

Comment on the Taxi Council Submission to IPART 2003

From Michael Jools, Taxi Driver

The Taxi Council continues to refer to its opinions as those of the "industry". They are not. The TC comments and opinions are its own and are presumably representative of its members: the Networks and the Taxi Industry Association, The "industry" is a wider concept, one that includes Drivers as well.

An oft repeated phrase in previous IPART recommendations is that ...

.." the use... of Taxi Council figures ...should not be taken to represent Tribunal endorsement of the figures..... The Tribunal cautions against using these figures in the future without further analysis, particularly where the form of regulation does not involve application of a cost index"

The Taxi Council's approach is to apply indexation to the previous cost index, where it suits and to use un-detailed quotations when they suit. The original figures remain in doubt, unverified or plain wrong. IPART was asked to look at the cost of providing the services concerned, not merely the indexed costs, and pre-advised itself of the need to make a detailed study of cost items. But what is the premise of the TC ?

" The base figure for each line item in the model is taken to be the figure accepted by the Tribunal as current at June 2002 and published in the 2002 fare review." [TC p 17]

The lie, repeated often, becomes the illusion. The illusion, garbed in untruth, becomes the substance. The substance, thrice manipulated, becomes fact.

But the statistical reality is that the percentile weighting obtained from an exaggeration of the base figures continues to distort the model and to maintain the falsity beyond simple indexation of the components. The inflation of cost items way beyond realistic recovery from revenue has so far downgraded the weight given to other items as to reduce their real input.

The real impact of, say, Fuel cost increases is reduced because the net weighting is manipulated to be 8.3% of total costs when it should be 13.8 %. The impact is on only the Driver, so that's OK.

Replying to IPART's criticism of previous lack of verifiable detail, the TC amuses itself by then providing detail of how the detail was obtained and of the available documentation available for verification. But this time they don't give the data itself !!!

The only numbers are on the summary of cost index. Not good enough !!!

Because what we wind up with is no longer what PriceWaterhouse Coopers and Mr Reg Kermode described as .."a model... which represent all material costs for the Taxi Industry." [Letter from Taxi Council to TNSW 6/4/2001].

What we have instead are a variety of economic index indicators --- CPI [Consumer Price Index] , AWE [Average Weekly Earnings], a few suspect averages, retail prices in a wholesale environment, and some very generous profit / yield percentages. Oh, and a few "available" retail quotes, and all thrown on previous dodgy and suspect numbers.

None, or very little, of which goes to the actual costs of operating a taxi, of pursuing goals of productive efficiency, nor of any sort of social conscience.

All of which, when critically analysed, goes nowhere to substantiate a claim for a fare increase arising from the Operator's cost of operating a taxi service.

And the word, or concept of "revenue" is nowhere !!!

Best of all, of the Operator cost increases claimed only half are aimed at benefiting the Operator. The big winners are the Plate Licensees and the Networks. Just which part of the "industry" does the Taxi Council represent ?

A model, or this cost profile, will " never perfectly replicate the real world costs of all operators" nor will " the index ... be capable of ensuring ... an equal reasonable rate of return based on efficient costs " [TC p 17].

But this one doesn't even come close.

The essential dilemma remains that these summaries of cost index total to a cost to the operator of \$97,776. The revenue from bailment of his Taxi is between \$70,000 for a Single Operator Driver and \$91,000 for a Base Operated Cab. Why then does an Operator pay over \$400 a week to lease a taxi cab plate?

The simple real world answer is that it must be costing him less to run his business than the revenue he receives for bailing his taxi cab. The real costs, not including Plate Lease, are around \$50,000 per cab. Full stop.

A few comments on the details.....

Passenger journeys are one of the very few numbers quoted in the entire submission, yet they are as suspect as everything else. 450,000 journeys a day, at the TC elsewhere quoted 1.8 pax per trip is 250,000 trips a day. Quite a contrast to the TDC report of 119,000 resident - only trips.

Almost unbelievable . With 6000 cabs in NSW [and Country Cabs do less work] that works out at 52 trips per cab per day or 20 for the day driver and 32 for the night driver. It turns every shift into a winner and a good Friday shift at that. Just not true.

Taxi numbers. This is an industry in which no one knows the numbers.

The THCB quote 5924 taxis in NSW to IPART, and apparently quote 6300 to the Taxi Council. They also tell IPART there are 3891 Operators actually running cabs; the Taxi Council says 3469. The Taxi Council uses these figures to substantiate its assumption that the taxi cost index is based on an operator managing a single taxi- cab. To be sure , 75/76% of operating managers manage a single cab. But from those same figures some 58% of all cabs are managed by an operator with more than one cab. Statistics are very interpretable! . And 1928 cabs [about one third] are managed from bases with 6 or more cabs. This surely substantiates a need for dual models of a single cab and a base cab.

Is all of this about the cost of the cab or the cost to the operator ? The TC obviously can't tell the difference.

If we want to consider the full extent of their folly, and account for the 3000 odd Operators who don't operate even a single cab, but who go to make up the 6549 accredited operators who pay \$260 a year to TNSW, [\$1,702,000 in TNSW Annual Report 2002] then the percentages are:

	%	No of Cabs	% of Cabs	No of Operators	%	
0 Cabs	----	0	0%	3093	47%	
1 Cab	76%	2636	42%	2636	40%	
2 Cabs	12%	832	13%	406	6%	
3 to 6 Cabs	7.8%	904	14%	269	6%	
6 or more	4.2%	1928	31%	145	1%	
		6300		6549		

As Chicken Little said, its absolutely true, 1% of all operators run 31% of all the cabs. And Single Cab Operators are only 40% of all operators.

There are lies, dammed lies, and Taxi Council Statistics.

Currently, a major Network encourages the breaching of Regulations by Taxi Drivers in the display of unauthorized advertisements. Now the Taxi Council would encourage touting for fares by drivers where " demand warrants... charging fares below the metered level". All in the name of improved service standards ??

These same "Service Standards" , determined by the Director General, which the TC confirms that require a Driver to comply with Network directions, and are Standards that Networks , Operators and Drivers must all comply with are actually standards that the so called " industry" hotly dispute. They would propose an alternative, three years after the Minister, in Parliament, had detailed what the standards would cover.

IPART [p 40] actually expressed concern over the level of compliance with current reporting obligations, and the fact that the THCB was unable to provide quarterly reports from the networks. Yet the TC advises that detailed reports on current performance is provided to Transport NSW, and somewhat gratuitously suggest that IPART liaise with TNSW to analyse the reports.

The TC comment that the "industry" should not be required to self fund community service obligations. We agree, and point out that this was the reason that the Government of the day granted 88 free unrestricted taxi plates to the then Co Operatives with a "nexus" to 88 WATS type plates to fund the Wheelchair Passenger Services. Whatever became of that funding ?

If the Zero 200 Network were structured to pay all running costs of all WATS Radio jobs from the \$2,000,000 that flows to the Networks from the Nexus Plates, there would be amazing results on WATS performances.

The Customer Feedback Management System does record raw and unsubstantiated complaints. And TNSW continues to record and hold Drivers to account , to the extent of cancellation of Drivers Authorities, of those unsubstantiated complaints. Drivers still have no means of reporting assaults or robberies to the CFMS. In 1995 [Keatsdale Report] there were 2,200 assaults and 1,600 robberies. And 68% of Drivers reported a fare evasion in the year. In 2003 there are very limited records. Fare evasion is no longer an offence, now it is a breach of the Regulations, almost impossible for a driver to pursue.

Significant investment in training has been made by the Taxi Council, and they have been repaid some \$237,000 out of Taxi Advisory Committee funds. We agree that there should be Government funded support of training for drivers. It should be a training that is inclusive of industrial, OH&S information, and the real life resolution of disputes. We also would like all new drivers to have the benefit of Method I Pay ins as the starting option to their remuneration, so called.

Vehicle Lease Costs

The PCW study determined that the representative vehicle for over 95% of the fleet was a Second Hand Ford Falcon AU. With time this has transformed into a 50/50 split between new and second hand ?? Where is the data ?

Where's the detail ?

Insurance is an item based on 'quotes'. Why not on actuals, with no claim bonus detail, and provision for excess. Details please.

Plate Lease Fees have been indexed on the basis of average prices for the one percent of leases traded in the year. What a bonus for the long term investor; not only an effective Government guaranteed 8.3% on current "values" but the single biggest [1.19% of 2.78% operator 'costs'] source of fare adjustment. To play statistics again, 43 % of the increase sought !!!!

Establishment Costs would be better appreciated if the detail were there. I still wonder why labour in Newcastle is for free ? [See TWU Submission]

Uniform costs are an old hobby horse. But really all the Taxi Council needs do is to get a price list from CCN and a set of By Laws that detail what the Driver sometimes get, and often pay for themselves. Not really very difficult, but it would cause minor chaos to the index weights.

Driver Notional Wages, set at \$65,498 with an AWE magic wand, are, by coincidence, close to the TWU estimate of \$64,515. The only problem is that the real life drivers get that amount after 52 weeks of 6 day and 7 night shifts. The best understanding of the TC assumptions is that this amount comes from 47 weeks of 5 days and 6 nights. A very big difference.

Driver Entitlements have gone up, maybe next year they will be paid to drivers. At the moment they still represent a proxy for operator net margins or profits.

Meter Adjustment constraints are a minor detail, but the cause of a lot of passenger complaints of overcharging. Three phone calls would have informed the TC of these constraints on operation. Five minutes with a Driver would put them in touch with the reality of a meter and the " keystrokes " needed for 'extras' entry. One push of a button.

Industrial Implementation. If the TC wants an immediate flow on, let it advocate Method I Pay Ins.

Costs not Included

Self Insurance contingent liability is the opportunity cost of that choice.

Insurance Excess we thoughtfully added in already

Download of Security Images is a good one, to be matched by acceptance of Driver Downtime and loss of earnings from assaults, robberies and fare evasions.

Information Return

The TC says it can facilitate information collection. But it does not. Much of the information will have to come from the thousands of individual drivers and operators, but much is to hand with the Networks. At the two [number of meetings] held with TC , TWU, TNSW there was no agreement that a cost index model was the most pragmatic approach to a fare assessment. What was agreed was the exchange of data, and in particular data on numbers of fares, logged on and logged off average times , and taxis on the road.

Nothing came from the Taxi Council. Spreadsheets of their data were given by the TWU representative.

We are still no closer to a defined model. And now, the TC would abandon the notion of an "average fare". The "average fare" is only a reflection of the effect of a fare adjustment. It is not the whole process. If we could be sure of "industry" statistics it would verify the process, and given the problems of applying an equal adjustment to all components, it remains a necessary tool of assessment. And one used the world over.

The TC speaks of verification and transparency and presents a model of obfuscation. None of their numbers add up to make sense. If NSW Taxis carried 450,000 passengers a day, we would not be here to discuss fares and taxi driver shares in that bonanza. If it Operator's costs were \$98,000 , there wouldn't be a cab on the road, to lose about \$27,000 a year from the 47 week bailment of \$71,000.

The only remaining truth is that Taxi Drivers are taking home less than \$9.00 an hour for 60 hours work. And that new drivers, fresh from the Training Programme [designed by the Taxi Council and paid for out of operators accreditation fees derived from driver pay ins] take home \$5.00 an hour.

This in a context of the National Minimum Wage of \$11.80 an hour.

Michael Jools

Wednesday, May 07, 2003

An attachment titled Critical Data is a representation of a model that does add up.

Attachment 1

	Taxi Data		Critical Detail 2003							Sydney Drivers		Total	Total	47 Weeks	52 Weeks
	Day Shift	Night Shift	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	5 + 6	6 + 7				
Fares \$	\$ 245.00	\$ 247.00	\$ 258.00	\$ 298.00	\$ 322.00	\$ 445.00	\$ 448.00	\$ 258.00	\$ 3,243.00	\$ 3,746.00	\$ 152,421.00	\$ 194,792.00			
Kilometers	230	270	280	280	325	365	365	275	3035	3540	142645	184080			
No of Trips	14	16	17	18	21	29	29	16	200	230	9400	11960			
No of Radio Jobs	6	5	5	6	7	7	6	4	66	76	3102	3952			
LPG Usage Litres	46	54	56	56	66	74	74	54	610	710	28670	36920			
LPG Usage \$	\$ 23.00	\$ 27.00	\$ 28.00	\$ 28.00	\$ 33.00	\$ 37.00	\$ 37.00	\$ 27.00	\$ 305.00	\$ 355.00	\$ 14,335.00	\$ 18,460.00			
Wash \$	\$ -	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 60.00	\$ 70.00	\$ 2,820.00	\$ 3,640.00			
Tolls \$ [not included in totals]	\$ 12.00	\$ 12.00	\$ 12.00	\$ 15.00	\$ 15.00	\$ 24.00	\$ 24.00	\$ 12.00	\$ 162.00	\$ 186.00	\$ 7,614.00	\$ 9,672.00			
Hours on Road	10	11	11	11	11.5	12	12	11	118.5	139.5	5569.5	7254			
Vacant Time %	55	55	55	50	45	30	30	55	45.71	46.875					
Paid Kilometers	104	122	126	140	179	256	256	124	1,599	1,827	75,153	95,004			
Paid Waiting Time %	50	65	65	65	60	45	45	50	56.43	55.63					
Estimate of Fares on Tariff II %	1	1	1	1.5	2	9	9	1.5							
Pay In \$	\$ 118.00	\$ 128.00	\$ 131.00	\$ 141.00	\$ 159.00	\$ 180.00	\$ 180.00	\$ 140.00	\$ 1,509.00	\$ 1,767.00	\$ 70,923.00	\$ 91,884.00			
Driver GST \$	\$ 8.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 9.00	\$ 18.00	\$ 18.00	\$ 5.00	\$ 106.00	\$ 119.00	\$ 4,982.00	\$ 6,188.00			
Other Expenses \$	\$ 12.00	\$ 13.00	\$ 15.00	\$ 15.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 163.00	\$ 195.00	\$ 7,661.00	\$ 10,140.00			
Driver Net Income \$	\$ 84.00	\$ 63.00	\$ 68.00	\$ 95.00	\$ 91.00	\$ 180.00	\$ 183.00	\$ 56.00	\$ 1,100.00	\$ 1,240.00	\$ 51,700.00	\$ 64,480.00			

This data is obtained from Taxi Driver Records. The Taxi Survey 2003 will modify these results and provide a working model for future analysis.

Total Trips Sydney Taxis
56,343,560

Total Trips NSW
61,000,000

Average Fare
\$ 16.29

Average Distance
7.94