Australian Taxi Drivers Association

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m 0419 27 27 44 Inc 9886630 … a fair share of a fair fare …

Submission to IPART ISSUES 2017

Around Australia the various Public Passenger Point to Point Transport Services remain in a state of transition into a competitive and lightly regulated Industry, with a focus on Passenger Services and the Safety of both Passengers and Drivers. Taxis and Hire Vehicles are now merging into a single Industry.

Only in Victoria has Government accepted and legislated to provide open entry and market based competitive freedom for the Industry as a whole. In all other States and Territories, the antiquated and now outdated distinctions between Taxis and Hire Vehicles have been maintained, to do little more than attempt to preserve Taxi Plate values artificially inflated by monopolistic Networks, and Plate Holders advantaged by limited numbers. Certainly, Plate Prices have dropped by over a Hundred Thousand Dollars in Sydney, but this has not been reflected in either Fares or Shift Charges paid by Drivers. Worse, the net earnings of those Drivers, previously between $10 to $12 an hour, is now less than $10 an hour.

IPART, over many years of cost and fare analysis of the NSW Taxi Industry, has never considered that the Industry continues to operate on the economic exploitation of its Drivers, earning on average far less than the National Minimum Wage. That they continue to drive is a function of their desperation, and the fact that over seventy hours a week of driving does bring in more than the average 38 hour wage.

Is this a viable industry? No. And it has not been economically viable for more than a decade.

The Taxi Model developed by IPART has that $10 an hour as a basic assumption. It also had reliance on about 45 million passenger trips a year, which has since been reduced by at least a third by the now legalised “ride-sharing” Hire Vehicles. It is near inconceivable that Taxis will regain the market share now obtained by unlimited numbers of those Hire Vehicles operating without the cost restraints of Taxis.

The promise of a level playing field, and open competition in NSW remains an illusion whilst the $50,000 cost differential of Network Fees, Insurance Charges, and Taxi Plate Lease Fees continue. IPART has no purview over these costs, and can only factor them into its analysis as a given input. For the next three years taxi numbers in Sydney are fixed, other than for Wheelchair Taxis, for which Supply has long exceeded Demand. Re-tendering of Plates resumed or returned will continue to maintain the number of Plates issued, and on the basis of a very poorly informed market.

That leaves only Fare reductions, or implausibly, fare increases, as a modifying function, and the unitary elasticity of Price / Demand results in unchanged or lower Driver earnings. Unlimited, low-cost, entry for Hire Vehicles makes maximum fare setting a pointless exercise. Very simply, IPART can do very little, and if at all, its role is limited to reducing maximum fares on a shrinking 'rank and hail' market in a race to the bottom. It has no role in the "booked", and now almost fully deregulated sector

In all conscience, IPART must report that only open entry for all modes of Point to Point Transport, without cost differentials, and Regulation limited to Passenger and Driver Security, is the only way forward. Then, Fare setting becomes a market force function, with the requirement to obtain informed passenger acceptance, to restrict price gouging, as is now part of the 2017 Regulations.

Victoria has recognised that the only solution is open entry, and with a fee of $52 per annum for all Public Passenger Vehicles. Victoria has proscribed minimalist regulatory requirements to ensure Driver and Passenger Safety. The remaining problem, outside of an exclusively owner / driver model, is how to equitably split the fares between 'engaged driver' and the owner /operator of a vehicle. It becomes an issue of a driver earning, and being paid, the Australian Award Rates of Pay, with an agreed share of fares above that Award Safety Net minimum.

Very possibly, a reduction in maximum Rank and Hail Fares of, say, 20%, would stimulate a demand for taxis and equate with Hire Vehicle (Uber) fares. But such a change would impact initially on Driver earnings and we see no guarantee of reduced charges being paid to bail or engage a taxi from an Operator. Drivers have been exploited for too long already to be the sole support of the Industry.

IPART, in NSW, has released an Issues Paper, aimed at eliciting responses to the primary question of maximum regulated fares in Sydney and in NSW for 2018. A total irrelevancy. The legislation now provides that a Taxi Driver can properly negotiate and thence demand from his non-booked Passenger any amount for the fare, or vice versa, other than in excess of the published maximum fare.

When the trip is booked, the Booking Service may, and must, provide a Fare Estimate, which, when accepted by the Passenger becomes the Fare Payable subject to variations resultant from traffic conditions, or any other variations as may be nominated.

The position of the ATDA is that open entry should be available to any applicant, Taxi or Hire Vehicle, who provides a service, property insured and registered, and meeting the Safety and Security requirements of the Act , and Regulations, for its Passengers and Drivers.

The ATDA will respond to the issues raised by IPART, and requested an extension so as to respond, due to the chief author's family circumstances. We do note that recent intense examination of fares indicates that the current fare structure is no longer appropriate, and that many of the issues raised are best resolved by a revitalised industry, and not by the intervention of IPART. We note and advise, with very great pleasure that a new and significant player is about to present the Industry with a totally new and all-embracing Operating System which provides not only Booking, Despatch and Payment alternatives but also a system to Record, Report and Analyse all that occurs in a Public Passenger Vehicle, with particular reference to Driver and Passenger Safety.

Michael Jools

President, ATDA Friday, 20th October 2017

IPART's Issues Paper

We note again that most of the issues raised by IPART are an irrelevance if the Taxi sector of the Public Passenger Transport Industry is to continue in the long term. IPART itself notes the Booked Services, with electronic hailing apps, present a "near perfect" substitute to Rank and Hail Services. An Industry sector now, and as it ever was, able to negotiate fares below a maximum fare, but faced with cost differentials of up to $50,000 with its market competitors, may not survive, and certainly cannot prosper. There is but one marketplace.

We quote IPART :

"While our recommendations for this review will apply to taxi licences and rank and hail services only, the service being offered may be defined more broadly than this. We need to consider whether there are alternative services available, and how closely and easily they may be substituted. If there are close substitutes available, they may effectively operate in the same market.

Our preliminary view is that other point to point transport services are a substitute for rank and hail services. Booked services provided by taxis or hire vehicles are a near perfect substitute for rank and hail taxi services. For example, a customer who arrives at a taxi rank to find no taxis there could easily use a smartphone app to book a taxi or hire vehicle for immediate pick-up. Similarly, if there are no cruising taxis in a street, a customer could use an app to book a taxi or hire vehicle for immediate pick-up."

And, as the fundamental starting point, we shout into a silent void :

An Industry that cannot afford to pay, or to ensure earnings, of at least the National Minimum Wage to its workers is neither viable nor sustainable. That a Government even considers the continuance of operations of a morally and financially bankrupt industry is unconscionable. $10.00 an hour is no longer acceptable.

1 What is your view on the level and nature of competition in the rank and hail market? Does it vary by region of NSW or by time of day?

The market has been rendered inoperable by unfair and unlimited competition from hitherto illegal Booked Services, and is not sustainable with its current cost differentials. Much of non-urban NSW has yet to experience the entry of unlimited Hire Vehicles. At non-peak demand times the impact is less, and so, necessarily, is the available work.

2 How do you think the new regulatory framework for point to point transport will affect competition in the rank and hail market in the future?

If the new Regulations were to be enforced – in particular those requirements of Clause 84 on a Hire Vehicle to not Ply for Hire, to not Stand or Park on a Road, and to not accept bookings other than from a forward time or location – then Taxis would continue to have exclusive access to Rank and Hail work. That would preserve the (empty) promises made by Government, and ensure the monopoly supply situation of taxis in relation to Rank and hail, and leave open price competition.

Reality is that a cheaper alternative will be sought by Passengers, and "booked services" will progressively erode that market share retained by taxis.

3 Do you agree with the principles we have established to guide our approach to assessing the structure of fares for rank and hail services? What other factors should we consider?

No. They have long since ceased to reflect actual on-road data, limited as it has been.

4 Should TfNSW's fares order continue to specify rank and hail tariff components, or is there merit in an alternative for regulating maximum fares, such as flat maximum fares per distance travelled?

The almost universal structure of a Flagfall, plus a Waiting Time Rate for low speed or traffic stopped travel , plus a Distance Rate for travel above a set speed, remains a fair and reasonable approach for both Driver and Passenger.

5 If TfNSW's fares order continues to specify rank and hail tariff components: 32 – What should those components be? (Currently they are hiring charge, distance rate and waiting rate). 32 – Should they include a minimum fare? (Currently there is no minimum fare). 32 – Should they include a higher distance rate for longer trips? (Currently a higher distance rate applies for each km travelled over 12km in country areas only)

Leave that as is, but re-assess the actual Waiting Time Component, as in an Average fare it no longer is appropriate to ensure reasonable fares.

6 Should TfNSW's fares order specify the time period when peak tariffs may apply, restrict the number of hours peak tariffs may apply, or not restrict the time or number of hours when peak tariffs may apply?

Yes, and should provide Shoulder Peak Fare periods in Morning and Evening.

7 Should TfNSW's fares order change the relativities between different tariff components, and/or between tariffs at different times of the day or week? Or should the fares order allow taxi service providers the flexibility to make decisions about relativities themselves?

The problem is for how a Driver , face to face with a passenger picked up from the street, can set the meter. Technologically it is the Affiliated Booking Service that can set the meter remotely

8 Do you agree that the cost of providing taxi services is stable or declining? If not, what evidence is there that costs are increasing?

What does IPART count as "Costs" Where is the data upon which to comment !!!

9 Are current fare levels too low, too high or about right?

For a Passenger, always too high. For a Driver always too low, especially when he earns $10.00 an hour

10 What are the risks and potential benefits of setting maximum tariff components above the level of efficient costs? Are current fare levels sufficient to allow price and service innovation by taxi industry participants?

If the fares are significantly in excess of efficient costs, including reasonable profit margins, it leads to consumer exploitation. But we need to define those costs, and in particular the community standards of wages. Current fare levels require, perforce, innovation to reduce costs and improve services.

11 What non-tariff charges should be included in TfNSW's fares order? What amount should be charged in the following circumstances: 40 – a taxi is hired for more than four passengers from a rank or hailed from the street? 40 – a passenger soils a taxi?

It is an oxy-moron to question non-tariff charges as been other than part of a Fares Order. If more than four passengers want a taxi, they need two taxis. If a Maxi Taxi is available they now save 25% of total fares. That is entirely reasonable as to justify extra fares to a Driver for a Vehicle bearing extra costs of operation. If a Passenger soils a taxi – by vomiting inside the taxi, that vehicle effectively loses all opportunity to get fare paying passengers for the remainder of the shift. Maximum charges should reflect that case.

12 Should TfNSW's fares order specify that the Passenger Service Levy may be charged directly as a non-tariff charge, or should we take the cost of the levy into account when recommending maximum tariff components?

Yes. Passenger Levy should be a part of the Chargeable Fare and, for ease of Meter setting, be added to the Flag-Fall component.

13 There are currently two fare zones ('urban areas' and 'country areas') in TfNSW's fares order. How many fare zones should there be, and why?

Unless there is complete deregulation, there shuld be a recognitionof cost differentilas factored into maximum fares.

14 What, if any problems are there with the current arrangements for out-of-area fares? What could be done to address these problems?

No significant issues as those fares are already subject to negotiation, and refusal, as A Rank and Hail and as a Booking ,would have been subject to acceptance by the Passenger prior to mutual acceptance.

15 Are the fare notification requirements in the Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017 sufficient to facilitate comparison of the fares offered by different rank and hail service providers?

NO. There is a lack of clarity as to the in and on vehicle display of Fares

1.6.3 We are seeking comments on the release of taxi licences

16 Are there particular characteristics of the rank and hail market that require the supply of licences to continue to be regulated?

NO. A lady, nor an Industry cannot be half pregnant. If we are to be deregulated, then so be it, save for issues of Driver and Passenger Safety.

17 Should all new licences be allowed to operate anywhere outside the Sydney Metropolitan Transport District? Alternatively, should new annual licences only be issued for areas with an identified shortage of rank and hail services? If you think additional operating area restrictions should be applied, what should they be, and why?

Recognise that a free and open market is a free and open market, capable of self regulation, save for issues of Driver and Passenger Safety.

18 Should a large number of new taxi licences be issued to effectively remove supply constraints on the provision of taxi services outside Sydney? If so, should the licences be issued in one release, or gradually over several years?

Issue all licenses across the board in NSW as a matter of right, just as is the new right to operate a Hire Vehicle.

19 Should a number of new annual licences be allocated to replace country taxi short-term and short-term fringe licences? If so, should these new annual licences be restricted to operating in the same areas as the current country taxi short-term and short-term fringe licences?

Issue all licenses across the board in NSW as a matter of right, just as is the new right to operate a Hire Vehicle. Deregulate as in Victoria , or maintain outdatedregulations.

20 What are the likely impacts of the different options for issuing new licences on the sustainability of the rank and hail market?

Not an issue for a Government which has already permitted the unlimited entry of a " near perfect" substitute

21 Should there be any restrictions on: 52 – The areas of operation for new licences in cross border areas? 52 – The operation of new licences? If so, what type of restrictions?

If a new paradigm is accepted, there need be no restrictions. Market forces are supreme.

22 Should some new taxi licences be reserved for persons authorised to provide taxi services?

This, like so many other "issues" is a stupid question. Anyone can now, if they meet certain standards, provide a taxi service

23 Should there be a limit on the number of taxi licences issued to the same applicant or related applicants?

YES. The only outcome is an Owner / Driver model and consequentially there should be a requirement that the License Holder both Operate and be the Principal Driver of the Licensed Taxi

The ATDA makes the above responses to IPART Issues Paper and notes that those issues appear to be fundamentally deficient in presenting the state of our Industry. Whilst failing entirely to present any data on which to base a reasoned comment, there is an apparent reliance on outrageous and outdated assumptions.

That Drivers as the operational necessity are earning $10.00 an hour, or less, is abhorrent.

That the quantum of taxi trips is missing is at the least a folly, or for any reasoned argument an error.

That an industry can be half unregulated, and half subject to fare and supply regulation is an absurdity.

Given the unlimited entry of Hire Vehicles, unrestrained by cost and regulatory constraints, the very notion of IPART determining either Fares or Taxi numbers, Metropolitan or across NSW, is a total irrelevancy.

Michel Jools

ATDA 20th October 2017