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SUBMISSION TO IPART 2003

This Submission is made on behalf of the 12,000 Taxi Drivers who operate under a contract of bailment in Sydney. Of the approximate 60,000,000 trips taken by fare paying passengers a year, these drivers, operating their own businesses, account for some 50,000,000 trips. The past **two** inquiries by IPART, and its recommendations, have neglected the interests, and bypassed the role of Taxi Drivers. We trust that the 2003 Inquiry will address the real issues.

There are 4700 Taxis in the Sydney region, of which some 700 are either WATS vehicles or regular cabs **whose** owner/ lessee operator chooses not to be driven **other than** by himself. Of the 4000 or so other cabs, about half **are** driven by the operator **and** one other [**bailee**] driver for an average 47 **weeks a year** , five day shifts and **six** night **shifts**. The other 2000 are cabs driven **out** of managed bases, with up **to** 50 cabs at **a** base. They **are** driven at up to the **maximum** achievable level of **52** weeks and **six** day shifts, seven night shifts, with stand **by** cabs and casual drivers to supplement the permanent drivers.

In all but a very few cases, these cabs are bailed by the drivers, under a Fixed Pay In Method of Remuneration, determined by the NSW Industrial Relations Commission in accordance with the 1984 Taxi Drivers Contract Determination. To be classified as a Permanent Driver , a driver must regularly drive five shifts [60 hours] a week. **As** such he becomes entitled to Annual Leave of five weeks, eight days Sick Pay and Long Service Leave. All other drivers are Casuals, receive no industrial entitlements, nor any consideration in lieu of entitlements. Sometimes Drivers get issued with uniforms.

As has been pointed out **by** the "Taxi Council", these entitlements are rarely paid to **anyone**. And whilst **the** Transport Workers Union, the only industrial organization permitted to represent drivers, **does** occasionally pursue its own **members'** Holiday Pay entitlements, it has **done** nothing to redress the general issue of **excess** hours and unpaid entitlements. Superannuation and the unfair imposition of **costs** of Fuel and Wash on the Driver are claimed to be **the** subject of current action, and we await proof of their actual industrial activity on these two issues of vital concern to bailee Taxi Drivers.

The past inquiries have focused on the claimed costs **of** the operator of the Taxi cab service. **The** TWU Submission **points out** very clearly that these costs **are** only a **part** of the total costs of operation, **and** that they are excessive and unrepresentative. It makes the point that the maximum total revenue **an** Operator can receive from bailment of his Taxi **is** \$92,000 in a 52 week year, and \$71,000 in a **47** week year; but that the total of Operator costs, in what *is* shown as a 47 week year is **\$98,000**.

Clearly there is something wrong in the "Taxi Council's" Operator costings.

But our approach is quite different. For over 80% of **the** industry's participant drivers, the minute details of operator's costs are irrelevant. The costs of operating a taxi cab service are the Fixed Pay In, Fuel and Wash, Driver Expenses, GST payable **and** finally what's left over ... Driver Income or Notional Driver Wages or Driver Retention. The revenue that makes up **the** total is solely obtained from Fares.

The TWU has put together the only coherent and sensible statement **on** all these items. And the CWA thank **them** for their work **and** congratulate them for their efforts **on** this occasion..

If the **Taxi** Industry Association [**the** industrial arm of the "Taxi Council"] want to increase the income received by **their** members from bailing out their cabs to drivers, then they should go to the **Industrial Relations** Commission and seek an increase in Pay Ins. In the past two years the **IRC** has granted an increase, based on the recommendations of **PART**, but of only about half of the increase suggested.

[The **IRC** gave the percentage increase, but **only** on the less than half the fares that the Pay In's are meant to equate to.]

At the moment, the Fixed Pay **Ins** which **are** **47%** of **total** fares and average \$137.00 a **shift** are the cost of bailing the cab. The operators receive this amount irrespective of either **the** fares earned by the driver, or **the** costs payable by **him** in providing the cab for bailment. There is no need for IPART to assess the detail make up of **those costs**.

The Fixed Pay In is **the** maximum set figure that the driver must pay. It is up to the Operator to provide a cab for bailment within those cost parameters, or to put up his charges, through the **IRC**, to make a profit.

The Operators currently must be making a profit **from** the bailment of \$71,000 to \$91,000 **per** cab or else they would not be in the taxi business. They must be making a profit **margin** or else they would not be paying in excess of **\$400** a week to lease plates. They must be **making** a profit or else owner/operators would not be **trading** plates for over \$300,000.

The arguments made by the TWU that Operator's actual operating costs are about \$50,000 rings true. Their suggestions **as** to two models **and** the respective costings are very sound.

So, **we** have a clear, coherent **and** logically reliable set of numbers that form a framework for analysis. We have Revenue from Fares, we have Fixed Pay In Costs, we have costs of Fuel and Wash, we have estimates **of** Driver Expenses **and** GST payable . And what is left over are Driver: **Notional Wages**. This is our issue !!!

We note a lack of verifiable **data** that support these numbers. Hopefully, the Taxi Survey will confirm what, to the CWA, **are** the best available numbers. If the long overdue Service Standards were **in** place, Transport **NSW** and **PART** would have real numbers to work with. We note with dismay the lack of understanding, and the lack of real verification of the numbers relied upon by the "Taxi Council" in their Submission.

Two incidental points: Driver Expenses are a very legitimate cost input. **As** Drivers must submit a Business Activity Statement [**BAS**] they are a business and the various expenses detailed by the TWU are if **anything** an underestimate of the cost expenses.

The GST payable by drivers on fares, **net** of the amounts included **in** payments for **Fuel** and Wash , Pay Ins and the above Driver Expenses, is an important part of the total. Data **from** the Australian Tax Office may well be available to independently **confirm** Driver Earnings. It **is** possibly the only “wages” on which **GST** is payable.

The Issue Driver Earnings Driver Notional Wages

The current fare structure and quantum of **fares** produce general fare revenue that, having **deducted** the costs of providing the taxi cab service leaves drivers with average earnings of less **than** \$9.00 an hour. **A** new day driver is fortunate to earn more than \$5.00 an hour. An average night driver, working a twelve hour shift to 3.00 am will average \$10.00 an hour.

We call upon **PART** to consider, as within their Terms **of** Reference, the social impact of the recommendations. Taxi Drivers **must** not be forced to contribute their labour to an otherwise manifestly profitable industry for \$3.00 an hour **less than** the National Minimum Wage. **And**, too often, forced they **are** in an industry which **is**, too often, the job choice of last resort.

We call **upon PART** to recommend fare increases, directed solely to the Drivers, that would, as a first step, **lift** the average **hourly** earnings to \$12.00.

There would still **be** enormous inequities Excess hours, lack of entitlements, OH&S issues and the overall rate would **still be far** below that of a Bus Driver.

But it would be a start.

We call upon **PART** to consider, **as** within the Terms of Reference, the real **costs** of providing a taxi service. There **is** no requirement to be confounded by the misleading costs or distorted cost index of the Taxi Council. The cost item of Fixed Pay In **is** the **more than** adequate measure of the cost of providing a cab for bailment to a Taxi Driver. He has other costs as well.

The abuse of **monopoly** power now exercised by the three Sydney Networks, and the attempts at manipulation by the “Taxi Council” to maintain **a** distribution of fare revenues below the level that provide **a fair** return to the Driver, is the issue. **PART** takes upon itself that ...

... “It will take into account that, for a sustainable industry, private operators must earn revenues that recover operating costs and earn a market rate of return on capital” **PART** Issues 2003 // p 27]

PART must recommend fares **that** enable drivers to generate income that is also a fair **return** on their input. Drivers also operate a business [**BAS**]. They deserve **a recovery** of their costs **and** a fair return for their labour. Over **85%** of fares are carried by Bailee Taxi Drivers.

We endorse the TWU proposal on Fares and Fare Structure. We support also the concept **that** all of the fare increases be directed to **the** Drivers, and **for** a **Superannuation surcharge** to be made.

Proposed Fare Structure

Flagfall **\$3.50**
 Distance Rate \$1.60 per km
 Waiting Time \$0.80 per **minute**
 Radio Booking Fee **\$1.00**

Tariff II 20% surcharge on Distance and Waiting Time

Average Fare

\$19.00 Flagfall // 7 kms Distance // **4.5** mins Waiting Time // 1/3 Radio Booking

We urge IPART **to make an** assessment **that** reflects the **needs** and interests of Taxi Drivers.

Submitted by the CWA to the PART Taxi Fare Inquiry 2003

Faruque Ahmed, President of the NSW Cabbies Welfare Association Inc.

	Day Shifts	Night Shifts							47 Weeks	52 Weeks
\$		M	T	W	T	F	S	S		
\$	\$	\$	\$	\$	\$	\$	\$	\$		
Fares	245	247	258	298	322	445	448	258	\$152437	\$194827
Pay In	118	128	131	141	159	180	180	140	\$70923	\$91884
Fuel & Wash	23	37	38	38	43	47	47	37	\$17155	\$22100
Driver Exp	12	13	15	15	20	20	20	20	\$7661	\$10140
Driver GST	8	6	6	9	9	16	16	5	\$4982	\$6188
Driver Wages	84	63	68	95	91	180	183	56	\$51716	\$64515
\$ per Hour	\$8.40	\$5.70	\$6.21	\$8.67	\$7.88	\$15.00	\$15.28	\$5.12	\$9.29	\$8.89