

Mr Nicolas Hague

IPART

44 Market St Sydney

Re TWU Submission to IPART

Dear Sir

Since this Submission only became available on Thursday afternoon, May 23, several days after your advertised final date, I request the opportunity of making some comments on that submission and request further that they be placed on record.

### Superannuation

Until otherwise determined there still is a presumption that fares are split on the basis of the Bailee retaining 50 % of chargeable fares. and that Method II is a variation only of the method of calculation. Accordingly it would be necessary to increase Fares by 4.5% in order to create funds for a 9% Superannuation levy.

### Bailee Fee Retention

The 15 % increase in Retention claimed as the result of a 5.39% increase in fares, would give a notional \$10.47 an hour on the eleven hour shift. This is still an unacceptably low wage, and is still hugely below the current Federal minimum wage.

The comparison to Grade I in the NSW Transport Industry [State] Award is worse than portrayed since it is a Grade II employee that should be compared and, additionally, one who benefits from the six or seven day roster protection loading.

Evidence has been given to IPART previously of the elasticity of demand for Taxi services, and that an increase in fares has at most a temporary effect on usage.

The average Taxi Driver and his family cannot wait for wage equity with a dribble each year into the indeterminable future.

Regrettably, the TWU has also left the GST payable by the Taxi Driver out of their calculations. This drags the driver back below \$10.00 an hour as an effective earning rate.

The TWU has been misled also by the inclusion of "Cleaning" as an Operator Expense. It has also failed to recognise the "other" costs that a driver is entitled to claim as a reduction of the Fares retained before ascertaining his effective income.

It was with all these aspects in mind that the increases in fares, and the structuring of fares, was proposed by the TWU Drivers Committee. The 30% increase

recommended is restated, as is our suggestion that the increase could be phased in over a reasonable period.

In their Recommendations the TWU expresses a shared concern as to the ' true operator costs', but says that it is ' not in a position to offer alternate data'. Further , it uses the Taxi Council data with reservation in its model variation. A far cry from the position taken in the Industrial Relations Commission back in its Application 3282 of 2001 para 6 [iii]

(in) Other than the increase in the fuel costs borne by bailees the Union disputes all of the stated operator costs and the increases to those costs asserted by the TIA's in their submissions to the Department of Transport. The stated costs are totally inconsistent with the Union's experience with comparable owner-driver operator costs, particularly in regard to cost models for passenger vehicles developed on behalf of the Union in the Courier Industry. On the basis of these models the Union considers the TIA's stated costs (other than fuel costs) to be grossly exaggerated.

And by accepting the Taxi Council figures and erroneous mathematics it concedes a 5.84% increase in costs that would retain the current and unacceptable split in fares that gives the average driver less than 40% of total fares charged.

It also maintains the ludicrous notion that Operator Costs are \$100,252 [ including the elusive Cleaning costs] when the maximum revenue he obtains from the 50 week 12 shift variation assumed by the TWU would be, with a 5.39 % increase in Fixed Pay Ins, only \$82,675. An operating loss of \$17,000 a taxi !!!!

Unless serious examination of the detail of operating costs and the development of a model that truly reflects the composition of Sydney Taxis are undertaken, the whole matter remains a farce. And for such a model there must also be the input of a standard of shifts per week and weeks per year, as well as some reliable data of driver earnings.

The TWU Drivers Committee has offered a start on such data and has presented a model that reflects reality. Our recommendations for a 30 % fare increase directed to Drivers and their Superannuation stand.

We trust that IPART will take go the extra mile to bring our industry up to speed.

Michael Jools

Friday, 24 May 2002