Submission to IPART

Taxi Fare Structure Inquiry 2002

Submitted by TWU Taxi Drivers Committee

May 2002

IPART has called for Submissions into Taxi Fares Structure. The Taxi Council has responded with a Submission that claims a level of Operating Costs that exceed maximum total revenue from Bailment Fees. There is no apparent return on capital invested.

No request for an increase in fares was submitted, despite this apparently parlous situation.

This Submission prepared by Taxi Drivers is more comprehensive. It critically analyses Industry costs, determines varying levels of Bailment Pay In for variations in shifts per week and weeks per year, and offers a starting point of data on Total Fare Revenues.

It focus's on the low income status of Taxi Drivers and the need for an increase in their effective hourly rates.

It recommends a substantial increase in fares, an adjustment of fare structure, provision for Superannuation, and in the absence of any reasons to the contrary urges that all such increases be directed to the benefit of Taxi Drivers.

This submission was prepared by Taxi Driver members of the TWU but has not as yet been endorsed by the TWU. It has therefore being submitted as the input of the following individual Taxi Drivers …

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1. Introduction

Submission to IPART
prepared by TWU Taxi Drivers for TWU endorsement

We are making this submission as a key, but much neglected, stakeholder in the Taxi Industry. This is a submission of Taxi Drivers.

We have followed with interest over several years, the various inquiries, regulatory activity and submissions of other stakeholders. But nowhere have the interests of drivers been accorded any significance. We note with concern and frustration the errors and omissions in so many submissions made and treated as factual evidence.

IPART has developed a cost/revenue model based on input from the Taxi Council, its own analysis and comparisons with the model developed in the ACT by their ICRC.

IPART has noted that revenue from fares should recover operating costs and earn a rate of return on capital. This concept must surely apply equally to Taxi Operator and Taxi Driver. The Taxi Council agrees.

The report commissioned by the Taxi Council in 2001, and presented by Price Waterhouse Coopers was submitted to IPART as the authoritative analysis of taxi costs. But it is based solely on the Single Owner / Driver + one Bailee model. And many of the costs stated are unsubstantiated if not erroneous. The 2002 Analysis of taxi Operating Costs submitted on 28 March 2002 maintains much of the inconsistencies. And adds a bit more confusion.

Critically, the quantum of income received from Pay Ins, the principal source of Operator Income is nowhere mentioned.

Whilst an index model is primarily used to measure changes from period to period on peak cost indicators, the model thus far developed is described as a comprehensive study of all material aspects of the Taxi Industry's costs. It's now the **'incumbent reference point** '. But the base figures still need bear a direct relationship to reality. In many aspects this is not the case.

In the IPART Report of July 2001 the model was amended and the figure reworked by IPART and a few additional items were included .. Bailee Payments and Plate Lease Payments being the most significant additional items. The Taxi Council would now split it into two businesses with differing responsibilities.

Apart from several errors and a few omissions there remains flaws in the model so developed by the Taxi Council.

The fundamental difference between a single cab business and a multi cab business is not recognised. And, in Sydney, half the cabs are "managed " by an Operator with more than one Taxi.

The model does not adequately cover the four significantly different sub models of Taxi Operation. And many of the items costed are manifestly incorrect.

Single Taxi Owner / Lessee

Single Taxi Lessee + Bailee Drivers

Taxi Base Operator with less than 12 cabs

Taxi Fleet Operator with more than 12 cabs

Each of these models has not only a significantly different cost structure, but also a different revenue pattern. A statistically correct and balanced model would analyze each of these, weight them for the numbers in the Sydney Fleet, and then present a single best fit model. The same analysis needs be done for Country operations and for WATS Taxis.

The end results are quite possibly not going to be a great variance with the current figure, but they would be a correct starting point and would also modify the hugely different sets of cost figures presented in past studies

The other fundamental requirement is for revenue analysis. There is a massive lack of such information, and all that can be obtained is conjectural at best and biased at worst. There is a body of available information in the audited reports of the networks which needs be published. From factual figures of journeys, radio hirings, mileage and numbers of shifts, a clearer framework could be established.

A number of different views of Taxi Revenue are presented as a starting point for such a data base.

There is also a need for analysis of Driver Costs as a part of the whole index. Thus far there have been no submissions to cover what is almost half the industry's total costs. Indeed, and most unfortunately, the Driver, and any matters relating to him, are excluded from the Terms of Reference of this Inquiry. He is not even mentioned as a stakeholder.

This submission aims at highlighting the missing partner.

It focuses on the need for a fare increase to recognize and adequately remunerate that cost item behind the wheel who keeps the Taxi Industry on the road.

2 … Taxi Council Submission to IPART 2002

There are four significant aspects to this Submission.

Firstly is the acknowledgement by the Taxi Council that it does not represent the interests of Taxi Drivers. For many years it has maintained such a position; to the extent even that it is deferred to as the major stakeholder for this Inquiry. The Submission made by the Taxi Council, which incorporates a submission from the Taxi Industry Association represents the views of the 12 Urban Networks, 57 Country Networks and 4000 Operator members of the TIA. It does not represent the 22,000 Taxi Drivers nor the other 5,000 Operators on Transport NSW's listings.

Operators who actually operate Taxis are legally required to associate with and pay Network Fees to a Network and thereby are compulsory members of the TIA.

Individual Taxi Drivers and their trade association, The Transport Workers Union, are the representatives of Taxi Drivers. This Submission is made by Taxi Driver Members of the TWU. Union membership is voluntary.

The Taxi Council has thrown over to Drivers the sole responsibility of ' delivery standards ' But Drivers have neither access nor input to effect such a role.

The Taxi Council seems to wish to ignore and repudiate the Regulations under which it operates. The Passenger Transport [Taxi Cab Services] Regulation 2001 requires networks to have managerial competence to operate taxi cab networks [Clause 52 / part 2 / Division 3 / para 9a] and includes the 'standards and rules concerning booking and despatching procedures and the operations of communications equipment by drivers of taxi cabs'.

Secondly is the absence of comment or supporting data on the quantum of Operator Income or Revenue from Fixed Pay Ins. There is considerable, albeit erroneous, information as to Operator Costs. The only reference as to Revenue is a copy of IRC approved Fixed Pay Ins.

The critical data of number of shifts a week or weeks a year that this income will create is virtually nowhere. How can a model be determined?

There are a few indicators ….. In the ' Assumptions' is the notation that the average taxi has " 1 Permanent driver and the operator drives five shifts".

For ' Cleaning Costs' of $3220 less $360 of ATIS Inspection cleanings paid by the Operator there is left $2860 of [Driver] costs which at $10 a wash equates to 47 weeks of six days a year.

A bit of confusion comes in when the 'Operator Salary Equivalent' is put in at 52 times a year. But no matter. At most the figures are divided over a 35 hour week

Out of humanity and consideration for the Permanent Driver's welfare, we have assumed he only works six days a week in six shifts of twelve hours.

From previous submissions we have a 20 % downtime from the TIA and a 10 % downtime from Premier Cabs. IPART 1999. The cleaning cost and the five weeks Holiday Pay items tend to confirm the 10% / 47 week model.

Tables in the attachments provide analysis of differing levels of Taxi Cab Utilization and Revenue from Pay Ins.

That such data is missing from the Taxi Council Submission is perhaps indicative of their realization that the total of Urban Taxi Operating Costs of $97,532 is some $3,000 in excess of the total of the unachievable maximum of 52 weeks Fixed Pay Ins at seven day and seven night shifts a week [$94,536]

If the costings are accurate, the average Taxi Operator on a 47 week five day / six night cycle is losing $28000 a year on. At 42 weeks he is bankrupt.

Why then are Operators entering the Industry with a Plate Lease Fee of $275 000 ???

Thirdly, and perhaps understandably given the 'Two Business' concept of the Taxi Council is the lack of any information or even conjecture of the quantum of Taxi Fare Revenue.

If IPART is to develop a workable cost index / revenue model for the Taxi Industry and assess fares therefrom, the data as to Taxi Fare Revenue is vital.

This submission offers some information, but the principal source must be the Taxi Council and its affiliates. The major Networks have statistics of hirings, cabs on the road, radio bookings, and utilization generally. The major fleet operators have at their access the individual cab meter recordings of fares, both time and distance, in units and dollars.

A survey would help. A request for information might be successfull.

But, and IPART has previously called for such studies, without empirical data on actual revenue from fares, a meaningful analysis cannot be sustained.

As a function of this inquiry, IPART must call for the provision of empirical data.

Fourthly, are the failings of the Submission itself. After several comments that Cleaning is a Driver Cost, in the final cost analysis, it shows up as an Operator Cost. The mathematical conclusions leaped at would disappoint a Primary School Teacher. The claimed increase in Parts and Panels let alone their veracity are unsubstantiated.

The model [Figure 1] that reflects the reality of custom and practice is a blank. No data , no detail. Where is the reality that Operators exclusively use brand new parts from a top city dealer rather than source budget items from the advertisers' in their own Journal? What would a actual survey of Sydney Taxi Cabs reveal as to range and age of vehicles at date of taxi registration?

If the Taxi Council would have IPART accept it's submission as a reality based cost index, it would need to revise or substantiate the numbers.

3 ...Taxi Operator Models

There are four relatively clear models of Taxi Operators and the Cost / Revenue figures vary for each. IPART has gone some of the way to generate a single average model, but there needs be a demonstration of all items in order to create a valid weighted average.

1 Single owner / Driver
2 Lessee Driver + Bailees
3 Base Operation up to 12 Cabs
4 Fleet Operation more than 12 Cabs

The submission by the TIA to IPART in 1988 identified and gave costings for each of these models. In the PCW study, and without explanation, the single cost model is that of the Owner / bailee driver. Since this category represents less than half of the cabs in Sydney, the methodology is flawed.

Similar models are needed for Country and WATS operations.

The essential differences between models are that the Single owner driver is paying out maximum standard costs, has full comprehensive insurance, does not have Workers Compensation Insurance, probably fits new tyres, has a single set of uniforms and drives all peak hour and high revenue shifts. If he owns the plates, the leasing costs are counted as opportunity revenue.

The single owner / lessee with a bailee driver or drivers pays out on Workers Compensation, uniforms and entitlements and obtains a higher revenue. Insurance costs and maintenance costs are at maximum levels as a single unit. Operator management time per cab is at a peak, but still not more than the three hours a week noted in the ACT ICRC Report.

Curiously, given that this is the model of the PWC study, earlier submissions by the TIA suggest that relatively few single owners bail out their cabs, given the increased costs and risks of damage to the vehicle, and the extra cost of Workers Compensation insurance. Why then this as a sole model?

The base operator with less than about 12 cabs and no Stand By Vehicles operates entirely with Baillee Drivers [at least four per cab] and works out of a local Service Station with workshop facilities. He probably has arrangements for lower costs of maintenance labour, parts and insurance. Many would self insure away from the Comprehensive costs. His average management hours per cab would be less than three hours a week. They would not be near the ten hours claimed.

The fleet operator has more than 12 cabs, a few Stand By vehicles and operates out of a dedicated base with workshop, repair and paint facilities. He thus operates as a self insurer and has a lower cost per vehicle on Repairs and Maintenance. He can also achieve the highest rate of shifts per week per cab. Management costs per cab are certainly less than three hours per cab. Garage costs are involved.

A fifth model has also emerged. The Silver Service or Prestige Fleet operation, which uses vehicles of a higher cost and maintenance standard. But, curiously seems to operate profitably on the same fare structure as more basic cabs.

Nowhere in the modeling is a cost of Garaging noted, despite the DoT requirement for a nominated base location. This would have been an ideal extra to bump up costs.

To develop a comprehensive model IPART needs to study and cost out each of these models and then aggregate and weight their impact as a single cost model.

As it stands the inefficiencies of capital usage of the single cab being on the road for 42 or 47 weeks at perhaps 11 shifts a week are not balanced by the efficiencies of large fleet operations capable of having cabs on the road 52 weeks a year.

Since the Sydney Taxi Fleet is about 50 % single cab operator and 50 % multi cab operation it is inequitable for the community to bear the costs of only the most expensive part of the industry.

And in fairness, should Driver hourly rates be accounted as an average of new, average and experienced drivers or assessed only on experienced driver earnings. This would lead to an argument that new drivers be protected from their inexperience by mandating that new drivers be positively offered bailment under Method I Pay Ins where they get at least half the fares. This is possibly outside the scope of IPART.

4 .... Urban Taxi Operating Costs

IPART has asked for comment on the reasonableness of items included in the cost model. The figures presented are a mix of a study commissioned by the Taxi Council with Price Waterhouse Coopers and some extra items inserted by IPART. Analyzed critically, and with the application of prior submissions to IPART by the TIA and Taxi Council, many of the figures do not represent reality.

That IPART used as the calculation of " Bailee Driver Payments" an amount of 40% of Operating Costs makes it critical that those numbers be reasonable. It still begs the question of Driver Income which must be analyzed separately.

			Day shifts/ Night shifts/ weeks per year				
	IPART	**Taxi Council**	**Reassessment**				
			6/7/47 av drivers	5/6/47	6/7/42	5/6/42	5/6/42 exp drivers
Plate Lease	$17010	$19500	$19500	$19500	$19500	$19500	$19500
Operator Costs	$70443	$78032	$50500	$50500	$50500	$50500	$50500
Driver Costs	$79427	$78330	$98098	$84365	$87654	$75390	$92968
Total	$167 240	$175862	$178098	$154365	$157654	$145390	$162968
Pay Ins	[$60092]	[$61194]	$88608	$80088	$71568	$61572	$61572
Operator Margin	[-$27361]	[-$36338]	$18608	$10088	-$1568	-$8428	-$8428
Drivers Retention	[]	[ ]	$59784	$51135	$53424	$45695	$61788
Total Fares	[ ]	[ ]	$178177	$152844	$159222	$136584	$154182

The immediate conclusion is that an Operator with Bailee drivers is losing $36000 a year, or if he drives himself , is losing a net $8428 on a 42 week year. The costs cannot be correct.

If costs are $70000 a cab, the Operator with a Bailee breaks even at 47 weeks. With a Casual Driver for one day and night he makes $10000.

What's the conclusion?

Specific comment on some of the items included in the IPART Cost Model follow.

The conclusions to be drawn are that the model significantly overstates Operator costs, and that whilst increases in items listed may well have taken place over time as suggested by the TIA , it is on an invalid base.

Driver revenue may also well be about 40% of Operator costs, but on what base ?

To sustain an argument for fare structure changes , much more empirical proof is necessary.

If all that IPART is about is to have a "cost index model " that reflects movements in key indicators over time; then the accuracy of the numbers is not critical. If the model is a "cost / revenue model " then the numbers are critical.

IPART said in the 2001 Report that the Taxi Council represented that the model of 15 items was of " all material costs ". IPART then modified some of the numbers , added others and accepted with reservation most of the others. A few it actually agreed with.

The Taxi Council has in effect, and by default, tried to develop a model based on flawed data, and claim it as the ` incumbent reference point `.

The issue we take is that for an effective cost / revenue model , all the figures require substantiation, they all need be critically analyzed , and they need be comprehensive.

Only then can there be an effective base to observe future changes.

We have analyzed many of the Cost items, but suggest that they all need scrutiny. That detail is beyond our scope , and the other two major aspects of the Industry … Country Taxi's and WATS are also not a part of our submission. They also require more intense study.

Vehicle Lease Payments

Once again the Taxi Council's statistical methodology is suspect. A simple average of top and bottom range vehicle and a 50 / 50 split between new and secondhand vehicles produces a result significantly different to a 25 / 75 split that is the reality. And how about the double counting in 'Establishment Costs' of LPG Installation which is apart of the Taxi Pack price of a new cab

Not much in the end but it all adds up to an inflated picture and claim.

Maintenance Labour

IPART has accepted with reservations, the figures of the Taxi Council of $6958. This is arrived at from:

18 services a year of 3.33 hours @ $66 hr and 4 hours a month @ $66hr

The comment was made that this was on the high end of the scale.

The Taxi Council points out that this figure is appropriate for a well maintained Taxi.

But in the attachment to the TIA Response in 1999 we can see the following Service details:

Routine Vehicle Service	**26 @ $45**	**$1170**
Motor Tune Up	**6 @ $200**	**$1200**
Wheel Alignment	**6 @ $25**	**$150**
Meter Conversion	**1 @ $100**	**$100**
Air Conditioning	**1 @ $1500**	**$1000**
Gear Box	**1 @ $1200**	**$700**

Both Gear Box and Air Conditioning were for parts and service

A total of $4230 for Service costs was thus submitted to IPART's 1999 Inquiry. If those figure were genuine and reliable [and well hidden] how can there be a leap to $6854. Even with 10 % for the GST there is a big difference.

Vehicle Parts and Panels

IPART pointed out that the ' bundle of goods which this cost represents is unknown'. It certainly is a moving basket. Each time it is quoted there are new items added or old ones removed. Surely a fixed reference point can be established … and one with frequencies of usage.

Again IPART can look to the attachment quoted and determine a figure of $ 7229 for Body Parts against the $10403 in the cost model. If the four other items in the new Parts Basket are added we come back to $7709

Does the average owner driver with one bailee actually have several major accidents a year? What is the cost for a 'self insurer ' ? And should this be here, or is it an Insurance cost , or a separate item ?

A little more substantiation would be helpful.

Interestingly , Tyres are costed in this set of numbers at $1120 a year.
A far cry from the PWC figure of $2543 or the $2800 in 2002.

Even more statistically interesting is the derivation of the $ 15043 now quoted as indexed parts prices. Half the 44.6% increase comes from one item alone … the Air Conditioning Compressor.

A quick reality check of offers in Meter Magazine [the Taxi Councils own journal] reveals the reality of market place pricing.

But what is the connection between this basket of parts and the index total. And when multiplied by the frequency of parts used [3 Batteries , 12 front and 6 rear brakes and 2 alternators] the March 2001 basket becomes $4044 and the March 2002 is $5104. A percentage change of only 26 % . Even with dodgy prices.

Sure we are looking at index changes and not quantum costs , but at least start on a correct base.

We suggest $5000 for Service and $8000 for Parts.

Insurance

As with so many of the items on the Cost Index this is another blur.

IPART has a figure of $12025 which in the July 2001 report it stated that this was the Insurance cost presented by the Taxi Council , and was accepted with reservations.

The actual figure presented was $11705.

But the ' Analysis of Cost Movements ' had four items totaling $18750.

Comprehensive $7667
Third Party Personal [or perhaps Property] $4902
Green Slip $4161
Workers Compensation $2020

A possible explanation is in the questions relating to which model of Operator is being used. In IPART July 2001 it was noted [and quoted as from the Taxi Council] that only 50 % of Urban Operators had Comprehensive Insurance.

With a quantum leap , is the figure of Insurance an average of Comprehensive and Third Party Property plus Green Slip plus Workers Compensation?

If this is the case why not quantify it ? … Success … in the 2002 report it turns out that this is the methodology.

And there is yet another non-item, that of Public Liability Insurance which should be in the costings. This was advised several years ago as a necessary cover to fulfill the Regulations, but it seems to have dropped off the records. Where an Operator self insures and doesn't have a Comprehensive Policy is the Driver covered for " at fault " accidents??

And for an extra : In the TIA Response to IPART 1999 Interim Report there is an elusive and very interesting attachment detailing Taxi Service and Maintenance costs.

An item of $2500 appears as Body Repairs Accident Excess.

Service ? or Maintenance ? or actually an Insurance Cost ??

In the reassessed Cost figures an amount of $ 1000 has been allowed for such excess payments.

But IPART queried if the insurance amounts were affected by reductions for Operators with a good rating / no claims history. Why then a substantial figure for accident excess's ???

Again there is a need to analyze the different Operator cost models, so that the effects of Insurance , maintenance and parts is more accurately established.

Operator Salary Equivalent

Administrative hours are put at 10 hours a week per cab . In other sources [both the TIA and IPART] the figure is a much more realistic three hours. But if this is in the model on a per Taxi basis the results are bizarre at the least.

A base of 12 Taxi's winds up with 120 hours or 3.5 full time managers ????

It's quite possible that the single cab operator puts 10 hours of administrative work into his business. It's quite a different proposition that each cab requires 10 hours of management input.

The figure of $12,525 represents Average Weekly Earnings of $843 divided by average weekly working hours of 35 to an hourly rate of $24.00 times 10 hours.

Quite comparable to a driver working 60 hours at $9.50 an hour.!!!

Operator Superannuation should relate back to a realistic figure of Salary Equivalent

Why not use as a starting point the figure that , say , TCS or CCN charges to manage a cab. There would be less to argue from those numbers

Driver Entitlements

Given that the original accompanying report points out that entitlements are observed in their absence , this figure is padding at the least.

This item was not detailed at all in the PWC study, and given the use of opportunity costing elsewhere, could be covered by the Operator bailing out the Taxi to a Casual Driver during the five weeks holiday of his Permanent Driver. Similarly, he could use a Casual Driver in his own holiday break.

Once again a more comprehensive analysis of different models of operation would obtain a realistic figure.

The notion that all Permanent drivers get five weeks paid Holiday Pay a year and eight days sick pay would be news indeed to most Drivers.

Inefficient use of the Taxi should not be a justification for an inflated cost model.

Reality Check …. $ 00.00

Other

IPART notes that this amount of $3361/ $3731 is made up from :

Telephone / Office Equipment
Accountant Fees
Training
Uniforms

The inclusion elsewhere of uniforms was noted, and the figures were accepted with reservations. This time the Taxi Council has dropped Uniforms off the list but left the training item in. And the cost is the same plus CPI. Substantiation and detail would help.

If such costs are appropriate for the Operator, then they must be equally valid for the Driver. They are accounted for in this submission .

Tyres

The obtained figure of $2800 flows from 175000 kms a year x 35000 kms usage x $115 a tyre.

In Meter Magazine January 2002 (and no doubt subject to action for false advertising) is a report of Monoform retreads achieving 105 000 kms usage and an annual cost of $300.

More generally , what proportion of Taxis would regularly be fitted with new tyres, and what is a realistic average of usage.

The NSW Taxi Council in its 1999 submission to IPART and as quoted as an attachment in the Response to the Interim Report, costs tyres at $70 and usage over 175000 kms as 10 front tyres and 6 rear tyres which is an average of 43750 kms.

And an annual cost of $1120.

The Taxi Council is taking a very idealistic approach to create a cost structure in the best of all possible worlds. As a Driver whose Monoform tyres slip start at the first sign of rain , I for one would be delighted and surprised by the fitting of decent tyres.

Once again , to have a reasonable basis for a Cost model , there must be an effective and properly costed set of component numbers.

And what can justify the changes from the 1999 submission to the 2001 version. Were those numbers really so far wrong ?? Lets add for GST and call it $1200.

Uniforms

Cost of uniforms is noted as $2400 per cab . On the basis of the model of an owner driver plus one bailee this is an over statement of around $2000. Even with the inclusion of six sets of uniform as quoted elsewhere in the PWC study it still doesn't add up.

The uniform entitlement of a Permanent driver is for multiple shirts and trousers and is for one set a year. The Network Regulations also cover the Operator to ensure that he can limit the issue to once a year per driver.

The approved uniforms as per TCS By Laws and their published costs from the Uniform Shop are:

	Permanent	**Casual**
Pullover	**$45**	**0**
Jacket	**$44**	**$45**
Shirts	**$76**	**$38**
Trousers	**$56**	**$28**
Epaulettes	**$7**	**$7**
Socks	**$14**	**$7**
	$229	**$125**

[See attached sources]

For the model in hand of Owner + Bailee the figure should be $460.

Interestingly, the TIA in the 1999 IPART Report and in the response to the interim report, noted a cost of uniforms as $400 for the owner driver. How did this leap to $2400 ?

Once again the cost model lacks a factual base.

Reality Check

According to previous IPART studies and Transport NSW about 52% of Sydney's cabs are single operator units. That means that at least 48% are driven only by bailee drivers.

The Taxi Council's submission to IPART focus's on the single operator with one bailee driver using the vehicle for five day shifts and six night shifts with a downtime factor of 20%. That makes for 42 weeks on the road and a very weary night driver. Or a downtime of 10% and 47 weeks, still with a weary driver.

The economics of the other half of the fleet are not up for discussion.

No matter whether you account for the Operator as his own bailee or apply his total income from fares as received income, the financial picture is terrible. On the basis of Operating costs submitted , he is losing $36 000 a year. Something is wrong.

	IPART 2001	Taxi Council 2002
Operating Costs	**$87453**	**$97532**
Pay Ins 47 weeks	**$68902**	**$68902**
Loss on Operations	**$18551**	**$28630**
Pay Ins 42 weeks	**$61572**	**$61572**
Loss on Operations	**$25881**	**$ 35960**

Only if the cab is on the road for 52 weeks at full pay ins does the Operator break even. That's not reality either.

The simple conclusion is that the figures submitted as Operating costs are overstated by about $30 000.

So before even discussing fare increases, lets get a fair and correct analysis of the operating costs in the Taxi Industry.

If the Taxi Council as the apparent chief stakeholder can't provide reliable information IPART must seek it out.

5 Driver Expenses

To develop a reliable model of Taxi Cost Revenues there must be quantification of Taxi Driver inputs. Thus far only the costs of Taxi Operators has been considered , and Driver costs have been ignored as irrelevant.

In the process of fare setting, consideration must also be focused on the other half of the business , and on the social needs for adequate driver remuneration on his capital / labour input.

LPG Costs
Cleaning Costs
GST on Nett Revenue
Other Costs
Driver Fare Retention

LPG Costs

The derived figure for LPG is from 175000 kms a year per cab at 5 kms per litre and at a value of $0.47 a litre totaling $16475 in IPART 2001.

Comments were made in the IPART July 2001 that there might be fuel discounts and that 5,5 kms per litre is reasonable. As a driver of a "managed base cab " both possibilities are remote.

Worse , given Sydney traffic and the level of maintenance on a matter that doesn't cost the Operator and is the sole cost of the Driver , the average fuel consumption is closer to 4 kms a litre. This is exacerbated by not only the traffic and lack of engine tuning , but also by signage on vehicle turrets that are aerodynamically wasteful and illuminations that consume Driver paid for fuel. Additionally, the Ai r Conditioning units that are a Regulatory requirement and a workplace necessity consume an extra 10 % of fuel. This cost was noted by the TIA in submissions on the new 2001 Taxi Regulations but , since it is a Driver cost there were no consequential interest.

The growth of Silver Service and Maxi Cab vans also has an impact on average usage. A heavyweight Ford Fairlane or Mercedes Van has a consumption of close to 4 kms a litre even when finely tuned .

Bowser price fluctuations of 10 cents a litre within a day are not uncommon. It must also be noted that LPG has in the first quarter of 2002 varied from 32 c to 52 c.

Constant fare adjustments are not possible , so a fair moving average should be determined that looks forward to effectively cover actual costs.

Working from current daily cost estimates of a 42 week 5 day 6 night and with a pump price of 37c costs out at $13440. Close enough on a variable price item.

Note : The calculations in this submission were made at end March 2002.

From the Easter weekend and on the average Friday, Pump Prices have been 47c.

Early in the week it dropped to 36c.

The Taxi Council has noted an LPG price of 38.1 c for the day of 22 March 2002 over 45 outlets , notwithstanding text that says it's a table of LPG prices from September 1999 Quarter to the March 2002 period.

Once again , since this is not a problem for the Operator, accuracy doesn't matter, and even better it can show a decrease in Driver costs. For the Country where the Operator pays the cost is up .

Cleaning Costs

The night shift driver is responsible for washing and cleaning the vehicle daily under the Regulations. It is not a cost to the Operator, but in the model this item is mixed in with the costs of Detailing for ATIS Inspections. [Three times a year , not once as IPART July 2001] The real cost is around $10.00 a night plus the cost in lost earning time to the Driver equivalent to a half hour. Not the simple $10.00 allowed.

It is acceptable for the Taxi Council to add in opportunity costs of income forgone for operators , so is it appropriate for Drivers

An amount of $ 15.00 per day is therefore calculated.

But what about the other blooper .....

Several times the cost of daily cleaning is noted as a Driver Cost [see figure 1 page 1] , but come table 15 summary , cleaning is back in as an Operator Cost. Bad proofing , simple error or deliberate padding ?

GST on Nett Retention

Unlike other wage areas, the amounts retained by Taxi Drivers are subject to GST, Thus a calculation based on 10% must be deducted from total retained revenue before calculating Driver income.

It is important that this item be noted as it is a very clear deduction from Driver Income.

Other Expenses

The following items also come out of total fare revenues and impact on the final Driver retention .

Fare Evasions
Road Tolls not part of fares
Meal allowance
Laundry allowance [theoretically an entitlement]
Down time for admin / pay in functions
Down time for cleaning befouled cabs
[Cleaning Charges almost covered by cost imposed on passenger in Regulations]
Refusal by Cabcharge / Operator of Dockets
Down time for Casual Drivers for Taxi Breakdowns
Driver's Authority Costs
Down time for Police Reporting of Incidents
Purchase of Street Directory
Union Dues [TWU]
Purchase of Seat Lumbar Support

And

Cost of Taxi Driver Training Course

A very conservative figure averaging $17.00 a shift is calculated as actual costs. These amounts, whether actual losses or even greater, as opportunity losses have been ignored in the past because they come out of the driver's 'kitty' and are assumed to be not worth counting. They are however a very real part of the expenses of a Driver ; as much as the Operator Salary Equivalent.

The total amounts could be argued as around $30.00 a shift for a Friday / Saturday night driver. The cost of Training Courses is a major, in effect, capital cost to the Drivers. And given current driver turnover, is a significant amount that is nowhere else calculated.

In their submission the Taxi Council actually notes that WATS Drivers' are subsidizing the State Government $ 3 m by way of the " provision of enforced labour " involved in not charging a " lift " fee for disabled passengers.

Why not pursue the argument and include other such costs as Driver Costs.

Driver Retention

This is the nett amount retained by the Driver after all costs are paid out. Divided back over the average 60 hours a week worked by Permanent drivers it is around $8.30 an hour for Day Drivers and $10.00 an hour for Night Drivers. Experienced Drivers obtain about $11.25 and $13.00 an hour respectively.

Average of $9.25 an hour for the average Driver

Even on a per week basis it is an inadequate return on labour. That it usually lacks Holiday or Sick pay is worse.

For a decent living , tax avoidance is not an alternative , it is a necessity.

IPART must accept the need for a fare structure that provides for the recovery of operating costs and a return on capital that for the Taxi Driver is a fair return for his labour.

These Driver Cost inputs are based on personal experience , other driver's anecdotal comment and do require further study. They represent an honest attempt to commence an empirical data base from which a comprehensive Taxi Cost Model may be developed.

It is suggested that the Taxi Advisory Council be approached to fund surveys and studies of the industry.

6 ...Driver Income

This submission is focused on the need to structure Taxi Fares to provide fair and adequate returns on their inputs for Taxi Drivers.

It contends that IPART has as much a responsibility to account for Driver interests as for Operator interests. Both are essential and key stakeholders.

The problem is that there is a paucity of information as to Taxi Revenue and hence of Driver retention of fares. It is suggested that this lack of information is based in part on the desire to minimize income tax and not disclose earnings. A fare structure has thereby evolved that gives the average driver an adequate income only if he avoids tax.

The GST and requirements of an ABN are beginning to make evasion more difficult. The method of a Fixed Pay In does not ensure correct record keeping. The increasing numbers of "Lessee Operators " who are even less regulated also works against an information base.

Incidentally it is worth noting that on DoT records there are over 9000 Operators licensed to operate 4780 cabs. Given the number of base and fleet operations the conclusion must be that there is some especial advantage in being an operator without a cab. Tax minimization is an immediate conclusion.

An estimate of driver incomes is attached broken up by skill levels [new. average and experienced] and by shifts and weeks .

An averaged summary and detail of a Method I Driver [who by Regulation must maintain correct records , and whose records are the basis of payment to the Operator] are also included.

An estimate of Day Taxi Revenue derived from an experienced Day Driver is also submitted.

The figures are complex to analyze but at the far end confirm the hourly rates quoted.

It is the overall contention of this submission that IPART must recommend an overall fare increase of 30 % merely to bring driver incomes to a basic and socially acceptable level.

It is important to note that figures given in the attached tables represent the totality of Driver Income and are the combined incomes of several individual drivers. A taxi has at least two full time permanent drivers driving five or six shifts of twelve hours a week for an average 47 weeks a year. A well utilized taxi also requires two casual drivers for the remaining shifts and two additional casual drivers for the balancing five weeks of nominal Annual Holidays. Up to six individuals and their families therefore share the Driver Income generated from each Taxi.

This figure of maximum driver retention [$66137] for six days and seven nights over fifty two weeks is not a lot when divided by six. A substantial increase is warranted and necessary.

It may be desirable to pass such a proposed increase over two stages , and it is certainly necessary to monitor the impact on information and performance.

7 ... Taxi Revenue

One of the key elements in assessing Taxi Fare Structure must be the total revenues gained from Fares. And this remains largely an unknown.

There is basically no empirical data of fares , shifts worked, trips made or hours of driving. IPART has previously called for such data and the appropriate studies of the Taxi Industry but nothing has been forthcoming. The TIA , surely a potential source of such information, has mainly derided such data as is presented.

Indeed, at an earlier enquiry into the Taxi Industry, a spokesman for the TIA commented that all the information was available at ' the touch of a button'. What has been submitted is confusing, contradictory and sparse.

And Taxi Drivers, by and large , have another agenda.

Over a long period , and largely due to the desire of Taxi Drivers to conceal their actual incomes as an Income Tax minimization process, the revenue derived from Taxi Operations has been a hidden factor. Comparable evidence exists in other States and in Country NSW where the payment from Bailee to Bailor for the bailment of the Taxi is based on [usually] a 50 % split of total fares. There are a few, or possibly only one such Bailee in Sydney.

A spreadsheet of his actual total revenues from fares is attached, and is possibly the only such verifiably accurate set of numbers available.

The ” fixed pay in “ which originally did equate to half of a driver’s fares less fuel and wash, has the major benefit of eliminating any record of actual earnings. There is a record that a driver has driven, but not of his total earnings. Together with the possibilities that still exist for fraudulent driver registration , the Sydney Taxi Driver can still treat driving as a tax limited endeavour.

Total average revenue from fares is thus an unknown. There are several estimates that can be developed from information available and , on balance a set of figures presented. The single and most relied upon figure is obtained from the DOT study of 1998 as quoted in IPART Final Report of 1999 of 27 000 000 passenger journeys and radio bookings of 44% of all fares multiplying 193 weekly trips by $18.65 for $3600.00 a week and presumably $169,200 a 47 week year.

In the Response to the IPART Interim Report the TIA comments ..

“ our calculations assumed … total revenue is twice the pay-in rates “

From this comment alone we can derive a figure [$1706 for 6 days and 7 nights x 2 = $3412 x an unknown number of weeks a year] of and also note that the original equal sharing of the joint venture has swung against the Driver who now must pick up the increasing costs of fuel and wash.

A possible logical argument can also be advanced that Average Total Revenue is less than the sum of twice the Fixed Pay Ins plus Fuel and Wash costs. If it were more than such an amount, then Operators would contract for Method I Pay Ins [50 % Commission] as an income maximization process. That , in Sydney, they do not, is therefore substantiation of the average income levels.

The converse argument, for Drivers to elect a Method I Pay-In, since such would maximize their income is negated by their relatively weak bargaining position, the very considerable impact of being taxed on their full earnings, and the probability that experienced drivers earn marginally more on Fixed Pay Ins on busy nights.

Some of the figures advanced in previous submissions and reports may also be advanced as datum. They are quite difficult to reconcile with each other, and at best produce a range of possibilities.

Comparisons of Driver Earnings in the ACT are relevant, and if the kilometers on the road, average fares, and average percentage of hired times are discounted back to a Sydney average, the figures are useful. The ICRC concluded an hourly fare revenue of $22.87 on 50 weeks at 6 day shifts and 7 night shifts [7150 hours annually] for an

annual fare revenue of $163495 on 206 000 kms. Factoring the ACT and Sydney average Fares would give a theoretical revenue of $ 190 000.

A day by day estimate of earnings and costs is attached. This document has been developed out of personal experience and anecdotal comment from other drivers. It also breaks up driver groups into ' new' , 'average' , and ' experienced'.

The Australian Tax Office benchmark of 76c a kilometer over 175 000 kms produce a total fares of $133 000. A post GST amount of $146 300 can be imputed as a low Australia wide average which notes that Capital cities and the Gold Coast are significantly more rewarding.

A problem that continually occurs is the apportionment of revenue to shifts per week and weeks per year.

The TIA refers to taxi usage with a 20% reduction factor for downtime, no drivers, Maintenance, etc and an effective year of 42 weeks. But nowhere is it itemized as a 14 week shift or an 11 shift week.

What does emerge is an earnings range of between $ 8.30 and $13.00 an hour and a weighted average of $9.25 an hour.

Equity would indicate that a fair and reasonable income for the nominal working week of 38 hours should be $16.00 an hour. Bus Driver rates. And Bus Drivers get overtime rates.

In order to obtain this reasonable return on the capital or labour invested in taxi driving an increase in fares of 25 % is required , without any flow on change in fixed pay in's.

To allow for a Superannation Levy to be imposed as a part of the pay in of 9 % of income an additional 4.5 % increase on fares is required.

To cover the hitherto unaccounted cost of extra LPG used to fulfill Air Conditioning requirements, as a Driver expense an extra 1% increase on fares is required. To forward cover LPG cost increases an extra 1% is required.

To improve service standard and recover costs incurred, Flagfall should be increased to $3.00, and Radio Booking Fee to at least $1.50.

Waiting Time rates should be increased to $50 per hour to more fairly relate to average earnings of a taxi in motion , and not penalize drivers for traffic conditions.

Operator costs are covered by existing Pay-ins. There is a margin for profit or return on investment at the moment, on the model of 5 day and 6 night shifts with an experienced owner or lessee driver. Whilst more detailed figures for the sub models of operation are required, there is an acceptance of the need to improve Operator revenues. An increase in fares flowing to the Drivers would increase the supply of drivers to Operator and increase the number of shifts driven and thus maximize Operator revenue. Those 50% of cabs that are owner or lessee driven will benefit in any event.

Incidentally, if Plate Lease Fees have increased by $2500 and 14.6% as quoted by the Taxi Council, then this is surely proof that the market believes investment in Taxi's is profitable and presumably that revenues exceed costs. The Taxi Council affirms the opposite. What other factors are involved?

Overall the fare structure needs be

Flagfall	$ 3.00
Distance	$ 1.80 / km
Radio	$ 1.50
Waiting Time	$ 50.00 / hr
Late Night Tariff	20 % surcharge on Distance Also applied Sundays and Public Holidays

The average fare of 7 km distance / 3 mins waiting and half a radio call would be $18.80. The increase on the current fare , assuming 7 kms , is 30% .

The impact would be to increase Drivers' retention of fares by around 50% , to establish an average hourly rate of $16.00 an hour, to provide for Driver Superannuation at 9 % of Pay ins, and not to increase Operator Pay Ins directly. Operator income would increase by better utilization of taxis and supply of drivers.

7 ... The Industry

An Issue and Historical Comment

The NSW Taxi Industry and Operators

Historically, Taxi's in NSW were operated by single owner / drivers with a bailee second driver. Licenses for the "plates" were issued by Government to individuals and fares were regulated. Over time these licenses were regrouped into Co-Operatives, transferred to multi cab bases and bought as investments per se. Drivers changed from the predominant owner / driver into permanent and casual bailee drivers on all shifts in " leased" cabs out of managed bases. Networks developed for radio bookings and Cabcharge arose as the means of non cash credit payments for fares.

Operators were those persons who made a business out of managing one or more Taxi's. They owned or leased one or more Licenses, and they organized a yard of drivers to drive the cabs on a shift-by-shift basis. Drivers who drove regularly five or more shifts a week were classified, as Permanents and all others were Casuals. Logically there were more cabs than operators, as a function of multi cab bases and offsets of sub leased plates.

But in 2001, and coincident with the GST, there has been a change.

From a situation in 1999 of about 4550 Cabs in Sydney and 5475 Cabs in NSW with about 3200 owners in Sydney and 3645 operators in NSW, there are now 5839 cabs with 8935 Operators in NSW. WHY?

Just for confusion , in the IPART report the DoT table shows 9048 Operators in Sydney and 1495 in the rest of NSW.

As an Operator leasing a cab from one of the major networks (CCN. St George or Premier] or from other Operators for the currently advertised $1000 a week payment for a package including Vehicle, Plates, Insurance and Network charges; the "Operator" has the balance of fares received at his disposal. He must of course pay for Fuel, Repairs and maintenance, Uniforms and is legally obliged to have a Workers Compensation Policy [$ 2050 pa] if an Authorized Taxi Driver other than himself drives the vehicle.

The circumstances are ideal for all vehicle expenses to be recorded against income – as well as expenses of a vehicular nature for any other vehicles owned by the Operator. And it doesn't hurt that various submissions have, over time, created an inflated base model for related costs … tyres, maintenance and uniforms.

But, and vitally, the recording of income from fares received remains vague and obscure. There are no "Pay In" records of shifts, drivers or monies paid in. Recorded income is discretionary. The ideal basis for tax minimization.

And the complication of a physical inability to drive 24 hours for 7 days is overcome by having multiple operators per vehicle. Not only is Workers Compensation Insurance's avoided, but also there is an opportunity for bills to be duplicated and doubled.

The original Licensee, the networks and base management Operators are all neatly at arm's length: simply collecting the lease payment.

The Department of Transport is assisted by the collection of a $260 Operator Accreditation Fee payable by Operators without a Taxi.

The only real loser is the ATO and consequentially, the community.

And presumably, this scenario is being played around the country.

One of the problems is that no one really knows how much is involved in terms of fare income per Taxi. Despite a number of studies, reports and enquiries the total average revenue per taxi remains conjectural.

In those areas where the Bailee Driver pays the Bailor Operator a set share or commission of fares, there would appear to be a verifiable total. This is the case in the ACT, in Sydney however, where the standard method is for a Fixed Pay In from Bailee Drivers, there are assumptions at best.

In the IRCR Report from the ACT, which is quite well analyzed and determines an average total revenue of $163 000 in 1999 [pre GST] there is still an amazing inconsistency, which maintains the confusion.

Despite an average of 80 / 90 % of cabs connected to the network and being engaged at all hours of the sampled days in Canberra, the report still assumes that only 50 % of the kilometers driven are revenue producing. It also makes calculations on 175 000 kms a year despite its own assertions of an average of 205 000 kms a year.

In Sydney , and by a process of deduction from the limited figures available , the average of Taxi's connected to networks and engaged is between 65 % and 75 % for Premier and as from 15 % to 65% for TCS

In Sydney there is anecdotal evidence of new drivers' earning $60 for a day shift and up to $100 for a night shift and of experienced drivers' being able to earn $100 to $150. Also anecdotally, there is comment that an experienced driver can take home $140 a night from Sunday to Thursday and $250 on Friday / Saturday.

Until there is good evidence, the issue is in doubt. It is suggested that such good evidence is available in the form of records of the Networks as to actual minutes per day per Taxi logged on and minutes per day engaged. This would cover not only

kilometers driven but also waiting time and a very accurate record would be established.

Why Not!!

Trying to make sense of the varied numbers thrown in by all parties is extraordinarily difficult.

There are numbers attributed to the DoT in which it is quoted that 83 % of Operators have accreditation for only one taxi. From the table also sourced to the DoT, only 52 % of the fleet are operated by operators with one Taxi.

If 83 % of Operators are accredited with one Taxi and there are currently 8935 operators, then, from this group alone there are 7416 accredited taxis in a total fleet of 5839 cabs. ????

Obviously there are lot of Taxis with more than one Operator ???

It doesn't make sense. But what's worse is that all this nonsense is the basis of setting Taxi fares and the income of Taxi Drivers.

A clear , open and comprehensive study would be a good idea.

Cabcharge

A key stakeholder in the Taxi Industry has got to be Cabcharge …. After all it collects a 10 % surcharge on close to half the fares collected by Taxis. But it's interests in the NSW Taxi Fare Structure are nowhere mentioned.

No need …. The flow on benefit is automatic …..

To be strictly correct it's a little less than 10% because of not charging the GST on the financial component of the total. But all the same it's a huge slice of the estimated $450 000 000 in Sydney Taxi fares a year.

There are a few fringe merchants who do the deal directly with the Credit Card Providers, but the bulk goes through Cabcharge.

Why then is IPART not simultaneously reporting on the impact of Cabcharge. On what cost index are their charges based and justified ?

For the Driver at the bottom end of the scale, where is his input counted ?
The driver gets no share on the transaction , even though he does all the paperwork that creates the transaction. Worse, the time to complete a docket or eftpos slip is after the fare has been determined …. The cost in time is the Driver's problem. Worse still , if there is an irregularity or fraud in the transaction, in the end it gets charged back to the Driver.

And most worst, is the loss in income from the almost total absence of tips to the Driver from the eftpos transaction. Traditionally, the low paid service worker, be he waiter or taxi driver , supplemented his income from tips. Better service meant more tips, and a bit less in wages wasn't so hard to bear.

But now, and that's the reason why many Drivers' are reluctant to use the Eftpos, the tips have dried up. But Cabcharge gets 10% whatever.

So , to IPART ….

What about Cabcharge ?????

Superannuation

In line with community standards a self funded Superannuation Scheme should be put in place for Taxi Drivers. Operators are already claiming the cost of such a scheme as a part of Operating costs of their side of the industry and the TWU has lodged a claim for the same for Drivers.

Whether the methodology be that the Scheme be run by the Taxi Council or the TWU or both is immaterial to the need for funding to ultimately come out of fares charged for Taxi Services.

To achieve a 9 % component of income as for the rest of the working community from July 1, and given the lack of certainty of total earnings, an increase in fares 4.5 % is necessary to provide such funding.

Fare Fixing and Income

IPART has become a de facto Wage and Income Fixing Authority in the Taxi Industry because the Industrial Relations Commission has accepted the cost analysis it has made of the industry as the justification for wage regulation for Taxi Drivers.

This is no doubt an unintended consequence, but it is a reality.

Accordingly , IPART must accept that the amounts noted in the models applied are fair and correct as they apply to drivers, as much as amounts relating to other stakeholders. Since there is a little more time available on this occasion, IPART needs to thoroughly verify the figures submitted as forming the cost model , and to develop a more comprehensive cost / revenue model.

Additionally, since analysis of such data as is available, shows that the driver stakeholders are earning considerably less than that which the "award " rate, and normal hours, should return on their investments, or are not making a decent living out of the Taxi Industry at all, substantial fare increases are necessary. Such increases would attract more drivers and improved utilization of vehicles closer to the maximum of six day shifts and seven night shifts which would effect a reasonable return on capital to the owner / lessee.

Alternatives for Operators

The Taxi Council is concerned that fare increases do not flow on to the Operator without a Determination from the Industrial Relations Commission; and that he has been denied past such increases. This is not so.

A Bailor Operator contracting with his Bailee under Method I Commission Pay In, is entitled to an immediate and automatic sharing of fares on a 50 /50 basis less fuel and wash.

At present Operators have denied Drivers Method I and refused shifts on that basis. They choose the Fixed Pay In as a guaranteed secure income flow that had evolved into the larger share of the fares received. With the focus on costs by IPART and the IRC's determination of fair fare splitting, the Operators are anxious that the pie is about to be equally and equitably cut.

If that is so they could always pursue Method I as a preferred option.

And for those owner operators who, as traditionalists, also drive their own cabs, the benefits flow directly. Lessee operators likewise.

8 … Service Delivery Standards

The Taxi Council has passed over the responsibility of " delivery" to the Drivers. Essentially this is a reasonable assessment of responsibility as it is only the Driver who can deliver that last essential part of the service.

But, thus far, the Driver has been denied any input to the cycle of passenger booking, allocation or delivery. This has been a preserve of the Networks.

And it is a requirement under the Regulations for Network accreditation. The Taxi Council has invoked the Trades Practices Act as a justification for this offloading of their involvement and responsibility. Perhaps.

There are a host of issues involved in job allocation that also impinge on effective delivery or passenger pick-up. Without input from more Drivers than this Submission now represents , we are unable to argue the merits of such issues. We merely state some of the issues …

Rank Preference
Queuing in Suburb
GPS Location
M code advancement
Offloading
Details of Job
Directional ranking at Airport and City ranks
Enforcement and disciplinary procedures

We do query IPART's use of old data, and wonder why the Taxi Council, as a Network representative does not use or provide the data it is obliged to furnish to the Department of Transport on a quarterly basis.

Its Submission criticizes IPART for using old data …… why not supply some up to date information that is available from the Networks?

From the one Report attached to the1999 IPART Submission that is available we note an ambiguity between the number of bookings picked up and the number of picked up bookings within the standard time. It appears that all picked up bookings are picked up, and , within an average of 6.21 minutes.

But of all the bookings made some 91% were picked up, and the other 9% were successfully offloaded and in the end only 0.15 % were unable to be provided with a cab.

That gooblydegook doesn't quite relate to IPART's comments.

Nor does the simple Driver logic that the only apparent way of a network knowing that a cab has picked up on a Radio job is when the meter is swung over to 'hired'. And since , sooner or later, every cab gets hired, then all bookings must get reported as picked up. Is there some secret that Drivers don't know about that can cross relate hirings and specific pickups.

If every job was a M1 [requiring the Radio room to advise the Passenger of the arrival of the cab], there would be partial evidence. But there is no apparently known sort of system to confirm passenger delivery standards.

We feel that service levels are generally good, with many cabbies providing excellent service. Our industry simply cannot afford to take a fire brigade approach of having more than enough cars empty, ready and waiting for many hours to deal with a possible peak in work at any time.

Service levels can be improved by increasing the efficiency of the taxi fleet. Measures to do this could include:

- improving the efficiency of the network's job despatch systems
- more frequent offloads between **all** networks
- directional ranking at airports and city

We strongly believe there are things that networks can do to improve the level of service provided to the public by improving the way they deal with drivers. Just saying they offer work to drivers and it's their fault if they don't pick it up is highly misleading.

The Taxi Council's suggestion that response to short radio jobs after 10PM is poor, needs to be looked at in conjunction with network job despatch practices. We respect the drivers right to accept or decline radio jobs. Drivers make their own assessment about how good a job is, if there are driver safety considerations, how far to run and (most importantly) will the customers still be there.

From the driver's point of view, short radio jobs are jobs just like any other. **If you are nearby they are good jobs.** Networks could improve service to passengers by using the in-car GPS to offer radio work to the nearest available car rather than one several kilometres away. All cars have GPS, **but no network** uses it to offer work to the nearest empty car.

Some networks give priority to cars on a rank. If your house is several kilometres from the rank service standards will be poorer because of this. Consider a job in Blakehurst being given to a cab on Hurstville rank (which could be 10 or 15 minutes drive in heavy traffic). Whilst rank preference helps customers on the rank get home, it encourages drivers to decline local work, particularly at the busiest times.

With some networks (at some times) the only way to get a good (long) job is to sit on the rank and refuse short jobs. Other networks offer the best jobs to the cars longest vacant. **If these systems were changed so that all cabs had a chance at a good job irrespective of available time or whether they were on a rank, there would no longer be a reason to decline short radio jobs.** Using GPS to offer work intelligently together with giving work to the nearest available car would develop a culture where cabbies would accept virtually all jobs offered to them.

Some networks jealously refuse to offload their work to other networks for hours and even then don't offload to all other networks. Automatic electronic offloads (by modem between network computers) to all networks after a period of 5 minutes would greatly improve the effectiveness of Sydney's cab fleet.

Jobs from Cronulla to Parramatta at 2PM would be shared with Premier cabs, from Homsby to Fairfield shared with South Western. This would see customers otherwise ignored provided with good service.

While networks refuse to listen to drivers regarding ways to improve job dispatch and customer service then it is ridiculous for them to blame drivers alone when good service is not provided. We agree with the Taxi Council's comment that it Is not fair to penalise part of the industry for something beyond their control. Clearly, network job despatch procedure is beyond drivers control and improvements are needed.

Other possibilities to improve service

Improvements in service could possibly also be achieved by allowing regular customers to nominate their favourite cabbies to be given the first option on their work. This would ensure good service was a high driver priority!

There will always be busy times and busy nights. Restricted Taxi plates issued for certain times or days (say nights from Thursday to Sunday) are simply not viable unless reduced costs for insurance and network fees can be facilitated.

Enforcement

There are, however, some rare occasions where some cab drivers don't do the right thing by their passengers (potential or actual). In these circumstances some sort of punishment is necessary. The process should be fair and open. Drivers should not be deprived of the ability to earn a living in response to unproven allegation. Drivers should be given some representation on network disciplinary committees and a fair open hearing (with representation if needed) with the DoT prior to suspension of accreditation.

Whilst the Taxi Council claims to be the peak industry body and claims the authority generated from the 26,000 businessmen in the industry, it needs to be remembered that over 20,000 of those businessmen (and women) earn some or all of their living by driving taxis. The Taxi council does not represent the vast majority of these people at all and none of them whilst performing the functions of a driver!

It also needs to be said that the Taxi Council's contributions are collected compulsorily from operators by networks (if an operator chooses to resign from the industry body his contributions continue to be paid by the network). It is probably fair to say that the peak industry body represents Cabcharge and the networks very well, operators somewhat less, owner operators less again and drivers not at all. Their comments and submissions need to be considered in this light.

We have serious concerns that network reporting on service standards is misleading. They just assume that when the meter is started the radio customer is picked up. This enormous assumption is just wrong. With the Raywood despatch system, drivers are not available for work after accepting a radio booking. It is common practice to start the meter before picking up a passenger to be made available again (either to get a trip to the first booking or find a second one to follow it). Under the Sigtec system a driver can keep an M45 (priority) by using the M3 (pretending he did not pick up the passenger). These sorts of common practices would have major effects on network statistics. Network reports on service standards need to be both published and properly audited.

We note that the service standards are not "approved". Obviously, they need to be ratified (or enforced) as soon as possible to ensure proper customer service. We also suggest that minimum standards apply for the networks job offers to drivers. At an absolute minimum, drivers should be told the name of the passenger, the number of passengers and the correct destination as well as the pick-up address and instructions. Many networks are currently failing to provide drivers these very simple details necessary to provide decent service. Just imagine the poor cabbie showing up to a party at someone's house and only being able to say "I'm here for some people going to the City". Is it any wonder cabbies will take the wrong passengers in these circumstances?

Notwithstanding the above comments, if it is intended that Drivers be in some accountable way more responsible for delivery standards, then Drivers must be represented within the management of the system. Transport NSW and its Regulations must be involved to formalize and make effective such responsibilities.

There are currently no Driver Representatives on the Taxi Advisory Council to advise Transport NSW in revising these ' interim standards'. The Networks have certainly not asked for input.

Perhaps IPART may provoke some action.

As representatives of Taxi Drivers we affirm our interest in providing the best possible services to our fare paying passengers. We note a number of issues currently with Transport NSW that reflect on our services but are a direct result of the current Network control of " delivery standards".

9. Competition

There are varying degrees of competition within the industry. Particular parts of the industry are very competitive. Some are not.
Cabcharge is a virtual monopoly and takes advantage of its market position.

Whilst there are several networks there are only 2 Radio Despatch systems (Raywood used by Premier, Legion and St George and Sigtec by CNN, TCS and its associated networks). There seems to be little competition among networks for operators, drivers or passengers. Driver dealings with networks are often given the "this is how we do it - tough luck" response to legitimate complaints or suggestions to improve the service offered to customers. We have experienced networks that mislead or ignore drivers and refuse to even accept that drivers are their customers! Given this attitude, the Taxi Council's suggestion that when service standards slip it is entirely the driver's fault simply defies logic. There are more than a thousand operators and they do compete (vigorously at times) for drivers' services.

There are several thousand Sydney taxi drivers and competition is generally strong. Just look at George Street on a Monday night. Cabs attempt to get the ideal position to attract work whether on a rank (formal or otherwise) or cruising. Just watch the cruising cars jostle for position along George Street on a quiet part of Monday night. The laws of supply and demand dictate that drivers can afford to be somewhat more choosy at 2AM on a Saturday or Sunday morning.

During the busiest times customers compete for taxis. They will walk up the street to get in front of others. Experienced cab users have fewer problems getting cabs, as they use mobile phones to book a car and effectively jump the queue at a rank (airport, late night shopping or the city). They will often share with other passengers going in the same direction. It is possible (very likely in fact) to get a cab from the city to Liverpool at 2AM or SAM (you just need to know which network to call). The information needed to get better service at peak times is generally available from the cabbies to customers who care enough to ask politely (and are sober enough to understand the reply).

Suppliers of parts and services to taxi operators can be very competitive (check out the advertisements in Taxi (taxi council's magazine) - brake pads supplied and fitted from $45, replacement gearbox around $1,000 drive away in an hour, power steering racks, air conditioner pumps, cheap tyres and retreads. These suppliers survive on very low margins by using the high numbers of taxis needing their services. Any warranties offered are honoured (who can afford to annoy their customer base in a competitive environment). Many of these small business are set up specifically to service Sydney's taxi fleet See Attachment 15 'Taxi Magazine'.

10 ... Recommendations to IPART

New Fare Structure

Flagfall	**$3.00**
Radio Booking Fee	**$1.50**
Waiting time	**$50.00 ph**
Distance Rate	**$1.80 p km**
Late Night Tariff	**20 % on Distance**
	Extended to Sundays and Public Holidays

Flagfall

Placing a $3.00 base on the flagfall will improve customer services for short trips. Consideration could be given for an increase to $5.00 and an inclusion of the first kilometer in the flagfall. We as Drivers do not wish to impose excessive cost increases on those of our passengers who depend on Taxis as a necessary form of Public Transport.

Radio Booking Fee

An increase to $1.50 will improve services to short fare bookings as well as jobs in general. Customer delivery services will improve. Consideration should be also given of an increase to a $5.00 Radio Booking Fee. This would fully restore the costs of dead running , would improve acceptance of short jobs and speed up passenger delivery.

Again, we do not wish to adversely affect our dependant passengers, but do wish for a balance of cost recovery. A responsibleTaxi Driver, earning a decent living wage, may well not charge the proverbial widow her last mite by way of a large radio fee. But at the moment he needs every dollar he can scrape out of his passengers

The common occurrence of calling for a recall on the way to a job having picked up a street hail on the way will diminish. The historical equivalent of the radio fee covering a 3 km run to the job will be partly restored. A suggestion that all radio jobs be offloaded after 5 minutes to **other** networks is also proposed.

To protect the interests of our disabled customers using the Taxi Subsidy Scheme it is proposed that the Scheme / Government pick up the first $5.00 of fares and only after that should the client pay half of the fare balance.

Waiting Time

An increase to $50.00 an hour will improve the parity of Waiting time to Distance rates and the relationship to actual hourly earnings.

The chaos of Sydney peak hour traffic should not penalize the driver, and the increase if the stated 3 mins per 10 km trip is accurate will not be excessive in absolute dollar terms. Given anecdotal evidence, 3 minutes is a low estimate and $60 .00 per hour would be better. Once again the Networks have the evidence.

Distance Rate

An increase to $1.80 per kilometer is a large increase and will be difficult to pass on to passengers. It is, however, necessary in the social and economic interests of drivers. For far too long the drivers have in effect subsidized the Passengers and ensured a regular, and perhaps excessive, income flow to operators.

Whilst IPART may not have per se, a wage fixing function, it has stated a role in structuring fares to cover operating costs and a return on capital.

It thus has an obligation to structure fares to assess and cover Drivers costs as a key element in the Industry. That these are also defined as wages should be no deterrent.

The Taxi Council states that IPART does not have a function in Fare Determination but can only advise as to ` the prices for taxi services'. Reality is that the TIA goes to the Industrial Relations Commission with IPART's recommendations under its' arm.

An increase of this order , in conjunction with the other aspects of the fare structure, will have the effect of increasing Driver Hourly rate to an average $16.00 an hour. Bus Driver Rates , but still without Bus Driver Overtime Loadings.

Late Night Tariff

No change is recommended to the Late Night Tariff Surcharge. From a Driver's viewpoint it has had the intended result of encouraging drivers to work and stay out late at night and maintain services.

This Tariff surcharge was introduced as an incentive to Drivers to keep Taxis' on the road , available for hire, for that late night period when demand for cabs is historically less and an overreaction to the supply side had led to an even greater reduction of cabs on the road. Analysis of the success of this bonus surcharge could be measured by data available from the Networks.

At no point is this Tariff measurable in Operator Cost analysis, and to question it's validity on the grounds of an unjustified imposition on the Passenger unsubstantiated by cost components is itself an invalid process.

Consideration should be give to extending the Tariff II to Sunday's and Public Holiday's to encourage cabs to be on the road. This currently applies to Country Taxi Operations , and there appears no reason to discriminate against Urban Drivers. Passengers have not objected to the tariff as they perceive a benefit in improved services.

There is a social interest aspect to the Late Night Tariff that needs be recognised. By encouraging Drivers to stay on the road longer and later in the pursuit of the much needed marginal extra income, the Safety issue of Driver Fatigue and fatigue related accidents comes to the fore. Certainly this is an issue for the Industrial Relations Commission and is a function of the Taxi Contract Determination, but IPART should consider the social implications of it's actions in this area. If a reasonable income can be earned within the eight hours that the rest of the community works, there should be no reason to financially encourage to work outside the 38 / 40 hour week. Overtime rates are, in theory, a penalty rate to discourage extended working hours and are not a bonus rate for extra hours.

The Taxi Council recommends that Tariff II be extended to the Waiting Time component of Late Night Fares. This is not supported, as it would be an extra and unnecessary burden on passengers who will already be facing a fare increase.

A straight flagfall surcharge would not have the same perceived incentive to drivers. It would certainly not produce the same revenue supplement.

Luggage Charges

Given the potential income derived and the common non application of this charge, we would recommend that it be deleted as an additional impost.

Tolls

Currently, the most frequent passenger complaint is the inaccurate recording of Toll Charges. Because there are now a range of tolls around Sydney, it is not possible to have a convenient " extras " amount on the meter. The Driver must either under or overcharge to cover Radio , Bridge or Tollway charges. No solution is offered.

A $1.50 Radio Fee would help smooth a few wrinkles, and be an easy multiplier.

Incidentally, in this Submission, Tolls as a part of Total Revenue. Fares or Income have not been counted. They should balance out.

Average Fare

The Taxi Council suggestion that Average Fares be determined on the basis of a Seven kilometer trip is supported. If the Taxi Council has data to support this , it also has a mass of other data available for other aspects of the Industry.

Application

It is strongly recommended that these increases flow solely to Drivers and that IPART so advises the Ministers for Transport and Industrial Relations, such that the Taxi Drivers Contract Determination will reflect this arrangement. Those Drivers who are also Owners or Lessees will benefit as a function of their driver role and not from their Operator role …. In theory , half the cabs in Sydney.

The Operators who manage cabs as Bailors' already have a fixed and secure flow of income. If they manage their fleets efficiently and maximize shifts on the road , there is an adequate margin within the present Pay in Rates. The TIA submissions have focused on the Owner driver + bailee model with vastly exaggerated costings.

A reality check on the numbers show that, for that model, an Operator [and one who is presumably an experienced driver] working 5 days with a Bailee driving 6 nights has a margin over operating costs of $3000 a year on a 47 week year. On a 42 week year he breaks even as an operator driving six day shifts with bailee drivers for seven nights.

But, as an experienced driver he also retains $23000 for his driving activities .

As costs change, and the models are substantiated , then pass on proven increases. For now, only the Driver needs an improvement on his inputs by way of fare increases.

If IPART agrees with the provision of Driver Superannuation , then an increase of 4.5% of fares should fund the post July 2002 rate of 9 % Compulsory Superannuation.

This will require an increase in Pay Ins and IPART should specify the purpose of an increase in fares in relation to Superannuation.

In the Taxi Council's 2002 Submission there are cost increases identified in Insurance's and Plate Lease Fees that IPART need examine and, if agreed , pass on an appropriate percentile increase. Quite possibly however, the reductions in costs established by this Submission is large enough to obviate the need for any increase.

We endorse the need for a Cost / Revenue Index model that will measure cost/ revenue changes and determine future fare increases. Such an index needs be based on the reality of actual costs and revenue and refer to an economically and socially responsible utilization of the average Taxi Cab around which the Industry functions.

This submission was prepared by Taxi Drivers for IPART and for the endorsement of The Transport Workers Union [NSW Branch] as the Union representing Taxi Driver's industrial interests in Sydney.

It seeks to make known the views and experience of active participant Taxi Drivers whose stakeholding in the Industry has hitherto been ignored.

Any further information will be freely provided and the authors of this submission advise that they are ready to give verbal evidence and statements if required.

Sydney May 2002

Prepared by

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Drivers Committee

Geoff Coates	Tony Denton	Lewis Hamilton
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11 .. Attachments

1. **Taxi Driver Revenue / Costs**
2. **Effect of Fare Increases**
3. **Analysis of Taxi Margins**
4. **Taxi Service & Maintenance Schedule 1999**
5. **Uniforms**
6. **5 day / 6 night Shift Comparisons**
7. **6 day / 7 night Shift Comparisons**
8. **Day Driver Earnings**
9. **Method I Earnings**
10. **Cost Comparisons**
11. **Pay In Analysis**
12. **Summary of Profitability**
13. **Radio Network Report 1998**
14. **Advert for "Monoform"Tyres**
15. **Copy of "TAXI" [Journal of Taxi Council]**

TAXI DRIVER REVENUE COSTS Estimates mj Weekly

Attachment 1	DAYS	x 6days	MON	TUES	WED	THURS	FRI	SAT	SUN	Shifts per week 6 + 7	5 + 6
TOTAL FARES											
NEW	$215.00	$1,290.00	$240.00	$240.00	$260.00	$285.00	$350.00	$350.00	$260.00	$3,275.00	$2,800.00
AVERAGE	$240.00	$1,440.00	$275.00	$280.00	$300.00	$330.00	$450.00	$450.00	$300.00	$3,825.00	$3,285.00
EXPERIENCED	$271.00	$1,626.00	$301.00	$305.00	$331.00	$375.00	$502.00	$502.00	$331.00	$4,273.00	$3,671.00
AVERAGE TOTALS	$242.00	$1,452.00	$272.00	$275.00	$297.00	$330.00	$434.00	$434.00	$297.00	$3,791.00	$3,252.00
PAY-IN	$114.00	$684.00	$124.00	$126.00	$136.00	$153.00	$174.00	$174.00	$135.00	$1,706.00	$1,457.00
WASH			$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$105.00	$90.00
LPG	$22.00	$132.00	$27.00	$30.00	$33.00	$35.00	$40.00	$45.00	$30.00	$372.00	$320.00
GST ON NETT	$8.00	$48.00	$8.00	$8.00	$9.00	$10.00	$16.00	$16.00	$10.00	$125.00	$107.00
OTHER	$15.00	$90.00	$15.00	$15.00	$15.00	$20.00	$25.00	$25.00	$15.00	$220.00	$190.00
TOTAL COSTS	$159.00	$954.00	$189.00	$194.00	$208.00	$233.00	$270.00	$275.00	$205.00	$2,528.00	$2,164.00
RETAINED EARNINGS	$83.00	$498.00	$83.00	$81.00	$89.00	$97.00	$164.00	$159.00	$92.00	$1,263.00	$1,088.00
Average EFFECTIVE HOURLY	$8.30	$8.30	$8.30	$8.10	$8.90	$8.90	$13.65	$13.65	$9.20	$9.25	$9.25
RETAINED EARNINGS	$112.00	$672.00	$112.00	$111.00	$123.00	$142.00	$232.00	$227.00	$126.00	$1,745.00	$1,507.00
Experienced EFFECTIVE HOURLY	$11.20	$11.20	$11.20	$11.10	$12.30	$12.90	$19.35	$19.35	$12.60	$12.65	$12.65

Attachment 2

TAXI DRIVER REVENUE COSTS Estimates mj Weekly

Result of a 30% fare Increase

	DAYS	x 6days	MON	TUES	WED	THURS	FRI	SAT	SUN	Shifts per week 6 + 7	Shifts per week 5 + 6
TOTAL FARES	$310.00	$1,860.00	$355.00	$365.00	$390.00	$430.00	$565.00	$565.00	$390.00	$4,920.00	$4,220.00
Fares + 30%											
AVERAGE TOTALS											
PAY-IN	$114.00	$684.00	$124.00	$126.00	$136.00	$153.00	$174.00	$174.00	$135.00	$1,706.00	$1,457.00
WASH			$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$105.00	$90.00
LPG	$22.00	$132.00	$27.00	$30.00	$33.00	$35.00	$40.00	$45.00	$30.00	$372.00	$342.00
GST ON NETT	$14.00	$84.00	$15.00	$16.50	$17.00	$18.50	$30.00	$30.00	$17.00	$228.00	$197.00
OTHER	$15.00	$90.00	$15.00	$15.00	$15.00	$20.00	$25.00	$25.00	$15.00	$220.00	$190.00
SUPER	$10.25	$61.50	$11.15	$11.20	$12.00	$13.75	$15.60	$15.60	$12.20	$153.00	$130.55
TOTAL COSTS	$175.25	$1,051.50	$207.15	$202.50	$216.00	$241.50	$284.00	$289.00	$212.00	$2,784.00	$2,406.55
RETAINED EARNINGS	$134.75	$808.50	$147.85	$162.50	$174.00	$188.50	$281.00	$276.00	$178.00	$2,136.00	$1,813.45
Average EFFECTIVE HOURLY RATE	$13.45	$80.70	$14.75	$16.25	$17.40	$17.40	$23.25	$22.75	$17.80	$16.00	$16.00

	average fare	7km	10 km		7km	10 km		
	Flagfall	$3.00	$3.00	$3.00	$2.45	$2.45	195 jobs per week	
	Radio	$1.50	$0.75	$0.75	$0.55	$0.55		
	Distance	$1.80 / km	$12.60	$18.00	$9.40	$13.80		
	Waiting	$50 / hr	$2.50	$2.50	$1.80	$1.80		
			$18.85	$24.25	$14.20	$18.60	30%	
			Proposed Fares		Current Fares			

Analysis of Driver Retention and Operator Margins on Differing Utilization

Attachment 3

	IPART Operator Cost 2001		Taxi Coun 2002	Reassesed Costs								
Total	$87,813	$87,813	$97,532	$70,000	70000	70000	70000	70000	70000	70000	70000	70000
	6 day/7nig	5day/6night/42w										
			5d/6n/42w	6 days 7nights 52 weeks Average Drivers	6 days 7 n 47 weeks	6 days 7 n 42 weeks	5 days 6 n 52 weeks	5 days 6 n 50 weeks	5 days 6 n 47 weeks	5 days 6 n 42 weeks	5 days 6 n 47 weeks Experienc	5 days 6 nights 42 weeks Experienced drivers
LPG fuel	$16,475	$16,475	$13,335	$19,344	$17,484	$15,624	$16,640	$16,000	$15,040	$13,440	$15,040	$13,440
Cleaning	$2,860	$2,860	$2,860	$5,096	$4,606	$4,116	$4,680	$4,500	$4,230	$3,780	$4,230	$3,760
Bailee Driver	$60,092	$60,092	$62,135									
GST on Nett Retentions				$6,500	$5,875	$5,250	$5,565	$5,350	$5,030	$4,495	$6,465	$6,000
Other Driver Expenses				$11,440	$10,340	$9,240	$9,880	$9,500	$8,930	$7,980	$8,930	$7,980
Driver Retention				$66,137	$59,784	$53,424	$56,568	$54,300	$51,135	$45,695	$69,393	$61,788
	day driver app income			$26,000	$23,500	$21,000	$21,500	$21,000	$19,500	$17,264	$26,500	$23,500
	night driver			$40,000	$36,500	$32,000	$35,500	$33,500	$32,000	$28,348	$44,000	$38,500
Total Driver Costs	$79,427	$79,427	$78,330	$108,517	$98,089	$87,654	$93,333	$89,650	$84,365	$75,390	$104,058	$92,968
Total Costs	$167,240	$167,240	$175,862	$178,517	$168,089	$157,654	$169,104	$162,500	$152,844	$136,584	$172,537	$154,182
Pay in from Drivers	$88,712	$71,652	$61,572	$88,608	$80,088	$71,568	$76,232	$73,300	$68,902	$61,572	$68,902	$61,572
Margin to Operator	$899	-$16,161	-$35,960	$18,608	$10,088	$1,568	$6,232	$3,300	-$1,098	-$8,428	-$1,098	-$8,428
Total Fare Revenue	$197,132	$159,222	?	$197,132	$178,177	$159,222	$169,104	$162,500	$152,844	$136,584	$172,537	$154,182

ATTACHMENT 4

Taxi Service & Maintenance **Attachment to TIA Response to IPART 1999**

Taxi Item		Total	Service	Parts	Other
Gearbox service/replacement	1 $1.200	$1,200	700	500	
Routine vehicle service	26 $45	$1.170	1170		
Batteries	3 $95	$285		285	
Brakes - front	12 $70	$840		840	
Brakes - rear	6 $70	$420		420	
Brake discs	2 $275	$550		550	
Wheel bearings	2 $72	$144		144	
Radiator	1 $280	$280		280	
Differential	0.5 $800	$400		400	
Wiper blades	4 $16	$64		64	
Air conditioning and service	1 $1.500	$1,500	1000	500	
Motor tune up	6 $200	$1.200	1200		
Alternator	2 $150	$300		300	
Headlight globes	12 $19	$228		228	
Stop light globes	30 $5	$150		150	
Other globes (vacant/indicator)	36 $8	$288		288	
Starter motor	1 $120	$120		120	
Muffler/exhaust	1 $250	$250		250	
Shock absorbers - rear	1 $180	$180		180	
Shock absorbers - front	1 $300	$300		300	
Seat covers	1 $180	$180		180	
Miscellaneous bushes	1 $350	$350		350	
Motor replacement	0.33 $1.200	$400		400	
cylinder head (LPG)	0.5 $1.000	$500		500	
Detailing (for inspection)	3 $120	$360			360
ATIS inspections	3 $45	$135			135
Security screen replacement	0.33 $1,500	$500			500
Tyres - front	10 $70	$700			700
Tyres - rear	6 $70	$420			420
Wheel alignment	6 $25	$150	150		
Body repairs accident excess	1 $2.500	$2,500			2500
Meter conversion	1 $100	$100	100		
Total		$16,164	4320	7229	4615

Note: Assumes taxi operated for 175,000 kilometres per year by an owner-driver and one baile

Average of actual expenditures over varying fleet operations.

16164

Source: NSW Taxi Council.

Add on from PCW 2001

Brake Booster	172
Master Cylinder	169
Water Pump	91
Fan Belt	48
	7709

Attachment 5

Items kept in stock
TAXIS COMBINED UNIFORMS

No. ITEMS	sizes IN STOCK	PRICE
Short Sleeve Shirt Blue Oxford Fabric	Small - 5 X Large Small -	
Long Sleeve Shirt Blue Oxford Fabric	5 X Large 72 - 132cm 72-	$18.00
Trousers Navy Shorts Navy Bomber	132cm Small - 8 X Large	$19.00
Jacket	Small-8X Large Small - 5	
Bomber Jacket with Epaulette	X Large Small - 5 X Large	$28.00
Holders Jumper Navy with Epaulette		$25.00
Holders Vest Navy with Epaulette	Standard or Executive	$38.00
Holders		$44.00
	Adjustable	
	97 and 132 adjustable	$45.00
	8-26	$39.00
	8-26	
Tie clip-on Dark Blue	8-26	$15.00
Epaulette Slides-Pair:		$7.00
Standard Socks Black		$6.00
King-size Socks Black		$7.00
Baseball Style Cap with TCS Logo		$10.00
Belt Black -TCS Logo on Buckle		$17.00
Ladies Blouse		$30.00
Ladies Pants		$39.00
Ladies Skirts- Pleated or Straight		$37.00

Attachment 5a

Uniforms By-Law (Uniform - obligation to provide)

3.0 An Operator who is a member of the Deluxe Red & Yellow Cabs Co-Operative Trading Society Ltd or who has been licensed by Taxis Combined Service Pty Ltd to utilise the Two Way radio network shall:

Provide without charge to any Driver to whom he bails a Taxi Cab an Approved Network Uniform.

3.1 An Approved Network Uniform comprises the following items of clothing in the colour and design and bearing the insignia which has been approved by the Department of Transport.

(a) In the case of a Permanent Driver:

I Pullover 1 Jacket 4 Shirts 2 Pairs of Trousers or Shorts
1 Pair of Epaulets 2 Pairs of Socks

b] In the the case of a Casual Driver

1 Jumper 2 Shirts 1 Pair of Trousers
1 Pair of Epaulets
1 Pair of Socks

3.2 **For the purpose of this By-Law an Approved Network Uniform which may be provided in accordance with these By-Laws may be new or secondhand but if provided secondhand shall, at the time it is first provided be freshly laundered and pressed. Penalty**

3.3 For Failure to supply an Approved Network Uniform:-

(a) In respect of any first Offence.
Withdrawal of Radio Service from at least one of the Operator's operating Taxicabs until a Uniform has been supplied in accordance with this By-Law.

(b) Provided that if an offence under this By-Law is shown to have occurred and the Taxi Operator **subsequently supplies an Approved Network Uniform the Two Way Radio Service will be resumed upon payment to the Network of the sum of $20.00. Application for resumption of the Two Way Radio service shall be on the form provided.**

3.4 In respect of each second or subsequent offence withdrawal of the Radio Service from at least one of the Operator's Vehicles until a uniform has been supplied in accordance with this By-Law.

(a) Provided that if an offence under this By-Law is shown to have occurred and the Taxi Operator subsequently supplies an Approved Network Uniform the Two Way Radio Service will be resumed upon payment to the Network of the sum of $50.00. Application for resumption of Two Way Radio Service shall be on the form supplied.

Standard of Proof and Defence

3.5 Upon a complaint brought by a driver:
It shall be a good and complete defence to a complaint brought under this By-Law if the records of the Network or any other Operator show that the Driver had been supplied with a Uniform by another Operator within the previous twelve calendar months.

3.6 The records of the Network shall be accepted as conclusive proof for the purposes of mis By-Law.

3.7 If despite suspension of the Two Way Radio Service, compliance has not been demonstrated at the end of seven days the member shall be reported to the Department of Transport as having failed to comply with Network Standards

Attachment 6

Taxi Cost / Revenues **5 day shifts / 6 Night shifts**

AVERAGE DRIVER

Weeks pa	Total Fares	Pay Ins	LPG	Wash	GST on Nett	Other	Driver Retention
52	$169,104.00	$75,764.00	$16,640.00	$4,680.00	$5,565.00	$9,880.00	$56,568.00
50	$162,500.00	$72,850.00	$16,000.00	$4,500.00	$5,350.00	$9,500.00	$54,300.00
48	$156,096.00	$69,936.00	$15,360.00	$4,320.00	$5,135.00	$9,120.00	$52,225.00
47	$152,844.00	$68,479.00	$15,040.00	$4,230.00	$5,030.00	$8,930.00	$51,135.00
46	$149,592.00	$67,022.00	$14,720.00	$4,140.00	$4,920.00	$8,740.00	$50,050.00
42	$136,584.00	$61,194.00	$13,440.00	$3,780.00	$4,495.00	$7,980.00	$45,695.00

EXPERIENCED DRIVER

Weeks pa	Total Fares	Pay Ins	LPG	Wash	GST on Nett	Other	Driver Retention
52	$190,892.00	$75,764.00	$16,640.00	$4,680.00	$7,150.00	$9,880.00	$76,778.00
50	$183,550.00	$72,850.00	$16,000.00	$4,500.00	$6,875.00	$9,500.00	$73,825.00
48	$176,208.00	$69,936.00	$15,360.00	$4,320.00	$6,600.00	$9,120.00	$70,872.00
47	$172,537.00	$68,479.00	$15,040.00	$4,230.00	$6,465.00	$8,930.00	$69,393.00
46	$168,866.00	$67,022.00	$14,720.00	$4,140.00	$6,325.00	$8,740.00	$67,919.00
42	$154,182.00	$61,194.00	$13,440.00	$3,780.00	$6,000.00	$7,980.00	$61,788.00

Attachment 7

Taxi Cost / Revenues **6 day shifts / 7 Night shifts**

AVERAGE DRIVER maximum utilization

Weeks pa	Total Fares	Pay Ins	LPG	Wash	GST on Nett	Other	Driver Retention
52	$ 197,132.00	$ 88,608.00	$ 19,344.00	$ 5,096.00	$ 6,500.00	$ 11,440.00	$ 66,137.00
50	$ 189,550.00	$ 85,200.00	$ 18,600.00	$ 4,900.00	$ 6,250.00	$ 11,000.00	$ 63,600.00
48	$ 181,968.00	$ 81,792.00	$ 17,856.00	$ 4,704.00	$ 6,000.00	$ 10,560.00	$ 61,056.00
47	$ 178,177.00	$ 80,088.00	$ 17,484.00	$ 4,606.00	$ 5,875.00	$ 10,340.00	$ 59,784.00
46	$ 174,386.00	$ 78,343.00	$ 17,112.00	$ 4,508.00	$ 5,750.00	$ 10,120.00	$ 58,553.00
42	$ 159,222.00	$ 71,568.00	$ 15,624.00	$ 4,116.00	$ 5,250.00	$ 9,240.00	$ 53,424.00

EXPERIENCED DRIVER

Weeks pa	Total Fares	Pay Ins	LPG	Wash	GST on Nett	Other	Driver Retention
52	$ 222,196.00	$ 88,608.00	$ 19,344.00	$ 5,096.00	$ 8,320.00	$ 11,440.00	$ 89,388.00
50	$ 213,650.00	$ 85,200.00	$ 18,600.00	$ 4,900.00	$ 8,000.00	$ 11,000.00	$ 85,950.00
48	$ 205,104.00	$ 81,792.00	$ 17,856.00	$ 4,704.00	$ 7,680.00	$ 10,560.00	$ 82,512.00
47	$ 200,831.00	$ 80,088.00	$ 17,484.00	$ 4,606.00	$ 7,520.00	$ 10,340.00	$ 80,793.00
46	$ 196,558.00	$ 78,343.00	$ 17,112.00	$ 4,508.00	$ 7,360.00	$ 10,120.00	$ 79,115.00
42	$ 179,466.00	$ 71,568.00	$ 15,624.00	$ 4,116.00	$ 7,000.00	$ 9,240.00	$ 71,918.00

Attachment 8

Estimates of Day Driver Retention

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun		
New	$ 90.00	$ 50.00	$ 50.00	$ 60.00	$ 80.00	$ 70.00	$ 90.00	$ 490.00	$ 70.00
Average	$ 110.00	$ 80.00	$ 80.00	$ 90.00	$ 110.00	$ 80.00	$ 120.00	$ 670.00	$ 84.00
Experienced	$ 140.00	$ 110.00	$ 110.00	$ 120.00	$ 130.00	$ 100.00	$ 150.00	$ 860.00	$ 123.00

Pay In	$ 114.00
LPG	$ 22.00
GST	$ 8.00
Other	$ 15.00

Attachment 9

Method I cashbook **Actual Driver Record**

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	
19-Mar	299	249		302	339	479	283	
11-Mar	308		327	309	378	456	308	
04-Mar	270		301	348	339	394	267	
25-Feb	268	299		337	312	352	318	
18-Feb	269	289		376	428	405	314	
11-Feb	286		349	335	383	355	275	
04-Feb	261	301		322	346	405	317	
28-Jan	291	288	322	358	374	357	325	
21-Jan	253	306		301	367	309	317	
14-Jan	253	277		357	369	415	275	
07-Jan	224	263	270		343	331	261	
31-Dec	348	333		269	336	314	305	
24-Dec	357	283		270	265	260	262	
17-Dec	347	387		323	409	311	307	
10-Dec	338	332			440	347	341	
03-Dec	264	295			459	390	270	
26-Nov	242	306		373	448	372	322	
19-Nov	314	289		310	431	424	328	
12-Nov	197	306		310	411	389	352	
05-Nov	234	370		322	395	311	298	
29-Oct	271	272		317	410	300	305	
22-Oct	220	250		278	380	299	298	
15-Oct	176	275		372	391	354	293	
08-Oct	264		287	298	354	307	206	
01-Oct	295	286		298	360	351	214	
24-Sep	245	254		397	373	362	288	
17-Sep	259	261	317		381	365	220	
Average	$ 272.00	$ 272.00	$ 317.00	$ 317.00	$ 379.00	$ 360.00	$ 291.00	$ 2,208.00
M I take home	$ 136.00	$ 136.00	$ 158.00	$ 158.00	$ 189.00	$ 180.00	$ 146.00	$ 1,103.00
Comparable							50% of Fares	
fixed pay in	$ 124.00	$ 126.00	$ 136.00	$ 153.00	$ 174.00	$ 174.00	$ 174.00	$ 1,061.00
plus lpg / was	$ 37.00	$ 40.00	$ 43.00	$ 45.00	$ 50.00	$ 55.00	$ 40.00	$ 310.00
Retention if on Method II	$ 111.00	$ 106.00	$ 130.00	$ 113.00	$ 141.00	$ 120.00	$ 108.00	$ 829.00

The conclusion is that this driver earns $274 a week more on Method I than he would earn on Method II. Conversely the Operator , paying for Fuel and Wash , receives a nett $793 instead of the $1061 from equivalent Method II fixed Pay In

This is why Operators refuse bailment on Method I

His average weekly fare revenue of $2208 compares with the estimated average on ATT 1 of $2385….. And the return to him is better.

Attachment 10

Metropolitian Taxi Operating Costs

Taxi Council Submission with detail filled in

				IPART 2001	Taxi Council 2002	Driver Submission
Taxi Operator						
IPART	**Taxi Counci**	**Drivers**				
Bailment Fees			Vehicle Lease Payments	7887	8281	8281
60092	62135	68902	Insurance	12025	12737	12737
			Govrnment Charges	739	739	**874**
			Network Fees	6050	6436	6436
Advertising			Plate Lease Fees	17010	19500	19500
0	0	1000	Annualised Est'mt Costs	1295	1640	1640
60092	62135	69902	Maintenance Labour	6958	6854	**5000**
			Vehicle parts & Panels	10403	15043	**8000**
			Tyres	2543	2800	**1232**
			Accident Excess			**1000**
			Cleaning ATIS	360	360	360
			Operator Salary Equiv	12108	12525	**2800**
			Operator Superannuation	969	1002	**180**
			Other	3361	3484	**1500**
			Driver Entitlements	3705	3731	**0**
			Uniforms	2400	2400	**460**
				87813	97532	**70000**
			Operating Margin	-27721	-35397	**-98**
Taxi Driver						
Passenger Fares			Bailment Fees	60092	62135	**68902**
		153267	Fuel	16475	13335	**15040**
			Cleaning	2860	2860	**4230**
			GST Payable	0		**5030**
			Drivers Wage Equiv			**51135**
			Other			**8930**
				79427	78330	153267
				167240	175862	223267

This business therefore reflects accurately the reality of custom and practice

A few extra items are included and figues filled in

Variations in bold

Assumption Taxi is Bailed for 5 day shifts and 6 night shifts for 47 weeks

Attachment 11

Taxi Pay in Analysis **By weeks and Shifts**

		x 5 Day Shifts	x 6 Day shifts	5 night Shifts	6 Night Shifts	7 Night Shifts
	52 Weeks	$ 29,640	$ 35,568	$ 39,572	$ 46,592	$ 53,040
	50	$ 28,500	$ 34,200	$ 38,050	$ 44,800	$ 51,000
	48	$ 27,360	$ 32,832	$ 36,528	$ 43,008	$ 48,960
Less 10% Downtime	47	$ 26,790	$ 32,148	$ 35,767	$ 42,112	$ 47,940
	46	$ 26,220	$ 31,464	$ 35,006	$ 41,216	$ 46,920
Less 20% Downtime	42	$ 23,940	$ 28,728	$ 31,962	$ 37,632	$ 42,840

Note: This schedule shows the Pay Ins receivable by Operators at differing levels of shifts per week and per year. It thus represents Income to Bailor Operators.

Note : Minor variations occur resulting on which night is used cas the incremental shift.

DAY & NIGHT SHIFTS

5+5	5 + 6	5+7	6+7	
$ 69,212	**$ 76,232**	**$ 82,680**	**$ 88,608**	**52**
$ 66,550	**$ 73,300**	**$ 79,500**	**$ 85,200**	**50**
$ 63,888	**$ 70,368**	**$ 76,320**	**$ 81,792**	**48**
$ 62,557	**$ 68,902**	**$ 74,730**	**$ 80,088**	**47**
$ 61,226	**$ 67,436**	**$ 73,140**	**$ 78,384**	**46**
$ 55,902	**$ 61,572**	**$ 66,780**	**$ 71,568**	**42**

Attachment 12

Summary

Vehicle Costs	IPART July 2001 Report on Fares	Taxi Council 2002	Reassessment		
Plate Lease Costs	**$17,010**	**$19,500**	**$19,500**		
Vehicle Lease Payments	$7,887	$8,281	$8,281		
Insurance	$12,025	$12,737	$12,737		
Excess on Repairs			$1,000		
Govt Charges	$739	$739	$876		
Network Fees	$6,050	$6,436	$6,436		
Annualised Establishment Costs	$1,295	$1,640	$1,640		
Maintenance Labour	$6,958	$6,854	$5,380		
Vehicle Parts & Panels	$10,403	$15,043	$7,500		
Tyres	$2,543	$2,800	$1,250		
Other	$3,361	$3,484	$1,400		
ATIS Inspection / Detailing	$360	$360	$360		
Operator Salary Equivalent	$12,108	$12,525	$3,000		
Operator Superannuation	$969	$1,002	$180		
Uniforms	$2,400	$2,400	$460		
Driver Entitlements	$3,705	$3,731	$-		
Total Operator Costs	**$70,803**	**$78,032**	**$50,500**		
Total	**$87,813**	**$97,532**	**$70,000**		
			6d/7n/52w Average Drivers	6d/7 n /50 w	5 d/6 n/47w
LPG fuel	$16,475	$13,335	19344	$18,600	$15,040
Cleaning	$2,860	$2,860	5096	$4,900	$4,230
Bailee Driver Payments	$60,092	$62,135		$-	
GST on Nett Retentions			6500	$6,250	$5,350
Other Driver Expenses			11440	$11,000	$8,930
Driver Retention			66137	$63,600	$51,135
	day driver		26000	$25,100	$19,500
	night driver		40000	$38,500	$31,500
Total Driver Costs	**$79,427**	**$78,330**	**$108,517**	**$104,350**	**$84,685**
Total	**$167,240**	**$175,862**	**$178,517**	**$174,350**	**$154,685**
Pay in from Drivers	$61,572	$61,572	88608	$85,200	$68,902
Margin to Operator	**-$26,241**	**-$35,960**	**$18,608**	**$15,200**	**-$1,098**
			Fleet Base	Managed Base	2 Permanents

Attachment 14

MELBOURNE TAXI DRIVER CUTS ANNUAL TYRE BILL TO $300

The lowest annual tyre bill of any fully operational cab in Australia is being claimed by a Melbourne taxi driver.

George Roumpos says it cost him $250 to buy, fit and align four Motorway Monoform Taxi tyres that lasted 10 months and travelled 102,000 kilometres on his Melbourne-based cab, almost matching the previous set that travelled 108,000 kilometres in a similar time.

"That's equivalent to around $300, a year and is an enormous saving, especially considering the enormous costs of running a cab these days," he said.

"And its no fluke, as my previous set of Motorway Monoform Taxi tyres travelled 108,000 kilometres in the same period of time."

Remanufactured 'value[9]

George says his latest cost-savings have further validated his claim - and that of many other cab drivers - that remanufactured tyres provide the best value, especially for the taxi industry.

"In remanufacturing they put a heavier duty rubber on the face of the tyre - the critical part that touches the road," he said.

"What I save by using Motorway Monoform Taxi tyres goes straight into my pocket as extra profit without any compromise on safety."

"My life depends on good tyres, and my livelihood depends on good tyre value."

George, a 36 year old motor mechanic turned taxi-driver, made the change to Monoform Tyres in 1999.

'That's when I bought my own taxi plates after previously driving for my father's cab business," George said.

"My emphasis was on not cutting any comers in establishing my own business. On top of the $300,000 for the plates, my new Commodore VT Series Two cost $37,000 on the road, complete with taxi-pack," he said.

Experienced advice

"When the Commodore's tyres had to be replaced, I took the advice of some experienced drivers and bought Motorway Monoform Taxi tyres.

"That was the start of the valuable cost savings that have now led to my claim of the cheapest yearly tyre bill."

Attachmment 15

Copy of " TAXI" Journal of Taxi Council

See Advertised costs of Taxi Parts and Maintenance items

As a comparison for cost otherwise quoted

Attachment 13

Addendum "A"

NSW DOT TAXI RADIO NETWORK AUTHORISATION
QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 1998

1.0	***Network***			
1.1	***No*** of Taxis Operating on Network	_____		
1.2	No of Telephone calls received	***1108947***		
1.3	No of Telephone bookings requested *This includes electronic offloads received and therefore exceeds* 1.2	***1170876***		
2.0	***Telephone Answering Standards***			
2.1	***No*** of tel calls answered within 1 minute	***944479***	% of overall calls This must be % of 1.2	85.17%
2.2	No of tel calls answered between 1 & 2 min	***101743***	% of overall calls *This must be % of* 1.2	**9.17%**
2.3	No of tel calls answered after 2 mins	**62725**	% of overall calls This must be % of 1.2	5.66%
2.4	Total average telephone answering time	***27.56*** sec		
3.0	***Delivery Standard*** ***3.1 Pickups***			
3.1(i)	Pick up within 15 minutes of booking	1021713	% of overall bookings This must be % of 1.3	87.26%
3.1(ii)	Pick up btwn 15 and 30 minutes of booking	**41435**	% of overall bookings This must be % of 1.3	3.54%
3.1(iii)	Pickup btwn 30 and 60 minutes of booking	**4513**	% of overall bookings This must be % of 1.3	.0 39%
3.1(iv)	Pickup after 60 minutes of booking	**0**	% of overall bookings	**0.00%**
3.1(v)	Total number of pickups made	1067661	% of overall bookings	***91 19%***
3.1(vi)	Total average delivery time	6.21 min		
	3.2 Bookings Offloaded			
3.2(i)	No of bookings offloaded	**103253**	% of overall bookings This must be % of 1.3	**8.82%**
3.2(ii)	No of bookings offloaded and returned by network as unable to be met	1773	% of overall bookings This must be % of 1.3	**0.15%**
3.2(iii)	No of bookings successfully offloaded	**101480**	% of overall bookings	. 8 67%
	3.3 No Car Available			
	No. bookings for which no car was available	1735	% of overall bookings	0.15%