissions sought a relative increase in the waiting time rate and/or the flag fall, compared to the distance rate.<sup>13</sup> Arguments for these changes included the need for an incentive for drivers to undertake short jobs and the impact of road congestion and reduced speed limits on travel time.

### Our considerations

In the absence of new data on waiting time as a percentage of trip time and the relative difficulty of getting taxis for short jobs, we consider that we should maintain existing relativities as far as possible. We also note the lack of information on how a change in the relativities would alter the supply of and demand for taxi services.

We intend to review fare relativities in more detail as part of our major review next year. More data should be available to support our analysis and we will be able to consult widely on the potential impacts of any changes to relativities.

More information on our consideration of fare components in this year's review can be found in Appendix D.

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<sup>12</sup> Taxi Council submission, 15 April 2011, p 1; NCOSS submission, 18 April 2011, p 2.

<sup>13</sup> E Mollenhauer submission, 15 April 2011, p 8; G Coates submission, 15 April 2011, p 1; P Fletcher submission, 15 April 2011, p 1.

## 5 Expected impact of fare changes

We are required to consider the impact of our recommendations on stakeholders other than the taxi industry and we have done this in making our decisions.

Specifically, we considered the level of fares in NSW and how they have changed over time, including the likely impact of our recommendations on the cost of different types of taxi trips and how fares in NSW compare with those in other states of Australia. We then considered the implications of our recommendations for passengers, the Government and the environment.

### 5.1 Findings and recommendations on stakeholder impacts

We consider that the fare increase we have recommended this year will not have a significant impact on most taxi passengers, the Government or the environment. The cost of the average taxi trip will rise by 3.5% (79 cents) in urban areas and 3.6% (63 cents) in country areas. In our view these recommended increases are relatively small and we note that they do not involve any significant changes to the structure of fares that would affect the cost of some types of taxi trips more than others.

However, in recognition of the fact that fares have increased significantly since 1999 when the Government's Taxi Transport Subsidy Scheme (TTSS) was last altered, we again recommend that the Government increase the subsidy available under this scheme in order to reduce the impact of fare increases on passengers who are eligible for this subsidy.

Recommendation

- 2 The Government should increase the Taxi Transport Subsidy Scheme (TTSS) subsidy, having regard to increases in taxi fares since the cap was last adjusted in 1999.

### 5.2 The level of taxi fares in NSW and how they've changed over time

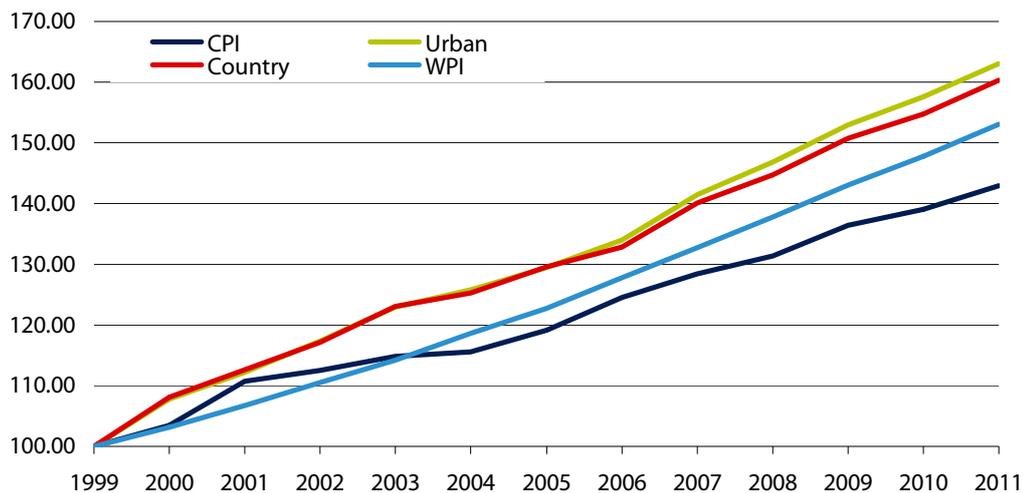
As noted above, the fare increases we have recommended this year are relatively small. However, they are somewhat above the increase in the general cost of living over the past year.<sup>14</sup>

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<sup>14</sup> As measured by the Sydney Consumer Price Index (CPI), which was 2.8% for the year to 31 March 2011.

Since 1999, taxi fares in NSW have increased by around 63% in urban areas and 60% in country areas. This increase is significantly more than the increase in the CPI over the same period (43%) and the WPI over the same period (53%) (Figure 5.1).

**Figure 5.1 Index of fare increases for taxis since 1999**



**Data source:** IPART Reports and ABS Data.

The main contributors to these above-CPI and above-WPI results have been the cost of LPG fuel, plate lease costs and insurance.<sup>15</sup> These reflect changes in the actual costs of providing taxi services that have had to be passed through into fares, but they also mean that taxi travel has become less affordable over the years.

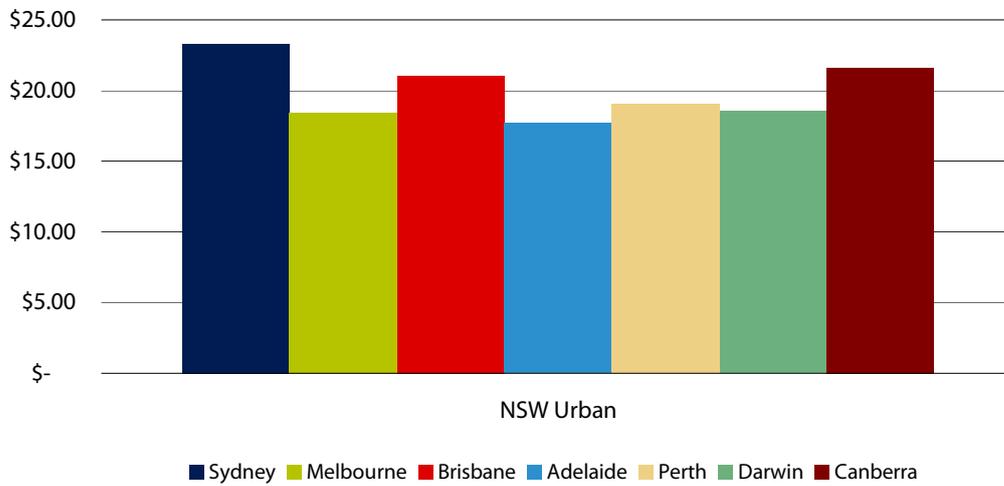
### 5.2.1 Comparison of fares in NSW with those in other states

We have also considered how taxi fares in NSW, after our recommended fare increases are applied, compare with those currently in place in other states of Australia for a selection of different types of taxi trips. NSW taxi fares are in general higher than in other areas of Australia. Both the distance rate and waiting time charges are higher in NSW than in the other areas considered, although our urban flag fall is lower than in Perth, Darwin and Canberra.

The figures below (Figure 5.2 and Figure 5.3) illustrate the difference in average fares between states.

<sup>15</sup> Previous IPART taxi fare review reports.

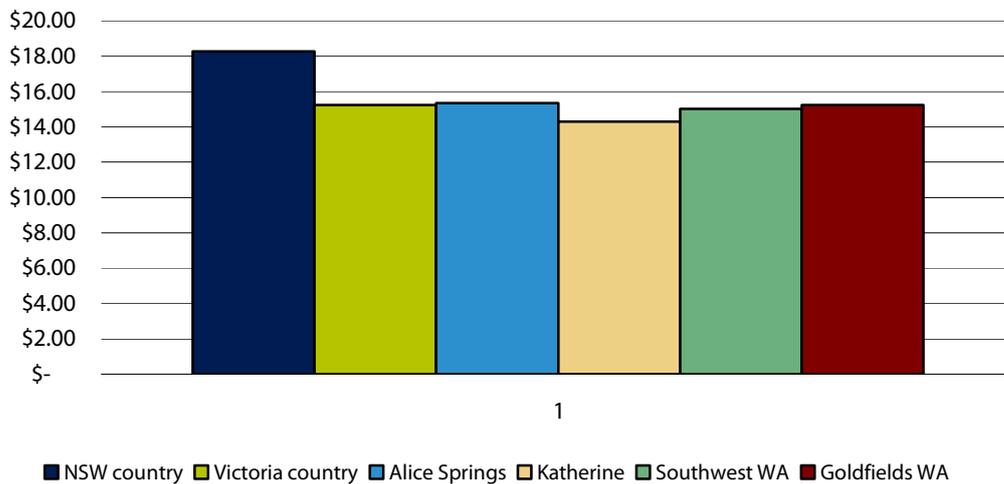
**Figure 5.2 Average taxi fares in selected capital cities, 2011**



**Source:** Fares obtained from the relevant government agency and/or taxi companies. NSW fares are those recommended in this report.

**Note:** The average fare for each city is calculated based on a set of assumptions about average taxi trips in urban NSW – see Table 4.2 in this report.

**Figure 5.3 Average taxi fares in selected country areas, 2011**



**Source:** Fares obtained from the relevant government agency and/or taxi companies. NSW fares are those recommended in this report.

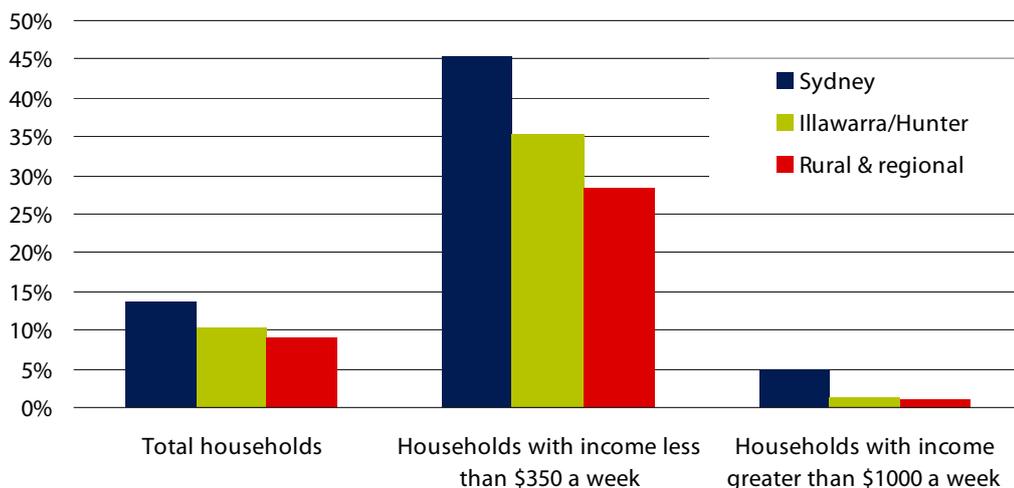
**Note:** The average fare for each city is calculated based on a set of assumptions about average taxi trips in country NSW – see Table 4.2 in this report.

### 5.3 Implications for passengers

The overall impact of this year's recommended fare increases on passengers is likely to be small. This is because the fare increases we have recommended are relatively low and spending on transport fares (including taxi fares) represents the equivalent of less than 1% of average Australian household incomes.<sup>16</sup>

However, we recognise that the increases we have recommended will have a larger impact on some taxi users – in particular, lower income passengers and those with limited transport options. A survey of household expenditure by the ABS confirms that while those in the highest income quintile spend proportionately more of their expenditure on taxis than other groups, those in the lowest income quintile spend the second highest proportion.<sup>17</sup> These findings are supported by census data, which indicates that the proportion of low income households do not have access to a motor vehicle, and hence are likely to have fewer transport alternatives, is significant (Figure 5.4).

**Figure 5.4 Households without access to a motor vehicle (%)**



**Data source:** IPART, *Review of fares for rural and regional buses from January 2010*, December 2009, p 16.

There is some Government assistance available for less mobile passengers who cannot readily use other forms of transport to help with the cost of taxi travel. This assistance is provided through the Taxi Transport Subsidy Scheme (TTSS), which is administered by the Department of Transport (DoT). The TTSS provides passengers who have a qualifying severe and permanent disability with a 50% subsidy for the metered fare, up to a maximum value of \$30 per trip. There are no limits on the number or purpose of trips undertaken with this subsidy.

<sup>16</sup> In the weights used in the 15th series of the Consumer Price Index, urban transport fares comprise less than 1% of an average Australian household's spending. It is likely that the proportion of expenditure on taxi-fares in non-metropolitan households would be lower.

<sup>17</sup> ABS, Household Expenditure Survey, Australia: Detailed Expenditure Items, 2003-04.

In 2008 we noted stakeholder views that taxi fare increases have a significant impact on passengers with disabilities because the subsidy provided under the TTSS has not kept up with increases in fares.<sup>18</sup> We also noted that the subsidy had not been changed since 1999 and since that time taxi fares had risen significantly. As a result, we recommended in 2008, and again in 2010, that the Government increase the cap on the TTSS subsidy.

We note that the Select Committee on the NSW Taxi Industry also considered this issue and recommended in December 2010 that the Department of Transport should increase the cap on the TTSS subsidy from \$30 to \$50. The Committee also recommended that the Premier ask us to explicitly consider the value of the subsidy as part of our annual fare reviews.<sup>19</sup> In response, the then Minister for Transport said that the Department of Transport (then known as Transport NSW) would review and evaluate the Taxi Transport Subsidy Scheme subsidy cap.<sup>20</sup>

The Department of Transport has advised us that it is reviewing priorities as part of the process of establishing an integrated transport authority, including the proposed review of the TTSS subsidy cap.

This year NCOSS has suggested in its submission that without an increase in the TTSS subsidy, a fare rise is likely to reduce the number and distance of journeys taken by high-needs groups.<sup>21</sup>

While the level of the TTSS is a matter for Government and is outside IPART's terms of reference, we have an obligation to consider the impact of our recommendations on passengers and we consider that the TTSS is an important means of addressing this issue. We again recommend that the NSW Government increase the subsidy available under the TTSS, taking into account that fares have increased by more than 60% since it was last increased in 1999. If it is implemented, this recommendation should assist eligible passengers with the increased cost of taxi travel.

### Stakeholder views

NCOSS submits that changes to taxi fares may have an impact on other parts of the transport system, in particular community transport services, and asks for more work to be done to analyse the possible interactions.<sup>22</sup>

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<sup>18</sup> IPART, *2008 Review of Taxi Fares in NSW - Final Report*, pp 114-115.

<sup>19</sup> Select Committee on the NSW Taxi Industry, *Inquiry into the NSW Taxi Industry Report*, June 2010, pp 149-150.

<sup>20</sup> The Hon John Robertson MLC, *Government response to the recommendations of the Final Report on the Inquiry into the NSW Taxi Industry*, December 2010, recommendations 35 and 36.

<sup>21</sup> NCOSS submission, 18 April 2011, p 2.

<sup>22</sup> NCOSS submission, 18 April 2011, p 3.

NCOSS also seeks the ability for community transport providers to negotiate rates to use taxis for community transport between 9 am and 3 pm Monday to Friday.<sup>23</sup> We note that this kind of rate negotiation is already possible (as long as the rates paid are no higher than the metered fare).

Northern Rivers Social Development Council (NRSDC) points out that distance charges and waiting time rates are higher in country areas, which are also often disadvantaged areas, both in terms of socio-economic measures and in terms of access to alternative means of transport.<sup>24</sup> We are sympathetic to the views of the NRSDC. However, if we were to lower the distance and waiting time rates for country fares, we would have to raise other fare components to achieve the same average increase. As NCOSS points out in its submission,<sup>25</sup> the impacts of changing fare relativities on different types of customer are unclear.

#### 5.4 Implications for Government

Government funding of taxi fares is limited to rebates provided via the TTSS for people whose transport options are restricted due to a severe and permanent disability. In 2008/09 the Government paid \$23.1 million in subsidies to 71,000 registered participants in the TTSS, who undertook more than 2.1 million subsidised journeys over that year.<sup>26</sup> By 2009/10 there were 76,000 registered participants and \$24.3 million was paid in subsidies.<sup>27</sup>

All else being equal, the increase in maximum taxi fares we have recommended is likely to increase the level of Government funding required for the TTSS. However, as the fare increases recommended are small, we don't expect them to have a significant impact on Government expenditure.

We have recommended that the Government increase the value of the TTSS subsidy and we expect this to require an increase in Government funding for taxi services. However, we have not made any specific recommendations on the level of the TTSS. The Government should consider the scope for increased funding as part of its response to our recommendations.

The Government also provides a WAT incentive payment to drivers of \$8.47 per wheelchair journey in a WAT that is paid for with an "M50" TTSS docket. This payment is not affected by IPART's fare recommendations.

<sup>23</sup> NCOSS submission, 18 April 2011, p 2.

<sup>24</sup> Northern Rivers SDC submission, 14 April 2011.

<sup>25</sup> NCOSS submission, 18 April 2011, p 2.

<sup>26</sup> Ministry of Transport, *Annual Report 2008/09*, p 32.

<sup>27</sup> Transport NSW, *Annual Report 2009/10*, pp 74 and 99.

## 5.5 Implications for the environment

We do not expect that our recommendations will have significant implications for the environment. The Transport Data Centre's Household Travel Survey found that taxi trips as a proportion of total trips made have stayed constant at 0.7% since 2001.<sup>28</sup> This survey suggests that the proportion of taxi trips is small in terms of overall travel, is relatively stable over time, and is not particularly sensitive to incremental changes in fares. As a result, the impact of the recommended fare increases in terms of pollution and congestion is likely to be negligible.

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<sup>28</sup> Bureau of Transport Statistics, *2008/9 Household Travel Survey Summary Report*, 2010 Release, p 26 – proportion of trips by taxi (average weekday) in the Greater Sydney Metropolitan area.

## 6 Service standards

Our terms of reference require us to consider taxi service standards as part of our review.

Our view is that independent, objective and transparent information on service standards is essential for accountability and good regulation. We do not directly take account of service standards in making fare recommendations unless there has been a regulatory change to service standards.

We note that the Department of Transport has commenced reporting quarterly disaggregated data on network performance standards on its website. We have recommended disaggregated public reporting in the past and we commend the Department on its commitment to making data available.

This year we have examined:

- ▼ Performance information for standard taxis in urban areas (Sydney, Newcastle, Wollongong and the Central Coast), reported by taxi networks against their key performance indicators (KPIs).
- ▼ Performance information for wheelchair accessible taxis in Sydney reported by the Zero200 booking service against its KPIs<sup>29</sup>.
- ▼ Customer feedback information – customer feedback (complaints and compliments) collected by the Department of Transport.

This chapter provides an overview of the information we considered and our findings and recommendations on taxi service standards.

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<sup>29</sup> The Zero200 service provides booking services for all wheelchair accessible taxis in Sydney.

## 6.1 Findings and recommendations on service standards

We found that, on balance, service levels for booked trips appear to be about the same as last year. Performance on some indicators has improved, while it has declined on others. Compared to the previous 12 months, there has been:

- ▼ No significant change in telephone answering times or pick-up times for standard taxis.
- ▼ An improvement in the proportion of standard taxi bookings accepted by drivers and in the number of pick-ups made as a proportion of bookings required.
- ▼ An increase in events when there is “no car available” and a significant increase in number of ring backs for standard taxi bookings.
- ▼ No significant change in phone answering times for WAT bookings.
- ▼ A slight decline in the ‘pick-up in less than 15 minutes’ KPI for WATs, but no change in the ‘pick-up in less than 30 minutes’ figure.
- ▼ A large decrease in the number of ring backs for WAT bookings.
- ▼ A significant fall in customer satisfaction with taxi services, indicated by an increase in the number of complaints and decline in compliments.

Now that the Department of Transport is publishing disaggregated data, it is possible to see that there are significant differences between the performance outcomes of the different taxi networks. Some Sydney taxi networks clearly do not meet the current performance standards for some of the indicators collected.

We have also recommended in previous reviews, and recommend again, that data on network performance for WATs should be collected and published on a regional basis rather than just by network so that gaps in fleet availability and customer service can be identified and rectified. These gaps have the potential to seriously impact the service provided to passengers and cannot be identified by examining only aggregated data.

### Recommendation

- 3 Performance data for wheelchair accessible taxis should be collected by location (eg, local government area or region) and published regularly in order to identify local supply/demand imbalances.

Most of the available information on service standards relates to booked taxi trips, which only make up around 20% of total taxi trips taken.<sup>30</sup> In past reviews we have recommended that the Department of Transport should undertake regular surveys of taxi passengers across NSW and publish the results.

<sup>30</sup> IPART, 2008 *Review of Taxi Fares in NSW – Final Report and Recommendations*, June 2008, p 55.

The marked increase in customer complaints through the CFMS system this year, and the difficulty in interpreting that data, only strengthens the case for more statistically robust surveys of passenger satisfaction.

We note that the Select Committee on the NSW Taxi Industry made a similar recommendation.<sup>31</sup> In his response to the Select Committee report, the then Minister for Transport said that the Department of Transport (then known as Transport NSW) plans to conduct a regular random survey of taxi passenger satisfaction and publish the results, as well as considering a mystery shopper program for 2011.<sup>32</sup>

The Department of Transport has advised that its Bureau of Transport Statistics has scheduled customer satisfaction surveys for taxis in 2012, as part of a broader study which will develop consistent service quality attributes for measurement across transport modes. The Department of Transport also advises that a mystery shopper program is still being considered.

We continue to think that regular passenger surveys would provide essential data for good regulation of the taxi industry. We support the Bureau of Transport Statistics undertaking a survey in 2012 and recommend that the survey should take place early in the year so that its results can be considered as part of our 2012 taxi fare review. We also recommend that the survey should be conducted regularly (at least annually) and results published.

#### Recommendation

- 4 The Department of Transport should regularly (at least annually) undertake surveys of taxi passengers and publish the results to ensure that service standard information is available that reflects the experience of all taxi users, not just those booking their trips through networks. The Department should complete its initial survey in time for the results to be considered as part of our 2012 fare review.

## 6.2 Network performance for standard taxis in urban areas

Most of the available data on taxi service standards comes from network performance data reported to the Department of Transport (see Box 6.1). This data covers network key performance indicators and customer feedback information. Based on the available information we found that, on balance, service outcomes for standard taxis in Sydney for the year to the end of March 2011 were about the same as they were for the year to the end of March 2010. However, service outcomes differ markedly between the various urban networks, with some networks clearly failing to meet the required standard for some indicators.

<sup>31</sup> Select Committee on the NSW Taxi Industry, *Inquiry into the NSW Taxi Industry Report*, June 2010, p 175.

<sup>32</sup> The Hon John Robertson MLC, *Government response to the recommendations of the Final Report on the Inquiry into the NSW Taxi Industry*, December 2010, recommendations 48 and 49.

Full KPI information reported by standard taxis for urban networks in aggregate is provided in Appendix E.

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**Box 6.1 How network performance is measured**

Network performance is measured through a series of KPIs and assessed against standards set by the Department of Transport. Standards for taxi telephone services and pick up times have been set for urban networks. Network performance standards are currently being reviewed.

Most of the information collected relates to booked trips only (around 20% of total trips). However, some of the information, specifically information on customer complaints and compliments relates to non-booked trips as well.

An explanation of the KPIs, and detailed information on reported KPIs is provided in Appendix E.

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### 6.2.1 Phone call answering times for booked trips

In aggregate, Sydney networks<sup>33</sup> met the standards for phone call answering times: 99.3% of calls were answered within one minute and 99.6% were answered within 2 minutes. These levels of achievement are the same as in 2010.

Only one network, Yellow, failed to meet the standards for phone call answering times, with only 79.8% of calls being answered within 1 minute and 95.1% answered within 2 minutes.

Sydney networks in aggregate also easily met the standard for abandoned calls:<sup>34</sup> only 2.1% of the total number of phone calls failed or were abandoned by callers before being answered compared with a target of no more than 5%. However, this represents a reduction in performance since last year, when callers abandoned only 1.9% of calls.

Three networks (Yellow, Lime and Manly) failed to meet the standard for abandoned calls, with 5.8% of calls to Yellow, 5.4% of calls to Lime, and 5.3% of calls to Manly being abandoned by callers.

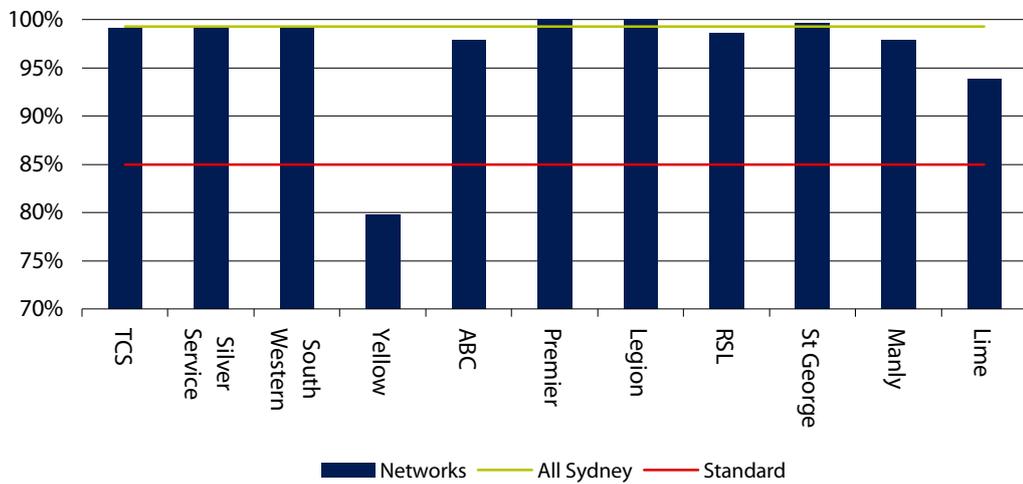
Figure 6.1, Figure 6.2 and Figure 6.3 show the performance of all Sydney networks individually against the standards for phone call answering times and abandoned/failed calls, and compare the individual networks performance to the performance for all networks in aggregate. It is clear that some networks are not meeting the required performance standards and/or are delivering service outcomes that are well below those delivered by other networks.

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<sup>33</sup> All networks except Zero200.

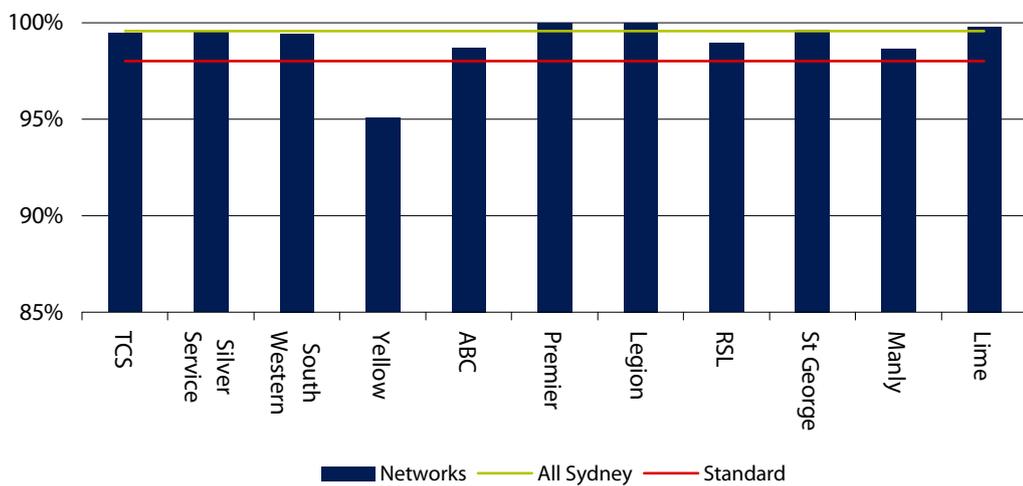
<sup>34</sup> A call is considered abandoned if the caller terminates the call after a wait of at least 20 seconds.

**Figure 6.1 Performance against standard for phone calls answered within one minute, all Sydney networks, 2010/11**

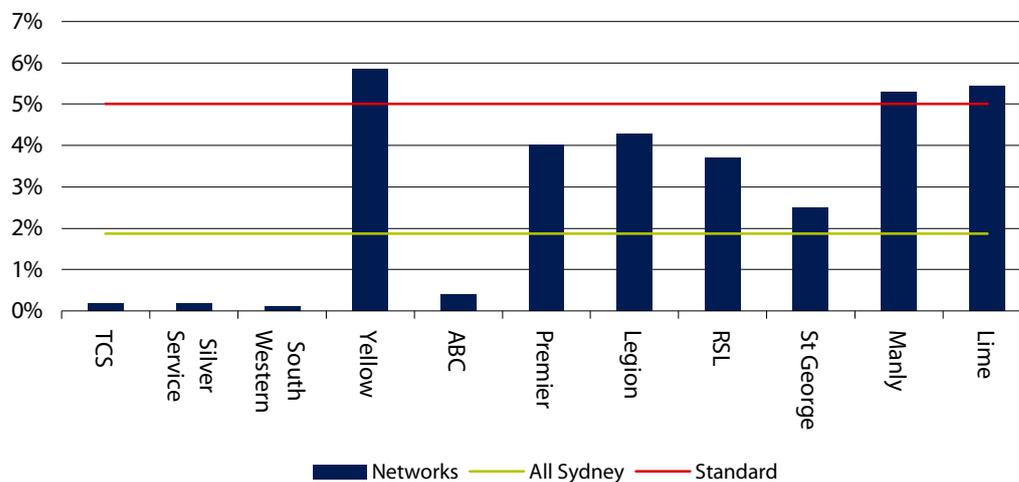


Data source: DoT.

**Figure 6.2 Performance against standard for phone calls answered within 2 minutes, all Sydney networks, 2010/11**



Data source: DoT.

**Figure 6.3 Performance against standard for calls abandoned by customers/failed, all Sydney networks, 2010/11**

**Note:** The DoT standard is a maximum.

**Data source:** DoT.

### 6.2.2 Passenger pick-up times for booked trips

In aggregate, the Sydney networks also met the standards for passenger pick-up times: 93% of taxis arrived within 15 minutes, 99% within 30 minutes and 100% within 60 minutes of a booking being made. As Table 6.1 shows, Sydney pick-up performance dropped off slightly this year.<sup>35</sup>

The total number of booked pick-ups requested also continued to decline.

**Table 6.1 Sydney networks booked pick-up time performance, 2007-2011**

	Total booked pickups (000)	Pick up in less than 15 minutes (%)	Pick up in less than 30 minutes (%)	Pick up in less than 60 minutes (%)
2006/07	9,415	92.2	99.2	100.0
2007/08	9,357	91.4	98.9	100.0
2008/09	8,752	92.9	99.2	100.0
2009/10	8,188	94.3	99.3	100.0
2010/11	8,139	93.3	99.2	100.0

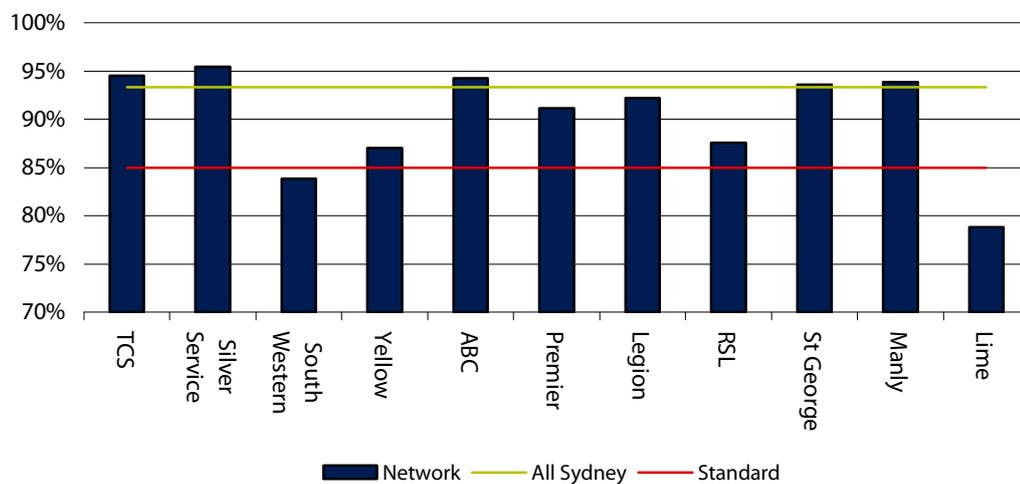
**Source:** DoT data.

<sup>35</sup> Note that the KPI definitions changed slightly as a result of the new network standards put in place in May 2008.

Not all of the Sydney networks met the standards related to pick-up times when their performance is examined on an individual network basis. Lime and South Western failed to meet the standard for the proportion of pick-ups made within fifteen minutes of the booking time, and within thirty minutes of the booking time.

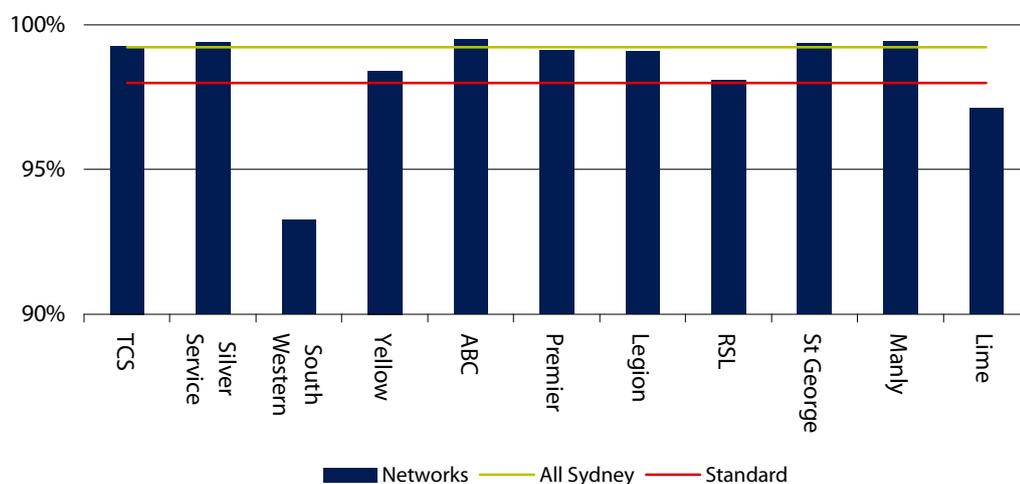
Figure 6.4 and Figure 6.5 show the performance of all Sydney networks individually against the standards for pick-up times, and compare the individual networks performance to the performance for all networks in aggregate.

**Figure 6.4 Performance against standard for pick-up within fifteen minutes, all Sydney networks, 2010/11**



Data source: DoT.

**Figure 6.5 Performance against standard for pick-up within thirty minutes, all Sydney networks, 2010/11**



Data source: DoT.

Table 6.2 below provides a comparison of the number of bookings requested compared to the number of jobs accepted by taxi drivers. It shows that the percentage of total bookings accepted by drivers improved during the past 12 months after 4 years of steady decline.

**Table 6.2 Proportion of bookings accepted by drivers, all Sydney networks, 2006-2011**

Year	Number of bookings/jobs requested (000)	Number of jobs offered to a driver who is not available to complete it (000)	Average number of times each job is offered to driver who is not available to complete it	Total number of bookings/jobs accepted by drivers (000)	Percentage of bookings/jobs accepted by drivers
2005-06	12,893	30,290	2.3	10,596	82.2%
2006-07	13,259	33,291	2.5	10,711	80.8%
2007-08	13,331	35,595	2.7	10,701	80.3%
2008-09	12,736	34,574	2.7	10,115	79.4%
2009-10	12,545	31,536	2.5	9,550	76.1%
2010-11	12,004	31,616	2.6	9,630	80.2%

**Note:** When a job is offered to a driver who is not available to complete it, it is called a 'rejection'.

**Source:** DoT.

### 6.2.3 Other network KPIs affecting passengers' taxi experience for booked trips

Table 6.3 summarises the networks' performance against other KPIs that we consider important because they directly affect passenger experience. Performance against these KPIs is likely to affect whether passengers are picked up by booked taxis on time, or need to ring back to inquire about their booking or obtain a taxi via a street hire.

There was a small decrease in the total number of bookings requested and a smaller decrease in total pickups made, resulting in an improvement in the total pickups as a proportion of bookings made.

**Table 6.3 Changes in performance measures between review periods, Sydney networks, 2009-2011**

Measure	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
Number of bookings requested (000)	12,736	12,545	12,004	-5.7	-4.3
Total pickups (000)	8,752	8,188	8,139	-7.0	-0.6
Total pickups as a proportion of bookings required (%)	69	65	68	-1.7	4.3
Number of No Cars Available (000)	199.4	178.2	189.5	-5.0	6.3
Number of ring backs (000)	574.1	437.2	501.6	-12.6	14.7

**Note:** Figures are for the year ending 31 March.

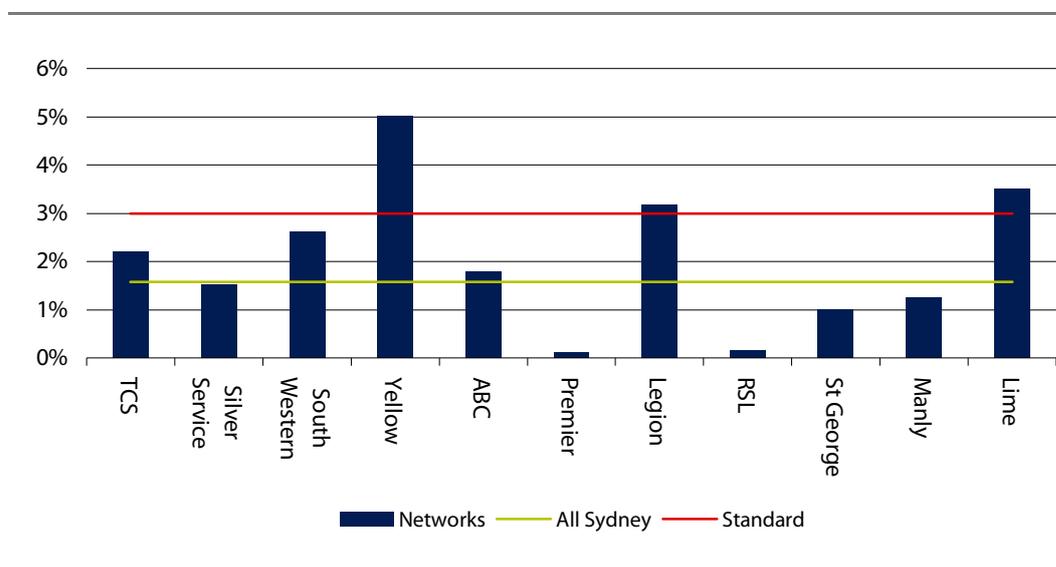
Change is calculated according to the raw values, not the rounded values presented in the table.

**Source:** DoT data.

#### Instances where no car was available to fulfil a booked job

Instances where no car was available rose slightly over the past year. This is somewhat surprising, given that more taxi licences have been released, bookings requested have dropped, and the figures for KPI 13.1 and 13.2 (number of taxis signed on with networks at 9am and 9pm) show an increase in the monthly average number of cars on the road between the year to March 2010 and the year to March 2011. One possible explanation is that taxi drivers may be busier with hirings made from a rank, hail or private booking (made direct with the drivers).

There is some variation in the performance of individual networks, with 3 networks (Yellow, Lime and Legion) failing to meet the standard. Figure 6.6 shows all Sydney networks' performance against the standard for no car available (ie, that instances where no cab is available when a booking was required should be no more than 3% of bookings requested).

**Figure 6.6 Performance against 'no car available' standard, all Sydney networks, 2010/11**

Data source: DoT.

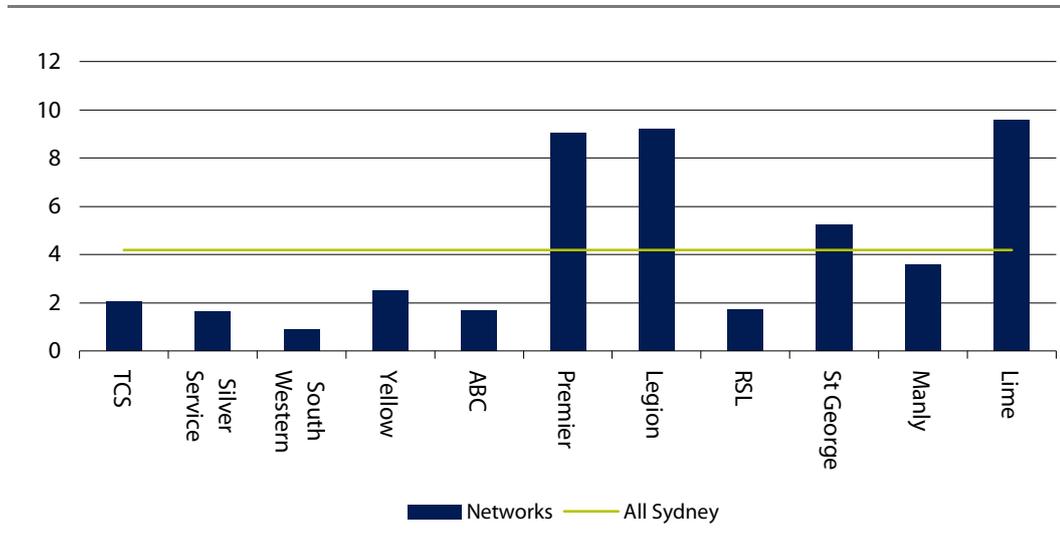
#### Instances where passengers rang the network back to ask about their booking

The number of 'ring backs' performance indicator measures the number of times passengers called the network back to inquire about a taxi booking request. Although the Department of Transport does not have a published standard for this KPI, we consider it an important indicator of customer service performance. In our view, the main reason a passenger would call back the network after making an initial booking is if the taxi has not arrived at the time expected by the passenger. However, there may be other reasons for this.

There was an increase in ring backs this year, again an interesting result given that there are more cars on the road, fewer bookings requested and a higher proportion of total pickups as a percentage of bookings requested. As noted above, a possible explanation is that drivers were busier with hirings other than network bookings.

Figure 6.7 shows the number of ring backs per 100 bookings by Sydney network. It indicates that there is a large variation in networks' performance against this KPI. As a proportion of bookings required, the number of ring backs varies from 1 to 9 ring backs for every 100 bookings, and the average number of ring backs for all Sydney networks is 4.2.

**Figure 6.7 Number of ring backs per 100 bookings required, all Sydney networks, 2010/11**



**Note:** Multiple ring backs are counted individually in the measurement of this KPI.

**Data source:** DoT.

### 6.3 Service performance for wheelchair accessible taxis in Sydney

The Department of Transport collects data on wheelchair accessible taxi services (WATs) in Sydney. The KPIs for WATs and the standards for performance against these KPIs are largely the same as for other Sydney networks. However, this information is maintained separately to other networks.

We have used information from the Zero200 booking service for our analysis of WATs service performance, which is the same approach as in previous years. The Zero200 service is the booking service used by all WATs in Sydney. WATs based on the Lime network may also accept WAT bookings directly.

Full KPI information reported for wheelchair accessible taxis by the Zero200 booking service is provided in Appendix E.

Table 6.4 and Table 6.5 summarise Zero200 performance against the standards for phone call answering times and pick-up times for WATs over the past 5 years. These tables indicate that performance on these KPIs is similar to that of last year.

**Table 6.4 WATs performance against standards for phone call answering times 2007-2011**

	Calls answered within one minute (%)	Calls answered within two minutes (%)
2007	88.1	95.1
2008	91.3	97.0
2009	94.2	97.8
2010	93.3	97.4
2011	93.5	97.4
DoT standard	85.0	98.0

**Note:** Information is for WATs bookings through the Zero200 booking service only. Figures are for the year ending 31 March.

**Source:** DoT data.

**Table 6.5 Zero200 booking service's performance against standards for pick-up times for WATs, 2007-2011**

	Pick up in less than 15 minutes (%)	Pick up in less than 30 minutes (%)	Pick up in less than 60 minutes (%)
2007	70.9	91.3	99.1
2008	77.9	95.2	99.5
2009	78.3	96.1	99.7
2010	82.9	96.8	99.8
2011	79.6	96.7	99.7
DoT standard	85.0	98.0	99.0

**Note:** Information is for WATs bookings through the Zero200 booking service only. Figures are for the year ending 31 March.

**Source:** DoT data.

The 'pick up in less than 15 minutes' performance has declined from last year's high point. However, the Taxi Council submits that this may be because increased passenger confidence in WAT service reliability has led to a higher proportion of WAT bookings being made for immediate pick-up rather than booked in advance.<sup>36</sup>

Table 6.6 provides information on other KPIs that are relevant to WAT passengers' experience.

<sup>36</sup> Taxi Council submission, 15 April 2011, p 3.

**Table 6.6 Changes in performance measures between review periods for booked jobs on the Zero200 booking service, 2009-2011**

	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
Number of bookings requested (000)	118.7	131.1	126.9	6.9	-3.2
Total pickups (000)	103.1	114.8	112.0	8.6	-2.4
Total pickups as a proportion of bookings required (%)	86.8	87.6	88.3	1.7	0.8
Number of ring backs	1,114	1457	470	-57.8	-67.7
Number of taxis operating on the network	479	529	583	21.7	10.2

**Note:** Average monthly result for the year ending 31 March. Data on number of taxis is based on the number of WAT licences on issue as at 1 April 2011 and not monthly reported data for Zero200 service. Calculations are made according to the raw values, not the rounded values presented in the table.

**Source:** DoT data.

#### Instances where passengers rang the network back to ask about their booking

The 'number of ring backs' performance indicator measures the number of times passengers called the network back to inquire about a taxi booking request. There was a dramatic decrease in ring backs for WAT bookings this year, perhaps supporting Taxi Council's view that passenger confidence in WAT service reliability has improved and a higher percentage of WAT bookings are being made for immediate pick-up rather than in advance.

## 6.4 Customer feedback – complaints and compliments

Complaints and compliments data from the Customer Feedback Management System (CFMS), which is administered by the Department of Transport, is obtained through direct feedback from passengers. It is an important indicator of passengers' satisfaction with taxi services. However, only a small number of passengers are likely to be motivated to make a formal complaint or compliment to the CFMS and as a result it does not provide a full picture of service outcomes. For this reason, we reiterate our recommendation that the Department of Transport should undertake regular random passenger satisfaction surveys to obtain more robust statistical data.

### 6.4.1 Customer feedback data

For the year to March 2011, CFMS data showed an overall increase in the number of complaints compared with the same period of 2010. In total, 9,218 complaints were recorded in 2011 compared with 6,092 in 2010, an increase of 51.3%.

Compliments fell for the same period, from 1,024 to 574. Although this is a large decrease in compliments from last year's figure, it is from a small base and represents a return to typical historical levels (eg, there were 520 compliments in 2008/09) from a spike in performance last year.

Complaints, on the other hand, have increased both compared to last year and compared to historical averages. While caution is required in interpreting these figures for the reasons outlined above, they do seem to represent a significant decrease in customer satisfaction with taxi services. We suggest that the Department monitor the monthly complaints data closely and consider further compliance action to improve taxi services if complaints continue at current levels.

Table 6.7 and Table 6.8 provide a summary of the changes in complaints and compliments received over the past 3 years.

**Table 6.7 Summary of complaints and compliments compared to the previous year for urban taxis, 2009-2011**

	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
<b>Complaints</b>	6,659	6,092	9,218	38.4	51.3
Driver - Total	4,672	4,255	6,351	39.8	53.5
Driver -Serious	123	94	117	-4.9	24.5
Driver -Other	4,549	4,161	6,414	41.0	54.1
Fares	1,165	1,234	1,690	45.1	37.0
Network	637	395	761	19.5	92.7
Taxi	185	208	236	26.7	13.5
<b>Compliments</b>	520	1,024	574	10.4	-43.9

**Note:** Figures are for the year ending 31 March. Fares complaints are driver complaints concerning fares charged. Network complaints concern radio bookings and pickups, taxi complaints concern the state of the vehicle. Serious complaints consist of assault, driving under the influence of drugs and alcohol, improper use of an authority card, operate or drive without authority, refusal of a guide dog, sexual harassment and TTSS fraud.

**Source:** DoT.

**Table 6.8 Change in the most common complaints compared with the previous year for urban taxis, 2009-2011**

	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
Demanding more/other than prescribed fare	1,001	1,037	1,437	43.6	36.8
Driving in an unsafe manner	788	697	1,309	66.1	87.8
Rude to customer – incivility or impropriety	642	540	774	20.6	43.3
Refusal of a fare/hire when “for hire”	562	632	1,018	81.1	61.1
Failure to provide reasonable assistance to customer	494	417	462	-6.5	10.8

**Note:** Figures are for the year ending 31 March.

**Source:** DoT

## 7 Gathering data for next year's review

Around every 5 years, we review the composition of the TCIs to ensure the weightings and cost items are still relevant and can accommodate changes that may have occurred in the industry.

The costs and weightings in the current TCIs were established after a survey of industry costs and practices<sup>37</sup> and a significant degree of public consultation with stakeholders with different interests and points of view. However, stakeholders have criticised some aspects of the data collected<sup>38</sup> and we are keen to ensure that the data we obtain to support next year's review is accurate, verifiable, representative and accepted by stakeholders.

This chapter explains the approach we are taking to gather data to support next year's review.

### 7.1 Our proposed methodology

As well as conducting a survey of drivers and operators, we will be seeking other sources of data. For example, we have been discussing with the NSW Taxi Council and taxi networks the potential to use data captured by taxi dispatch systems to obtain taxi utilisation information.

Stakeholders, including the Taxi Council and the Australian Taxi Drivers' Association, have also suggested that taxi meters are a potential primary source of information about the activity of individual taxis.<sup>39</sup>

We will carefully consider ways of sampling these data sources and consider any limitations on the accuracy and interpretation of the data in preparation for next year's review.

We intend to commence the 2012 review by releasing an issues paper for comment, accompanied by a consultant's report on the data that has been gathered, at the end of 2011.

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<sup>37</sup> The survey was conducted by PricewaterhouseCoopers during 2007 on behalf of the then Ministry of Transport. A paper survey was sent to all taxi drivers and operators in NSW.

<sup>38</sup> For example, see the NSW Taxi Drivers Association's "protest submission" to this year's fare review, 15 April 2011, as well as the ATDA submission, 4 May 2011.

<sup>39</sup> Taxi Council submission 2011, p 4; personal communication from the ATDA.

## 7.2 Information about lease values

While public information is now available about the value of leases for new licences, we are still unable to obtain data about the price of leases on licences issued prior to 2010. Last year we recommended that changes should be made to allow the Department of Transport to collect information on licence lease values in addition to transfer values.

The *Passenger Transport Regulation 2007* currently requires the holder of a taxi licence to notify the Department of Transport when the licence is leased to another person, and provide information about the lessee and the lease date, but not the lease price.

The Department of Transport has advised IPART that it commenced voluntary collection of lease values in April 2009, at the time a new lessee is recorded for the lease. There are approximately 250 such lease changes recorded by the Department each year, of which industry has reported values for around 12% of lease changes. The Department advised that, given the low rates of voluntary reporting and the importance of such data, consideration is being given to ways in which the collection of this data can be improved.

As we did last year, we recommend that clause 184 of the *Passenger Transport Regulation 2007* should be amended to require the industry to report licence type and geographic area, licence lease term, total value of lease and lease price per month, when a new operator takes over a lease.

### Recommendation

- 5 Clause 184 of the *Passenger Transport Regulation 2007* should be amended to require the industry to report licence type and geographic area, licence lease term, total value of lease and lease price per month, when a new operator takes over a lease.

## 7.3 Other issues for next year's review

As well as examining the components and weightings in the TCIs, a major review will allow us to look at the relativity of fare components, and to review the assumptions we use when we cross-check estimated fare revenue against estimated costs of providing taxi services.





## **Appendices**



## A Terms of Reference

### INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992 TAXI INDUSTRY FARE REVIEW

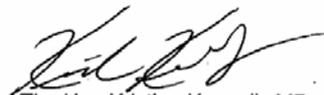
I, Kristina Keneally, Premier, pursuant to Section 9(2) of the *Independent Pricing and Regulatory Tribunal Act 1992*, approve the Independent Pricing and Regulatory Tribunal entering into an arrangement with Transport NSW from 04/08/10 to 04/08/11 to provide services to Transport NSW that are within its area of expertise. The services to be provided by the Tribunal are the conduct of an investigation into, and the preparation of a report concerning, fares for taxi services under the *Passenger Transport Act 1990*.

In providing these services, the Tribunal should consider:

- i) the cost of providing the services concerned;
- ii) the protection of consumers from abuses of monopoly power in terms of prices, pricing policies, and standards of service;
- iii) the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers;
- iv) the impact of pricing policies on borrowing and capital requirements and, in particular, the impact of any need to renew or increase relevant assets;
- v) the need to maintain ecologically sustainable development;
- vi) the social impact of the recommendations;
- vii) standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise and any suggested or actual changes to those standards as notified to the Tribunal by the Minister for Transport); and
- viii) the effect of any pricing recommendation on the level of Government funding.

The services to be provided by the Tribunal will include a public consultation process through which the Tribunal will invite submissions from the NSW Taxi Council, taxi industry participants, and other stakeholder groups including the general community.

The services are to be provided through the provision of a final report to Transport NSW by 15 June, 2011.

  
The Hon Kristina Keneally MP  
Premier

Dated at Sydney..... 2 SEP 2010 .....2010

## B List of submissions received

**Table B.1 List of submissions received (due 15 April 2011)**

<b>Submitter</b>	<b>Date received</b>
Australian Taxi Drivers' Association	4 May 2011
Council of Social Services of NSW (NCOSS)	18 April 2011
Individual (G Coates)	15 April 2011
Individual (P Fletcher)	15 April 2011
Individual (E Mollenhauer)	15 April 2011
NSW Taxi Council	15 April 2011
NSW Taxi Drivers' Association	15 April 2011
Northern Rivers Social Development Council	14 April 2011

## C Calculating the change in costs using the TCIs

This Appendix describes in detail how the Taxi Cost Indices (TCIs) are calculated.

### C.1 How the Taxi Cost Indices work

The TCIs incorporate the major cost items involved in providing taxi services in NSW to measure, in percentage terms, how much the overall cost of providing the service has changed in the 12 months since our last review to enable us to determine an appropriate fare change. These major cost items include:

- ▼ labour costs (of drivers and operators)
- ▼ fuel costs
- ▼ network fees
- ▼ licence plate lease costs
- ▼ vehicle costs (including maintenance, insurance, vehicle lease costs)
- ▼ other costs.

#### Weightings

Each item is weighted according to the proportion of the overall cost of providing the service it represents. In this way the TCIs build up the cost structure of running a standard taxi. There are separate TCIs for urban and country areas. Each TCI includes the same cost items but the cost items are weighted differently to reflect the different cost structure of urban and country taxis. Table C.1 shows the weightings and inflators that were established at the end of the 2010 review to be used in the 2011 review.

Initially the weightings were established by surveying the industry and working out a representative set of costs. This survey was conducted in 2007 as part of the 2008 review of taxi fares. The survey is to be conducted every 5 years or so. In between, the weightings are adjusted each year to account for the change in relative costs between the cost items - costs that increased by more than the average this year will have a higher weighting next year and costs that increased by less than the average, or fell, this year will have a lower weighting next year. Adjusting the weightings in this way ensures that the index continues to reflect the costs faced by drivers and operators from year to year.

**Table C.1 Current weightings for cost items (% of total costs)**

<b>Cost item</b>	<b>Urban TCI</b>	<b>Country TCI</b>
<b>Driver costs</b>		
Notional drivers' wages	39.1	42.2
Notional self-funded entitlements	1.4	6.3
Driver superannuation	4.0	4.4
LPG fuel	6.6	-
Other drivers' costs	2.4	1.6
Total drivers' costs	53.5	54.6
<b>Operator costs</b>		
Operators' salary equivalent	6.8	7.4
Driver entitlements in the Contract Determination	4.4	-
LPG Fuel	-	6.1
Maintenance costs	4.8	4.1
Plate lease costs	13.9	11.7
Insurance	8.2	5.0
Vehicle lease payments	2.3	2.4
Network fees	3.1	4.7
Other operators' costs	3.0	4.1
Total operators' costs	46.5	45.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

### Inflators

We estimate the change in each cost item using a cost 'inflator', which is expressed as a percentage change. Each cost item has its own inflator, which aims to track the movement in this particular cost item over time. Wherever possible, we select inflators that are based on independent and verifiable data that is publicly available and that provide a reasonable estimate of cost changes for operators and drivers.

**Table C.2 Inflaters used to estimate annual changes in cost**

<b>Cost item</b>	<b>Inflator</b>
Notional drivers' wages	WPI (productivity adjusted)
Notional drivers' self-funded entitlements	WPI (productivity adjusted)
Drivers' superannuation	WPI (productivity adjusted)
LPG fuel	FUELtrac LPG data (annual monthly average)
Other drivers' costs	CPI - Sydney
Operators' salary equivalent	WPI (productivity adjusted)
Driver entitlements in the Contract Determination <sup>a</sup>	IRC determination cost
Maintenance costs	CPI - Motor vehicle repair and servicing
Plate lease costs	Quotes provided by NSW Taxi Council
Insurance	CPI - Insurance services
Vehicle lease payments	CPI - Motor vehicles
Network fees	CPI - Sydney
Other operators' costs	CPI - Sydney

<sup>a</sup> Applies to the urban TCI only.

### Calculating the change in costs

At the start of each review, we establish the relative weighting for each cost item in the cost index, and the value of its inflator. We then multiply the weighting by the inflator value for each cost item individually, to calculate the change in overall costs that cost item represents (ie, the contribution of any increase or decrease in the cost item since the last review to the overall change in the cost of providing the service). The sum of all these provides the increase in overall costs faced by the industry. This is the total change in the cost index.

## C.2 Labour cost items

We have inflated the labour cost items by the movement in the Wage Price Index (WPI) as measured by the average index value for 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010. We calculated the value of WPI to be 3.5%. An adjustment is then made to share the benefits of potential productivity gains with passengers. This year we decided on no productivity adjustment for driver labour costs and 0.3% for operator labour costs. The reasoning behind this decision was provided in section 3.3. This results in a final inflator value of:

- ▼ 3.5% for driver labour costs
- ▼ 3.2% for operator labour costs.

Table C.3 summarises the calculation of this inflator.

**Table C.3 Calculation of productivity adjusted WPI for the 2011 review of taxi fares**

	<b>Driver</b>	<b>Operator</b>
Average WPI to March 2010	102.5	102.5
Average WPI to March 2011	106.1	106.1
Change in WPI	3.5%	3.5%
Productivity adjustment	0.0%	0.3%
WPI-X <sup>a</sup>	3.5%	3.2%

<sup>a</sup> WPI-X is calculated using the following formula:  $(1 + \text{Change in WPI}) / (1 + \text{Productivity adjustment}) - 1$ .

The labour cost items in the country TCI include:

- ▼ three driver costs (notional drivers' wages, notional drivers' self-funded entitlements, and drivers' superannuation)
- ▼ one operator cost (operators' salary equivalent, which includes provision for operators' entitlements and superannuation).

The labour cost items in the urban TCI include the same as the above, as well as an additional operator cost: driver entitlements in the contract determination. This is because in urban areas, taxi operators are legally obliged under an Industrial Relations Commission contract determination to provide permanent full-time drivers with paid annual and sick leave.<sup>40</sup> Casual or part-time drivers in urban areas and all drivers in country areas must self-fund their entitlements. Box C.1 summarises how urban driver entitlements were allocated in this review.

<sup>40</sup> The rationale behind this division of costs between driver and operator is covered in detail in our 2009 Review of taxi fares in NSW, p 17.

### Box C.1 Calculation of the driver entitlements cost item – differentiating between driver and operator costs

As was the case last year, we have inflated the value of driver entitlements by WPI adjusted for potential productivity gains as is the case with other labour costs. Entitlements are included for all drivers as a loading on notional wages. We split them between operator costs (driver entitlements under the contract determination) and driver costs (notional self-funded driver entitlements).

To split the driver entitlements cost item between operators and drivers, the following steps are taken:

- ▼ the total value of driver entitlements for 2010 is inflated by WPI-X to obtain total driver entitlements for 2011
- ▼ the value of the entitlements as determined in the contract determination for 2010/11 (set by the NSW Industrial Relations Commission) is subtracted from the total value of entitlements and allocated to operators (the operator cost)
- ▼ the remainder is the notional self-funded driver entitlements cost item (the driver cost).

Table C.4 summarises the outcomes of this calculation. This year, the operator allowance for entitlements increased by more than the driver allowance (the total value of entitlements still increased by the productivity adjusted WPI). The relative split in the cost between drivers and operators does not affect the fare outcome, it has been added to assist the IRC in its decision making process and to be reflective of previous IRC decisions.

**Table C.4 Calculation of driver entitlements for the 2011 review of taxi fares**

	Notional self-funded entitlements	Entitlements under the contract determination for 2011
2010 value	\$3,243	\$9,929
2011 value	\$3,378	\$10,257
Change (%)	4.2	3.3

### C.3 LPG fuel

In line with past practice, we have inflated the LPG fuel cost item using FUELtrac data on the price of LPG fuel. We used the latest available data on the average fuel price for the 12 months from May 2010 to April 2011, compared with the daily average fuel price for the 12 months from May 2009 to April 2010. Using this data gave a value for the inflator of:

- ▼ 7.7% increase in fuel costs for urban areas
- ▼ 9.5% increase in fuel costs for country areas.

The value of the inflator for urban areas reflects the average monthly weighted price data from Sydney, Wollongong and Newcastle. This is consistent with our approach last year.

The value of the inflator for country areas reflects the average monthly weighted price data from all towns in the country fare zone except for 5 towns where FUELtrac advised that the data is collected sporadically or is not checked and 2 towns with only one taxi.<sup>41</sup> Table C.5 below summarises the calculation of the LPG fuel inflator.

**Table C.5 Calculation of LPG fuel costs for the 2011 review of taxi fares**

	Urban	Country
2010 fuel cost	53.3	61.5
2011 fuel cost	57.4	67.3
<b>Change (%)</b>	<b>7.7</b>	<b>9.5</b>

**Note:** Fuel costs are ex GST.

**Source:** FUELtrac data.

#### C.4 Network fees

We inflated the network fee cost item by the change in the Sydney CPI (as measured by the average index value for the 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010). The value of this inflator is 2.8%. Table C.6 below summarises the calculation of the network fees inflator.

**Table C.6 Calculation of network fees for the 2011 review of taxi fares**

CPI (Sydney) – average to March 2010	168.5
CPI (Sydney) – average to March 2011	173.2
<b>Change (%)</b>	<b>2.8</b>

**Source:** ABS.

#### C.5 Licence plate lease costs

A NSW taxi-cab licence entitles the holder to operate a taxi in line with any specific conditions placed on that licence.<sup>42</sup> We have inflated the cost of leasing a taxi plate licence with data provided by the NSW Taxi Council on the cost of leasing taxi licences from a sample of taxi networks. The increase in lease costs for the past year was 4.4%.

As noted in Chapter 2 and in the information paper we released in March, we intend to consider this inflator in next year's review as more information will be available and all stakeholders will have the opportunity to comment on any potential changes to the inflator.

<sup>41</sup> Hay, Yass, Cowra, Coonabarabran, Glen Innes, Inverell and Narrabri have been excluded.

<sup>42</sup> In addition to holding a taxi-cab licence, an operator of a taxi service must hold accreditation as a taxi operator and belong to a taxi network and any driver must be an authorised taxi driver.

## C.6 Maintenance costs

We have inflated the maintenance cost item by the change in the CPI – motor vehicle repair and servicing (as measured by the average index value for the 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010). The value of this inflator is 1.7%. Table C.7 below summarises the calculation of the maintenance costs inflator.

**Table C.7 Calculation of maintenance costs for the 2011 review of taxi fares**

CPI – Repairs and servicing – average to March 2010	158.2
CPI – Repairs and servicing – average to March 2011	161.0
<b>Change (%)</b>	<b>1.7</b>

Source: ABS.

## C.7 Insurance costs

We inflated the insurance cost item by the change in the CPI – insurance (as measured by the average index value for the 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010). The value of this inflator is 2.1%. Table C.8 below summarises the calculation of the insurance costs inflator.

**Table C.8 Calculation of insurance costs for the 2011 review of taxi fares**

CPI – Insurance services – average to March 2010	324.9
CPI – Insurance services – average to March 2011	331.7
<b>Change (%)</b>	<b>2.1</b>

Source: ABS.

## C.8 Vehicle lease payments

We inflated the vehicle lease payments cost item by the change in the CPI – motor vehicles (as measured by the average index value for the 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010). The value of this inflator is -2.0%. Table C.9 below summarises the calculation of the vehicle lease payments inflator.

**Table C.9 Calculation of vehicle lease payment costs for the 2011 review of taxi fares**

CPI – Motor vehicles – average to March 2010	97.7
CPI – Motor vehicles – average to March 2011	95.7
<b>Change (%)</b>	<b>-2.0</b>

Source: ABS.

## C.9 Other costs

We inflated other driver costs and other operator costs by the change in the Sydney CPI (as measured by the average index value for the 4 quarters to 31 March 2011 divided by the average index value for the 4 quarters to 31 March 2010). The value of this inflator is 2.8%. Table C.10 below summarises the calculation of the other cost inflator.

**Table C.10 Calculation of other costs for the 2011 review of taxi fares**

CPI (Sydney) – average to March 2010	168.5
CPI (Sydney) – average to March 2011	173.2
<b>Change (%)</b>	<b>2.8</b>

Source: ABS.

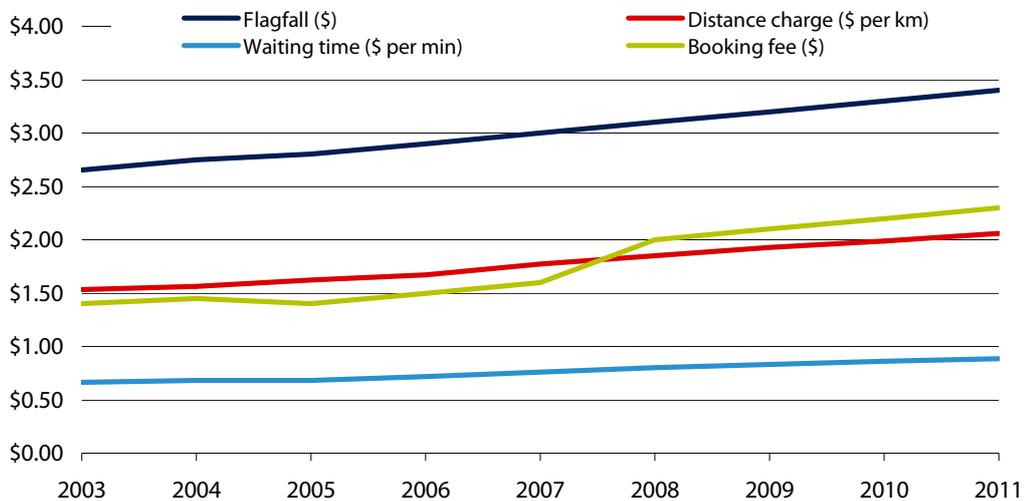
## D IPART's consideration of fare components

As part of this review, we have decided to maintain the current relativities between the individual fare components. This appendix provides more detail on the issues we considered when coming to this decision.

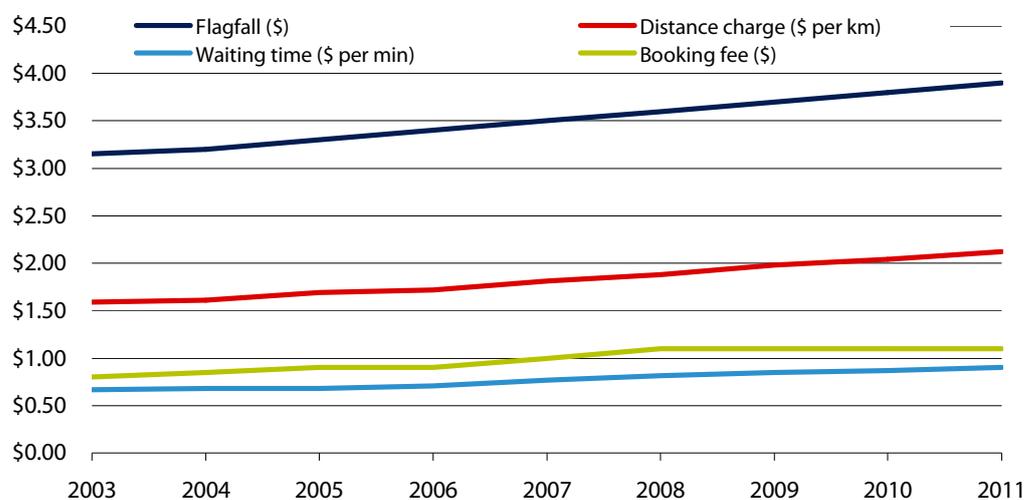
### D.1 How fare components have changed over time

In the past, we have largely maintained the current relativities between fares. One exception is that we increased the booking fee for urban taxis relative to the other charges in 2008. Figure D.1 and Figure D.2 depict the change in each fare component over the past 8 years.

**Figure D.1 Changes in fare components since 2003 – Urban taxis**



Data source: IPART reports.

**Figure D.2 Changes in fare components since 2003 – Country taxis**

Data source: IPART reports.

## D.2 Relativities between fare components within the average fare

We considered the relativities between the flag fall, booking fee, waiting time and distance components of the fare. We also considered suggested changes to the late night surcharge. As these charges are all components of the average fare, any changes made to one component would require balancing changes to other components of the fare so that the increase in the average fare is equal to the outcomes of the TCI. For example, an increase in the flag fall would require a relative decrease in other components of the fare (such as the distance rate) to obtain the same average fare as would have resulted if no change to the flag fall had been made.

We intend to thoroughly review the relativity of fare components as part of next year's major review and will be seeking data this year to support our analysis.

### D.2.1 Flag fall

We have recommended the following flag falls from July 2011:

- ▼ \$3.40 in urban areas – up 10 cents from the current level of \$3.30
- ▼ \$3.90 in country areas – up 10 cents from the current level of \$3.80.

These increases are in line with the overall change in taxi fares and represent no change in the size of the flag fall relative to the other fare components.

Generally stakeholders support the relativity between the flag fall and other fare components. At this stage there is insufficient evidence to suggest that we need to significantly change relativities. However, there is increasing anecdotal evidence that drivers are reluctant to take short jobs.<sup>43</sup> We will consider this issue as part of our planned major review next year, once we have gathered data to support further analysis.

### D.2.2 Distance rate

We have recommended the following distance rate from July 2011:

- ▼ \$2.06 per kilometre in urban areas – up 7 cents per kilometre from the current rate of \$1.99
- ▼ \$2.12 per kilometre for the first 12km in country areas – up 8 cents per kilometre from the current rate of \$2.04
- ▼ \$2.94 per kilometre after the first 12km in country areas – up 11 cents per kilometre from the current rate of \$2.83.

These changes are in line with the overall change in taxi fares and represent no change in the size of the distance rate relative to the other fare components.

### D.2.3 Booking fee

We have recommended the following booking fee from July 2011:

- ▼ \$2.30 in urban areas – up 10 cents from the current \$2.20
- ▼ \$1.10 in country areas – no change from the current level.

These changes are broadly in line with the overall change in taxi fares and represent no change in the size of the booking fee relative to the other fare components.<sup>44</sup>

Generally stakeholders support the relativity between the booking fee and other fare components.

In 2008, we increased the booking fee by more than the other fare components in order to improve incentives for drivers to pick up pre-booked fares.<sup>45</sup> However, the final decision to raise the booking fee by 25% was based on balancing this with concerns regarding the impact on affordability for lower income and less mobile passengers.

<sup>43</sup> Including in the Taxi Council's submission, 15 April 2011, p 1. The Taxi Council has in previous years submitted that the relativities are appropriate.

<sup>44</sup> The booking fee for country taxis did not increase once it was rounded to the nearest 10 cents.

<sup>45</sup> IPART, *2008 Review of Taxi Fares in NSW - Final Report and Recommendations*, June 2008.

#### D.2.4 Waiting time rate

We have recommended the following waiting time rate be charged from July 2011:

- ▼ \$53.33 per hour in urban areas – up \$1.82 per hour from the current \$51.51
- ▼ \$54.29 per hour in country areas – up \$1.89 per hour from the current \$52.40.

These changes are in line with the overall change in taxi fares and represent no change in the size of the waiting time rate relative to the other fare components.

Generally stakeholders support the relativity between the waiting time charge and other fare components. However, an individual submission supported a significant increase to the waiting time charge (to \$120 per hour).<sup>46</sup> Another individual submission called for the waiting time rate to receive more of the overall increase in fares to help make travel in heavy traffic profitable.<sup>47</sup>

We have considered similar proposals in detail previously (in 2010, 2009 and 2008) and continue to be of the view that there is insufficient evidence to significantly increase the waiting time rate this year. However, we hope to be able to consider this issue thoroughly as part of our planned major review next year, once we have gathered data to support our analysis.

#### D.2.5 Extending the use of the late night surcharge

The late night surcharge applies to all trips taken between 10pm and 6am, 7 days a week. Two individual submissions requested that the hours of the surcharge in urban areas be extended to weekends and public holidays.<sup>48</sup>

We considered this issue in detail in our 2008 and 2010 reviews.<sup>49</sup> No new evidence was advanced this year in support of the proposal. Consequently, we are not recommending a change to the hours of operation of the surcharge.

Better information provision on times when taxis are in short supply would allow us to reconsider the extension of the late night surcharge in the future. In particular, we would be interested in information obtained from taxi networks concerning taxi demand by day and by time.

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<sup>46</sup> G Coates submission, 15 April 2011, p 1.

<sup>47</sup> P Fletcher submission, 15 April 2011, p 1.

<sup>48</sup> E Mollenhauer submission, 15 April 2011, p 4; G Coates submission, 15 April 2011, p 1. In country areas, tariff II also applies on Sundays and public holidays but does not apply on Saturdays between 6am and 10pm.

<sup>49</sup> IPART, *2008 Review of Taxi Fares in NSW - Final Report and Recommendations*, June 2008 and IPART, *2010 Review of Taxi Fares in NSW - Final Report and Recommendations*, June 2010.

### D.2.6 Price deregulation

An individual submission proposes the introduction of additional fees to reward drivers for picking up passengers at particular places (eg, entertainment precincts) at particular times (eg, early morning hours).<sup>50</sup> The submission also calls for deregulation of fares to allow “willing customers to be permitted to offer the price that having their needs met is worth to them.”<sup>51</sup>

Such a departure from the current system of fare regulation would require specific terms of reference from the Government, detailed analysis and broad consultation.

The ATDA also called for a general review of the taxi industry.<sup>52</sup> This is a matter for Government.

### D.2.7 Introducing a minimum call-out fee

An individual submission proposes the introduction of a minimum “call-out” fee of \$20 to more adequately compensate drivers for their journey to and from a hiring.<sup>53</sup> The submission argues that other service providers who make “house calls” are able to charge a call-out fee much higher than the minimum compensation available to a taxi driver for a hiring.

We have decided not to recommend a minimum call-out fee because:

- ▼ Such a fee would not be cost-reflective.
- ▼ The fixed flag fall charge is intended to compensate the driver for the cost of taking a hiring.
- ▼ We have no information about the impact of such a change in pricing structure on the supply of and demand for taxis.

## D.3 Changes to fare components outside the average fare

### D.3.1 A surcharge for the supply of a baby capsule

An individual submission suggested a \$5 surcharge be levied on passengers for every supply of a baby capsule.<sup>54</sup> This has also been requested in the past by the NSW TDA (2010) and the Taxi Council (2008). We did not agree to those requests and no new information has been provided this year in support of the request. Having considered the issues raised, we have decided that an additional charge for the use of baby capsules should not be introduced.

<sup>50</sup> E Mollenhauer submission, 15 April 2011, p 5.

<sup>51</sup> E Mollenhauer submission, 15 April 2011, p 11.

<sup>52</sup> ATDA submission, 4 May 2011, p 4.

<sup>53</sup> E Mollenhauer submission, 15 April 2011, p 5.

<sup>54</sup> E Mollenhauer submission, 15 April 2011, p 6.

### **D.3.2 Additional compensation for TTSS hirings**

An individual submission<sup>55</sup> argued that taxi drivers need additional compensation for TTSS jobs because of the additional time taken to load and unload wheelchair passengers, as well as the administrative costs incurred by taxi drivers to redeem TTSS dockets. The submission suggested that a \$5 surcharge be added to all TTSS hirings (to be paid by the Government, not the passenger) and that the existing WAT incentive payment be pegged to the equivalent of 12 minutes waiting time. These matters are outside IPART's terms of reference, but could be considered by the Government as part of a wider review of the TTSS cap.

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<sup>55</sup> E Mollenhauer submission, 15 April 2011, p 7.

## E Service quality changes

This appendix defines each key performance indicator for Sydney taxi networks as discussed in section 6.2. It also provides full KPI information for standard taxis and WATs in the Sydney area. All of the data below is for the year ending 31 March.

**Table E.1 Explanation of key performance indicators**

<b>KPI</b>	<b>Measures</b>
KPI 1: Number of booking requests	Total number of all bookings received from passengers and inloads
KPI 2: Number of rejections	The total number of rejects for bookings received by the network
KPI 3: Number of jobs accepted by taxi drivers	Total number of jobs accepted by drivers
KPI 4: Average acceptance time (min)	Time period between when the booking is made available to when a taxi driver accepts the booking
KPI 4.1: Average acceptance time for bookings not involving off-loads	Average acceptance time for bookings not involving off-loads
KPI 4.2: Average acceptance time for an internal off-load	Average acceptance time for an internal off-load
KPI 5: Number of M3s (No shows)	The number of booking requests in the month where the customer is not at the booking address when the taxi arrives
KPI 6: Taxi pick up time	The pick up time is the time from when the booking is required by the customer to the time the taxi turns its meter "on"
KPI 6.1: Pick up within 15 mins of booking being made	Percentage of total recorded "meter on" events where the pick up time was less than or equal to 15 minutes
KPI 6.2: Pick up within 30 mins of booking being made	Percentage of total recorded "meter on" events where the pick up time was less than or equal to 30 minutes
KPI 6.3: Pick up within 60 mins of booking being made	Percentage of total recorded "meter on" events where the pick up time was less than or equal to 60 minutes
KPI 6.4: Total taxi pick ups	Total taxi pick ups
KPI 6.5: Average pick up time	The average of the pick up times in the month reported

<b>KPI</b>	<b>Measures</b>
KPI 6.5.1: The average pick up time when no off-load	The average of the pick up times in the month reported
KPI 6.5.2: The average of the pick up times in the month when the booking fleet is offered to a fleet within the bureau	The average of the pick up times in the month when the booking fleet is offered to a fleet within the bureau
KPI 7: Number of ringbacks	The number of ring backs made by the customer inquiring about a taxi booking request
KPI 8: Number of taxis operating on the network	Total number of taxis authorised to operate on the network as at the last day of the calendar month
KPI 9: Telephone answering	The time elapsed between: a) The time the PABX registers a call on a line b) The time the PABX answers the call
KPI 9.1: Number of phone calls received including abandoned calls	All telephone calls received in a month including abandoned calls
KPI 9.2: Number of phone call answered within one minute (excluding abandoned calls)	Number of phone call answered within one minute
KPI 9.3: Number of phone call answered within 2 minutes (excluding abandoned calls)	Number of phone call answered within 2 minutes
KPI 9.4: Total average answering time	The average answering time of all calls answered
KPI 9.5: Abandoned telephone calls	Abandoned telephone calls
KPI 10: Average number of radio jobs completed per month per car	Average number of radio jobs completed per month per car
KPI 11.1: Number of bookings offloaded per month	Number of bookings offloaded per month (both internal and external)
KPI 11.2: Number of bookings offloaded and returned as unable to be met per month	Number of bookings offloaded and returned as unable to be met per month
KPI 11.3: Number of bookings successfully offloaded per month	Number of bookings successfully offloaded per month
KPI 12: Number of No Cars Available (NCAs)	Total number of NCAs
KPI 13.1: Number of taxis signed on at 9 am	Number of taxis signed on at 9 am averaged over the month
KPI 13.2: Number of taxis signed on at 9 pm	Number of taxis signed on at 9 pm averaged over the month

**Table E.2 Key performance indicators for Sydney standard taxis, 2009-2011**

	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
KPI 1: Booking requests (000)	12,736	12,545	12,004	-5.7	-4.3
KPI 2: Rejections (000)	34,574	31,536	31,617	-8.6	0.3
KPI 3: Jobs accepted by drivers (000)	10,115	9,550	9,631	-4.8	0.9
KPI 4.1: Average acceptance time for bookings not involving off-loads (min)	2.8	1.8	1.85	-34.0	5.2
KPI 4.2: Average acceptance time for an internal off-load (min)	2.7	2.3	3.1	18.0	36.4
KPI 5: M3s (passenger no shows) (000)	1,093.1	1,027.5	1,054.8	-3.5	2.7
KPI 6.1: Pick up within 15 mins of booking being made (000)	8,131.4	7,720.3	7,595.4	-6.6	-1.6
KPI 6.2: Pick up between 15 and 30 mins of booking being made (000)	552.2	412.4	481.0	-12.9	16.6
KPI 6.3: Pick up between 30 and 60 mins of booking being made (000)	67.8	53.0	58.8	-13.2	10.9
KPI 6.4: Total taxi pick ups (000)	8,752	8,188	8,139	-7	-0.6
KPI 6.5.1: Average pick up time when no off-load (min)	7.7	6.5	6.5	-15.3	1.3
KPI 6.5.2: Average of the pick up times in the month when the booking fleet is offered to a fleet within the bureau (min)	6.8	4.8	5.8	-14.8	20.3
KPI 7: Ringbacks (000)	574.1	437.2	501.7	-12.6	14.8
KPI 8: Number of taxis operating on network	5,165	5,227	5,431	5.2	3.9
KPI 9.1: Phone calls received including abandoned calls (000)	12,028.5	11,231.9	10,870.8	-9.6	-3.2
KPI 9.2: Calls answered within 1minute (000)	11,612.8	10,944.3	10,564.1	-9	-3.5
KPI 9.3: Calls answered between 1 and 2 minutes (000)	153.9	36.0	32.1	-79	-10.9
KPI 9.4: Total average answering time (sec)	9.1	8.3	9.8	7.4	18.3
KPI 9.5: Abandoned telephone calls (000)	201.0	210.6	230.1	-3.5	9.3
KPI 10: Average number of radio jobs completed per month per car	148.3	149.7	140.4	-5.3	-6.2
KPI 11.1: Bookings offloaded per month (000)	2,012.7	2,699.1	2,293.0	13.9	-15.0
KPI 11.2: Bookings offloaded and returned as unable to be met per month (000)	158.3	201.4	204.0	28.9	1.3
KPI 11.3: Bookings successfully offloaded per month (000)	1,855.3	2,496.0	2,074.5	11.8	-16.9
KPI 12: Number of No Cars Available (000)	199.4	178.2	189.6	-4.9	6.4
KPI 13.1: Number of taxis signed on at 9 am	3,422.3	3,563.8	3,698.3	8.1	3.8
KPI 13.2: Number of taxis signed on at 9 pm	3,604.2	3,721.5	3,886.1	7.8	4.4

**Note:** KPI 4.1, 4.2, 6.5.1, 6.5.2, 8, 9.4, 10, 13.1 and 13.2 show the mean of the monthly average results. KPI 9.5 is not a full year of data for 2009. The year on year comparison has accounted for this by only considering data for the time periods in each year for which data is available.

Change is calculated according to the raw values, not the rounded values presented in the table. **Source:** DoT.

**Table E.3 Key performance indicators for Zero200 taxis, 2009-11**

	2009	2010	2011	Change (%)	
				Since 2009	Since 2010
KPI 1: Number of bookings requested (000)	118.7	131.1	127.0	7.0	-3.2
KPI 2: Number of rejections (000)	62.9	66.2	83.7	32.9	26.3
KPI 3: Number of jobs accepted by taxi drivers (000)	104.0	115.3	112.4	8.1	-2.5
KPI 4: Average acceptance time (minutes)	3.6	3.3	3.5	-4.4	6.3
KPI 5: Total number of M3's (passenger no shows)	820	725	844	2.9	16.4
KPI 6.1: Pick up within 15 mins of booking being made (000)	80.7	95.3	89.3	10.6	-6.3
KPI 6.2: Pick up between 15 and 30 mins of booking being made (000)	18.3	15.9	19.1	4.2	20.1
KPI 6.3: Pick up between 30 and 60 mins of booking being made (000)	3.7	3.4	3.4	-8.8	-1.5
KPI 6.4: Total taxi pick ups (000)	103.1	114.8	112.1	16.2	32.0
KPI 6.5.1: The average pick up time (min)	8.8	7.0	8.5	-3.6	21.4
KPI 7: Number of ring-backs	1,114	1,457	470	-57.8	-67.7
KPI 8: Number of taxis operating on the network (monthly average)	476	567	562	17.9	-1.0
KPI 9.1: Number of phone calls received including abandoned calls (000)	115.2	128.8	121.5	5.4	-5.7
KPI 9.2: Number of phone call answered within one minute (000)	107.7	118.7	112.4	4.4	-5.3
KPI 9.3: Number of phone call answered between one and 2 minutes (000)	4.2	5.2	4.8	12.7	-9.3
KPI 9.4: Total average answering time (sec)	18.8	20.0	19.8	5.8	-0.6
KPI 9.5: Abandoned telephone calls	838	1,587	1,201	25.7	-24.3
KPI 10: Average number of radio jobs completed per taxi	17.9	18.1	17.6	-1.6	-2.8
KPI 11.1: Number of taxis signed on at 8am	173.3	228.0	258.1	48.9	13.2
KPI 11.2: Number of taxis signed on at 4pm	335.0	437.8	481.1	43.6	9.9

**Note:** KPI 4, 6.5.1, 8, 9.4, 10, 11.1 and 11.2 show the mean of the monthly average results. KPI 9.5 is not a full year of data for 2009. The year on year comparison has accounted for this by only considering data for the time periods in each year for which data is available.

Change is calculated according to the raw values, not the rounded values presented in the table.

**Source:** DoT.

## Glossary

ABS	Australian Bureau of Statistics
ATDA	Australian Taxi Drivers Association
Bailee driver	Driver who takes a taxi on bailment (in urban areas under the <i>Taxi Industry (Contract Drivers) Contract Determination 1984</i> ).
Bailment system	The most common legal relationship between taxi operators and drivers. For urban taxis in NSW this arrangement is governed by the <i>Taxi Industry (Contract Drivers) Contract Determination 1984</i> .
Booking fee	Fixed component of fare charged for booking a taxi through a taxi network.
CFMS	Customer Feedback Management System. Records all complaints and compliments logged by passengers through the taxi networks, Transport Infoline or the Department of Transport's Transport Operations Division.
Contract Determination	The <i>Taxi Industry (Contract Drivers) Contract Determination 1984</i> . Determined by the IRC, this determination governs the terms and conditions of bailment for urban taxis in NSW.
CPI	Consumer Price Index. Price index measuring the cost of goods purchased by households. Compiled by the Australian Bureau of Statistics.
Distance rate/Tariff I	Distance component of fare charged per kilometre travelled. Tariff I applies from 6am to 10pm. In areas under the country fare scale this component is charged for the first 12km only.
DoT	The NSW Department of Transport. It has previously been known as Transport NSW, NSW Transport and Infrastructure, and the Ministry of Transport.
Flag fall	Fixed component of the fare that is charged when the meter is first started on every taxi trip.

GDP	Gross domestic product. GDP is a measure of national output.
Holiday surcharge	Fare component charged on Sundays and public holidays for areas under the country fare scale. Calculated as a percentage mark-up on the distance rate.
IPART	Independent Pricing and Regulatory Tribunal. Provides fare recommendations to the Department of Transport on an annual basis.
IRC	New South Wales Industrial Relations Commission. The IRC sets conditions and pay-ins in the urban area according to the <i>Taxi Industry (Contract Drivers) Contract Determination 1984</i> .
KPI	Key Performance Indicators. Measure network service performance. KPIs are collected by the Department of Transport. Some KPI information is published on the Department of Transport website.
LPG	Liquefied Petroleum Gas.
Maxi-cab surcharge	Fare component charged for hiring a maxi-cab, except when it is hired from a taxi zone or hailed on the street to carry up to 4 passengers or as a multiple hiring. Calculated as a percentage mark-up on the entire fare (excluding tolls).
Network fees	Fees paid by the operator of a taxi to belong to an authorised taxi network.
Night time surcharge/ Late night surcharge	Fare component charged for trips between 10pm and 6am. Calculated as a percentage mark-up on the distance rate.
NSWTDA	New South Wales Taxi Drivers Association.
Pay-in	The amount paid by a bailee driver to an operator for the use of a taxi. Maximum pay-ins for urban taxis are determined by the NSW IRC and set out in the <i>Taxi Industry (Contract Drivers) Contract Determination 1984</i> but discounting below this rate is common.
Tariff II (Country)	Fare component charged for distance travelled beyond 12km. Charged in areas under the country fare scale only.
Taxi Council	New South Wales Taxi Council.

Taxi Transport Subsidy Scheme	Subsidy provided to qualifying passengers for WAT bookings. Currently provides a rebate of 50% on the total fare up to a maximum subsidy of \$30.
TCI	Taxi Cost Index. Used by IPART to measure the increase in taxi industry costs between review periods.
TTSS	Taxi Transport Subsidy Scheme.
Waiting time	Fare component charged when the meter is running and taxi is stationary or travelling at a speed below the waiting time threshold. For example waiting time is charged when: <ul style="list-style-type: none"> <li>▼ the taxi has arrived at a pick-up address and has legally started the meter but the journey has not yet commenced</li> <li>▼ the taxi is stopped at traffic lights during the journey</li> <li>▼ the taxi is driving slowly through heavily congested traffic during the journey.</li> </ul>
Waiting time threshold	Speed in km/h, below which waiting time is charged rather than the distance rate. The threshold is currently 26km per hour.
WAT	Wheelchair Accessible Taxi. WATs in Sydney are connected to the Zero200 booking service and are obliged to take wheelchair jobs.
WPI	Wage Price Index. Price index measuring the cost of wages paid by business and government. Compiled by the Australian Bureau of Statistics.
Zero200	Booking service for WATs in Sydney. All WATs in Sydney are required to be connected to this service.

