

NSW Taxi Council

**Response to Draft report and Draft
recommendations**

2008 review of Taxi Fares in NSW

16 May 2008

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1 Introduction

This submission has been prepared in response to the Independent Pricing and Regulatory Tribunal's (IPART) Draft Report and Draft Recommendations for the 2008 Review of Taxi Fares in NSW.

Page references in this submission refer to the above report e.g. (p1).

2 IPART's Role and Approach

In part 2.1 of the draft report IPART describes the factors that it considers affect the input costs and returns in the taxi industry. IPART has acknowledged regulatory control of pay-ins (under the Contract Determination) but ignored regulatory control of bailee driver entitlements (p 6). This oversight seems to have been reflected later in the report in relation to the recognition of driver entitlements under the Contract Determination.

In this section, IPART has also stated that the Ministry of Transport regulates taxi licence costs (P 6). In our view this statement is not correct as taxi licences throughout New South Wales are traded and leased in markets where prices (costs) are unregulated.

IPART correctly explains that it has no role in setting the returns available to the different industry participants. However, IPART has had a significant indirect influence on variations to the bailment agreements that are regulated by the Contract Determination in Sydney.

In previous years IPART has modelled the urban TCI to allocate costs in a manner consistent with the regulation of pay-ins and entitlements under the Contract Determination. This has allowed the Industrial Relations Commission to directly translate the fare adjustments into variations to the Contract Determination (maximum pay-ins and driver entitlements) in a manner that allows taxi drivers and taxi operators to be compensated for changes in their costs as measured by IPART.

IPART has taken a different approach in its draft report for 2008 and is proposing to alter the TCI model in a manner which will break the nexus between its recommendations and the Contract Determination governed by the IRC. We can see no advantage from such an approach.

IPART states that it cannot address matters relating to conditions of remuneration and entitlements established by the Industrial Relations Commission for (bailee) taxi drivers in Sydney (p 10). Given this is the case it is difficult to understand why IPART has chosen to use a model that is not consistent with the IRC's rulings.

This is explained in more detail in section 3.1 below.

The draft report incorrectly refers to taxi drivers' terms of bailment as terms of employment (P8) although the correct terms are generally used elsewhere in the report.

2.1 Concerns outside the scope of the review

It is disappointing that the Tribunal has offered draft opinions on matters outside the scope of the fare review without having tested the claims that have been put before it.

For example, the draft report seems to endorse criticism of the Ministry of Transport by repeating claims to the effect that the Ministry does not enforce its own standards on taxi networks. IPART has not tested these claims but has simply repeated them and offered no comment in relation to their veracity or otherwise. Other similar claims do seem to have been accepted by IPART as evidence upon which it has then based opinions.

This section of the draft report includes basic figures that are incorrect (e.g. there are five separate radio dispatch networks in Sydney, not four as reported by IPART) and there appear to be other inaccuracies that demonstrate a lack of understanding and any real verification or analysis of the issues involved. IPART seems to have formed various opinions regarding competition matters by making what appear to be invalid comparisons between providers of financial services that operate (and charge fees) in completely different ways.

It appears that IPART has made no attempt to gain any further understanding of the issues involved. This is quite reasonable since the issues are outside the terms of reference of the fare review. It follows however that IPART cannot be well placed to offer opinions on these matters in its final report.

It would be simply unfair and an abuse of privilege to repeat untested claims and false claims unrelated to the scope of the fare review and give them credibility in a final report endorsed by a government agency that is supposed to be objective and independent. This would achieve no purpose except raise unfounded concerns.

Notwithstanding the fact that the taxi industry in NSW has been subject to near-constant government reviews since at least 2004, (and IPART itself conducted a review in 1999) IPART has expressed the view there would be value in conducting yet another full review of the industry. It does not refer to the cost.

We firmly believe that IPART should not be offering opinions on unrelated matters on the basis of extremely limited and unverified information as part of the review of fares.

3 Taxi Cost Index allocation, weights and inflators

3.1 Reallocation of driver and operator costs

In our view IPART has made a number of logical errors in making changes to the taxi cost index in its draft report. IPART has failed to acknowledge the consequences of its proposed changes in its draft report and considers the changes to be “*relatively minor*” (p 14).

3.1.1 Reallocation of fuel in Country TCI

On page 9, IPART acknowledges that in country areas operators pay for fuel, but it has allocated fuel as a drivers cost in the country TCI.

This error should be corrected, although it has no impact on the outcomes from the review.

3.1.2 Amalgamation of “notional drivers’ wages” and “drivers’ entitlements”.

Contrary to IPART’s assertion that amalgamating these items is a minor change the change involves a very significant revision of the urban taxi cost index and will create significant problems for taxi operators in particular, as outlined below.

IPART has pointed out the only reason it attempts to separate costs into bailee driver costs and bailor operator costs is to provide information to the Industrial Relations Commission (IRC) to adjust maximum pay-ins (it omitted to mention that driver entitlements are also adjusted by reference to the TCI) under the Contract Determination (p 17).

If simply follows if the TCI no longer reflects the allocation of costs in accordance with the way costs are assigned and prescribed by the Contract Determination, the TCI can no longer be used for this purpose. In this case there would no longer be any point in IPART separating costs between drivers and operators in the TCI.

As the IRC cannot make decisions based on practices that are inconsistent with its own laws, applications for future variations to maximum pay-ins and entitlements following adjustments to taxi fares would need to be made on some basis other than IPART’s recommendations based on the TCI.

In proposing to weight entitlements without reference to the Contract Determination and assign entitlements as a cost to drivers, IPART seems to have lost sight of this issue.

A relatively simple process of varying the Contract Determination following fare adjustments has been developed in recent years based on the TCI which has been consistent with the Contract Determination. Applications from the NSW TIA before the IRC have been unopposed by the Transport Workers Union representing bailee taxi drivers. If this precedent is lost, the IRC

hearings will undoubtedly become more adversarial and potentially more time consuming and costly.

IPART is aware that Industrial Law in NSW requires taxi operators in the Sydney Metropolitan Transport District to pay entitlements to permanent bailee drivers. It is also aware the Industrial Relations Commission has in recent years relied upon IPART's reports to adjust entitlements and maximum pay-ins to ensure that taxi operators and taxi drivers can each be correctly compensated for the cost increases upon which fare increases are based.

Re-weighting driver entitlements and/or allocating driver entitlements as a cost to drivers would mean that neither of these things could occur on the basis of IPART's recommendations in future.

IPART openly acknowledges that market forces determine that drivers pay less than the maximum pay-ins and that many drivers are able to negotiate discounts to the maximum pay-in because they prefer to "trade-off" their entitlement to holiday pay in return for lower pay-ins. Evidence presented to the Industrial Relations Commission by taxi drivers under oath clearly demonstrates this widely acknowledged fact. Indeed the PWC survey indicated that average Sydney pay-ins were \$120 rather than the average maximum pay-in of \$165 that IPART appears to have used to calculate operator income (table 7.3 p 70).

There does not seem to be any real argument about these facts, and no-one seems to refute them, however IPART appears to have based its draft decision on an apparently opposite view. That is that drivers pay maximum pay-ins and do not receive entitlements or any compensation in lieu:

"it is likely that many operators are not paying drivers' entitlements" (P 22).

IPART is proposing an approach to theoretically 'allow' taxi drivers to receive compensation in lieu of entitlements by "*retaining a greater share of fare revenue*" (p 23) (i.e. held back from daily pay-ins rather than paid to the operator and paid back as an entitlement at a later date). IPART has failed to recognise the untenable situation that would arise for taxi operators with fare adjustments being made in a manner that is inconsistent with Industrial Relations Law.

All Sydney drivers and operators are aware (because they are assessed on the subject as part of their mandatory training) that entitlements are awarded to permanent drivers under the Contract Determination. IPART has not attempted to reconcile this by explaining why, if they are missing out on valuable entitlements, drivers in Sydney generally do not pursue the matter through the Office of Industrial Relations.

IPART has acknowledged that "*pay-ins are usually discounted.... The rate of discount....is difficult for IPART to take into account in its analysis*" (p 73). No reason is given for IPART choosing not to use the results reported in the PWC

survey for average pay-ins reported by urban drivers in the PWC survey outlined above.

IPART does not seem to have taken these matters into account in its reassessment of driver entitlements and reallocation of the cost from operators to drivers.

If the proposed approach is adopted, Taxi Drivers will be able to double-dip for their entitlements as follows:

- The IRC mandates that operators must pay drivers' entitlements, so drivers will either be paid the entitlements or, as is often the case, negotiate lower pay-ins by trading off this entitlement.
- However, if IPART's draft recommendations are used, taxi fares will be adjusted in a manner that allows drivers to be compensated directly from fares in lieu of entitlements (as preferred by IPART). If IPART's recommendations were followed by the IRC, maximum pay-ins would consequently be adjusted by a lesser amount than otherwise to allow drivers to retain a greater share of fare revenue.
- Hence taxi drivers will be compensated twice for entitlements and taxi operators will not be compensated at all for future increases in the cost of entitlements, despite having to pay them whenever a driver demands it.

Because the way that fares are allocated between operators and drivers in Sydney is regulated, then it remains outside IPART's jurisdiction to impose the view it has expressed, that it is:

"reasonable for both permanent and casual drivers to receive compensation in lieu of entitlements by retaining a greater share of fare revenue" (p 23).

IPART risks making a mockery of government regulation by ignoring the reality of industrial law and treating the industry as if things were the way IPART wishes they were:

"more consistent with the treatment of taxi drivers as small business owners rather than as salaried employees". (p 22).

Clearly the Industrial Relations Commission has a completely different view, and more importantly has the authority to impose regulations on the industry.

If the proposed course is pursued, the inconsistency in government regulation will place the taxi industry in an untenable situation, whereby over time taxi operators will be unable to recover the costs of operating taxis.

Following applications from the NSW Taxi Industry Association, taxi driver entitlements have been increased in the Contract Determination each year

based on the TCI. This could no longer happen under the scenario described above.

In our view, IPART should reconsider the ramifications of amalgamating driver entitlements and driver notional wages in the TCI, in light of the original purpose of separating driver and operator costs in the index.

3.1.3 Separation of ‘Other Costs’

In areas where pay-ins are regulated, in order for bailees and bailors to be properly compensated for respective cost increases it is important that all costs are separated into drivers costs and operators costs including the “other costs” item as proposed in the draft report.

3.2 Drivers’ Leave entitlements

The approach adopted by IPART for calculating driver entitlements may be reasonable in areas where the Contract Determination does not apply.

However, in Sydney, driver entitlements are determined by the IRC and this is the amount that needs to be used to calculate entitlements. As explained above, this amount determines the leverage that drivers have to negotiate lower pay-ins in lieu of holiday pay etc.

Furthermore, if the IRC is to rely on IPART’s analysis when making decisions to adjust driver entitlements, then the analysis must be consistent with the IRC’s laws.

This matter is discussed in section 3.1.2 above.

3.3 Superannuation

IPART has made a mistake in stating:

“historically superannuation has not been included at all” in the TCI (p 15).

Issues relating to superannuation in the TCI have been raised extensively in submissions to IPART during past reviews.

Superannuation was included in the TCI for taxi operators until 2003, when IPART decided to remove it from the TCI. It was previously included on the basis that operators who operated as companies were legally obliged to pay superannuation on their wages. It was therefore a cost incurred in operating a taxi for such operators.

However, at that time IPART concluded that most operators were self employed and therefore in the 2003 report on taxi fares, IPART said:

“the Tribunal decided to remove operator superannuation from the cost index on the grounds that it is not a cost that is representative of the industry”.

It is not clear why IPART has changed its view of the need for the cost index to include a weighting for superannuation, nor is it clear why IPART has not commented on its previous decision. The matter was not raised in the 2008 issues paper, but has appeared in the draft final report.

In 2003, the decision to remove operator superannuation from the TCI was made because self employed people do not incur the cost of superannuation. Now, it seems IPART has adopted the opposite view and wishes to include a superannuation component for operators and drivers who are self-employed.

The approach appears inconsistent. On the one hand the draft report acknowledges that the IRC sets the rate at which driver's time is valued by reference to the Contract Determination. However, it then goes on to usurp the IRC's role, by then adjusting the amount to weight the TCI to include a component for superannuation because IPART considers it appropriate.

On page 21 of the draft report IPART says that the rate set in the Contract Determination is the most appropriate proxy wage rate for taxi drivers because it is specific to NSW taxi drivers. It is indeed the rate that the IRC sets as the value on taxi drivers' time; there is no superannuation on top of that rate. Contrary to the assertion in the draft report, the principle is not the same as for other awards or the taxation laws that do make provision for compulsory superannuation for employees.

The combination of recognising the Contract Determination and yet also trying to "tweak" the provisions of the Contract Determination to better suit IPART's view of how the industry should be governed seems confusing when IPART acknowledges it has no role in determining the returns to the various industry participants.

3.4 Maintenance Costs

The draft report proposes combining the maintenance labour and motor vehicle parts and panels costs into an amalgamated item "Maintenance Costs" with the CPI for Motor Vehicle repairs and servicing as the inflator.

The main concern we have with this item is the weight which we believe is understated. We would like to see further verification through more in-depth analysis of actual repair and servicing costs faced by taxi operators.

3.5 Operators Proxy Wage Rate

It appears inconsistent for IPART to include casual leave loading for the proxy drivers wage yet to exclude the holiday pay that applies to casual rates used for taxi operators. IPART does not seem to have explained why it has excluded this component of the award rate, or why operators should not be compensated in a manner to allow themselves to take annual leave as specified in the proxy award adopted by IPART in the draft report.

3.6 Vehicle Prices

IPART has not commented on the NSW Taxi Council's assertions that the values proposed as the cost of second-hand vehicles does not accurately reflect the true cost of second-hand white LPG Falcons that are used as taxis.

It seems IPART has not commented or sought any other opinions on this matter.

As IPART has apparently not take account of our claim, we are seeking independent verification from Pickles Auctioneers.

3.7 Productivity estimates

The NSW Taxi Council considers the proposed approach of applying productivity factors to the inflators for individual cost items to be a better approach than trying to apply productivity factors after the individual inflators and cost items have been adjusted.

We believe the account of the Australian Taxi Drivers Association comments regarding scope for productivity gains as demonstrated by the data supplied for Premium taxis is misconstrued. According to IPART, the ATDA has claimed that their data shows that premium taxis earn higher rates per km (P 38). This is further supported by claims that premium taxis make fewer trips but for longer journeys, and work fewer shifts (P 85). What seems to be ignored is the fact that this is achieved quite simply by drivers cherry-picking the best jobs. This is in direct conflict with the universal service obligation imposed on the taxi industry. Clearly some drivers can gain an advantage (productivity gain) by leaving others to perform the uneconomical jobs and work at less productive times, however, it is quite obviously wrong to assume that industry-wide productivity gains could be achieved this way without detracting from service standards.

This again demonstrates the point made by the NSW Taxi Council in previous submissions to IPART; that productivity gain objectives are very often in direct conflict with quality of service objectives in the taxi industry.

The Taxi Council maintains the view that IPART is using a highly subjective approach to the issue of productivity when any available measures do not demonstrate that annual productivity gains are being achieved or are achievable for taxi drivers and operators.

It remains particularly galling for IPART to impose its views on productivity improvements on the taxi industry given IPART's inability to meet its own timetables and deadlines during the two most recent fare reviews.

4 Make-up of the Average Fare

4.1 Definition of the Average Fare

The NSW Taxi Council considers the following proposed definitions for the average fare are reasonable.

	Urban Fare	Country fare
Distance	7 Km	5 Km
Waiting time	5 minutes	3 minutes
% of phone bookings	20%	65%
% of night surcharge	23%	15%

4.2 Percentage of trips made at night time

The Tribunal has requested information on the percentage of trips made during periods that the night-time surcharge applies.

The NSW Taxi Council has requested information from taxi networks in Sydney and in some country towns to provide estimates of this figure.

The estimates are based on percentage of bookings and/or percentage of recorded taximeter activity. As comprehensive data is not available it is not clear how representative these estimates are.

The urban estimates range between 20% and 27%.

The country estimates ranged from 10% to 18%, with an average about 15%.

It is noted that fare adjustments are not sensitive to this figure and hence any errors in estimation are unlikely to significantly affect the outcomes from the fare review.

5 Application of fare increase to fare components

5.1 Booking Fee

The Tribunal's report highlights the trade-off involved in adjusting the booking fee. Increasing the booking fee increases the incentive offered to drivers to accept bookings and helps cover the cost of the driver travelling to the pick-up point. This should help improve service levels.

However, passengers are sensitive to changes in fixed components of the fare and passengers that take short trips will be disproportionately affected by increases in these components.

The impact of the proposed 25% increase in booking fees is likely to be significantly different in urban and country areas for the following reasons.

In country areas there are very few service problems created by drivers refusing to accept bookings, so there is no practical scope for the public to benefit from increasing the driver incentive to accept bookings. There are also fewer incidents of passengers failing to show up for their booking in country areas.

However, a greater proportion of taxi users in country areas have low incomes and are the most price sensitive group of customers. Whilst an increase in booking fee can be offset by reduced waiting time and distance rates this is not enough to offset the perception of the scale of a fare increase when the fixed components are increased.

This means the benefits of increasing the booking fee in country areas will be less than in urban areas and the disadvantages will be greater as more customers will be put off using taxis.

We believe that an increase in the booking fee of 25% can be justified in urban areas but cannot be justified in country areas.

In any event the fixed components of both urban and country fares (booking fee and flagfall) should be rounded to 10c rather than end in \$0.05c which would occur if IPART's recommended \$1.25 was used for the booking fee in Country areas. Most taxi meters change in 10 cent increments so this removes the need for taxi drivers to carry a large number of 5 cent coins. A figure of \$1.00 or \$1.10 would therefore be more appropriate in Country areas.

Once the final fare increase percentage is known, the NSW Taxi Council would like to discuss the final details of how fare components are adjusted with IPART.

It should be noted that other submissions referred to in IPART's report (p 57) claim drivers are required to telephone passengers on approach. This information is not correct for network bookings as this responsibility lies with the taxi network and privacy considerations mean taxi networks generally do not provide taxi drivers with customers' telephone numbers. Networks overwhelmingly bear the cost of calling customers on approach.

6 Other fees and charges

6.1 Luggage Fee

The NSW Taxi Council opposes the removal of the luggage fee in the absence of an adjustment to other components of the fare to compensate drivers for the resultant reduction in fares.

Most journeys involving luggage are for trips to and from the airport. A driver can assume that one person's luggage will usually be less than the 25Kg airline baggage limit, whereas two passengers with full luggage are likely to

be carrying more than 25 Kg. Using rules of thumb and experience a taxi driver can calculate the correct luggage allowance with sufficient accuracy.

It is reasonable for taxi drivers to be entitled to payment for the additional work involved in assisting passengers who have large amounts of luggage and it seems that the Tribunal has not presented a convincing argument against this.

6.2 Return Toll for Harbour Bridge & Tunnel

IPART has proposed removing the right for taxi drivers to charge passengers the return toll for northbound journeys over the harbour.

However, IPART has not explained why the rationale for this provision has changed.

Similar provisions regarding return tolls do not apply elsewhere because drivers are not compelled to incur the cost. On all other toll roads drivers can (and invariably will) use alternate routes when they are available for hire. Taxi drivers do not normally choose to drive on motorways when available for hire as there is no prospect of being hailed and little opportunity to exit the motorway to accept bookings in the suburbs they pass through.

At busy times (such as Friday and Saturday nights in particular) there is a constant stream of vacant taxis returning over the harbour bridge to provide services to customers waiting in the city. This happens because there is no alternative toll-free route. This situation does not arise on any other toll road in Sydney.

If the return toll is not paid by the customer then these drivers will either be faced with significant costs that cannot be recouped or will choose to work elsewhere to avoid incurring the cost.

This would be detrimental to the standard of service available in the CBD and is simply unfair to taxi drivers who would be faced with reduced earnings. Such a policy shift would be extremely mean-spirited as it is not based on any justification or change in circumstances.

IPART's proposal to remove the provision for passengers to pay the return toll on the Harbour Bridge and Tunnel is vigorously opposed by the NSW Taxi Council.

If the provision is to be removed, the NSW Taxi Council considers it would be incumbent on IPART to explain how it would compensate drivers for the additional costs they will bear.

Unless IPART denies that drivers are effectively forced to meet the cost of harbour tolls then IPART would seem to be abandoning its own principals of ensuring taxi drivers are able to earn enough to cover the costs they face.

It may be argued that the toll does not fall within the scope of the terms of reference for the fare review as the return toll is not related to the pricing of taxi services. The return toll is a reimbursement of costs and varies in accordance with movements in the price of the harbour toll rather than taxi services.

6.3 Surcharge for parcel transport

IPART has sought comment on whether there is a case for an additional surcharge for taxis that are used to carry goods rather than passengers.

Much parcel work is performed as a frequent and regular service and is often done at negotiated rates.

It is the view of the NSW Taxi Council that parcel transport is not really related to passenger transport or its regulation, it is therefore appropriate that the matter be left to individual agreements between customers, networks and drivers.

6.4 Child Restraints

IPART's draft recommendation to not include a surcharge for the provision of child restraints does not address the need to provide the industry with an incentive to ensure supply of child restraints or recover the cost associated with their provision and maintenance.

This does not assist the industry in meeting the demand from customers who request child restraints which means these customers will not benefit from the associated service improvement that might otherwise be achieved.

7 Addressing fuel price volatility

IPART has acknowledged the problem created for taxi drivers and taxi operators when fuel prices move significantly during the period between fare reviews.

IPART has suggested using a threshold change in fuel prices to trigger a mid-year adjustment to taxi fares. This introduces some difficulties associated with the costs faced by taxi operators in adjusting taxi meters and purchasing and fitting fare labels. It may also present difficulties if the mid-year review results in a reduction in taxi fares.

An alternative method would be to adjust fares using a forecast of fuel prices based on the price at the time of the fare review. This might be achieved by assuming that fuel prices will stay near an average that is similar to the most recent average price (e.g. for the most recent month or quarter) at the time of the review.

The following fare review could be used to bring fares into line with the realised fuel prices. For example if actual fuel prices are below the previously assumed average then the subsequent fare adjustment would be reduced to compensate. Such an arrangement would make the fuel component of the

cost index more current and remove some of the lag inherent in the current system.

One advantage of this arrangement is it removes the need for more frequent fare adjustments, which cost time and money to implement. Taxi operators who do charge the maximum pay-in under the Contract Determination would have no means of recovering the cost of adjusting taxi meters and purchasing and fitting new fare labels.

A second advantage is offered in helping smooth out fare increases and reducing the likelihood of fares being decreased during a mid-year fare adjustment as proposed by IPART.

If taxi fares are reduced the need for enforcement in relation to meter changes will be increased significantly.

When fares are increased there is an incentive for taxi operators to adjust their meters as soon as possible. If fares were reduced there would be an incentive imposed on operators by drivers to delay or avoid the necessary adjustment until the next regular inspection of the meter's calibration. Unless the vehicle's meter is tested on a measured course it is not possible to ascertain whether the meter's distance rate has been properly adjusted subsequent to the fare review. Whilst some meters are adjusted remotely and hence automatically, others are adjusted individually by more direct methods and hence would be more susceptible to abuse.

All taxi-meters are subject to a rigorous periodic testing and certification regime to ensure public confidence in the calibration of meters. The industry cannot afford risking any loss of the public's confidence in taxi-meters, which could arise if fares are adjusted downward. For this reason any interim adjustment should be limited to fare increases to avoid the problems of enforcement if fares are decreased. Subsequent fare reviews will bring fares back into line on the rare occasions where average fuel prices fall more than 10% during a six month period so any misalignment will be relatively short lived as well as rare.

In the event that IPART maintains the recommendation to introduce limited reviews of LPG fuel costs in October each year, then it is important that a 10% price change threshold be applied to limit the impact to those years when the costs of change is justified.

The fare adjustment should also be used to mitigate the costs to taxi operators if possible. Taxi-meter changes cost between \$60 and \$150 to implement, the cost of removing, purchasing and fitting fare labels including time off the road and labour is estimated to be about \$40.

The process itself also needs to be mechanistic to minimise the time and cost involved as described in the draft report.

8 Premium Taxi Services

The NSW Taxi Council supports IPART's draft recommendation and accompanying conditions in relation to a trial for premium taxi service booking fees but only on the condition that such fees are regulated to a maximum of \$11.

It is also important that premium service fees be approved only for bookings:

- made through authorised taxi networks;
- where the customer has requested a premium service taxi;
- where the passenger is also notified and offered an alternative non-premium booked taxi service at the time the booking is made;
- where the premium fee is disclosed and the customer is notified of the service associated with the fee at the time the booking is made.

The premium service fee must not be charged for non-booked taxi services. e.g. passengers who hail a premium service taxi on the street or at a taxi rank.

The NSW Taxi Council's support for premium service fees is based on the fee being regulated by setting an upper limit to the amount that can be charged. The amount of \$11 is in line with similar fees regulated in other parts of Australia thus maintains simplicity and consistency for customers.

Customers understand and expect taxi fares to be regulated, and similar fees are regulated in other parts of Australia. The NSW Taxi Council believes there is significant risk of abuse of the system if fees are unregulated when passengers have the reasonable expectation that they are protected by regulated taxi fares.

There remains a very real risk that unregulated components of fares will create confusion for customers who currently understand and expect that regardless of which taxi company they call, the fare will be the same.

Such risks can be ameliorated by ensuring there is an upper limit set for the fee. The benefit of providing protection for customers and maintaining consistency in the industry outweighs the cost of the regulation.

For the purpose of any properly conducted scientific trial it is important to control as many variables as possible, otherwise it is not possible to assess what aspects of the trial have influenced the outcome. It is important that the trial is restricted to testing the introduction of a premium service fee only, and the additional variable of a deregulated fee is not introduced to confuse matters.

The introduction of a deregulated fare component would involve a significant change that affects the nature of the industry, and should be treated as a completely separate issue.

The only change that is required and supported is that an additional level of regulated fare be introduced to allow a new taxi service level to be achieved. It is still a taxi service and therefore should still be subject to regulated fares.

There are other deregulated providers of transport available for passengers who wish to forego the certainty and protection of regulated fares.

9 Wheelchair Accessible Taxi Services

9.1 Service Quality

IPART appears to have accepted some unproven claims made at the public hearing and then quoted them in a misleading manner to support its own conclusion.

A representative at the public hearing made a claim that he had used wheelchair accessible taxi *“in the past”* and he had experienced an average waiting time of around four hours. He went on to explain that he now uses “ordinary” cabs (so presumably has no recent experience of WAT services).

IPART has not sought verification of the claims and has seemingly misrepresented this person’s statement to support IPART’s own assertion that: *“some passengers are still not receiving an adequate level of service”* (p92).

It is simply not possible that any regular user of WAT taxis in Sydney could be experiencing an average waiting time of four hours, as claimed.

The Zero200 booking service deals with more than 8500 WAT bookings each month, it is unusual for there to be a handful of bookings with delays over one hour and these are very often the result of unusual or unreasonable demands being made by the passenger, for example being selective in the type of WAT they wish to travel in.

Whilst it is noted IPART has acknowledged that Zero200 services have improved, IPART’s selective use of information and apparent inconsistent approach to the need for verification is disappointing and in our view detracts from the credibility of the draft report.

9.2 WATS Incentive Fee

The NSW Taxi Council has for many years advocated for taxi drivers to be paid for the work they are required to perform. The current WATS Incentive Fee is a response to this need.

IPART has described potential approaches to increasing taxi fares and collecting revenue from taxi operators to pay for subsidised WAT services. Such a system is flawed as it fails to explain how taxi operators are expected to collect the additional fare revenue from taxi drivers.

As outlined in our March submission, sufficient funds can be raised if the government stops subsidising licences and sells them for their market value. This removes the need to increase taxi fares to subsidise WAT passengers.

10 Conclusion

This submission does not respond to every matter that has been raised in the draft report due to time and resource constraints.

We have attempted to address at some level the matters that have the most impact on the outcome for the fare review.

Other matters that have less impact have not been addressed simply because of lack of available time to address them properly. This does not imply that the NSW Taxi Council agrees with IPART's methods or proposals. For example, although we do not agree with IPART's revenue estimates, we have not analysed the details or commented on them as they do not seem to have had any impact on the outcomes from the fare review, since IPART has adopted a cost-based approach.

There may well be matters about which IPART may want more information or further details as it finalises its report. The NSW Taxi Council is quite willing to discuss further details with IPART, including the application of the final calculated fare adjustment to individual fare components.