



This Submission is provided by the NSW
Taxi Council in response to the
Independent Pricing and Regulatory
Tribunal's Draft Report for the Review of
Taxi Cab Fares and Licences in the Sydney
Metropolitan Area

NSW Taxi Council Submission

Independent Pricing and Regulatory
Tribunal's Draft Report for the Review of
Taxi Cab Fares and Licences in the Sydney
Metropolitan Area



Contents

GLOSSARY.....	2
EXECUTIVE SUMMARY	3
INTRODUCTION.....	6
RESPONSE TO THE IPART DRAFT REPORT.....	8
Response to IPART Recommendations.....	8
Licence Values	9
Taxi Industry Model	14
Consultation Period	14
Inputs	14
ATDA Input.....	15
Assumptions.....	15
Number of Licences.....	15
New Licences.....	16
Replacement Taxis	16
Windsor/Richmond Fringe Area Licences.....	17
WAT Licences.....	17
Calculation of Taxi Fares	17
Taxi Industry Performance.....	20
LPG Review	21
Driver Earnings.....	23
Illegal Ridesharing.....	23
Review of Point to Point Transport.....	25

GLOSSARY

CBD	Central Business District
CPI	Consumer Price Index
CTP	Compulsory Third Party Insurance
DA	Driver Authority
GFC	Global Financial Crisis
IPART	Independent Pricing and Regulatory Tribunal
LPG	Liquid Petroleum Gas
NSW CTOA	NSW Country Taxi Operators Association
NSW TIA	NSW Taxi Industry Association
PAL	Peak Availability Licence
RMS	NSW Roads & Maritime Service
SMTD	Sydney Metropolitan Transport District
TCI	Taxi Cost Index Model
TIM	IPART Taxi Industry Model
TfNSW	Transport for NSW
VTTI	Victorian Taxi Industry Inquiry
WAT	Wheelchair Accessible Taxi

EXECUTIVE SUMMARY

The NSW Taxi Council welcomes the opportunity to provide a submission in response to the Independent Pricing & Regulatory Tribunal's (IPART) Draft Report on Sydney taxi fares and new licences to apply from July 2015 (the Draft Report).

The NSW Taxi Council agrees with the recommendation of IPART for the NSW Government not to release any more new taxi licences in the SMTD in 2015. This is an important step in the right direction in addressing the prevailing uncertainty in the NSW Taxi Industry and reducing the negative economic and social impacts on hard working NSW taxi drivers, operators and owners arising from the current oversupply of taxis in the market.

As the NSW Taxi Council has been stating in detailed submissions and publicly for a number of years, there is an oversupply of taxis in the SMTD, which is putting pressure on the earnings for taxi drivers, operators and owners. This oversupply is not consistent with the reforms introduced by the NSW Parliament in 2009.

Whilst the NSW Taxi Council acknowledges the views of IPART that substitutes such as hire cars, car sharing and now illegal ridesharing are having an impact on taxi revenues (a point that the NSW Taxi Council has been making for some time), we do not agree with the view that it is largely substitutes alone that are having negative impacts on taxi earnings. A range of factors have contributed to this situation, with the substantial increase of the supply of taxis (800 in the past four years) combined with a softening of demand in a highly competitive post GFC environment being the principal cause.

Licence values have declined by over 22% in real terms since 2011. Furthermore, the average lease costs for Peak Availability Licences (PAL) have reduced by over 37% over the corresponding period which is putting further downward pressure on taxi licence values. These are significant reductions in value and are considered to be an unreasonable impact on taxi industry participants.

It should be noted that the reduction in lease costs for Peak Availability (PAL) have hitherto not been considered by IPART as part of its calculations in this regard.

Furthermore, the NSW Taxi Council has some concerns regarding the Taxi Industry Model used by IPART to inform the review process.

In relation to fares, the NSW Taxi Council continues to advocate for a rigorous and transparent process to be established for the setting of fares. It is considered imperative that IPART revert to a cost based model to ensure that critical relationship between costs and price setting is maintained. The NSW Taxi Council acknowledges the point made by the IPART in terms of industry competitiveness. As an industry, it must be competitive but given its private funding, it must make a reasonable return to have a viable future. In the context of providing essential public transport services, this is in the public interest.

An independent assessment of the costs associated with operating a taxi using the Taxi Cost Index (TCI) Model (attached to this report) outlines that these costs have increased by 3.7% over the past 12 months. This is in direct contrast to the statement by IPART in its Draft Report that the costs of operating a taxi have not increased.

The issue is therefore how the NSW taxi industry, which is privately funded and receives no subsidies from the state, recovers this increase in costs and make a reasonable return. Artificially holding down taxi fares to address a competition issue which is manifest as a consequence of unbalanced policy and non-compliance with the law is unsustainable. There needs to be a realistic taxi fare setting policy which is based on a transparent assessment of costs and what constitutes a reasonable return. In addition, in this context, the laws that govern point to point transport must be clear and rigorously applied. For too long now, and with ever increasing frequency, the law is being ignored in this regard.

It needs to be emphasised that notwithstanding the above, the NSW Taxi Industry continues to perform strongly in providing effective public transport services to the public. This has been independently assessed and the overall performance of the NSW Taxi Industry continues to exceed its minimum statutory requirements in the provision of the taxi transport services.

The NSW Taxi Industry does not have an issue with competition where that competition is compliant with the law and appropriate policies are in place to ensure competitive neutrality. In recent years the competitive position of the NSW Taxi Industry has been eroded by the unlawful behaviour of transport providers and/or a lack of clarity in the law.

The advent of corporately instituted non-compliance (through illegal ridesharing) is one of the most significant issues facing the industry and the NSW Government in many years.

Ridesharing is a for-profit enterprise that provides illegal taxi services. It places the public at risk through the lack of proper government backed checks and compliance measures for drivers and vehicles, and it directly undermines the efforts of hard working and law abiding taxi drivers, operators and owners.

Operating under the guise of the 'shared economy', ridesharing, and specifically Uber X, are exposing both drivers and customers to increased risk through (but not limited to) non-compliance with the law including the non-adherence to the government required checks for authorities and licences; inadequate or no insurance; no workers compensation insurance, no industrial relations arrangements and the insidious practice of surge pricing.

It is noted that IPART has recommended that an independent review of point to point transport be undertaken. The NSW Parliament has only in the last four months passed new legislation that has upheld the fundamentals of a well regulated and managed taxi industry in NSW. It is therefore considered that the issue at hand is not yet another review, but ensuring that the laws that have been established through proper process are properly upheld and those organisations and individuals who ignore the law are appropriately dealt with.

Should the NSW Government however determine that such a review is warranted, the NSW Taxi Council will fully cooperate with the review process accordingly.

INTRODUCTION

The NSW taxi industry is a major contributor to the State's public transport system. It provides approximately 170 million passenger journeys each year and it meets customer travel needs right across NSW. It functions as a door to door transport service that operates 24 hours a day 7 days a week. The NSW taxi industry also provides services at times when other forms of public transport either significantly reduce service levels or cease operations altogether. Taxis are often the only form of public transport for some members of the community, and they provide essential transport services to some of the most disadvantaged people in the State.

The NSW taxi industry is also a significant contributor to the State's economy, providing employment opportunities for tens of thousands of drivers, operators, and network management staff as well as for other industries which rely on economic activity that the NSW taxi industry generates. The taxi industry contributes to the economic generation of the State by connecting people efficiently and effectively for business, education, tourism and essential lifestyle activities. The highly respected international accounting firm Deloitte Access Economics has undertaken an independent assessment of the economic contribution of the NSW Taxi Industry and has estimated the annual contribution of the industry to the NSW economy to be in the order of \$1.15 billion per annum.

The NSW Taxi Industry is made up of a complex array of providers, ranging from the licence owners (the licence being the principal legal instrument to provide a taxi service), through to operators and drivers. A licence owner may own, operate and drive a taxi, where as some elect only to own and be the operator of the vehicle. Some licence owners have chosen to invest in a licence and then subsequently lease the licence to an operator. Authorised taxi networks are the principal means through which taxi services are coordinated. They provide direct booking services to the public and a range of safety and other services to operators and drivers.

The NSW Government does not, unlike other forms of public transport, procure taxi services from the NSW Taxi Industry. Whilst some financial support is provided to assist disadvantaged members of the community to access taxi services, on the whole the taxi transport system has been created and continues to operate as a consequence of the many people and organisations that have committed capital to invest in the industry. The NSW Taxi Industry also generates revenue for the NSW Government through the sale of licences and stamp duty on third party licence sales. It also generates other revenue through authorisation fees and indirect taxes.

The NSW Taxi Council presents the following submission in response to the Draft Report. The decision not to release new licences is welcome however the analysis that has underpinned this recommendation is not fully supported. It is therefore important that these issues are further explored in detail.

This submission is provided in the spirit of facilitating constructive dialogue that ultimately leads to sound policy decisions that help underpin that viable and sustainable taxi industry in NSW, which is in the public interest.

It is also important to note that this submission does not address the issues affecting country taxis. This will be subject to a separate process however it should be noted that whilst a number of the issues raised in this submission apply across NSW, there are specific matters that impact upon taxis operating in rural and regional NSW which will be explored in a separate paper by the NSW Taxi Council.

RESPONSE TO THE IPART DRAFT REPORT

The following comments are made in response to the IPART Draft Report on the Review of Taxi Fares and Licence in Sydney

Response to IPART Recommendations

1. *The Government should appoint an independent body such as IPART to make recommendations on the regulation of point-to-point transport that:*

- *applies to all point-to-point transport services*
- *takes account of the impact of new technology*
- *focuses on consumer protection*
- *encourages innovation and competition*

This recommendation is supported in-principle however the recent process for the development of the *Passenger Transport Act, 2014* considered these issues as part of a wider review of taxis services.

It is further considered that this process can be managed by the NSW Government and specifically Transport for NSW.

2 *A fare freeze (at current nominal rates) in 2015/16 and no additional growth licences to be released in 2015/16. 18*

The fare freeze is not supported.

The recommendation not to release any new licences is supported.

3 *That IPART no longer undertake an ongoing review of LPG prices outside the annual fare review process*

This recommendation is supported in-principle however there needs to be a reversion trigger/threshold that would reactivate this review process in the event of any upsurge in LPG pricing.

4 *That 40 unrestricted licences and 99 PALs be tendered in 2015, comprised of*

- *32 unrestricted licences and 99 PALs, to allow for licences we expect to be relinquished or not renewed during 2015, and for a historical adjustment to our attrition allowance for 2014*
- *a further eight (8) unrestricted licences, as a historical adjustment for WATs relinquished in 2014*

This recommendation is not supported as it is considered that there is an oversupply of taxis in the SMTD and that the process of 'churning plates' has had an unreasonable impact on the NSW Taxi Industry.

Any 'replacement' licences that are to be issued should be based on actual licence numbers that have been handed back DURING 2014/2015 relative to the licence numbers as at 1 July 2014 (plus the 95 new PALs that were tendered from 1 July 2014).

5 *That two (2) fringe area licences for the Richmond/Windsor area be tendered in 2015, as replacement for Fringe Area Licences relinquished in 2014.*

This recommendation is supported.

6 *Roads and Maritime Services continue to use the existing tender process, that is, a sealed electronic tender, with pay-as-bid prices for successful tenderers.*

This recommendation is supported in-principle however any replacement plates should be tendered retrospectively not prospectively, and once actual replacement numbers are known once a tender for new licences has been concluded.

7 *Roads and Maritime Services continue to publish preliminary results of tenders within four (4) weeks of tenders closing.*

This recommendation is supported in-principle. Notification of tender results must be based on accurate information and not lead to potential market signalling.

8 *Roads and Maritime Services continue to include up to date contextual information such as past tender prices, alternative sources of licences, objectives of licence reforms, and fare levels, to help tenderers reach an informed decision about the appropriate value to them of a taxi licence.*

This recommendation is supported as long as the information is balanced and reflective of the purpose of the 2009 licence reforms as articulated by the NSW Parliament at that time.

9 *Maximum taxi fares for Sydney from July 2015 be announced before the annual licence tender process commences to provide information to potential tender bidders.*

This recommendation is not supported. The timing of the announcement of taxi fare changes are a matter for the NSW Government and the fare and licence review process should not fetter the Government's discretion in this regard.

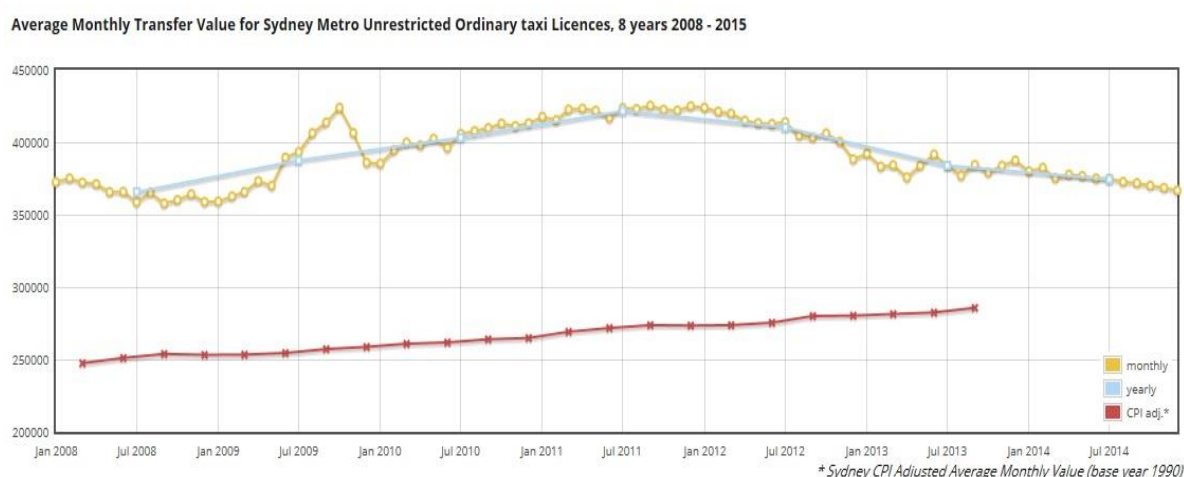
Licence Values

The NSW taxi council welcomes the recommendation of IPART for the NSW government not to release any more new taxi licences in the SMTD. This is an important step in the right direction to addressing the prevailing uncertainty in the NSW taxi industry and the reduction of negative economic and social impacts on hard working NSW taxi drivers, operators and owners arising from an oversupply of taxis in the market.

As the NSW taxi council has been outlining in detailed submissions, and publicly, for a number of years, there is an oversupply of taxis in the SMTD which is contributing significantly to reduced earnings for drivers, operators and owners. The consequences arising from this oversupply is, in our view, not consistent with the reforms introduced by the NSW parliament in 2009. The evidence supporting this position has been outlined in detail in the NSW Taxi Council's response to the IPART Issues Paper and its submission to IPART for the 2014 licence and fare review.

Whilst the NSW Taxi Council acknowledges the views of IPART that substitutes such as hire cars, car sharing and now illegal ridesharing are having an impact on taxi revenues (a point that the NSW Taxi Council has been making for some time now), the view that it is largely substitutes alone that are having negative impacts on taxi earnings is not accepted.

As can be seen by the graph below, taxi licence values have been declining in both real and nominal terms since 2011¹. Licence values in Sydney have declined from over \$425,000 in July 2011 to \$360,000 in January 2015. This represents a reduction of 15.2% in nominal terms and approximately 22% in real terms.



Graph 1.1 – Average Taxi Licence Values for Sydney

The principal causes for this reduction in value are as follows;

- the softening of demand in the market in the post GFC period²;
- the increase in supply of taxis relative to this demand. By the end of 2014, approximately 1000 taxi licences have been tendered for Sydney resulting in over 800 new taxi licences being on the road since 2010. This is an increase of 15% of the fleet since 2010; notably at a time when demand in the post GFC period has been softening;

¹ Transport for NSW Website www.transport.nsw.gov.au

² For example, the Taverner Research Report indicates that there is a sustained downward trend in workplaces allowing the use of taxis for travel over the last three to four years.

- the increase in the number of substitutes including hire cars, car sharing, and more recently illegal ride sharing;
- NSW Government policy decisions leading to the increased use of substitutes and/or a softening in demand. This includes increased bus and train services³, the removal of the airport line station access fees at Green Square and Mascot Station, and the introduction of lock out laws and cessation of trading of alcohol in the Sydney CBD from 3am. It should be noted that the NSW Taxi Council has supported these policy decisions for important social reasons, however it must be recognised they have or are having an impact on taxi earnings;
- a prevailing uncertainty that has pervaded the NSW taxi industry as a consequence of the Victorian taxi industry inquiry, the ongoing reviews being conducted by IPART that has specifically targeted licence values, and the advent of illegal ridesharing, particularly given the intransigence of Uber through its persistence of providing these services through Uber X despite knowing that these services are illegal.

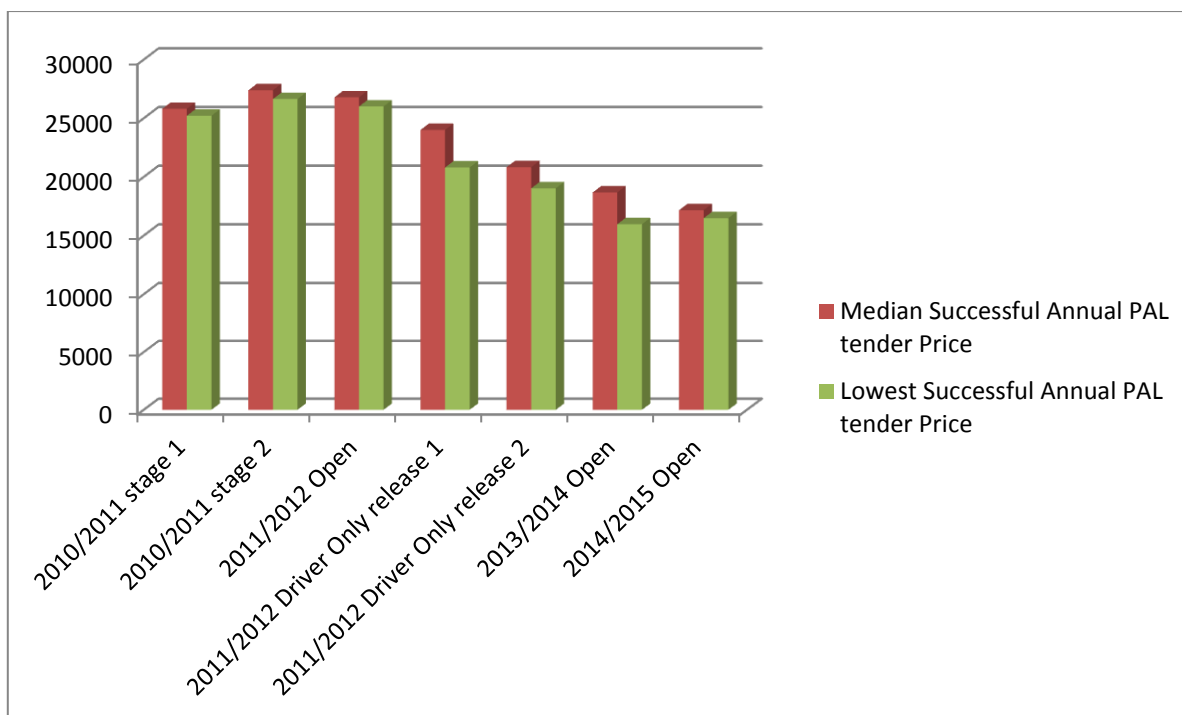
The issue of uncertainty has had a bigger impact on taxi earnings than what is given credit for. There has been an increase in negative movement of values since 2012. This the time when IPART assumed responsibility for taxi licence reviews and also when the final report of the Victorian Taxi Industry Inquiry (VTII) was brought down. It should be noted that these two processes have been highly publicised and in the case of the VTII, statements have been by a number of prominent national economic figures advocating for these reforms to be made nationwide.

The significant negative movements in Victorian taxi values were not as a consequence of illegal ridesharing or other substitutes, but directly as a result of the uncertainty created by the VTII and the subsequent response of the Victorian government.

To state that the issuance of over 800 new taxi licences, and the churn associated with replacement licences has not had a material impact on licence values and taxi earning generally is inaccurate and potentially masks the real reasons for the outcomes illustrated in Graph 1.1.

Furthermore, as outlined in Graph 1.2 below, there has been a significant reduction in the leasing rates for PALs.

³ The Taverner Research has identified improved public transport is a reason that people are using these services as opposed to taxis.



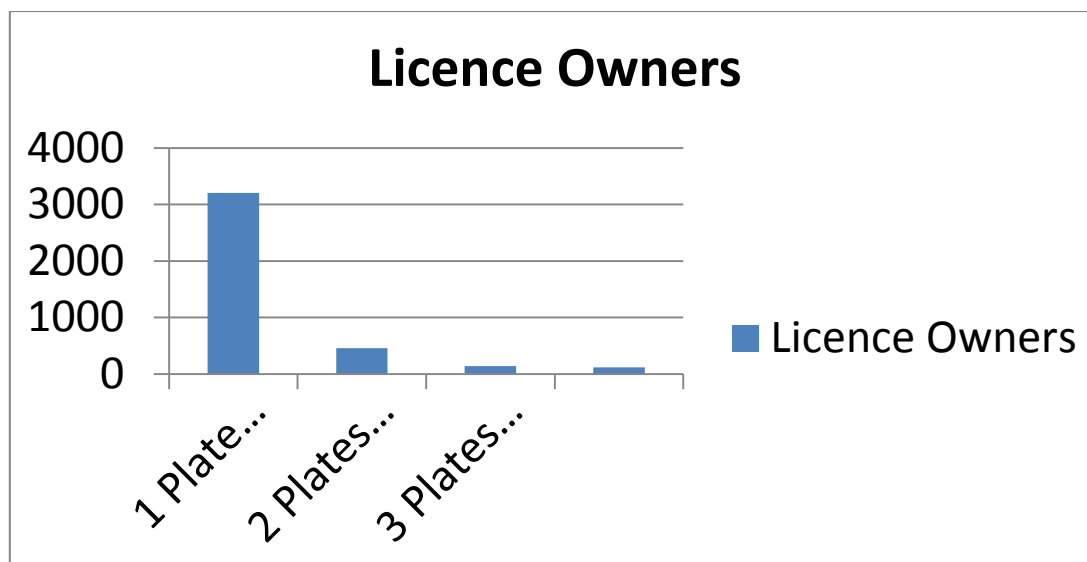
Graph 1.2 – Median PAL Lease Prices⁴

In 2010/2011, the median leasing rate for 2010/2011 was \$27,380, which has now reduced to \$17,160 in 2014/2015. This is a drop in least costs of **over 37%** and is clearly reflective of the impact of an oversupply in these licences as well as the associated ‘churn’ created through the replacement licence process.

It is important to note that IPART has hitherto not taken into consideration the significant reduction in lease costs in when putting forth recommendations to the NSW Government for licence releases.

The NSW Taxi Council considers that these reductions in value represent an unreasonable impact on taxi licence owners and thus no more plates should be issued. The unreasonable nature of the impact is magnified given the breadth of ownership of taxi licences within the NSW community. As the NSW Taxi Council highlighted in its response to the IPART Issues Paper on the Review of Taxi Licences and Fares for Sydney, the vast majority of taxi licence owners hold only one to two plates. This is illustrated in graph 1.3 below:

⁴ Source – Transport for NSW Website www.transport.nsw.gov.au



Graph 1.3 – NSW Taxi Licence Owner Numbers⁵

This graph clearly illustrates that the vast majority of taxi licence holders represent small businesses, ‘mum and day’ type owners and investors who are highly sensitive to downward pressure on plate values and earnings.

Furthermore, given the impact of the churn arising from the retendering of replacement plates, as illustrated above, no replacement plates should be issued on a prospective basis and only those plates that have actually been handed back at the end of 2014/2015 be tendered from 1 July 2015.

This will ensure that the actual fleet size is maintained and not an estimated number that may be handed back be tendered. This reduces the effect of the estimate itself precipitating the extent of the hand back, with a more logical approach of ensuring fleet size is maintained through a tender process that is based on the actual reduction in licence numbers in a retrospective manner.

IPART has, in previous reports, identified that this ‘churn’ process should be used as accelerating the downward pressure on taxi licence values. Specifically IPART has stated:

To date, every tender has resulted in annual licences with a higher average (mean) price than leases for perpetual licences available through taxi networks. This suggests that bidders for annual licences (which have a fixed annual renewal price which cannot be indexed) have been factoring in an expectation that lease prices would continue to rise. Once it becomes clear that the annual licence release process will continue to add new licences to the fleet each year, we expect bidding behaviour to change. We also expect that greater numbers of existing annual licence holders will bid in subsequent licence releases and obtain a licence at a lower annual cost than the one they already hold.

As noted above, we consider that the ability to obtain a cheaper licence in a subsequent tender and relinquish the more expensive licence without interrupting the operation of the taxi service or requiring the licence holder to pay for 2 licences is vital to the success of the 2009 reforms. This process is the only means by which operators can reduce the costs of holding an annual licence

⁵ NSW Taxi Council Membership data

*from TfNSW. When annual licence costs are falling, as we expect to happen under our recommendations, the smooth operation of this process is very important.*⁶

This approach has consistently been opposed by the NSW Taxi Council as it considered such an approach is inconsistent with the will of the NSW Parliament when it passed the Licence Reform Bill in 2009.

The risks to the industry as previously highlighted by the NSW Taxi Council have, as outlined above, become manifest and therefore this needs to be considered in the context of how 'replacement licences' are issued in the future.

Taxi Industry Model

The NSW Taxi Council wishes like to make the following observations in relation to the Taxi Industry Model (TIM) that has been used in support of the IPART review of taxi licences and fares for 2015:

Consultation Period

The TIM used for this review of taxi licences and fares was released on 23 January 2015, and therefore there has been inadequate time allowed for stakeholders to review this model for detailed analysis in support of submissions in response to both the IPART Round Table on 27 January 2015 and the submission due date of 30 January 2015.

A normal period of consultation for Government papers is in the order of four weeks and it is questioned as to why the TIM was not released at the same time as the Draft Report to allow for a more detailed analysis by stakeholders

Inputs

The NSW Taxi Council does not consider the cost inputs used to establish the base TIM, ie the CIE Taxi Driver and Operator Survey of 2011, to be a reliable measure of these inputs. As outlined later in this submission, the NSW Taxi Council argues that there are apparent weaknesses in the methodology used by CIE to gain this information, notable the variability and anonymity of the respondents. The NSW Taxi Council contends that the revenue figures stated in the 2011 CIE Survey Report are significantly understated, a view which has been supported by independent research⁷.

It is considered that greater use of the TCI should be made in providing input into the TIM for costs.

It is also noted that in the TIM Guide, IPART indicates that it has adjusted the inputs to meet the needs of the outputs. Specifically, IPART states in the Guide:

⁶ Review of maximum taxi fares and review of annual Sydney taxi licences from July 2014 **IPART**, pp 51-52

⁷ Deloitte Access Economics, The **Economic and Social Contribution of the NSW Taxi Industry**, December 2013

If the outputs were not a good fit, input assumptions were changed (such as a taxis average speed) until the outputs were the best fit.⁸

There needs to be greater transparency as to what other input assumptions were changed to meet the needs of the outputs.

Furthermore, arbitrary adjustments to inputs such as average speed, undermines confidence in the veracity of the model. Average vehicle speed is an input that should be gained from a reliable source, such as RMS, and only adjusted based on valid changes as published and not to ensure that it meets the best fit outputs to calibrate the TIM as appears to have been done in this case.

ATDA Input

The validity of the meter data supplied by the ATDA is questioned. The auspices under whom the ATDA gained this data, and the capacity it has to report on this, needs to be reviewed. The NSW Taxi Council understands that the ATDA may have been deregistered as an association and this should be clarified so as to ensure process has been followed and greater transparency on this issue provided as a consequence.

Assumptions

The NSW Taxi Council has some concerns in relation to the assumptions used in relation to the assumptions used for the TIM. In addition to the concerns raised above regarding average speed, the assumptions regarding maximum taxis on the road and the number of vehicles that are 'single shifted' need further review.

The reasons for single shifting and fleet utilisation vary significantly, often due to broader economic reasons such as driver supply, ability to cover costs and time of day and week. Incorrect assumptions can lead to outcomes in the TIM that do not reflect market reality.

Given the limited time available for the review of the TIM, as outlined earlier in this submission, the NSW Taxi Council seeks the opportunity to review these assumptions in more details and engage with IPART on this matter accordingly.

Number of Licences

The following comments are provided in relation to IPART's recommendations regarding the release of licences.

⁸ IPART, *Guide to the Taxi Industry Model*, January 2015, p.7

New Licences

As previously stated in this submission, the NSW Taxi Council welcomes the recommendation of IPART that no more new licences be released by the NSW Government and that current fleet numbers are maintained. This is considered to be an appropriate response to the current oversupply of taxis in the SMTD, and will assist in addressing the negative the negative social and economic consequences that are impacting upon all levels of the NSW Taxi Industry.

Replacement Taxis

The NSW Taxi Council acknowledges the recommendation to maintain the size of the current SMTD taxi fleet. Notwithstanding the comments above regarding the oversupply of taxis in the SMTD, is anticipated that the projected moderate growth as outlined by IPART that is expected to occur of the next 12 months will help address this rebalance.

The concern with the numbers of replacement taxi licences proposed to be released in the IPART Draft Report is that this figure is prospective, ie it is a future estimate that is not based on the actual number of licences that have been handed back.

In 2014, Transport for NSW determined that a total of 312 taxi licences were to be tendered consisting of:

- 95 new PAL licences
- 217 'replacement licences consisting of:
 - 100 PALs
 - 117 unrestricted licenses

As stated by TfNSW at the time of announcements, these replacement licences were intended not to increase the total number of licences in the SMTD⁹. As outlined in the IPART Draft Report, the number of replacement licences have not yet been finalised and therefore it is important that no licences are tendered until the actual number of licences that have been handed back to RMS are known

It is therefore considered that any taxi licences that are to be tendered as replacement licences be done so based on the taxi fleet size s at 1 July 2014 (plus the 95 new PALs tendered after that date) and not on the projected estimates as contained in the IPART Draft Report.

This will ensure that the recommendation of the IPART Draft Report that the NSW taxi fleet size be maintained and that no new licences are issued is achieved.

⁹ Transport for NSW, *More cabs hit the road as taxi fares rise by CPI only* , 31 March 2014

Windsor/Richmond Fringe Area Licences

The NSW Taxi Council supports this recommendation. It is of concern that these fringe area licences continued to be 'churned' as this potentially negatively impacts upon the customer service being provided to the people of this community.

WAT Licences

The NSW Taxi Council considers that the relationship between WAT licences and replacement licences should be discontinued. WAT licences are available to the market with significant incentives and bear no real relationship to the market for unrestricted or PAL taxi licences.

Furthermore, WAT licences may be handed back or discontinued due to compliance reasons (specifically not meeting the requirement of providing sufficient service to WAT customers) and therefore this potentially distorts the reasons for which WAT numbers change.

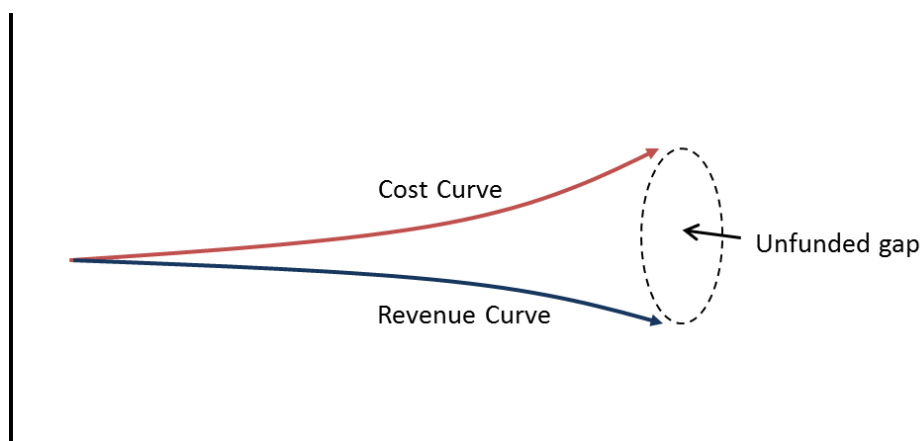
The NSW Taxi Council considers that the management of WAT licences should be considered separate to the licence and fare review process and should be reviewed separately on the performance of the WAT fleet relative to NSW Government policy objectives.

Calculation of Taxi Fares

The NSW Taxi Council notes the point made by the IPART in terms of industry competitiveness. Fares must be competitively priced, but it must be balanced with the ability for all levels of the NSW Taxi Industry to make a reasonable return.

The issue in this context is how the NSW Taxi Industry, which is privately funded and receives no subsidies from the State, recovers costs. Since 2013, IPART has moved away from the TCI model as a means of calculating fare recommendations. The NSW Taxi Council has not supported this move as there is a need for the industry, the government and ultimately the public to understand how increases in costs, often greater than CPI, are to be properly recovered.

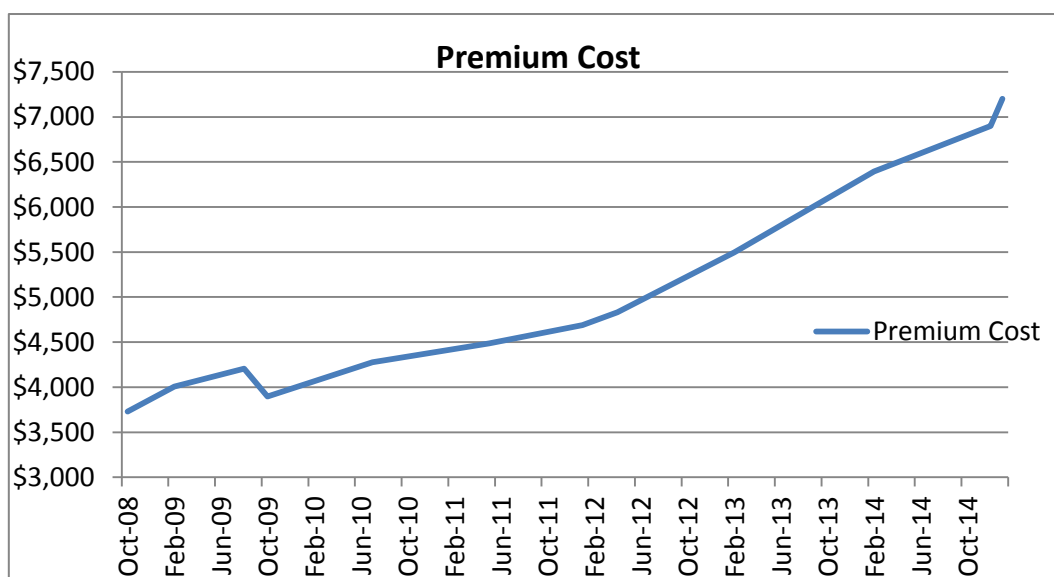
The funding gap, as shown in Graph 1.4 below, is increasing and taxi operators in particular are suffering from uneconomic viability pressures.



Graph 1.4 - NSW Taxi Industry Funding Gap

Graph 1.4 illustrates the effect of the inability of the NSW Taxi Industry to recover from the impact of increasing costs of owning, operating and driving a taxi. Contrary to the assessment by CIE which states that total costs for taxis have decreased over the last three years, the NSW Taxi Council has presented independent analysis (attached to this submission) that illustrates that the cost of operating taxis has increased by 3.7% in the last 12 months.

CTP Insurance alone, as demonstrated in the Graph 1.5 below, is rapidly becoming one of the largest cost burdens on taxi operators.



Graph 1.5 - CTP Insurance Premium Costs

It is important to note that, contrary to the views of some, taxi licence costs have been diminishing over the last five years and not contributing to any upward trend in fares. Costs such as insurance, fuel and LPG, repairs and maintenance and vehicle costs have all increased, sometimes at greater than CPI, and these are costs which, in the absence of government subsidies, have to be recovered through the farebox.

The Taxi Cost Index (TCI) is an industry based cost index that has been used by IPART since 2002 to make annual recommendations to the NSW Government on the movement of taxi fares. Prior to this, the TCI was developed and presented to IPART by the NSW taxi industry to compensate operators for costs incurred in providing taxi services¹⁰. The TCI measures, in percentage terms, how much the overall cost of providing taxi services in NSW has changed.

As outlined in previous submissions to IPART by the NSW Taxi Council, the TCI is well regarded and provides for a transparent and rigorous process for examining the movements in costs and therefore the flow on effects to taxi fares. It has been subject to a number of reviews and the process has been simplified and inputs and associated weightings assessed for relativity and accuracy¹¹.

As the TCI is industry based and requires inputs from both independent sources as well as industry data, it is not as broad a reflection of the movements in costs generally in society. It doesn't serve this purpose and is therefore likely to result in different outcomes when compared to broader based measure such as the consumer price index (CPI) or other living cost indexes.

The cost items in the TCI are also likely to be less volatile than broader based measures such as the CPI, and the trend for most of the cost items has generally been upward, whereas some CPI measures has been downward. This is has been particularly relevant for housing, household goods and technology items in the CPI which have softened in the post GFC period and in a number of cases reduced in both nominal and real terms. There have also been regulatory changes that have resulted in step changes to taxi industry costs, most notably the introduction of an excise for LPG, which has placed upward pressure on taxi fares.

It is also important to note that the inflator for the cost of taxi licence leases has been set at zero. This was done to remove the circulatory relationship between fares and licence lease costs. This change was supported by the NSW Taxi Council at the time.

This adjustment to the TCI has meant that movements in licence lease costs, both up and down, is not reflected in the change in fare prices as recommended by IPART. This therefore removes the concern expressed by IPART that the cost of licence leases continues to put upward pressure on fares.

Whilst the NSW Taxi Council is not seeking to reset the inflator for licence lease costs as part of this review process, it is recommended that IPART return to using the TCI as the means of reviewing and recommending fare adjustments in the future.

The issue of competitive pricing, particularly compared to substitutes, is an important debate that needs greater transparency. Hire cars have little of the costs taxis face, notably insurance and regulatory compliance costs, and anyone can provide services at a competitive price when they don't comply with the law. Add to this the significant increase in

¹⁰ **NSW Taxi Council Submission to IPART 2012 Fare Review** dated February 2013

¹¹ *ibid*

supply of taxi licences, which puts downward pressure on driver, operator and owner's earnings, serious negative implications for the ongoing viability of the NSW Taxi Industry are created.

The lopsided nature of the playing field needs to be addressed if taxis are to have equity in relation to pricing. Artificially holding down taxi fares to address a competition issue which is manifest as a consequence of unbalanced policy and non-compliance with the law is unsustainable. There needs to be a realistic fare setting policy which is based on a transparent assessment of costs (using a cost based model) and what constitutes a reasonable return.

This is the process that has been adopted for other modes of public transport and it is key to ensuring that the NSW Taxi Industry is viable now and into the future.

Taxi Industry Performance

The central aspect of the 2009 taxi licence reforms was based on industry performance, ie that the number of taxi licences in the market were sufficient to ensure that the performance of the industry met customer expectations¹².

It is in this context that the current performance of the taxi industry is critical in the analysis of how taxi licence policy is approached now and into the future.

All key performance indicators for the NSW Taxi Industry demonstrate that its performance is more than acceptable and in a number of key areas, exceeding expectations as well as statutory requirements. The 2014 Transport for NSW Customer Satisfaction Index recorded the following outcomes for the NSW Taxi Industry¹³

- Overall satisfaction – 82% (up 3% from 2013)
- Safety Performance – 87%
- Service Performance/customer service – 85%

In addition, the NSW Taxi Industry is exceeding its statutory performance response requirements. Specifically the following is being achieved¹⁴:

- Average pick-up times – 6 minutes (compared to a statutory requirement of 85% of all bookings picked up in 15 minutes)
- No Cars Available – Less than 1% which is well below the maximum threshold of 3%
- Customer complaints being addressed within the required timeframes

¹² NSW Parliament. Hansard, **Passenger Transport Act (Taxi Licence Reform) Bill**, October 2009

¹³ Transport for NSW, **2014 Customer Satisfaction Index**, August 2014

¹⁴ NSW Taxi Industry, **Key Performance Indicators**, published by Transport for NSW at www.transport.nsw.gov.au

Furthermore, the customer research undertaken by Taverner has also pointed to a further improvement in performance. Specifically, the Tavenor Research highlighted the following¹⁵:

- Taxi driver behaviour and locality knowledge has improved¹⁶
- Taxi arrival and waiting times have improved over the past three years¹⁷
- Taxis are arriving at the pick-up location and/or are available at taxi ranks/hailed is well within statutory requirements¹⁸

The NSW Taxi Industry is aware that it must continue to strive for continued improvement in its service delivery to customers, however the above positive outcomes are important in the context of this fare and licence review process.

LPG Review

The NSW Taxi Council acknowledges the recommendation by IPART to discontinue its biannual review of LPG prices.

This is supported in-principle based on two reasons as follows:

1. The general shift toward hybrid vehicles
2. The recent downward trend in LPG prices over the last 12 months

There has been a general trend away from LPG powered vehicles in recent times as hybrid vehicles continue to grow in popularity within the industry due to positive fuel economy performance. There still remains large number of taxis that use LPG, and some instances, operators are converting hybrid electric/fuel vehicles to LPG (for the fuel component) however the importance of LPG to the NSW Taxi Industry has marginally lessened in recent years.

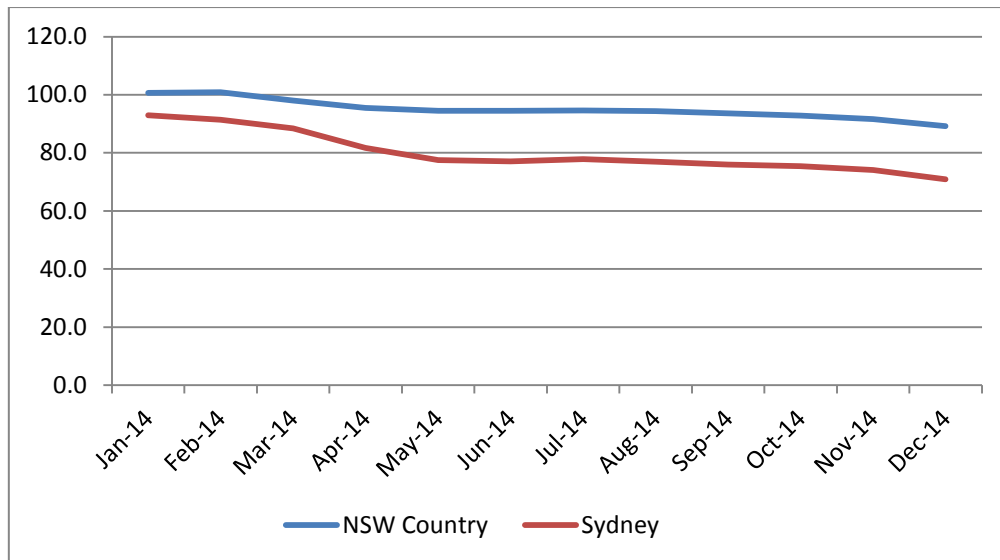
Furthermore, the prices for LPG have softened over the last 12 months as illustrated in Graph 1.6 below.

¹⁵ Taverner Research, *Report of Taxi Use, prepared for IPART*, December 2014

¹⁶ *Ibid*, p.26

¹⁷ *Ibid*, p.55

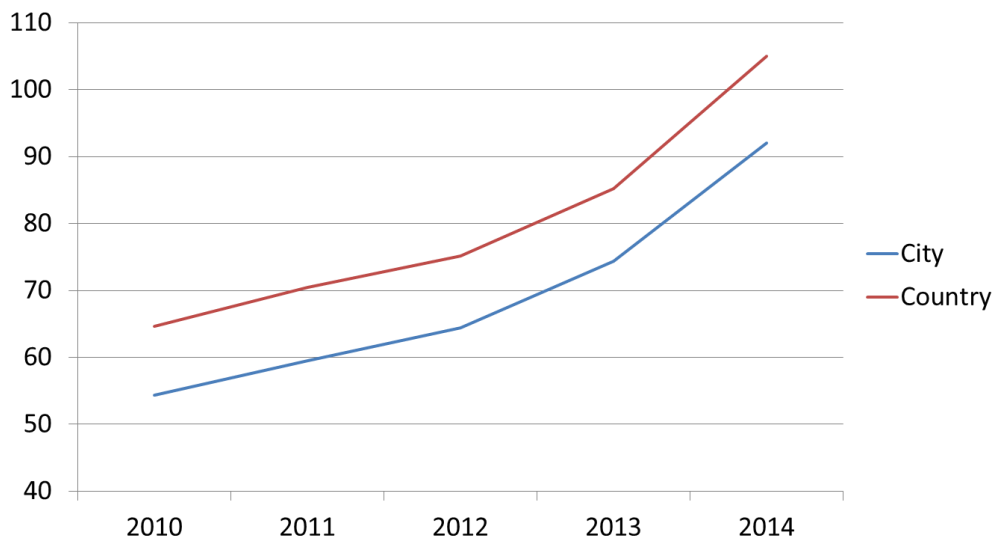
¹⁸ *Ibid*, p.43



Graph 1.6 – LPG Prices 2014¹⁹

As illustrated, prices for LPG in Sydney have lowered over the past 12 months from a peak of \$1.00 in January 2014 to \$.70 in December 2014.

Cautioned is recommended however in entirely abandoning the LPG review process as, notwithstanding the points above, a significant number of taxis still use LPG and there has been a historical upward trend in prices for LPG since 2010, as illustrated in Graph 1.7 below.



Graph 1.7 – LPG Prices 2010 to 2014²⁰

Furthermore, the stepped increase in fuel excise costs for LPG continues to apply and will not cease until 2016.

¹⁹ Source: **FuelTrac**

²⁰ **Ibid**

It is therefore considered that IPART should establish key thresholds as trigger points to revert to the LPG review process should the volatility, and in particularly significant upward movements in LPG prices return in the foreseeable future.

Driver Earnings

The NSW Taxi Council does not agree with the findings of the IPART Draft Report and the CIE 2014 Survey of Taxi Drivers and Operators (CIE Report) that taxi driver earnings have materially declined over the last 12 months in real terms²¹.

The NSW Taxi Council is most concerned regarding the process that led to the CIE Report findings. Firstly the survey had to be amended significantly prior to its release as the questions were potentially leading in terms of framing the NSW Taxi Industry in a negative context. In addition, the anonymity of respondents, and the ability to provide duplicate responses through an on-line response as well as a written response had the potential to allow for significant inaccurate reporting.

Furthermore, there are significant variances in the reported outcomes and market reality for a number of findings, particularly in relation to insurance costs, vehicle lease costs²² and the impact of the peak surcharge introduced by the NSW Government in September 2013. As outlined earlier in this submission (and as independently assessed), insurance and other costs for taxis have significantly increased over the last 12 months and even more so since CIE undertook its initial review in 2011.

The issues pertaining to driver earnings are subject to separate proceedings in the NSW Industrial Relations Commission and it therefore is not appropriate to discuss these issues at length in this submission, suffice to say that the NSW Taxi Council disputes the findings of the CIE Report and the IPART Draft Report in this regard and will bring forward information at the appropriate time to present an alternate view.

The NSW Taxi Council does however emphasise the point it has repeatedly made in numerous submission to both IPART and the NSW Government that significantly increasing the supply of taxis at the same when demand has softened in historical terms is not conducive to improving taxi driver and operator earnings.

This, coupled with the advent of illegal ridesharing is a negative confluence of externalities that is threatening the viability of all participants of the NSW Taxi Industry.

Illegal Ridesharing

²¹ CIE, *2014 Survey of Taxi Drivers and Operators*, December 2014, p.3

²² *Ibid*, p.2

The NSW Taxi Council notes that this process is not intended to be a review on the issue of ridesharing, as this is likely to be addressed through another forum as has been foreshadowed by the NSW Government²³.

The NSW Taxi Council however wishes to make the following points in relation to illegal ridesharing in this submission.

There are significant risks to the public and drivers arising from ride sharing services, notably with Uber X, through the provision of this illegal service and in doing so, not complying with the law.

Ridesharing is a for-profit enterprise that provides illegal taxi services. It places the public at risk through the lack of proper government backed checks and balances on drivers and vehicles, and it directly undermines the efforts and earnings of hard working and law abiding taxi drivers, operators and owners.

Operating under the misleading guise of a shared economy phenomenon, ridesharing and specifically Uber X, are exposing both drivers and customers to risk through (but not limited to);

- non-compliance with the law;
- non-adherence to the government required checks for authorities and licences;
- inadequate or no insurance;
- no workers compensation insurance;
- possible tax avoidance
- no industrial relations arrangements; and
- the insidious practice of surge pricing

Both here and overseas strong evidence is emerging of the negative consequences of illegal ridesharing and the risk this is creating for the NSW public. It is inevitable that this will only get worse as ridesharing providers such as Uber X are combining a fully deregulated taxi transport system with a culture of non-compliance with the law. This is a recipe for disaster which all key stakeholders involved in this debate have a responsibility to address.

There are further concerns regarding the operation of illegal ridesharing and specifically Uber X which include potential breaches of privacy legislation, possible discrimination against people with disabilities, particularly people who are bound to wheelchairs, and potential avoidance of GST. These laws are all valid and reasonable requirements that underpin a proper taxi service that provides universal access across all community sectors.

²³ NSW Minister for Transport, the Hon Gladys Berejiklian, *Second Reading Speech – Passenger Transport Bill 2014*, June 2014

Based on the emerging evidence in relation to ridesharing, these requirements are potentially being avoided which is clearly not in the public interest.

The NSW Taxi Council therefore welcomes the efforts of RMS to crack down on illegal ridesharing with over 72 fines issued and now court action being taken, but more needs to be done. The NSW Taxi Industry is fully aware of its responsibility to provide good customer service and comply with the law, but in an environment where organisations believe that they can get away with breaking the democratically established laws of this land, governments, regulators, industry stakeholders and commentators need to focus their efforts on upholding the public interest in this regard.

Review of Point to Point Transport

The NSW Taxi Council notes that the NSW Parliament has only in the last four months passed new legislation that has upheld the fundamentals of a well regulated and managed taxi industry in NSW. It is considered that the issue is not yet another review, but ensuring that the laws that have been established through proper process are upheld and those organisations and individuals who break the law are appropriately dealt with.

The NSW Minister for Transport in her second reading speech for the *Passenger Transport Bill, 2014* made it clear that the bill did not address illegal ridesharing²⁴. The Minister also made it clear that the issue of ridesharing and how it is to be regulated is a substantial issue and one that requires extensive consultation with industry and the public²⁵.

This is an appropriate course of action should the government wish to further consider this matter, however a cautionary note must be given that once the level of regulation for the taxi industry is set, the market will quickly move to that level and the consequences of this, intended or otherwise, will manifest themselves quickly.

To date, apart from the *Passenger Transport Bill, 2014* itself, there have been no substantive evidence or recommendations of what regulations should be removed to promote 'new services'. Existing taxi laws have been developed to protect the public interest and any changes to accommodate new types of services such as ridesharing run the risk of reducing important safety and reliability protections for the customer.

It is further considered that any review process can be managed by the NSW Government and specifically Transport for NSW.

²⁴ Minister for Transport, *Op Cit*

²⁵ *Ibid*



Grant Thornton

An instinct for growth™

NSW Taxi Industry Association
152 Riley Street
EAST SYDNEY NSW 2010

29 January 2015

PRIVATE AND CONFIDENTIAL

Dear Sir / Madam

Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
QVB Post Office
T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

REPORT OF FACTUAL FINDINGS IN RELATION TO THE COMPILATION OF A 2014 TAXI COST INDEX MODEL

1. Introduction

- 1.1. In accordance with your instructions provided on 28 January 2015 as outlined in the Section 3 of this letter, we have performed certain procedures with respect to calculating the cost of operating a taxi in the NSW Metropolitan Transport District in 2014 (as compared to 2013) utilising the Taxi Cost Index ("TCI") previously utilised by the Independent Pricing and Regulatory Tribunal of NSW ("IPART"). This report is compiled for the purpose of assisting the NSW Taxi Industry Association ("TIA"), in assessing the cost of operating a taxi in the NSW Metropolitan Transport District in 2014 (as compared to 2013) assuming the continued use of the TCI.
- 1.2. Our engagement was undertaken in accordance with the *Standard on Related Services ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings* issued by the *Auditing and Assurance Standards Board*. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of TIA.
- 1.3. TIA is responsible for determining whether the factual findings provided below, in combination with any other information obtained by TIA, provide a reasonable basis for any conclusions which TIA wishes to draw on the subject matter.

2. Findings

- 2.1. Having regard to the scope and limitations of our procedures as set out in the paragraphs "Scope of Work" and "Limitations of Scope" below, we report our findings as follows, noting the exceptions / clarification of assumptions provided below, and the effects these may have on the 2014 Model:
 - a) We have confirmed the model used to calculate the cost of operating a taxi in the NSW Metropolitan Transport District in 2014 (as compared to 2013) ("the 2014 Model") is materially the same in structure as the "Taxi Cost Index – Fare Review 2012" model prepared and published by IPART ("the 2012 IPART Model");

Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

- b) We have confirmed the assumptions used in the 2014 Model are consistent in nature with that used by IPART in its compilation of the TCI in 2012 and 2013 (other than those exceptions / clarification of assumptions provided below);
- c) We have verified the assumptions used in the 2014 Model against the primary source (other than those exceptions / clarification of assumptions provided below), specifically inputs relating to:
 - i The 2013 base taxi operating costs and weightings;
 - ii The 2013 base fare components;
 - iii 2014 inflator values for:
 - Driver labour costs;
 - Operator administration labour costs;
 - LPG fuel costs;
 - Maintenance costs;
 - Plate lease costs;
 - Insurance costs;
 - Vehicle lease payments;
 - Network fees;
 - Cleaning costs; and
 - Productivity adjustment
- d) We confirmed that all assumptions and input data flow logically through the 2014 Model noting we have not verified the suitability of these assumptions for calculating the TCI for 2014.
- e) In accordance with the above findings, the outputs from the 2014 Model are summarised as follows and detailed further in **Annexure 2**:

Figure 1: 2014 Model Output

Urban Fares			
% increase			
			01-Jul-14
			3.7%
4.1.2 Rounded fares - urban			
Fare components		01-Jul-13	01-Jul-14
Flagfall	\$	\$3.50	\$3.60
Distance charge (Tariff I)	\$/km	\$2.14	\$2.22
Waiting time charge	\$/hr	\$55.30	\$57.35
Booking fee	\$	\$2.40	\$2.50
Night-time surcharge (on distance rate)	%	20%	20%
Maxi taxi surcharge (on total fare)	%	50%	50%
Waiting time threshold	km/hr	26	26

3. Scope of Work

- 3.1. Grant Thornton Australia Limited (“**Grant Thornton**” or “**We**”) have performed the following procedures as agreed with you:
- a) Obtained the “Taxi Cost Index – Fare Review 2012” model prepared and published by the Independent Pricing and Regulatory Tribunal of NSW (“IPART”) (“the 2012 IPART Model”);
 - b) Updated the inputs in the 2012 IPART Model with data relevant to the 2014 indexation of taxi operating costs, utilising assumptions used by IPART in its compilation of the TCI in 2012 and 2013, obtained from the relevant primary source (other than those exceptions / clarification of assumptions provided below). Specifically, these inputs relate to:
 - i The 2013 base taxi operating costs and weightings;
 - ii The 2013 base fare components;
 - iii 2014 inflator values for:
 - Driver labour costs;
 - Operator administration labour costs;
 - LPG fuel costs;
 - Maintenance costs;
 - Plate lease costs;
 - Insurance costs;
 - Vehicle lease payments;
 - Network fees;
 - Cleaning costs; and
 - Productivity adjustment
 - c) Confirmed that all assumptions and input data flow logically through the 2014 Model.

4. Limitations of Scope

- 4.1. Our scope has been limited to the procedures set out above, because the above procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Standards on Review Engagements, we do not express any assurance on the 2014 Model.
- 4.2. Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.
- 4.3. We note the following specific procedures were not undertaken:
- a) no verification of the appropriateness of using the underlying assumption sources contained within the 2014 Model has been conducted in our procedures.
 - b) we note that our procedures conducted as set out above do not include verifying whether the use of the TCI model is appropriate for assessing the change in the costs of operating a taxi in the Metropolitan Transport District.

- 4.4. Except as required by law, TIA acknowledges that Grant Thornton makes no representation or warranty as to the accuracy or completeness of the 2014 Model and Grant Thornton, its related bodies corporate, directors, officers and agents do not assume responsibility to the Recipients or to any other person for loss or damage of any kind whatsoever arising as a result of TIA use or misuse of the 2014 Model or for any opinion, advice recommendation, representation or information, expressly or impliedly contained therein.

5. Outputs

- 5.1. A copy of the 2014 Model's outputs is attached as **Annexure A**.
- 5.2. We make provide no comments regarding the calculated outcomes provided in the model apart from the observations provided above.

6. Exceptions / Clarification of Assumptions

- 6.1. We advise of the following exceptions / clarification of assumptions to our findings from the completion of the above procedures:

Input / Assumptions	2012 IPART Model Instructions / Notes	2014 Model Assumptions Utilised
LPG fuel costs	Fuel costs are inflated by the annual change in urban LPG prices provided by FUELtrac	We have been unable to source the 2013 average LPG price from FUELtrac. Accordingly, we have calculated the 2013 average by increasing the 2012 average LPG price (obtained from IPART's 2012 Model) by the fuel inflator used in IPART's 2013 report. We note that the fuel excise was used in IPART's 2012 model as part of the fuel cost inflation. We are unable to ascertain whether the fuel excise was used by IPART in its 2013 model (nor the value). We have assumed no fuel excise in our fuel cost growth data.
Insurance costs	Insurance costs are inflated by the annual change in the Insurance Services sub group of the CPI	Unable to locate the "Insurance Services" sub group of the CPI, we utilised the "Insurance" sub group of the CPI (series ID: A3602793W). We note that the insurance cost inflator used in IPART's 2013 report was the "Insurance" sub group of the CPI.
Productivity adjustment	Calculated by IPART in its 2012 and 2013 model to be -0.2%	We have assumed a -0.2% productivity adjustment in the 2014 Model in line with the previous 2 periods.
2013 base fare components	No reference to where the fare components to be sourced from	We understand that no increase to the 2012 base fare components were provided during 2013. As such, we have used the fare component output from IPART's 2012 model as the base fare components.



7. Professional Qualifications

- 7.1. Attached as **Annexure B** are details of the formal qualifications and experience of the personnel undertaking the “Scope of Work”.

8. About Grant Thornton

- 8.1. Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. Grant Thornton Australia has more than 1,040 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable “client first” mindset and a broad commercial perspective.
- 8.2. More than 38,500 Grant Thornton people, across over 120 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work. Through this membership, we access global resources and methodologies that enable us to deliver consistently high quality outcomes for owners and key executives in our clients

9. Disclosure

- 9.1. Grant Thornton does not have any interest in the outcome of its agreed upon procedures the subject of this report other than normal professional fees that will be received.
- 9.2. This letter is for the sole purpose of assisting the TIA with its assessment of the cost of operating a taxi in the NSW Metropolitan Transport District in 2014 (as compared to 2013) assuming the continued use of the TCI and is not to be used for any other purpose without the prior written consent of Grant Thornton. .
- 9.3. Our report is solely for the purpose set forth in the Scope of Work and Limitations section of this report and is not to be used for any other purpose.

Yours faithfully

GRANT THORNTON AUSTRALIA LIMITED

Paul Gooley
Partner - Corporate Finance

ANNEXURE A
2014 MODEL OUTPUTS

1.3 Urban Taxi Cost Index

Cost item	2013 Cost	2013 Weight	Inflator	Value	Cost increase	2014 Cost	2014 Weight
Driver costs							
Driver labour costs	66,149	41.2%	CPI	2.5%	1.0%	67,684	40.6%
LPG Fuel	18,015	11.2%	Fueltrac LPG cost	18.7%	2.1%	21,334	12.8%
Cleaning	3,405	2.1%	CPI	2.5%	0.1%	3,484	2.1%
Total driver costs	87,568	54.5%		5.6%	3.2%	92,502	55.5%
Operator costs							
Operator administration	9,846	6.1%	CPI	2.5%	0.2%	10,074	6.0%
Maintenance Costs	8,010	5.0%	CPI Repair and Servicing	0.8%	0.0%	8,062	4.8%
Plate Lease Costs	25,836	16.1%	Tribunal decision	0.0%	0.0%	25,785	15.5%
Insurance	15,450	9.6%	CPI Insurance	5.4%	0.5%	16,249	9.7%
Vehicle Lease Payments	6,213	3.9%	CPI Motor Vehicles	-2.2%	-0.1%	6,067	3.6%
Network Fees	7,798	4.9%	CPI	2.5%	0.1%	7,979	4.8%
Total operator costs	73,153	45.5%		1.5%	0.8%	74,216	44.5%
Productivity Adjustment					-0.2%		
TOTAL - ANNUAL CHANGE IN TCI	160,721	100.0%			3.7%	166,719	100.0%



Urban Fares

% increase

01-Jul-14

3.7%

4.1.1 Master fare schedule - urban fares

Fare components		01-Jul-13	01-Jul-14
Flagfall	\$	\$3.50	\$3.63
Distance charge (Tariff I)	\$/km	\$2.14	\$2.22
Waiting time charge	\$/hr	\$55.30	\$57.35
Booking fee	\$	\$2.40	\$2.49
Night-time surcharge (on distance rate)	%	20%	20%
Maxi taxi surcharge (on total fare)	%	50%	50%
Waiting time threshold	km/hr	26	26

4.1.2 Rounded fares - urban

Fare components		01-Jul-13	01-Jul-14
Flagfall	\$	\$3.50	\$3.60
Distance charge (Tariff I)	\$/km	\$2.14	\$2.22
Waiting time charge	\$/hr	\$55.30	\$57.35
Booking fee	\$	\$2.40	\$2.50
Night-time surcharge (on distance rate)	%	20%	20%
Maxi taxi surcharge (on total fare)	%	50%	50%
Waiting time threshold	km/hr	26	26

**ANNEXURE B
QUALIFICATIONS & EXPERTISE**



Paul Gooley

Bachelor of Economics (Accounting)



Title

National Head of Corporate Finance

Experience

Graduating in 1993 with an Economics and Accounting degree from a Sydney University, Paul initially specialised in Recovery and Reorganisation obtaining extensive experience in a range of corporate assignments and distressed asset transactions. Looking to expand his skills and obtain an international perspective, Paul relocated to the United Kingdom in 2000 spending four years with a London based accounting firm in their Mergers and Acquisitions division working for a wide variety of European clients focusing on private equity backed buyout transactions and divestment processes. Since joining Grant Thornton in 2005, Paul has led numerous acquisition, fund raising and divestment processes across a diverse range of industries and oversees Grant Thornton's National Corporate Finance offering. Paul has also previously co-founded and assisted a boutique financial services firm through its early development stages, giving him a true client perspective when advising on assignments.

Sector experience

- Private Equity
- Retail
- Building & Construction
- Infrastructure (strong focus on Rail)
- Healthcare
- Technology
- Mining Services
- Professional services
- Distressed scenarios

Core expertise

- Private Equity, debt fund raising and IPO's
- Management Buy Outs
- Distressed M&A including acquisitions under licensing and DOCA processes
- Valuations of Business
- Mergers & Acquisitions
- Lead advisory and project management
- Advising on divestment strategies
- Business planning, financial model preparation and review
- Public Takeovers
- Acquisition Financial Due Diligence

Professional qualifications and memberships

- Bachelor of Economics (Accounting)
- Member of the Institute of Chartered Accountants in Australia
- Diploma of Applied Finance & Investment (Corporate Finance)
- Director and Authorised Representative of Grant Thornton Corporate Finance Pty Limited (AFSL 247140)
- Springboard Enterprise Australia Board Member

Contact details

Level 17, 383 Kent Street
Sydney NSW 2000
T: +61 02 8297 2586
M: +61 0410 880 045
E: paul.gooley@au.gt.com