

NSW Taxi Drivers Association Inc

SUBMISSION to IPART DRAFT REPORT

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NSW Taxi Drivers Association Inc

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INTRO

Issues.

The IPART Dec2013 Draft Report proposals are uninformed, destructive and mostly ineffective. It is considered that TfNSW, as it did in 2013, should reject the IPART recommendations unless they are fundamentally revised in the IPART Final Report. Similar to 2013, IPART's proposals include "reduced" taxi fares by REDUCING taxi driver earnings ! - for more efficient services despite many more effective NSWTDAs means. It proposes more taxis despite the documented downturn in taxi demand since the 2010 lack of consumer confidence. It proposes more ineffective PAL plates for the political late night problems. And to reduce licence costs with dubious tender procedures which may linger for 25 years instead of IPART's 5 years.

This NSW Taxi Drivers Association Inc submission addresses the following matters in response:

a. NO MORE TAXIS. The NSW TDA is totally opposed to any more taxi licences. Unless there is irrefutable proof of population and passenger demand growth.

b. IPART PRIMARY Objective : Improve driver earnings! Morally, ethically, and logically as drivers and operators are the very backbone of NSW taxi services, IPART's first PRIMARY Objective must be the improvement of taxi driver and operator earnings ! Yet not a single word on drivers' earnings or being below the Aust minimum wage ! Shame !

c. IPART Objective : Efficient taxi services. The NSWTDAs has always fully supported "greater efficiency in the supply of services". But strongly opposes IPART's strategies that brutally further reduce driver earnings yet which are virtually ineffective in achieving any significantly improved passenger service efficiencies.

NSWTDAs has recommended 6 positive, quantified, much more effective means of improving taxi services for the public. And which also improve driver earnings !

d. IPART Objective : Reduce licence costs. If there is no other way of achieving this objective then IPART must implement its strategy with the minimum of pain on drivers, with minimum delay and maximum expediency and effectiveness.

Critiques by others of IPART's largely ineffective proposals are reported, such as by Mr. D. Cousins from the successful Victorian Fels taxi Inquiry.

It is hard to believe IPART may feel restricted to and unable to negotiate the Govt's Terms of Reference from only using more licences and fare changes. But it is beyond all belief that IPART cannot make other recommendations and that TfNSW would be unwilling to consider much more effective means of realising the ToRs such as recommended by the NSWTDAs !

Two 2013 matters are in IPART's favour. That for the 1st time it has stated its Objectives enabling these now to be clearly assessed together with the related IPART approaches and strategies. And they are clearly seriously deficient but can be achieved much more successfully!

And second, that - for the 3rd time since 2008 (!) - after NSWTDAs President Anne Turner's roundtable declaration of a "big protest" publicly by drivers, IPART has discarded its time wasting misguided obsession of banning the Harbour Bridge Return Toll which would eliminate legitimate driver cost compensations, while forcing drivers to subsidise North Shore passengers.

NSW Taxi Drivers Association Inc

The NSW Taxi Drivers Association Inc represents bailee drivers, lessee drivers and owner drivers. It's concerned for taxi operators who together with drivers are the very backbone of NSW taxi services, and for the NSW taxi industry and the travelling public. Hence the all embracing NSWTDAs motto of "**A Fair Share of a Fair Fare**"!

But NSW taxi drivers are slaves that do not get a Fair Share ! They earn on average \$10.56 per hour (IPART /CIE 2011/12), way less - 2/3rds - of the Australian \$16/hour minimum wage. Which IPART now proposes to REDUCE ! They work standard 12 hour shifts without any mandatory breaks, more fatigue dangerous than truck drivers. And are subject to possible fare evasion, abuse and deadly attack. No drivers get holidays, sick leave and long service because the industry universally evades those legal entitlements and costs. NSW taxi drivers are Australia's modern day slaves !

The 18,000 Sydney taxi drivers and the operators provide important efficient 24/7 transport with few public complaints including during busy am and pm peaks (except recent Fri /Sat late nights problems essentially due to a lack of buses and trains). Taxis are a private industry without government subsidies, strongly regulated, but which can and should be made more efficient.

a. NO MORE TAXI LICENCES !

The NSW Taxi Drivers Association Inc is totally opposed to more taxis !

Unless in line with irrefutable evidence of population and passenger demand growth

which IPART has failed to submit. It does not account for 4 years of falling taxi demand since the 2010 lack of consumer confidence after the 2008 GFC. Nor the fewer retail and restaurant passengers, the shortened Xmas frenzy, reduced business overtime, etc.

And where is IPART's 1 taxi per 1000 population rule of thumb reconciliation?

The NSW Taxi Drivers Association Inc is totally opposed to more taxis which do not, and are not proven by IPART to significantly improve passenger services !

Unlike the realistic demonstrated 18 efficiency measures offered by the NSW TDA !

NSW TDA is totally opposed to more taxi licences further REDUCING driver earnings !

As IPART has admitted will be the "short term" (5 years or 25 years?) impact on driver earnings already 2/3rds of the Australian minimum hourly wage !

NSW TDA is totally opposed to more taxi licences on top of those issued already.

Many full licences issued in the past 4 years as well as PAL licences were not taken up because of the excess of licences. Excess licences should be immediately revoked !

NSW TDA is totally opposed to more PAL taxi licences to "solve" late Fri/Sat night problems.

(The 280 Peak Availability Licences in 2013 and another 80 for 2014 are an IPART political response but only a minor remedy. PALs which do not and cannot solve what is essentially a problem of lack of buses/trains (which IPART does not even mention), but which "is well within the government's ability to provide adequate public transport at 3am if necessary" (SMH 11-12Jan2014 News Review p11).

And with far superior taxi measures recommended by NSW TDA, but ignored by IPART !

NSW TDA is totally opposed to any more PAL taxi licences. PALs which, due to their regulated limited earning capacity, are thereby criminally forced by IPART on to the notoriously dangerous, drunken Fri /Sat late nights of assaults and coward hits !

NSW TDA is totally opposed to more taxi licences to justify IPART's engagement.

As appears to be motivation from some of IPART's recommendations since 2012 and as per its recent populist media releases.

As IPART has failed to irrefutably prove the need for more taxis, commensurate with both population growth and passenger demand growth, then it is morally and ethically irresponsible – and illogical - of IPART to recommend more licences knowing (and admitting) that these will reduce driver earnings despite drivers averaging far less than the Australian minimum hourly wage !

IPART thus also contravenes the 2013 licence review ToR and its own stated Objective to "ensure that the supply of taxis responds closely to growth in passenger demand."

b. IPART Primary Objective : Improve driver earnings!

Amazingly, after 10 years of fare reviews, IPART has completely failed to recommend raising the – far below minimum Australian hourly wage - average driver earnings of \$10.56 per hour (IPART /CIE findings 2011/12), and low operator earnings as IPART's PRIMARY Objective ! The SMH 5Jan2014 p3 headline "Workers' lives a cheap commodity in...pursuit of profit" about the Bangladeshi rag traders deaths may very well apply to IPART and Sydney taxi drivers !

Instead, unbelievably, the IPART Issues proposed to reduce taxi fares by 1%, and now its Draft report to "only freeze" fares ; thus REDUCING driver earnings against rising costs even further ! And to cover its tracks, makes misleading public statements of more taxi licences "without having an unreasonable impact on ...operators and drivers." (Media Release 17Dec2013)

Truck drivers are sought for \$30, \$32 and \$34.47/hour (Tele 12Jan2014 p104), 3 times taxi driver earnings (so perhaps IPART's economists should reason there are too MANY taxis ?)

How do IPART's reduced earnings account for increased radio fees and payins - soon after the Sept 2013 extra 'nightowl' flagfall available (only) to Fri /Sat late night drivers ? How does IPART reply to the increased operators' costs and the likely payin rises from the foreshadowed March 2014 Greenslip \$900pa increase from \$5400 to \$6300 ?

And the IPART Draft now proposes another 190 (150 plus 40 PAL) new taxi licences for 2014; thus REDUCING taxi driver earnings even further !

All for misguided ineffectual strategies, while letting drivers and operators sink !

IPART's job is to devise ways to prevent the siphoning of and drivers and operators being robbed. And to reinstate the past earnings increases that are the fair, equitable overdue of the drivers and operators that are the backbone of the taxi industry!

That is IPART's moral, ethical and logical responsibility and its first PRIMARY Objective

C. IPART Objective : Efficient taxi services.

Importantly, the NSW TDA strongly supports the Government ToR instruction for "greater efficiency ... so as to reduce costs for the benefit of customers" and the IPART Objective of "greater efficiency in the supply of services" (Draft Report p 2 / 3). Accordingly, the NSW TDA has submitted 6 practical recommendations for better and more efficient taxi services for the public, Practical and quantified measures far more effective than those of IPART. And most also improving driver earnings - IPART's forgotten obligation !

Realistic positive efficiency measures, but ignored by IPART.

IPART brutal ineffective "efficiency" measures.

The NSW TDA however equally strongly opposes IPART's brutal driver earnings destroying and inefficient strategies which are of limited, if any, effectiveness for improving taxi services to the public. Uninformed, irresponsible and ineffective !

And IPART quoting Chairman Dr Boxall (Media 17Dec2013) dresses them up as "...fares around 3.5% lower than they were in 2012 in real terms... designed to make it cheaper and easier for passengers to catch taxis." which misleads the public at a number of levels :

- the use of taxis is not discretionary expenditure of choice, as IPART should know.

 - It's usually essential expenditure based on urgency, lack of alternative transport, or rain, etc – passengers don't choose pleasure tours in taxis.
 - The cost of taxis is hardly ever an issue ! Pax rarely complain about the necessary cost of taxi fares, many round up or tip an extra 10-20%, many pay the 10% Cabcharge card fee which cash would avoid, few 'nightwls' complain about the Fri /Sat night flagfall.
 - (Importantly Taverner reports "Those with a disability affecting taxi use have relatively good access and heavy use if they receive a subsidy ...")
 - That slightly "lower fares" would see more "latent" taxi demand is unproven theory.
 - Fares the same as 2 years ago, would see a demand boom? At what price would taxis be "affordable" ? At the same level as bus fares? IPART does not discuss.
 - IPART fails to provide any evidence, analyse or proof of its theoretical claims.
 - And touching concern for people "on low incomes" is also sadly misleading.
- But a 2 year freeze of fares does brutally affect drivers "on low incomes" by earning 3.5% less below the cost of living after inflation ! While trying to survive on 2/3rds of the Australian minimum hourly wage as discovered by IPART those same 2 years ago !

IPART PAL plates.

Another example of IPART misguidedness and destructiveness was its recommendation for 2013, the only one regrettably accepted by TfNSW, to tender 200(+80) new PAL licences to "solve" the Fri /Sat late night problems. A measure not quantified by IPART but of limited effectiveness (refer Appendix) and which will create severe unnecessary competition for week night drivers and their already meagre earnings. And (unlike 'nightowl' incentives) PAL drivers who, due to their regulated limited earning capacity, are thereby knowingly criminally forced by IPART onto the notoriously dangerous, drunken Fri and Sat late nights of assaults and coward hits ! Shameful IPART !

Now the IPART Draft suggests another 80 PAL plates for 2014 which TfNSW should reject. In favour of the far superior measures recommended by the NSW TDA

The SMH 14Jan2014 letter explains why many taxi drivers avoid the late Fri /Sat problems !

As a former cabbie, I look at the issue of shortage of taxis from the drivers' point of view ("[Fare increase fails to tempt late-night cabs](#)", January 13).

Even as long ago as the 1980s, when I was driving night shifts, it was very obvious that passengers picked up in Kings Cross, Manly, Bondi or the George Street entertainment precinct were highly likely to be drunk, incoherent, abusive, agitated or violent – indeed, some passengers were all five. You also stood a decent chance of not being paid, and/or having your taxi soiled by vomit, urine or even – on one occasion in my experience – faeces.

No amount of fare increases could compensate for risking such encounters, and I soon decided to avoid those four areas late at night at all costs.

Why would any driver except the most inexperienced or naive take such a risk when there are plenty of better-behaved passengers in other suburbs? Start behaving better and the cabs may return. Until then, if you have to wait a long time, stiff cheese. Steve Cornelius Fairlight

Data contradictions.

IPART's 2012 Taverner survey of opinions of 2000 persons concluded the modest findings that :

1. "the availability of taxis to meet demand is insufficient on Friday or Saturday evenings" (being primarily a late nights lack of buses and trains problem, refer above),
2. "Those with a disability affecting taxi use have relatively good access and heavy use if they receive a subsidy ..." and
3. "Taxi use is related to household income, and the cost of taxis is a major barrier to use."

A new Nov2013 Taverner survey found that 10% or 200 persons had 'inefficient' taxi services.

However the annual Key Performance Indicators (KPI) from the taxi radio Networks covering millions of actual taxi trips is stated by the TC Ltd to provide 1½ minute "average acceptance" times (SMH 29Dec2013 p5).

There are major discrepancies and contradictions in these various taxi industry statistics.

IPART must examine and reconcile these data forensically and report, openly and frankly, before proceeding with any more brutal, destructive and uninformed efficiency measures !

Improve IPART efficiency.

IPART lacks the knowledge to be able to recommend measures to improve the efficiency of taxi services – let alone 'reform' the taxi industry. Focussed for 10 years on taxi costs, IPART does not know the inner workings of the admittedly complex (D Cousins / Boxall Media Release Dec2013 and many others) taxi industry and services. And no commercial consultants exist to assist IPART bridge that gap ; that expert advice resides within the taxi industry.

IPART must avail itself of available expert information from the taxi industry !

d. IPART Objective : Reduce licence costs & taxi costs

IPART licence strategy failure.

IPART's tactics to reduce licence fees are likely to fail and take 25 years of driver pain instead of its target of 5 years. The 2011/12 IPART /CIE survey devastating findings revealed that :

1. "Estimated drivers' earnings are below minimum wage levels by a significant margin."
2. "...estimates of operators earnings are very low"

Plus the stark shocking truth of the failure of the IPART fare reviews that :

3. "... in the past four fare reviews notional driver wages have cumulatively been inflated by 14.5 per cent. However, given the low level of driver earnings suggested by the survey, it seems unlikely that this has been reflected in actual driver earnings.

Low Wages

In the language of taxi drivers and operators that is 25 years of gross industry exploitation of taxi drivers. Currently, drivers are getting as low as 30% of the fare box per shift and the majority of their 12 hour shifts for payins and costs.

There are many ways to reduce the cost of a taxi for passengers without reducing the already sub poverty line wage rates of less than 2/3 of the minimum wage rates that working taxi drivers now earn. For instance, as per Mr Graeme Samuel on the 1Feb2014 Victorian laws to cut Cabcharge eftpos fees from 10% to 5% "There seemed to be no justification at all for a surcharge to be 10%, ...It is not a recovery of costs ; it is pure usury." (SMH 16Jan2014 p10). If cabcharge fees were lowered to 5% then there would be a 5% reduction on taxi costs to passengers, and IPART could increase to fares back to the TAXI cost index that it has abandoned and still experiment with the pet theory of an increase in passenger demand from a small decrease in nett taxi fares.

Shattered, unable to resolve the CIE findings, and first time novices on licence numbers, IPART increased licences but abandoned driver earnings improvement. In a historic first, its ineffective 2012 recommendations were understandably rejected by TfNSW.

IPART continues however to claim that "Combined with tendering more annual Sydney taxi licences, there will be an opportunity for new operators to enter the taxi industry, an opportunity for existing operators to reduce their fixed costs by ("churning") bidding a lower price than they are currently paying to lease a licence or to hold an annual licence." (2013 Draft Report p2/3)

IPART's "churning" of previously acquired licences is an unknown industry practice, complex, slow, time consuming and likely to be ineffective – taking many years with driver and operator earnings reductions and very slow or insignificant licence cost reductions.

IPART fails to report on the “effectiveness” of its “churning” strategy to date. Nor explain why it continues to recommend unchanged procedures in 2013 for 2014 (Boxall17Dec2013). Instead, it is resorting to a populist media blitz which is less than frank and is misleading.

IPART cannot achieve its licence cost reduction within 25 years. It must obviously abandon this quixotic objective. There is absolutely no point into trying to immediately fix one aspect of costs when the overall effect will be minimal if not submerged below sight in a welter of other cost service and industry factors. The only way to deal with rent and other secondary costs, is to deal with all of them at once, and review to the industrial contract determination. Also to review taxi industry efficiency [that means network efficiency] we do not recommend that networks be replaced by smartphone apps but that networks must improve with the times and provide a better more effective service to drivers so that drivers can provide a better service to customers. A factor in the shrinking taxi turnover is lack of an efficient quality service to customers.

All of those factors are needed to improve the industry for drivers and the quality of service to the public. IPART is quite obviously and quite categorically unable to this level of review given its current restrictions from the IPART terms of reference. So it is quite clear that IPART will not achieve it's stated objectives by means of partially attempting to attack one aspect of costs. So IPART must drop any immediate attempt to reform long term secondary cost problems that will only cause much pain and devastation to people within the industry and will not benefit customers for many years. There may be other ways to improve the taxi industry that will be more effective than and much sooner than IPART's likely 25 years !

Without a radical change to IPART terms of reference and as the current terms of reference are set for IPART this year. This means: IPART MUST ABANDON ANY ATTEMPT TO REPAIR SECONDARY COSTS THIS YEAR COMPLETELY!

To attempt this is as to build one wall of a house and expect people to live in it. It won't work. It will only bring pain and misery and produce no benefit to anyone. So don't do it.

The simple and central way IPART and any Government or regulating body should approach taxi fares and taxi numbers is to look at a typical shift. Either put more fares per shift or more money per fare. If these simple options are unpalatable or unobtainable the Government or any regulating body has the third option of subsidising taxi as it does for private busses.

The NSW TDA recommends the following :

That drivers wage rates and conditions be the first and most cardinal concern of IPART or any regulating body.

So what IPART should do rationally and logically is;

- a, Increase fares by 40% or,
- b, Decrease plates by 40% or,
- c, Subsidise Taxis by 40%

Whatever it takes to get drivers income up to at least minimum wage rates, Immediately!

What IPART must do and can do within the current terms of reference;

- a, No more plates which is understating the case,
- b, and especially no more PAL plates which are a failure as remedy.

In answer to the question *how many* new plates should be released our logical answer to that question is minus 1000! Also the alleged 'PAL' plates are an even worse option than full plates because they are uneconomic for the sucker who is foolish enough to take one and they impact the available business for all taxis on the quiet nights .

- c, drop the attempt to restructure secondary costs, this has failed, and will fail if persisted with,

d, Reinststitute the Taxi Cost Index. This is essential and necessary. A taxi cannot function as a business at below cost. It is the only effective service that IPART has provided to the taxi industry.

What IPART might do and could do if it really wants help solve taxi industry problems;

As part of IPART's charter is be a Pricing and Regulatory body and part of IPART's duties is to take in verbal and written reports, it is quite legitimate for IPART to make recommendations to the government based on the inputs from the NSWTDa and other contributors or quote directly from submissions, bringing issues to the government's attention.

In particular, as IPART has been made aware the need for any meaningful improvement to the taxi industry that central function of any report of any value MUST as a cardinal issue, have the welfare and incomes of taxi drivers at the forefront of any recommendations to Government.

So IPART can recommend from our Submissions that the terms of reference be altered to include the primary responsibility and duty car for the incomes and working conditions of taxi drivers. It is the duty of care for the Government, for IPART, and for TfNSW to responsibly manage the incomes and working conditions of taxi drivers at a reasonable and comparable level.

Poor income and conditions for taxi drivers, means poor quality of taxi drivers, means poor taxi service to the public. So this does matter, immediately, and it is central to any useful service that IPART can do for the TAXI Industry. It is not good enough for IPART to hide behind the terms of reference to do nothing when it knows from our many inputs that much is very wrong in the taxi industry. IPART is an expert advisory body it is quite legitimate and in fact essential that IPART bring to the Government's notice that changes to terms of reference might be required. What comes first the chicken or the egg? It has to start somewhere. IPART is an advisory body, it must advise.

Beyond the change to include the essential issue of taxi driver welfare, IPART may also mention to the government that other wide ranging terms of reference changes may be made to cover all aspects of the taxi industry, including; Radio [network] fees, greenslip insurance, taxi insurance, worker compensation insurance, network efficiency, industrial contract determination, as well as lease fees and resource rent issues. That is, if IPART really wants to be an effective Regulatory body to the Taxi industry.

Disturbingly, the last years IPART 'nightowl' late Fri/Sat nights fee incentive was soon followed by unregulated Networks radio fee rises and consequently by some operator payin increases. The immediate impact was to reduce the purpose and effectiveness of the 'nightowl' fee incentive. And secondly, to deprive some drivers of those extra late night earnings. That this can occur and that positive IPART and Government initiatives can be negated and undermined by unregulated radio fees is disturbing.

We advise and request that IPART should examine the costs of radio fees. And perhaps that radio fees as an integral and major cost of taxi fares should be regulated as are driver and operators. To the IPART much vaunted benefit of reduced costs to the public, drivers and operators !

So far, NSWTDa advises that all of the present IPART Draft recommendations should again be rejected by TfNSW, as it did for 2013, unless they are significantly revised by IPART to include our essential modifications in its 2014 Final Report.

Our essential recommendations in summary are:

- 1, No more plates
- 2, Improve driver earnings
- 3, No PAL plates
- 4, Drop licence costs measures
- 5, Reinststitute Taxi cost index

6, Ask for changes to terms of reference to include duty of care for drivers.

IPART may also ask for changes for terms of reference to include wide ranging cost issues that may then empower IPART to be an effective regulatory body and properly revise the cost factors that it is trying to do with resource rents.

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