

NSW TAXI DRIVERS ASSOCIATION

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SUBMISSION

**to the
INDEPENDENT PRICING AND REGULATORY
TRIBUNAL**

**on the
IPART 2008 DRAFT REPORT**

**by the
NSW TAXI DRIVERS ASSOCIATION**

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1. INTRODUCTION

The NSW Taxi Drivers Association was created 3 ½ years ago, the only association to democratically represent taxi drivers in NSW. It comprises only volunteers.

The NSWTDA bannerhead is A Fair Share of a Fair Fare.

“A Fair Share” in that we are committed to the interests of taxidriviers. And “a Fair Fare” conveying our concerns for the viability of all aspects of the taxi industry and for the provision of decent public taxi services to passengers.

The NSWTDA is not adversarial. It recognises all sectors of the taxi industry and is more than willing to work with them for a viable, efficient industry that provides a sound service to passengers as an important arm of NSW public transport.

The NSWTDA is honest and representative.

Hence we try to tell the whole story as it is ! To the benefit of all, and sometimes perhaps to the anxiety of a few.

The NSWTDA submissions and their preparation time, as volunteers unlike other stakeholders, come directly out of members 60 -72 hours working weeks and earning capacity, or from critical sleep time. It was submitted last year that should be able to find some compensation to enable considered and informed contributions to the important IPART processes. We continue to maintain that if IPART is able to arrange surveys such as 2007, then it can surely find the minor means to support such submissions.

We make no apology for this suggestion. Indeed IPART could be seen as exploitative in expecting free services from poorly remunerated taxidriviers to assist IPART in its endeavours.

The NSWTDA lauds IPART for several initiatives this year :

- for a clear, lucid and informative Draft Report.
It is suggested that for important additional clarity IPART adopts the correct established terminology of the taxi industry. Confusion occurs in the use wages / costs / labour costs / earnings, waiting times and other terms, owner operators and lessee drivers as distinct from base operators etc. The NSWTDA previously provided some of these terms, now at Appendix A. A Glossary of common terms is recommended, together with the equivalent terms that it appears IPART currently uses from other taxi industry sources.
- for the laudable initiative of the 2007 Survey and resultant stimulating Issues paper (and for the MoT in issuing the survey to all NSW drivers and operators, apparently against the wishes of some industry stakeholders opposed to any survey at all) and for its excellent success of 1800 returns – unprecedented in the history of the secretive taxi industry. Notwithstanding valid criticisms of some aspects of the survey and interpretations, it is suggested that surveys be conducted every two years instead of five to improve the critical data needs of IPART and the industry. Some of these surveys could be limited to specifically targetted areas of the industry and data needs.
- the instigation of constructive stakeholder discussions this year. These are of mutual benefit in clarifying information and misunderstandings and will improve and expedite the more cumbersome process of report and submission exchanges. The NSWTDA supports these discussions as part of the open and transparent policies of IPART and supports any records or transcripts of such discussions being available to the public.

- the IPART policy of openness and transparency is commended and is fully supported by the NSWTDA. As a small extension of that policy it is suggested that any confidential submissions be noted to the public by reference to the nature and authorship of the submission.

For its reasons above, the NSW Taxi Drivers Association submits a limited number of key points on critical aspects of the IPART 2008 Draft Report.

IPART's Terms of Reference are highly relevant to its review of taxi fares this year. In its submission below, the NSWTDA draws attention in particular to the following IPART terms of Reference requiring IPART to consider :

- “ (i) the cost of providing the services concerned;
- (vi) the social impact of the recommendations;
- (vii) standards of quality, reliability and safety of the services concerned;...”

The NSWTDA is deeply disappointed and concerned about a number of the IPART 2008 Draft Report recommendations and its failure to respect its full responsibilities under its Terms of Reference.

The response to the IPART Draft Report of one contributor is understandable :

“The IPART Draft 3.8% and 3.2% increases virtually amount to a pay cut. It is ironic that these increases were announced in the same 24April08 newspaper bulletins that declare 4.2% inflation figures. Add to that the loss of the return toll on the harbour bridge and many drivers must be going backwards. It seems that IPART expects taxi drivers to subsidise the transport costs of the rest of the community out of the lowest level of remuneration. Before the Olympic games taxi drivers were touted as ambassadors for the city.....Slaves to the city is how they are treated.”

IPART, it is submitted is not meeting its responsibilities :

- IPART has virtually ignored the submission for a \$21 / hour earning rate for taxi drivers similar to busdrivers.
Instead it has opted for a dubious, outdated and questionable IRC figure of \$16.95 / hour and avoided the submission of a “living wage” and any principles of fairness and equity for drivers. IPART must adopt \$21 / hour as a basic BENCHMARK and target in its total taxi costs assessments.
- In addition critical statistics used by IPART such as hours per shift, shifts per week and shifts per annum are demonstrably beyond credible reality and further depress the earnings capacity of drivers and those of taxi revenues.
These statistics must be corrected.
- Deadtime during taxi shifts when taxidivers cannot earn any revenue must be carefully factored into the assessments of total taxi revenues and drivers actual hourly earnings.
- Despite its detailed investigations of operators costs, and in the face of the evidence of actual market Payin levels, IPART uses outdated, inflated IRC figures throughout its fare calculations, arguably inflating the “average taxi fare” as a consequence.

- The actual market Payins currently charged selfevidently cover all basic operator costs. The IPART adopted average weekly Payins (as per IRC Maxima) are well above the reality of the current market Payins, indicating clearly that the IPART Payins are erroneous and too high. IPART should adopt a reduced maximum weekly average Payin reflecting the actual current market Payins reflecting actual total operator costs.
- The IRC maximum average Payin and the IPART “average taxi fare” are the two regulatory mechanisms of the taxi industry economy. As the maximum average Payin is set artificially too high in relation to the actual current market Payins and actual operator costs, any fare increases recommended by IPART and adopted by the IRC can be unilaterally absorbed by the operators in raising their Payins.
- With supreme irony, the specific compensation for drivers of fuel increases recommended by IPART can similarly be absorbed by operators lifting the Payins.
- In recommending a realistically lower market based maximum Payin, IPART will re-establish the regulatory control of the maximum Payin. This will then enable the proper and intended IRC apportioning of any fare increases to drivers and operators.
- The Entitlements amounts and the newly instituted Superannuation loadings must be protected and quarantined to prevent them being subsumed, merged or lost by clearly separately listing from other “costs” or loadings.
- The IPART proposal to abolish the Harbour Bridge return Toll is strongly objected to as decreasing by \$35 to \$65 weekly the fully justifiable compensation to many taxidivers. Instead a suggestion for toll free taxi use of all toll roads is outlined as a substantial productivity improvement in Appendix D together with suggestions previously submitted by the NSWTDA for industry improvements.
- The IPART recommendation for “unregulated premium taxi booking fees” introduces fundamental industry issues of deregulation which are properly the subject of a Regulatory Review. As there is no urgency for the proposed 12 month Trial for such premium booking fees, and no details from IPART as to how such a Trial could be conducted and monitored in a publicly open, objective and transparently acceptable manner, the NSWTDA submits that it must be deferred.

Regrettably, the IPART approach to productivity is naïve and unprofessional.

Without any understanding or analysis, IPART proposes an arbitrary percentage discount which in fact is a penalising, inevitably of the drivers.

IPART should abandon its economically and practically naïve Productivity discounts.

It should in consultation develop practical, realisable productivity improvements from which the taxi industry and the public could significantly benefit.

The NSWTDA does not oppose genuine productivity improvements. It has provided several examples of potentials as listed in Appendix D. Included is a suggestion on how the IPART negative Harbour Bridge return toll proposal could turn into a positive toll policy for taxis.

Brief comments are provided by the NSWTDA on some other matters raised by IPART.

Finally, the NSWTDA strongly recommends a long overdue Regulatory Review to examine the structure of the industry with a view to much needed industry improvements.

2. \$ 21 /hour DRIVER EARNINGS BENCHMARK

In the NSWTDA April 2008 Issues response it submitted that IPART must recognise a \$21 /hour BENCHMARK or target for taxidriver earnings as independent workers who are entitled ;

- to earn a reasonable living wage (or its equivalent),
- similar to other skilled workers (such as bus drivers. And with demonstrably greater skill demands, risks and uncertainties),
- at \$21 per hour (as advertised for bus drivers for the past year, and as examined in the Issues paper, and similar to the IPART “wage” rates suggested for taxi operators administration costs. Noting western buses are advertising for drivers at \$25 /hour !),
- for the equivalent of 5 shifts of approx 8 hours each, and extended for taxidriver shifts,
- with the addition of annual holiday and sick leave Entitlements and superannuation,
- (and recognising the daily vagaries and fluctuations in taxi passenger demand.)

NSWTDA argues that IPART must set this \$21 /hour living wage as a fundamental separate starting point and BENCHMARK or target in its fare assessments.

In keeping with the historic judgement of Justice Higgins in the Harvester Case which established the “living wage” as a fundamental of the principles of equity and fairness of our Australian culture !

There may be some gasps about this demand. But not from the taxi industry because no one in the taxi industry, let alone operators, pay for driver earnings ! Nor will operators complain about reasonable driver earnings because that may attract more drivers and relieve to a degree the difficulties of operators in currently attracting drivers to hire their equipment.

It is the public that pays the drivers’ earnings. Nor should there be any gasps from IPART.

The \$21 /hour BENCHMARK should of course exclude all fuel costs that only the drivers pay, the regulatory nightly \$10 car washes, the traffic fines, losses from runners, lost time in picking up M3 no show passengers, regulatory medical checks, the cost of Driving Authorities and renewals, etc, which are all part of the total costs of running taxis in NSW.

In its Issues submission the NSW TDA demanded on behalf of the drivers of NSW that IPART adopts a \$21 /hour living wage as a fundamental and separate starting point and BENCHMARK in its fare assessments and that it recommends accordingly for the Industrial Relations Commission for its determination.

That recommendation is supported by the ATDA drivers body, arguing that taxidriver should in fact be compensated more than the PwC recommended part time busdrivers rate because of the greater skills required for taxidriver. (IPART Draft Report page 21)

Only the Taxi Council interests opposed this reasonable minimum approach (refer below).

The taxidriver together with the operators are literally the foundation of the taxi industry. Without the drivers and the operators there is no taxi industry. The operators are surviving economically as demonstrated below.

But drivers are scarce (as reflected in the reduced actual current operators’ Payins Sydney wide) because the remuneration is so pathetically poor. Together with the uncertainties, traumas and physical risks drivers are daily exposed to.

The disgracefully high turnover of new drivers within 12 months is also a reflection of these conditions, after having been refused the truth in the driver training courses which are content to collect the \$1500 training fees without regard to driver retention rates.

The claim for decent minimum driver earnings is not a simple partisan claim. It goes to the health of the industry. An adequate supply of drivers resolves the operators main difficulties, who can then raise their payins to more comfortable levels and importantly minimise avoidance of taxi maintenance responsibilities, in turn affecting passenger taxi standards and most importantly vehicle safety, etc.

The NSWTDA \$21 /hour submission must be seriously considered by IPART as a BENCHMARK or established target in the interests of assessing reasonable average fares and to ensure the provision sound taxi services to the public.

3. IPART FAILURE IN RESPONSE TO \$ 21 /HOUR

IPART RESPONSIBILITIES

The IPART Draft Report response to the \$21 /hour claim is dismal.

At best its response has been bureaucratic and contradictory.

IPART has virtually ignored the \$21 /hour recommendation for taxidriver.

IPART is derelict in its economic duties and social responsibilities as per its Terms of Reference in virtually disregarding the critical issue of annual driver earnings.

IPART claims it “does not set a minimum wage for drivers” (Draft Report page 66).

However, with minimal if any justification IPART has elected to use \$16.95 /hour as the rate for taxidriver.

And separately, IPART also decides on a \$22.76 /hour rate for operators.

It is disingenuous for IPART to claim it does not “set” minimum hourly rates when it uses such fundamentally figures that determine average fare levels, resultant total taxi revenues and consequently driver earnings.

In reporting on driver hourly rates submissions, IPART states that , after adopting a paltry \$16.95 /hour instead of \$21 /hour, that it “explored whether taxi fares, at their 2007 level, can generate sufficient revenue to recover the level of costs used to calculate the TCI” (Draft report page 66). And IPART smugly reports (Draft report page 67) that “there is nothing to suggest that the overall level of fares is out of step with the costs estimated for 2007 for urban taxis”.

No doubt IPART could report even more glowingly if it had resorted to driver earning levels of \$10 /hour or \$5 /hour.

At (Draft report page 66) IPART asserts that it “considers that many of the concerns regarding drivers’ remuneration relate to the allocation of fare revenue rather than the overall level of fares.”

IPART is wrong in this assertion. It has been unambiguously advised that the NSWTDA submissions on behalf of drivers are concerned fundamentally with the correct and reasonable and fair taxi costs. And that any re-allocations, if necessary, or fare increases are an outcome, not a determinant of accurate taxi costs and reasonable driver hourly remuneration rates.

IPART \$21 /HOUR ASSESSMENTS

IPART has failed in its assessments at all levels in its response, or lack thereof, to the \$21 /hour submissions :

- IPART claims to look at the “reasonable costs” of taxis to assess taxi fares (Draft report page 66). The NSWTDA submits that driver earnings are an essential and indeed the single most major component of taxi costs.
- Current assessments of the earnings of a taxidriver are in the region of \$12 to \$15 /hour. IPART declines to publish such assessments, nor those of taxidriver annual earnings.

- It is unconscionable that IPART continues to be the primary party to such socially substandard and unjust assessments on what are reasonable “costs”. IPART has declined completely to provide any reasoning as to why the minimum \$21 / hour is not fair and equitable.
- IPART has ignored that the claim for decent minimum driver earnings goes to the health of the whole taxi industry. That it directly affects an adequate supply of drivers which in turn resolves the operators main current difficulties, and who can then raise their payins to more comfortable levels and importantly minimise avoidance of their taxi maintenance responsibilities, affecting passenger taxi standards and most importantly vehicle safety for passengers and drivers.
- The NSWTDA claim for the minimum \$21 /hour is deliberately similar to other skilled workers such as bus drivers. And appropriate for taxidriviers with their demonstrably greater skill demands, uncertainties and risks. If IPART in its assessments questions this, then it should expose its reasons openly, as with many of its recommendation and decisions. It has not done so.
- To further assist IPART in this respect, the NSWTDA has attached a listing of broad comparisons between the skill demands, risks and uncertainties and other requirements of taxidriviers compared to busdriviers. (Appendix B)
- Extraordinarily, IPART has assigned a \$22.76 /hour “proxy wage rate” to taxi operators for their administration time on the basis of its PwC consultant recommendation as per the *Clerical and Administrative Employees Hire Cars and Taxis State Award*. But without any rational justification (Draft Report page 29).
The NSWTDA does not dispute this provision for taxi operators. It does question the complete contradiction in IPART’s approach between taxidriviers and operators !
- At the same time, IPART rejects the recommendation of its PwC consultants for taxidriver hourly rates of \$19.64 as for part-time busdriviers per the *Transport Industry – Motor Bus Drivers and Conductors (State) Award*.
The NSWTDA resubmits that IPART should assign a well established \$21 /hour as a “proxy wage rate” for taxidriviers !
- IPART does not report how it justifies the extraordinary disparities in its decisions between these two recommendations and Awards.
- Conspicuously, IPART plumbs for the lowest possible hourly rate at hand of \$16.95.
- IPART wrongly asserts that \$16.95 /hour is an IRC wage rate specified in the Contracts Determination for leave entitlements.
- IPART fails to even cursorily examine the origins or history of this \$16.95 /hour figure, and when and on what basis it was established. It simply reports this from a Taxi Council recommendation, on trust.

IRC FIGURES AND IPART \$16.95 /HOUR

- It is salutary at this point to note what the Taxi Council does not represent and how it performs. The Taxi Council devotes many of its resources to projecting an image that it represents the taxi industry. It does not. It represents mainly the vested interests of the industry, the business and

overseas plate owners, the unaccountable networks, and operators to the degree that these underpin the value of taxi plates and plate leases.

(The CEO of the Taxi Council recently stated publicly words to the effect that what is good for the taxi industry is good for Cabcharge.)

- With considerable irony, the Taxi Council is largely funded from the earnings of taxidriviers via compulsory operator network payments from which undeclared amounts are diverted to the TIA / Taxi Council. Many operators themselves are not happy with these arrangements, nor with the inadequate representation by them on the TIA / Taxi Council Boards.

- Recently, the Taxi Council CEO had to publicly admit on talkback radio that in fact the Taxi Council does not represent taxidriviers.

- The performance and self interest of the Taxi Council has also been clearly exposed recently.
 - the IPART 2008 Draft Report (page 22) for the first time refers to the 2005 IRC transcripts evidence of the Taxi Industry Assoc'n arm of the Taxi Council in having misled the IRC in sworn testimony in relation to operators for years evading the IRC Statutory payment of Entitlements to taxidriviers.

- the Taxi Council in its 2008 Issues reply (page 4) further misleads IPART and the public claiming that " Using the same assumptions as PWC and substituting the Contract Determination downtime rate this provides a notional wage for drivers in the urban TCI of \$78 326 per annum".

Wonderful, if it wasn't so blatantly misleading. No driver in NSW has notional earnings or a "wage" of \$78 326. The Taxi Council fiction, obscured, is that that sum is for two (or more?) drivers !

The actual amount, using the same shifts assumptions as PWC, for a single driver is actually a miserable earnings of \$37,440 per annum, refer below.

- Similarly, IPART in turn fails to publish the simple equation on the nett annual earnings of a typical taxidriver. A failure that similarly conceals the miserable truth and reality.

- Accordingly, Taxi Council recommendations, especially in relation to driver earnings, and the allocation of fare increases, should be treated with extreme caution.

In addition the Taxi Council participation in the fare setting processes is pervasive :

- It seeks to influence the IPART process and recommendations
- and it has a second bite at the cherry as 1 of the only 2 parties to the IRC process.

- The IRC process itself is salutary. It is annually often a hearing of only half an hour. The IPART Report is submitted as evidence by the parties and the Taxi Council and the TWU present their seemingly pre-agreed submissions and recommendations for concurrence and determination by the IRC.

- The IPART Report and recommendations are central to this perfunctory process. The IRC itself does not and generally does not have the resources to investigate taxi costs itself, but relies profoundly on the findings and recommendations of the IPART Report.

IPART RESPONSIBILITY AND INITIATIVE

- IPART in adopting the Taxi Council suggestion of \$16.95 justifies its adoption simply by referring to its IRC origins as therefore constituting the “most appropriate proxy wage rate” (Draft Report page 21)
- This is a passing the parcel circularity in which IPART evades its important responsibilities.
- In fact IPART is adopting some of its own outdated findings from previous years through submissions of its Reports by the parties to the IRC hearings. The IPART recommendations having been thus repeatedly circulated, and indexed up yearly in lockstep as per the IPART recommendations in the - often brief - IRC process, are now again adopted and justified by IPART itself as an IRC figure in the absence of any serious independent examination of this critical driver earnings and taxi fare “cost”.
- The NSWTDA submits that in this circularity between IPART and the IRC, it is in fact IPART’s responsibility and initiative to conduct a fresh examination and recommendation of the hourly rate of taxidriver remuneration.
- The NSWTDA also submits that it is IPART’s duty, in view of the passing of years and the major submissions made to it this year, to initiate a fresh examination of the hourly rate of taxidriver remuneration.
- It is IPART’s duty to investigate and examine the taxidriver hourly rate critically and objectively and to conclude accordingly. It has failed so far to do so in relation to the most significant “taxi cost” of all and has completely ignored the annual earnings of taxidrivers, the foundation of the industry
- Finally, the IPART Draft Report (page) states that its 2008 recommendations are intended to be only varied by cost indices for the next 4 years.
- The correct hourly driver rates are therefore even more critical this year and the onus on IPART is even greater to make serious efforts to correct the driver earnings component. IPART must execute its duties and responsibilities !

The NSWTDA submits, firstly, that IPART must adopt \$21 /hour as a minimum BENCHMARK or target for the hourly rate for taxidriver earnings.

Secondly, if IPART fails to properly examine driver earnings this year, then it is submitted in view of IPART’s responsibilities, that it should provide taxidrivers the benefit of the doubt and adopt the \$21 /hour as a minimum proxy until any further investigations can be conducted.

And thirdly, it is submitted that the impact of adoption of a minimum \$21 /hour BENCHMARK or target as a cost on the “average taxi fare” is properly a separate IPART consideration and recommendation.

The NSWTDA submits that IPART is obliged to conscientiously and professionally consider the submission by the NSWTDA and adopt the \$21/hour as a minimum BENCHMARK on behalf of NSW drivers in the interest of assessing reasonable average taxi fares and to ensure the provision of sound taxi services to the public.

4. CRITICAL STATISTICS

The NSWTDA questions the critical statistics IPART uses for some of its key calculations. In particular the “averages” of 9 hours per shift, 5 shifts per week and 52 weeks per year. The NSW TDA questions the validity of these numbers which are fundamental to IPART’s annual revenue per taxi, total taxi costs, and in particular as far as drivers and the NSWTDA are concerned, to driver NETT earnings per annum.

There are other statistics used by IPART which are open to debate, in the IPART fare calculations.

It is noted that the NSWTDA Committee brings in excess of 220 years of collective experience and knowledge to these questions. With respect, that of IPART, in what is a complex and unique taxi industry, is limited to some 7 years, while the specialist corporate knowledge of PwC seems to have waned.

IPART argues that some of these statistics are derived from the PwC 2007 survey. They are however not substantiated and some key numbers are obviously incorrect. Neither the NSWTDA nor other stakeholders (Draft Report page 21) regard these survey results as reliable.

In criticizing these IPART statistics and seeking their correction, the NSWTDA, given the industry may have to live with these numbers for years, is concerned primarily with their (best) accuracy and correctness, not partisan advantage as will be evident below.

9 HOURS PER SHIFT ?

The undisputable length of a shift industry wide is the standard statutory 12 hours. This is the 12 hours duration of shift paid for in toto “in advance” by drivers in the Payin to the operator for the taxi hire.

The essential critical examination and substantiation of these questionable key numbers appears to be lacking and the 2007 PwC survey is adopted by IPART in its Issues paper (page 8) and again in its Draft Report (page 21). Regrettably, the PwC survey question as to length of shift was loosely framed and open to many interpretations by the respondents, such as deadtime, downtime, etc, and so on.

Despite many other spurious replies to the survey being critically examined, and sometimes rejected, this response was not. Nor that of the number of shifts per week despite questionable urban and country differences, nor the number of weeks per year.

Anything less than 12 hour shifts must be analysed carefully and justified fully. Returning to the standard industry definitions provided by the NSWTDA, and ignored by IPART to date, the 12 hour shift may or may not be affected by deadtime such as running to the work areas and at the end of shift returning to base, mealbreaks, searching for fares, etc, etc. The common 40 – 60% deadtime per shift has been accepted and applied by IPART as 50%.

But deadtime is irrelevant to the length of the industry standard 12 hour shift. All deadtime is part of the duration of the shift worked, although many respondents may have assumed otherwise from the PwC survey question.

And deadtime is not relevant to the NSWTDA claim for drivers earning a living wage of \$21/hour which self evidently applies to the full duration of the shift paid for in the 12 hours Payin and the hours worked.

For driver remuneration purposes (and total taxi revenue) the only variation to the standard 12 hour shift might be the number of hours actually “worked” (or “on the road”) per shift.

Arguably therefore, the only exception subject to careful investigation and verification, in the light of the 12 hour shift paid for by the Payin, is if the shift is commenced late or terminated early by driver choice and hence not “worked or on the road”.

Given the paltry earnings of taxidriviers, such a choice is generally made only on strictly economic grounds that a lack of fares at certain times is simply not worth wasting time and fuel and fatigue for. The common times of day in Sydney when fares are almost non-existent may be 3-5am weekdays and 1-3pm Mon to Wed. Statistically this does not give rise to an average 9 hour shift, and to simply rely on a questionable survey and its responses is inadequate.

IPART must verify the frequency of day shifts and night shifts if and when this occurs, to justify any departure from the statutory 12 hours per shift.

To use an IPART “average” of 9 hours means that large numbers of shifts are significantly less than 9 hours which defies all experience. From its knowledge, the NSWTDA suggests that few shifts would be started more than 2 hours late and few would be terminated more than 2 hours early. Allowing for those many shifts worked by many drivers for the full 12 hours that means an average of 11 hours, or slightly less, per shift.

The hard evidence from meter readings by the ATDA provides an average of 10.2 hour shifts (Draft page 21), which corresponds closely to the NSWTDA submission.

It also strongly indicates that the IPART unverified 9 hours is significantly wrong.

For IPART to continue with the questionable and unsubstantiated PwC result in the face of long industry experience and hard evidence from stakeholders would be irresponsible. If in the absence of supporting evidence, IPART continues to use the lower PwC numbers, given their lesser impact on fare levels, then its objectivity could be open to question.

The present 9 hours shift assumption by IPART is critical to its calculations and strongly questioned by the NSWTDA which submits that the correct number is closer to 11 hours per shift.

5 SHIFTS PER WEEK PER DRIVER (& TOTAL DRIVERS AND SHIFTS PER WEEK)

The IPART average of 5 shifts per week per driver is accepted by the NSWTDA as a common practice in the industry. While there are many departures from the 5 shifts, many drivers doing 6 shifts to earn living expenses, and many weekend casual drivers doing less, the 5 shifts per week is prevalent enough to be used as an average.

(However, as a separate but important matter, it is noted that the IPART assumption and use of 2 drivers per taxi, as related to the IPART 10 shifts per week for total revenue calculations, also defies actual experience and is quite erroneous. And as a consequence, the critical PwC / IPART total 10 shifts per week is also quite incorrect and should be a universal minimum of 12 or 13 shifts per week average.)

52 WEEKS PER YEAR ?

IPART insists on using 52 weeks per year. That is nonsense. Firstly it disregards all IRC Entitlement awards. The vast majority of regular Sydney drivers take at least 2 or 3 weeks off in January when there are no fares to speak of, or possibly a week or two during the year. And casual drivers, except for the innocent few, also decline shifts during January. Hence the few cabs on the road in January, as MoT statistics from networks undoubtedly verify.

Similarly, for operators, the PwC /IPART notion of a 52 week year is a desirable if totally unrealistic ideal.

A low number of possibly 48 weeks (approximating IRC Entitlements) and a maximum of 50 weeks per year is the actual realistic number.

In the view of the NSWTDA, the use of 52 weeks per year is ridiculous, 50 weeks per year is significantly more accurate and possibly 48 or 49 weeks subject to further specific research and verification by IPART.

Again these numbers are critical to the IPART calculations and recommendations.

(And in passing it is noted that NSWTDA advocacy of the lower 50 weeks is in the interests of accuracy and does not favour drivers' annual earnings provisions !)

IPART CALCULATIONS

It's also not good enough for IPART to argue that its statistics happen to arrive at roughly similar totals. They do not (refer below) ! IPART has struggled for years with limited and incorrect data. And continues to do so. Its duty is and must be to continue to use every endeavour to get the critical numbers as right as possible.

The critical nature of the key statistics referred to above is sharply illustrated in the following examples of taxidriver nett earnings per year. Disturbingly, such important calculations are not shown in the IPART reports !

TAXIDRIVERS NETT EARNINGS PER ANNUM -- IPART BENCHMARK

It is notable, and disturbing, that IPART has not attempted to calculate the annual earnings of a taxidriver. The annual earnings of a taxidriver are one of the largest "costs" of a taxi which IPART has been anxious to calculate.

Larger than IPART's long efforts to determine the reasonable "cost" of operators administration time.

It is also curious and anomalous in this regard that IPART is content to use the proxy of a busdrivers hourly rates of \$22.64 for the purpose of assessing an operators administration time. But not for a taxidriver !?

IPART's statistics with a driver earnings rate of \$16/hr result in notional annual NETT driver earnings of \$37,440 (\$16/hr X 9hours/shift X 5shifts /wk X 52 weeks/pa).

The NSWTDA is campaigning that taxidriviers must earn a minimum of \$21/hour equivalent to bus drivers.

A decent and fair minimum living ! For skills equivalent to or exceeding those required for busdrivers.

That means for the total hours “worked” per shift, for 5 shifts per week and for, say, 50 weeks per year.

The NSWTDA submits, on these statistics, that drivers should earn NETT annually \$57,750pa. (\$21/hr X 11 hours/shift X 5 shifts/week X 50 weeks /pa).

Plus the Entitlements and Super loadings not included in the \$21 per hour.

And excluding all Driver costs and Fuel costs, washes and Payin costs.

An average living wage, on conditions similar to bus drivers.

That is the \$57,750 , the NSWTDA emphatically submits, that IPART should be using in its TCI calculations.

And that, the NSWTDA submits again, is the BENCHMARK that IPART should be using in its fares recommendations. The indisputably very reasonable target that IPART should adopt and set.

The difference between the IPART approach and that which the NSW drivers claim as fair and equitable is dramatic !

It cannot be ignored.

It’s one that IPART is obliged to substantiate very fully if it is to continue to use its faulty numbers.

More appropriately, it’s the \$21 /hour (etc) BENCHMARK that it should adopt in fairness and equity and for the health of the taxi industry !

And in addition, in fairness and equity, while IPART has any doubts and seeks to verify the critical statistics of hours per shift, etc, it should in the meantime give the benefit of the doubt to the underpaid taxidriviers.

5. DEADTIME and the \$21 /hour BENCHMARK

The NSWTDADA has submitted that IPART should use a minimum reasonable earnings equivalent similar to busdrivers of \$21 /hour for an 8 hour shift – plus Entitlements etc. The NSWTDADA has submitted that IPART should use this earnings rate as a BENCHMARK in its calculations of taxi fares.

This constitutes, simplistically, $\$21 \times 8 \text{ hours} = \168 per shift

To earn this equivalent in the taxi industry, allowance must be incorporated for deadtime (and other factors peculiar to the taxi industry which do not exist in the bus industry).

Deadtime refers to the amount of time during a taxi shift spent without any fares or earnings. As distinct from some other non-earning times, deadtime in its most direct and obvious definition refers to all time searching for fares or waiting on ranks for fares.

Deadtime has been convincingly demonstrated to be 40 to 60% of all taxi driving time.

IPART has recognized this deadtime component by using an average of 50% per shift.

This logic applies to the IPART currently assumed (and disputed) \$16.95 /hour rate which, allowing for deadtime, becomes a theoretical \$33.90 /hour for calculation purposes.

More importantly, the hourly BENCHMARK earnings rate of \$21/hour with a factor of 50% deadtime becomes a rate for calculation purposes by IPART of taxi fares of :

$2 \times \$21 \text{ /hour} = \text{a theoretical } \42 /hour

And applies for the duration of the average taxi shift, be that 9, 10, 11 or 12 hours.

It is recognized that the deadtime factor can be applied in other ways elsewhere in the IPART calculations, so long as it is clear and explicit.

6. ACTUAL OPERATOR COSTS & PAYINS

Since its beginning, and continuing each year, IPART has attempted to assess minutely, and with continuing frustration, the complete entrails of taxi operators costs, to establish precisely the total of those varying costs.

Since its inception, IPART has been guided and confused in this by some industry stakeholders. As evidenced by the continuing attempts by those stakeholder to further increase the total costs of the Payins weel above current market Payins. As a result the total Payins, based on theoretical costs, have long been well above the actual Payins and the actual costs of operators.

It is also noted that despite its independence, terms of reference and superior assessment resources, IPART without critical examination, continuously inserts the (totally outdated and demonstrably incorrect) IRC 2007 figure of the \$165 average Maximum Payin per week. And as a result seriously distorts its assessments of total taxi costs and the “average taxi fare”.

The umbrella figure for the actual total component operator costs is the taxi operator Payin.

As distinct from the continuously debatable theoretical operator costs assessed by IPART, the actual current Payins charged by the operators are the most accurate and only true indicator of what those total costs actually are.

If operators charge reduced Payins, then their total costs are in fact less than the theoretical IPART totals. If their actual costs exceed market Payins (or the IRC regulated Maximum), then many operators would go broke and operators’ representatives would be up in arms. It is noted that this is not occurring.

The actual current Payins in a competitive market are therefore the best and most accurate and reliable measure of operator total costs.

In the present competitive market, with a shortage of taxidivers, the Payins asked by operators cover all their total costs, while being priced modestly to attract drivers for the hire of their taxis.

The actual current market Payins are significantly below the IPART assessed total costs. These current market Payins are reflected Sydney wide.

The NSWTDADA has provided samples of actual current Payins around Sydney to IPART and at Appendix C. These Payins and many others are freely accessible and many are printed and posted on the walls of taxi bases for anyone to see. Few operators conceal these Payins from drivers because they are keen to recruit drivers.

The 7 day 14 shifts weekly average of current Payins at different bases are competitively very similar. For inner city suburbs the weekly average Payins range from around \$135 to \$125. Outlying suburban areas charge around \$10 to \$15 less again in competing for drivers.

The top Sydney actual current weekly average Payins is approximately \$135.

The only conclusion from this huge \$30 - \$45 disparity between the IRC maximum average Payin of \$165 and the reality of the actual current market average Payins of \$135 or less, is that the IPART total operator costs are wildly wrong and inflated.

In its responsibilities for establishing reliably accurate taxi industry costs for a fair average taxi fare, IPART should adopt the current Payins as the most accurate and true measure of current total operators costs.

Accordingly IPART should concede its erroneous assessments and correct the total weekly operator costs to \$135 reflecting those of current realistic market Payins.

In subsequent fare reviews IPART can then adjust total operator costs for any specifically valid changes. As is the normal procedure for IPART taxi costs assessments.

The NSWTDATA submits that an independent IPART should adopt the \$135 top market Payin (and discontinue its use of the erroneous IRC \$165 Maximum Payin figure) as the realistic level covering all current operator costs and recommend accordingly. The revised maximum operators costs totalling \$135 per shift average nevertheless still have scope for :

- allowing for some fare increase to be absorbed by operators
- allowing other currently competitively lower operators to raise their Payins
- allowing market competition with lower Payins by operators for drivers etc.

7. MAXIMUM PAYINS AS REGULATORY MECHANISM

Importantly, the NSW taxi industry is a regulated industry.

The two keys mechanisms of economic regulation are the IPART “average taxi fare” from which are determined the component parts of the set meter rates. The second mechanism of economic regulation is the Maximum Payin, related to the IPART total operator costs and recommended fare increases, and permitted by the IRC to be charged by taxi operators for the hire of their equipment by taxidriviers.

The residual between the total revenues collected by a taxidriver - in accordance with the set meter rates - and the “pre paid” Payins, and after deduction of all fuel costs and washes and “drivers costs”, is the earnings of the taxidriver. The earnings of taxidriviers are thus not formally regulated unlike the maximum Payins of operators, but broadly by default as the residual of other two main IPART / IRC regulated components.

IPART contends in Draft Report page 63 that it “has no role in setting the returns available to different industry participants.”

The NSWTDA contests this statement as disingenuous and suggests that IPART in fact and/or by default has a key role in allocating the returns available to different industry participants. It is acknowledged that IPART has no formal role in making recommendations to the NSW Industrial Relations Commission.

It is submitted that IPART has a responsibility for the economic viability of the taxi industry and therefore the appropriate returns available to different industry participants.

Indeed IPART goes to great lengths to assess the component costs and revenues of different industry participants.

For starters, IPART explicitly assesses the reasonable costs based returns for operators.

As reported elsewhere, at the often perfunctory annual IRC determinations the IPART Report is submitted as evidence by the parties and, together with the Taxi Council and the TWU seemingly pre-agreed submissions and recommendations, provides the basis for the formal concurrences and determinations by the IRC.

The IPART Report and recommendations are central to this process. The IRC itself does not and generally does not have the resources to investigate taxi costs itself, but relies profoundly on the findings and recommendations of the IPART Report.

In turn, IPART has relied extensively (and incorrectly, it has been submitted) on the IRC \$165 average Maximum Payins throughout its taxi costs assessments.

Importantly, the IPART assessed total operators costs as conveyed in the IRC determined Maximum Payin is the mechanism that regulates that aspect of the taxi industry. Operators cannot by regulations charge more than the maximum Payin.

Together with the IPART recommended “average taxi fare” level, the IPART total operator costs and hence maximum Payin level are the two key economic regulatory mechanisms of the taxi industry.

The Maximum Payin is an integral part of the economic Regulation of the taxi industry.

Thus fare increases that are due to operators are intended to be apportioned to operators by the raising of the Maximum Payin.

And fare increases that are due to drivers are intended to be apportioned indirectly to drivers by the difference between the Maximum permissible Payins and the revenues from an increased “average taxi fare”.

However this fundamental regulatory mechanism is presently no longer operative. The reason being because the current maximum Payin has been set too high, well in excess of the commercially realistic actual current Payins charged by operators.

The top current actual Payins are \$135 average weekly while the IRC Maximum average is set at \$165, a gross disparity between the actual and theoretical.

The reality of this situation is that 100 % of any fare increase can be usurped in toto by operators raising their current Payins, irrespective of any IPART recommendations or IRC determinations.

Significantly, this means that any IPART designated increases (adopted and determined by IRC) can be ignored and absorbed by operators simply unilaterally raising their Payins.

Ironically, this means that any increases specifically due to drivers can be taken by operators.

With supreme irony, the specifically driver designated IPART recommended increases to compensate drivers for the fuel cost increases they have suffered this past year, can be totally usurped by the operators.

This situation is not as intended by either IPART or the IRC.

It is not as intended by the regulatory mechanisms of the industry.

This situation is economically totally unacceptable, and undermines any principles of fairness and equity.

The correction of this situation is to amend the incorrectly inflated Maximum Payin level.

Above the NSWTDATA has submitted that IPART recommends total operator costs based on the actual current maximum \$135 Payin levels charged by operators as submitted (Appendix C). This allows operators to compete commercially and absorb limited fare increases.

It does not however, allow operators to indiscriminately abrogate fare increases above a \$135 Payin limit (until lifted by IPART /IRC due to genuine operator cost increases.)

Full and free market competition for drivers and other operator advantage can continue, as at present, within this revised maximum \$135 level of Payin.

In view of the IPART intention that basic costs and weightings are to be settled this year (Draft Report page), followed only by indexation for the following 4 years, this fundamental correction to total operator costs and its summary maximum Payin level, must be undertaken by IPART this year !

Accordingly, the NSWTDA submits that IPART's responsibility is to correct the failure of this key regulatory mechanism by advising a revised level of total operator costs of \$135 per shift weekly based on the evidence of the actual current market Payin levels.

The NSWTDA also submits that IPART should recommend appropriately to the Minister(s) to request the IRC to review the IRC Maximum Payins as a matter of importance and urgency.

8. RETURN TOLL ON SYDNEY HARBOUR CROSSINGS

The IPART Draft Report 6.2.9 states as a draft recommendation “that taxis no longer be entitled to charge passengers the return-trip toll on northbound crossings of Sydney Harbour”
The NSWTD and NSW taxidriver are totally opposed to any such measure.

The recommendation derives from an individual taxi passenger submission. One who in all likelihood did not understand the full reasons for this apparent “anomaly”.
Without prior discussion, IPART has recommended accordingly.

IPART’s knowledge as revealed in its reasoning and explanation is limited and may also be influenced by its aspirations to introduce a tangible productivity rationalisation. It is also limited by IPART’s apparent lack of understanding of this longstanding practice and compensation which could have been easily corrected in prior direct discussions with experienced stakeholders.

As IPART may know by now from the resultant storm of taxidriver media protest, the return Toll payment is a longstanding practice for very sound reasons. Taxis taking fares from the south side across the Bridge face the Toll on the return trip. As there is no alternative return route to the City, the return Toll has been payable by the northbound passengers for as long as anyone recalls.

IPART reasons that if it doesn’t apply elsewhere, then why on the Harbour Bridge ?
This practice has never applied to Sydney Toll roads since their introduction. The accepted logic is that alternative, non-Toll, return routes (usually the preexisting main routes), are available to the taxidriver. That leaves the use of other return Toll routes to the taxidriver as that (celebrated) commercial choice.

Four out of five trips north across the Harbour Bridge result in vacant return trips.
Data provided to IPART indicates a frequency of 8 or 9 out 10 trips returning vacant.
The effect of this is that for a typical \$10 – 15 trip from the City to the north side, one of the most common of trips, the taxidriver would be \$3 or 30-20% out of pocket for at least 4 out of 5 trips, and up to \$35 to \$65 per week.
Out of their already paltry earnings !
This is iniquitous, as should be obvious to IPART.

It can also be admitted that for one out of those five or ten of trips, the taxidriver has the magnificent “windfall” gain of \$3 !

Naively, IPART secondly argues its view that “drivers are no less likely to obtain a return trip from the north Sydney business district than from any other area’s toll (for example, following a fare to a Western suburb on the M4 motorway)”.
Logically correct. But the likelihood of a return trip from the west is damnably small ! As is one from the north Sydney business, albeit better ! But the M4 motorway need not be used, whereas the Harbour Bridge, or tunnel, is inescapable.
The “anomaly” of the Harbour Bridge return Toll is founded on good practical reasons.

Generally, passengers not familiar with the practice accept the reason when explained to them.

Taxidivers confronted with this impulsive IPART recommendation have not been so gracious. They have reacted with considerable anger. Not at the loss of a perk, but at the unreasonable loss of compensation for revenue losses. Their anger must not be underestimated.

Two reactions are possible.

One, that City cabs will decline trips to North Sydney, resulting in reduced services and increased passenger frustration.

The other reaction may occur if IPART proceeds with its recommendation. In that event drivers may well express their anger demonstrably to the Minister and the public on the Harbour Bridge.

The NSWTDATA strongly recommends that IPART abandons this proposal.

In its Appendix on Productivity, suggestions are offered on how the IPART mistaken recommendation on the Harbour Bridge return toll can be turned to a positive public transport policy for toll free taxi operations.

9. PREMIUM TAXIS “UNREGULATED BOOKING FEES”

The NSW TDA submits that a Trial as proposed by IPART in its Draft Report Section 9 for premium taxis “unregulated booking fees” is pre-emptive, that critical Trial monitoring procedures have not been declared let alone publicly canvassed with stakeholders, that a Trial is not urgent and that any Trial must be deferred and it and the critical issue of premium taxis “unregulated booking fees” be the subject of a full public IPART Regulatory Review.

IPART contemplates an “unregulated booking fee” for Premium taxis and recommends a 12 month Trial. In its April 2008 Issues paper, IPART briefly canvassed the idea of an “unregulated booking fee” for Premium taxis in a rather lukewarm, dismissive way. Consequently the NSWTDA offered no comments on this issue, as it appeared to be, and deserved to be, a non-issue with many attendant problems. IPART had made no mention of a Trial.

A Trial introduces a further layer of problems which IPART has not detailed, even in its Draft Report. Furthermore there is no opportunity for IPART to clarify such major Trial problems before its Final Report, and hence no opportunity for stakeholders to address them objectively in detail.

The NSWTDA objects to an “unregulated booking fee” for Premium taxis on the grounds :

- that an “unregulated booking fee” for Premium taxis is clearly neither warranted nor justified,
- that an “unregulated booking fee” for Premium taxis regime is a major departure in the regulatory structure of the taxi industry which is properly the subject of an IPART Regulatory Review and should await such full and proper consideration,
- that any Trial procedures must be fully resolved to have any credibility with stakeholders and the public.

The shorthand term SS has been used for “premium taxi” below.

The IPART Issues and Draft Report Section 9.1 justifications and the Issues submissions of some stakeholders for a SS “unregulated booking fee” are not robust and in several respects contradictory.

A. Special taxi services

An SS taxi comprises a vehicle and driver. Almost all SS drivers are ex white taxi cabbies. Some are very good, like many white cab drivers whence they derive. A few unfortunately are cowboys, like some white cab drivers. (Unreported is that some passengers specifically reject SS because of deficiencies in the standard of service, especially in relation to timeliness, probably resulting from the relative scarcity of SS cabs.)

It is debatable that SS provide a special service, especially compared to stationwagons which are able to carry extra luggage, a service noticeably valued at the airport. Or compared to maxi taxis able to carry more than four passengers and sought after on weekends. The SS provides precisely the same service as a standard taxi.

Which leaves the differentiation in the type vehicle and appearances. The TC Ltd in its Issues response suggests that the type of vehicle justifies the “premium” tag. This overlooks that some white cabs in fact use the same type of long wheel base vehicles. What remains is the SS special livery decals and body colour as the prime differentiation from other cabs (apart from perceptions and marketing, which may be perfectly valid). As IPART reports one stakeholder’s argument that “Its difficult to define premium services”.

Should there be a special booking fee for stationwagons or maxis or WATS as well as SS? Should there be a special differentiated booking fee for SS but not for any of these other special taxi vehicles, which can provide truly different and special services compared to standard 4 passenger sedan cabs?

The SS proposal is one of special pleading for special financial privileges that are no more warranted, indeed arguably less so, than for stationwagons and other special vehicle cabs.

IPART reports another submission which suggested “higher fees would give incentives to drivers to ignore street hails in favour of premium work, reducing service quality to non-premium users”, an argument that appears to have validity, together with a flight of drivers from standard to SS cabs.

The justification for any special booking fees is very weak. The justification for special booking fees for only SS premium cabs, as distinct from other specialized cabs, is non-existent.

B. Premium taxis an operator and driver commercial Choice.

In the Issues paper, IPART correctly stated that “both drivers and operators are choosing to provide premium taxi services under the current fare regime.”

Using a SS cab is strictly a commercial decision by the operator and by the driver. If an operator and driver considers the use of a Mercedes advantageous in improving revenue, then they are free to exercise such a commercial choice.

Some years ago one such commercial experiment, was the introduction of 60 London black cabs - without government subsidy or “unregulated booking fees” - which proved to be unpopular and subsequently failed commercially.

Similarly operating or driving a stationwagon, or a maxi, (or low fuel Prius in future maybe?), or a WATS, or a ‘premium’ SS cab are commercial choices to maximise revenue, all under the same current fare regime. All such commercial choices involve commercial risks, which in the case of SS cabs appear to be paying off without any special fees or tariffs.

Similarly, some of the public make a simple choice to use SS, (as distinct from an essential need as compared to, say, a WATS taxi service) or may book or hail a stationwagon or a maxi for particular needs. None of these special services are claiming an “unregulated booking fee”.

C. SS Costs and revenues

IPART Issues suggests correctly that the commercial choices by operators and drivers for SS taxis indicate that :

- "the costs of running premium taxis are adequately covered by current fares..."
- "There are benefits associated with premium taxis, such as reduced downtime ..."

The correctness of these observations are clearly demonstrable.

IPART states that "The fact that operators and drivers are currently choosing to provide premium services implies that the benefits of providing a premium service outweighs the higher costs". There is no doubt about this observation.

The strongest corroboration of this is that an increasing number of SS cabs continue to come onto the road as a result of their commercial viability and success.

Indeed, compared to other taxis, SS are doing well. As IPART reports in relation to 2008 Issues submission specific meter data "... revenue data provided by the ATDA shows that premium service drivers earned almost twice the hourly rate of standard cab drivers. In its submission, the ATDA noted that premium taxis tend to take marginally fewer trips, but for longer journeys and more paid kilometres. It suggested that on the information available to it, annual fares for premium cabs are around \$280,000 compared with around \$210,000 for standard cabs even though the premium cabs work fewer shifts than the standard cab."

SS taxis unquestionably have extra costs, but they are the commercial choices of operators and drivers to use these cabs, and they are nevertheless making money, better than white cabs.

The actual total costs of operating SS taxis, as conveyed by their actual weekly average current Payins charged, are only \$20 more - and in one case \$10 less ! - than the prevailing weekly average white cabs Payin rates.

(Appendix C. to this submission lists some of the actual Payins for SS cabs.)

Again, stationwagons are arguably also more expensive than white cabs, as are maxis. So why not special booking fees for stationwagons, for their extra capital and fuel costs and the specialized service they provide? Or for Maxis, which all cost more to put on the road. Indeed for the few longwheel base vehicles which are used as white cabs.

The contradictions in terms of the costs arguments are evident. The arguments for an "unregulated booking fee" for SS are similar or more justifiable for stationwagons or maxis or WATS.

If SS cabs are commercially successful under the present regulated fares regime, then why should they also charge more through additional Special booking fees?

There is no new valid commercial justification for "unregulated booking fees".

D. Deregulation

The NSW taxi industry has for many years provided an excellent service to the public. Much of this success can be attributed to it being regulated. To depart from this would be a major revolution with consequences that should be closely investigated and debated before any such steps could be adopted.

The IPART initiative to consider unregulated taxi fares could be seen to be an attempt to commence deregulation, so beloved of economists. Given the lack of justification in the IPART

Issues paper, let alone any prior indications of a Trial, the Draft Report recommendations could be viewed as deregulation by stealth. There is little else by way of tangible or commercial reasons provided to explain what is a major and dramatic proposed change to the fundamentals of a generally highly successful public taxi service.

Especially when, by IPART's own observations, there are few substantial reasons for such a revolutionary change !

Deregulation may lead to unforeseen changes such as those which IPART reports from a stakeholder's argument that it "Leads to higher prices which will affect customers" and that it "Potentially reduces availability of standard services"

Similarly, the IPART reported stakeholder justification that the "Premium standard should be the minimum standard for all taxis", is extraordinary given its possible implication that all taxis in future should carry either a \$25 booking fee or an unregulated booking fee.

Is a SS "unregulated booking fee" possibly the Trojan horse for deregulation?

It is certainly an unprecedented change in the NSW taxi industry and as such should be carefully considered.

As reasoned above, why not "unregulated booking fees" for stationwagons, maxis, Prius, WATS and white longwheel base cabs. Is perhaps a SS "unregulated booking fee" the beginnings of pressures for such other special fees and for broader taxi industry deregulation ?

The "unregulated booking fee" proposal potentially opens a Pandora's Box.

If IPART refutes this, then it must be able to provide iron clad assurances to such effect. It has not done so.

Nor should such a fundamental industry change be introduced in the course of a routine annual fare review.

The NSWTDATA submits that such major structural change to the taxi industry is properly the subject of thorough debate and investigation of a Regulatory Review. It cannot and must not be, or seen to be, snuck in through the back door.

As it happens, free market competition and choice, equally beloved of economists, is alive and well in key parts of the taxi industry. As in the provision by commercial choice, of many different types of taxi vehicles, sedans, stationwagons, maxis, SS etc, all competing commercially with differentiated services for advantage by providing choice to passenger consumers.

And as in the tightly competitive actual current Payins levied by operators seeking drivers.

And as in the roadside scramble for fares, to the point of danger, by severely under remunerated taxidrivers.

And the market success or failure of all these services is determined by passenger choice, without artificial interference by authorities, as it should be according to the orthodox economic credo.

The NSWTDATA submits in respect to existing alternative vehicle choices, that IPART as an economically responsible body, should not unnecessarily interfere in, nor pick winners, nor prop up special pleaders.

E. SS Trunks & white cab bookings

Most unfortunately, there has been a sordid history, continuing to this day, of the Networks robbing profitable, usually long fare, white cab bookings and diverting them to SS cabs.

Against all the rules which require that only SS bookings can be assigned to SS cabs ! That is simple robbery of white cabs bookings (onto an unsuspecting public) and is objected to in the strongest terms ! This illegal practice was commenced by the Networks to prop up the beginnings of the SS, but continues to this day. Before the consideration of any special SS booking fees, this illegal behaviour should be curtailed.

Anecdotally, SS cabs have been reported widely by the public asking for extra fees from private passengers. Often up to double the metered fare. Such practices are highly illegal, if difficult to eradicate. Similarly, the IPART reported stakeholder justification for premium fees that it "Provides a legal framework for current practices", should surely be directly thrown "out of court".

Trunk radio bookings are also a primary reason for the commercial success of SS. The NSWTDATA, since the Cook Report, does not have objections to SS cabs – or any white cabs – obtaining profitable bookings from trunk radio systems.

Trunks generally provide a good service in response to market demand, provide the only necessary competition to the established networks (and together with private bookings, are difficult to eradicate).

Most of the Trunk systems now comprise SS cabs and most SS cabs are now on Trunks ; costing drivers extra to make better revenue ; their commercial Choice !

F. Special pleadings

The nature of the IPART Draft Report initiative and its implementation is concerning. Especially as the SS "unregulated booking fee" issue had relatively little coverage and the proposed Trial had none in the IPART Issues paper.

The current IPART proposals are led by the Taxi Council Ltd lobbying in their Issues submission for a special \$25 SS booking fee. It is reminiscent of the original introduction of the SS by the industry powerbrokers, when their declared hope was for an authorized \$10 special SS booking fee. The obvious purpose of this was, and remains, increased revenue through credit card and eftpos takings, increased leases revenues and future increased special network fees.

IPART reports a stakeholder premium fee justification that it "Increases relative competitiveness of standard taxis", which would seem to be a self serving argument.

Similarly, the IPART reported stakeholder justification that it "Creates greater incentives for premium taxis that will increase number of these taxis to everyone's benefit" seems equally self serving.

While citing greater costs of operating SS cabs as justification for the \$25 special SS booking fee, the TC Ltd provides no costs substantiation whatsoever.

In fact the actual weekly operating costs of SS taxis, as indisputably conveyed by their actual weekly average current Payins charged, are only \$20 more (and at one major base \$10 less!) than the generally prevailing weekly average white cabs rates. (Appendix C)

The \$25 special booking fee for several bookings per shift, would then be many times in excess of the actual additional SS costs as per the shift Payins.

Seemingly, a proposal for windfall profit taking.

The commercial introduction of SS cabs is one thing. The profit takers now pleading for differentiated extra booking fees is outrageous. The IPART consideration of unregulated booking fees is dangerous to the industry.

And none of this does anything to address the paltry earnings of most of the 17,000 taxidriviers and some operators as the driving engines of the industry.

In summary, the arguments and justifications for an “unregulated booking fee” for premium taxis are flimsy, contradictory, not made out and unsustainable.

G. 12 Month Trial for “Unregulated booking fees”

The IPART Issues paper gave no indication of a “12 month Trial” for a premium taxi “unregulated booking fee”. Hence no submissions concerning a Trial by stakeholders have been possible.

This is a denial of the established, objective and fair IPART procedures.

The NSWTDATA recommends that such a Trial be deferred until satisfactory details and guarantees about the conduct of a Trial are provided.

At first glance, a Trial suggested in this manner could be viewed as a means of quietly introducing “unregulated booking fees” on a permanent basis.

But once introduced, what are the consequences and where do “unregulated booking fees” end? And where does further Deregulation restructuring of the taxi industry end?

These are not simple taxi fare review matters.

They are major issues fundamental to the structure of the taxi industry.

And as such proper only to an IPART Regulatory Review of the taxi Industry.

It is not proper for IPART to attempt such major reform initiatives, with such potentially major consequences, by what could appear to be a back door means during a routine annual fares review.

If this is a GENUINE Trial, then it is incumbent upon IPART that it at the very least :

- A. - must clearly explain beforehand how this is and can be made to be a fair, objective and genuine Trial !
- B. - must clearly set out beforehand the Criteria for assessing the success or otherwise of a Trial
- C. - must absolutely clearly spell out beforehand how it will be monitored rigorously, accurately and honestly !
- D. - must clearly explain beforehand how this can be monitored rigorously, accurately and honestly when this has NEVER before been achieved !

The established timetable of the IPART Draft Report, submissions and the IPART Final Report does not permit IPART to table such essential information, let alone enable stakeholders to critically examine and comment on measures relating to such a fundamental issue.

Secondly, the conduct of such an “unregulated booking fee” Trial is likely to be in the hands of the Networks and MoT.

It seems unlikely that IPART will be able to directly conduct such a Trial.
The history of the taxi industry is against the possibility of a fair, objective and honest Trial.
In living memory, the industry has never been able to conduct an open honest Trial; notably the fiasco of the Safety Screens and the giant public ripoff !
It seems an essential prerequisite for any Trial for “unregulated booking fees” to be closely independently monitored.

Like the pragmatic IPART deferral of WATS issues awaiting its present trial, it is also prudent to scrutinize the success or failure of the WATS trial and especially its procedures before committing to a Trial of “unregulated booking fees”.

Scandalously, the history of the taxi industry is strewn with report after major publicly funded report which has never seen the light of day. The modus operandi is to examine critical issues and then conceal the findings.

Why, is a question which is only too readily answered, but which also gives the lie to any objective Trial of a premium taxis “unregulated booking fee”.

Unless IPART can give unqualified detailed answers to points A to D above !

Thirdly, there has been no indication of urgency about this Trial from IPART.

Nor is there any apparent reason for urgency.

Given the procedural problems and doubts associated with such a Trial, there is every reason however, indeed it is incumbent on IPART, to first respond in detail to such concerns.

In summary, the NSWTDA submits that any Trial concerning “unregulated booking fees” does not appear to be urgent and should be deferred until such time as all Trial logistics can be satisfactorily resolved by IPART, presented to and discussed by the stakeholders and the public.

And finally, The NSWTDA submits that an issue so critical and potentially reforming of the taxi industry should be properly dealt with publicly in the processes of a full IPART Regulatory Review.

10. BRIEF COMMENTS ON IPART DRAFT REPORT

The NSWTTDA comments in brief on some other matters raised in the IPART 2008 Draft Report.

IPART 1.1 Overview of draft decisions

In determining how these required average increases should be translated into changes in fare components, IPART has made draft decisions to:

- recommend an increase in the booking fee of 25 per cent
The NSW TDA agrees that this is a correct, if an inadequate, step in the right direction. It does not provide adequate compensation for time in many instances and does nothing to improve passenger booking services.

- not to recommend the introduction of a charge for the use of children's car seats
Metered waiting time while installing baby seats will compensate drivers to some degree if not for cleaning fees etc.

- not to recommend an extension of the hours of the night time surcharge
The NSWTTDA recommends the extension of the night time surcharge into Sundays and especially Holidays, to improve both driver earnings and passenger services on those days. The night time surcharge has proved to be one of the few successful innovations of recent years and one which passengers do not complain about.

- recommend the removal of the luggage fee
The present luggage fee regulation is an unworkable MoT anachronism. A workable, realistic alternative is to charge \$1 for each medium size or larger piece of luggage. The desirability of such a fee is especially evident at the airport. (Mot regulatory definitions could exclude handbags and shopping bags that are common in other situations.)

- to seek comment on whether there is a case for an additional surcharge for taxis that are required to carry a large volume of goods, ...
This IPART recommendation is surprising and appears to come from nowhere, without prior mention in the Issues paper for discussion. The instances of taxis carrying large volumes "for moving house", are few. The preceding suggestion of a \$1 fee for each medium size or larger piece of luggage would also cover these infrequent events, without the need for additional regulations.

- Not to recommend making an allowance for a WAT incentive payment at this stage. IPART may reconsider the introduction of a fare funded incentive payment once the results of the Ministry of Transport's current six-month trial incentive payment are available.
WAT services need urgent attention. However it seems commonsense to await the outcomes of this trial.

- In addition to the annual review process, that IPART should undertake a limited review of LPG fuel costs in October each year.

Given that the NSWTDA demand for a Special, flexibly implemented, \$1 Gas Levy is not preferred by IPART, then its suggested bi annual compensation alternative is agreed.

A 6 monthly review of fares to adjust for gas price fluctuations appears reasonable, assuming drivers are also compensated for their past 2007 / 2008 losses.

The IPART suggestion of only reviewing fares if fuel costs have risen by 10%, raises the question of how drivers will be compensated if fuel prices increase by say 8% or 9% for several periods in succession.

- IPART considers that the competition concerns raised in relation to Cabcharge warrant further attention. Of particular concern is the fact that Cabcharge is able to apply a surcharge to electronic payments at a level substantially above what exists for similar types of payments in a competitive environment and that Cabcharge charges a flat percentage fee on payments which is seemingly unrelated to the costs of processing the transaction. This situation is not limited to NSW but extends across all states of Australia and, as such, any review of this issue would benefit from consideration from a national perspective. In light of these factors, IPART considers that the Australian Competition and Consumer Commission may be well placed to review this issue.

This IPART consideration is worthwhile as the 10% surcharge on many fares significantly inflates the costs to passengers. Many passengers are unaware of the 10% surcharge plus GST. Apart from the increased deadtime for drivers processing these transactions and hence loss of earnings, they have a significant negative impact on the loss of tips.

Drivers will support lower eftpos fees and compensation for processing time.

IPART is of the view that there would be value in undertaking a full review of the industry that touches upon its structure, its viability and the impact of the regulations imposed. However, this is not a matter that IPART can investigate in the absence of a request from Government, as it is outside the scope of its fare reviews.

The NSWTDA supports an IPART Regulatory Review as a matter of urgency in all the areas listed by IPART which are matters of concern and potential benefit to the industry and the public.

APPENDIX A TERMS AND DEFINITIONS

It is suggested that for the important clarity IPART adopts the correct established terminology of the taxi industry.

Confusion occurs in the use of terms such as wages / costs / labour costs / earnings, waiting times and other terms, owner operators and lessee drivers as distinct from base operators etc. The NSWTDATA previously provided some of these terms.

A Glossary of common terms is recommended, together with the equivalent terms that it appears IPART currently uses from other taxi industry sources.

DRIVER EARNINGS ARE SEPARATE FROM OPERATOR COSTS.

Since its inception IPART has misunderstood and misdirected driver earnings as an operator's cost. That is a fundamental misconception which has significantly distorted its assessments.

There is in fact no connection between operators and drivers.

Operators are essentially similar to plant or equipment hire outfits and drivers are their rental customers.

Neither are beholden to each other in any other significant way. The "equipment hire rental" of the taxi operator is their pay-in from the driver. (The pay-in being the driver's cost and the operator's rental return on the taxi equipment hire to the driver and reflecting the main source of operator income apart from taxicab advertising revenues.)

The driver earnings (or lack thereof), are of no consequence to the operators. Those are purely the drivers' concerns.

The distortion in the IPART model from the inclusion of drivers earnings as operator costs is that those earnings become a "cost" to be minimised in the interests of operators and in the interests of IPART in setting public taxi fares.

And if IPART claims to be guarding the interests of the public, then it should begin by setting a "living wage" of \$21 as above as its fundamental BENCHMARK. And only then arguing why this should be reduced or minimised in the face of the free market operation of public demand.

DRIVER COSTS.

Following from the separation of drivers earnings from taxi "costs" are the major costs incurred by drivers in earning a living. Many of these driver costs are not recognised at all by IPART and others are mistakenly listed as operator costs in the IPART Model.

Primary in these is of course the "equipment rental" of the pay-in per shift paid by all 17,000 Sydney taxidivers (excepting the only known 2 drivers in Sydney who are on Method 1). (The pay-in being the driver's cost and the operator's rental return on the taxi equipment hire to the driver and reflecting the main source of operator income apart from taxicab advertising revenues.)

Second in magnitude is the cost of fuel that drivers have to pay, and thirdly are the nightly \$10 car wash that drivers must pay by Regulation.

And in addition are the costs that all drivers incur such as traffic fines (an occupational hazard the risks of which increase with the length of hours driving and would not be incurred if not driving at all), runners, lost time in picking up M3 no show passengers, regulatory medical checks, the cost of Driving Authorities and renewals, and of course the capital depreciation of the \$1000 - \$1500 start up taxi driving school fees.

These costs should be in addition to and outside to the \$21 /hour earnings benchmark.

Lumping all these costs together for simplicity of IPART fare calculations is fine.

But first IPART must fully list and quantify all the driver costs as it does for operators, so they are fully accounted for before being amalgamated.

ENTITLEMENTS AND SUPER

Entitlements and Superannuation loadings are not driver costs.

As per the IRC determinations they are separate costs paid by operators. (This is a long and complex history, which has yet to be resolved, one day.)

In the meantime, it is imperative, so that they are not subsumed, merged or lost, that Entitlements and Superannuation are costed and clearly listed separately in all IPART tables and calculations.

OWNER DRIVERS & OPERATORS. The 2007 Survey and the Issues paper misunderstand and thereby distort several subsequent analyses that the 186 respondent 'one taxi operators' (Issues table 2.3) are mostly owner drivers and lessee drivers, which are significantly different from large base operators in a number of respects.

Most owners of one taxi drive their own taxi, very often "one out" to significantly minimise their no claim insurance costs.

Lessee drivers are often different again.

The consequence of including the large number of 186 respondent owner drivers within the 226 total respondent operators is that it distorts the survey answers from the larger operators. (A likely reason for the admirable operator Survey response by owner and lessee drivers is that they have a strong personal interest in the taxi industry.)

And there are numerous other analytical consequences, for example : The shift patterns of owner drivers are often conveniently and remuneratively quite different from the common 12 hour 3am to 3 pm industry norm ; The discussion about Operators salary equivalent in "administering each taxi" (Issues p 11) is largely inapplicable ; At (Issues p 12) it is double counting to consider entitlement loadings in an owner drivers "administration wage rate" ; Similar double counting occurs in the discussion (Issues pp 10,11, 20,31) on the payment of fictional entitlements ; The level of Insurances (Issues Question 16) is open to question.

"WAITING TIME". Seemingly innocuous, the definition of taxi "waiting time" is causing confusion within the IPART analyses (Issues pp 32,34,35,37,48 and Questions 38,48) with distorting consequences. In the necessarily limited response of the NSW TDA to the numerous issues affected by this lack of definition, firstly, in summary, the following separate definitions of "waiting time" need to be applied for accurate analyses of different issues and circumstances :

- waiting time (relating to the taxi waiting for or with a paying passenger)
- running time (driving to a booking without payment, a critical viability and service issue for WATS bookings and long distance pickups for white cabs.)
- downtime (associated with taxi breakdowns, inspections, etc; the driver's time conventionally being deductible from payins as per IRC determination.)
- deadtime (unproductive time, meal breaks, refuelling, car washing, waiting at ranks, etc often up to 60% of total time per shift.)
- "threshold rate" or "low speed rate" (introduced by IPART - Issues p 29,32 - this is a new, if seemingly valid concept referring to driving below the 26km/hour speed/rate "threshold" with a paying passenger. This concept is unnamed in the taxi industry, but incorrectly and confusingly referred to as waiting time by IPART.)

NUMBER OF DRIVERS PER TAXI.

The PwC Survey postulates 2 drivers per taxi (Issues p 8). That assumption is fundamentally wrong.

It takes up to 4 drivers to maintain the economic viability of the capital equipment of a taxi running 24 / 7. For each of up to 5 weekday shifts, up to 5 week night shifts, plus 2 weekend days and 2 weekend night shifts, or any combinations thereof.

The long standing rule of thumb is an average of 3 ½ drivers per taxi (check ; 5000 taxis and 17,000 drivers in Sydney).

The incorrect 2 drivers / taxi assumption significantly distorts the IPART calculations and must be revised. (Refer also 3J below.)

DRIVER "WAGES"

No taxidivers earn wages. The term is wrong and confusing.

Equally confusing are driver labour rates, wage or labour costs, and

The following terms are suggested clarity in IPART reports.

- The Hourly rate, \$ /hour ,for hourly earnings rate of drivers
- Daily or weekly or annual driver earnings (commonly personal income in other industries)
- Revenue being the total gross returns made by drivers.
- Taxi costs where the earnings of drivers are referred to as a cost of taxis
- Driver costs being only the expenses incurred by drivers

APPENDIX B.

BUSDRIVER AND TAXIDRIVER SKILLS REQUIREMENTS

Some key skills sets and attributes required by busdrivers and taxidrivers to carry out their passenger transport responsibilities and some of their major differences are listed for comparison.

TAXIDRIVERS

BUSDRIVERS

Driving.

The skill and requirement for busdrivers to manoeuvre the big buses through congested traffic and often the narrow streets of Sydney is unique to busdrivers.

An additional strain is that busdrivers often have to meet set timetables despite the unforeseeable problems of traffic etc.

Busdrivers have a responsibility for the safety of their passengers numbering in the 60's and more for some double carriage buses.

Taxidrivers only occasionally need to manoeuvre or reverse their taxis into narrow lanes or tight winding sloping driveways, but commonly deal with awkward congested traffic conditions.

Driving agility and presence of mind is often required by taxidrivers in very awkward and unexpected circumstances, for instance to suddenly pick up a street hail.

Individual passengers often demand urgency to get to airports etc, despite traffic congestion problems.

Taxidrivers generally have a safety responsibility for a limited number of 4 passengers and for more with some maxi taxis.

Busdrivers have set the convenience of busstops for the pickup and setdown . Usually these bustops are clear of other vehicles.

Taxidrivers have to use considerable ingenuity, having no clear locations, but generally having to pick up and set down in any locations from where passengers hail them or demand to be dropped (apart from some scarce taxiranks). This is often extremely difficult, leading to double parking, unauthorised stopping, etc, and requiring great care in driving safety and minimising disruption to other traffic.

Compounding this, the RTA change from No Parking to No Stopping signage, now widely prevents taxis legally picking up and setting down and the responsibilities of taxidrivers under the taxi regulations are in direct conflict, with taxidrivers now being frequently booked by overzealous Traffic Rangers.

Street Knowledge.

'The knowledge' required for taxidiving greatly exceeds that for the set routes of busdriving. Taxidrivers need to have an expansive knowledge of suburbs and streets (36,000 Sydney streets) and which is often expected by passengers. They also need to have good quick map reading skills, both for booking pickups and destinations. Sydney's poor street signage and non existent street numbering often makes this even more difficult, especially at night.

As well, taxidrivers need to know specific buildings, companies, hospitals, hotels and nightclubs, etcetera.

Upon entry by a passenger, the taxidriver must be able to promptly "mental map" the best way to get to the requested destination. This may be simply from A to B, but must also be from C to B, and from any location in Sydney F, W and Z to B, or any other destination, requiring quick mental map agility!

Taxidrivers must know the quickest routes (which are not necessarily the shortest), be aware from experience of traffic congestions at different times of day and be able to also change onto alternative routes in the event of a multitude of unexpected traffic problems.

Busdrivers street knowledge of is limited to the use of set routes.

Busdrivers normally work given routes, but at times be rostered onto other set routes.

Regulations.

Busdrivers need knowledge of various regulations on the provision of public transport services and the conveyance of passengers.

Taxidrivers similarly have to be familiar with a large number of transport regulations and rules.

Entrepreneurial skills.

Busdrivers are paid fixed wages and allowances.

Taxidivers need to maximise entrepreneurial skills to find fares to make a living. Wherever they happen to be in Sydney they need to seek as quickly the next fare based on experience and local knowledge of the constantly daily, weekly and seasonal changing circumstances of passenger demand.

Fares processing & Operations.

Buses need to process set fares and provide passengers change.

Taxidivers need to charge a variety of fares from differing meter rates, plus Tolls and other surcharges (sometimes incurring disputes as to Harbour Bridge return toll payments, etc). As well they need to process fares by a variety of means, in cash, by green slip swipes and by eftpos machine.

Taxidivers also have to be familiar with a plethora of equipment which often has to be operated while driving, including fare meters, MDT screens, radio bookings and radio codes, radio voice communications, security alarms, search lights, trunk radio systems, and mobile phones.

Customer relations.

Busdriver customer relations rose to a peak during the 2000 Olympics when the public was welcomed by smiling ambassador busdrivers throughout Sydney. The busdriver customer relations are mainly limited to passengers entering the bus, paying the fare and sometimes when a passenger has difficulty with a stroller etc.

Taxidriver customer relations are more complex and more direct, personal and one on one due to the close intimate proximity and the individual nature of passengers' needs and destinations etc.

Good customer relations are essential for the successful delivery of taxi fares, not to mention taxi tips.

Unfortunately, the multitudinous minor and major problems that arise concerning times, bookings, fares, routes are also very direct in nature, and require sound customer relation skills to satisfactorily resolve.

Compared to busdrivers, taxidivers need to execute their duties and extended customer relations under often difficult circumstances, with strangers and tourists to Sydney, with passengers with little English and of course, notoriously, with often querulous drunks.

Good conflict resolution skills are essential for sound and safe taxi services.

Fatigue.

Busdrivers have an eight hour driving regime akin to truck drivers.

The standard 12 hour taxi shift is iniquitous for fatigue and the safety of taxidivers and passengers.

Stories of taxidivers dozing off are legion. And sensible shift breaks fatigue management is countered by the need to maximise the paltry industry earnings rates of taxidivers.

Safety.

Busdrivers in recent years have been increasingly subjected to violent incidents in certain areas of Sydney, rocks through bus windscreens and some incidents of personal abuse on the bus.

Busdrivers have some measure of protection when other passengers are still on board.

Taxidivers unfortunately are exposed to a much higher degree of risk due to the isolated nature of the taxi and the often isolated destination locations far from the safety of public areas. The nature of the personal taxi service with small matters potentially leading to disagreements, the frequent transport of drunks at night, and many other reasons, lead potentially to high risk situations.

The incidence of assaults and murders of taxidivers is stark evidence of these risks.

Summary.

Based on the skills sets for both taxidivers and busdrivers there is no argument against at least similar earnings rates for taxidivers compared to busdrivers.

There may be a strong argument for taxidriver hourly rates being justifiably higher than bus drivers.

APPENDIX C. CURRENT PAYINS

As distinct from the theoretical operator costs assessed by IPART, the actual current Payins charged by the operators are the most accurate and only true indicator of what those total costs actually are.

If operators charge reduced Payins, then their total costs are in fact less than the theoretical IPART totals. If their actual costs exceed market Payins (or the IRC regulated Maximum), then many operators would go broke and operators' representatives would be up in arms. It is noted that this is not occurring.

The actual current Payins in a competitive market are therefore the best and most accurate and reliable measure of operator total costs.

In the present competitive market, with a shortage of taxidivers, the operators Payins covering all their total costs, are being priced modestly to attract drivers for the hire of their taxis.

The actual current market Payins are significantly below the IPART assessed total costs. These current market Payins are reflected Sydney wide.

The NSWTD has provided samples of actual current Payins around Sydney at Appendix C. These Payins and many others are freely accessible and many are printed and posted on the walls of taxi bases for anyone to see. Few operators conceal these Payins from drivers because they are keen to recruit drivers.

The 7 day 14 shifts weekly average of current Payins at different bases are competitively very similar. For inner city suburbs the weekly average Payins range from around \$135 to \$125. Outlying suburban areas charge around \$10 to \$15 less again in competing for drivers.

The top Sydney actual current weekly average Payins is approximately \$135.

The only conclusion from this huge \$30 - \$45 disparity between the IRC maximum average Payin of \$165 and the reality of the actual current market average Payins of \$135 or less, is that the IPART total operator costs are wildly wrong and inflated.

A Summary and the related Sample Payin details are provided below.

SUMMARY - TYPICAL CURRENT PAYINS - SYDNEY 2008

	Standard White taxis						
	<u>Ersko</u>	<u>Botany</u>	<u>Legion</u>	<u>Marrick'le</u>	<u>St George</u>	<u>Blacktown</u>	
7 days total	\$ 840	795	875	777	805	735	
7 nights total	<u>1029</u>	<u>1050</u>	<u>1071</u>	<u>1001</u>	<u>966</u>	<u>945</u>	
1 week total	1869	1845	1947	1778	1771	1680	
7 Days ave'ge							(2007
7 night ave'ge							IRC
14 shift ave'ge	\$ 133	132	139	127	126	120	\$165)

SUMMARY - TYPICAL CURRENT PAYINS - SYDNEY 2008

	Silver Service taxis					
	Ersko	Botany	Legion	Marrick'le	St George	Blacktown
7 days total	\$ 980	905		920		840
7 nights total	<u>945</u>	<u>1155</u>		<u>1190</u>		<u>1050</u>
1 week total	1925	2060		2110		1890
7 Days ave'ge						(2007
7 night ave'ge						IRC
14 shift ave'ge	\$ 137	147		150		135 \$165)

9May08**Erskineville Taxi Base****CURRENT ACTUAL PAYINS**

Printed List on wall : (Payin rates since 11Feb08 "due to plate increases")

	White cabs	SS
All Day Shifts	\$.....120.	140
Mon nights	\$.....120	140
Tues nights	\$.....130	140
Wed nights	\$.....150	140
Thurs nights	\$.....165	140
Fri nights	\$.....200	140
Sat nights	\$.....165	125
Sun nights	\$..... 99	125
(7 Day average	\$ 120	SS \$140)
(7 Nights average	\$ 147	SS \$135)
(14 shifts average	\$ 133	SS \$137)

2007 IRC Maximum \$ 165

9May08**Botany Taxi Base****CURRENT ACTUAL PAYINS****Printed List on wall : (Payin rates Rates since 10Sept08)**

	White cabs	SS
All Day Shifts	M-F.. 117. S &S 105	135 115
Mon nights	\$..... 125	145
Tues nights	\$..... 130	150
Wed nights	\$..... 150	165
Thurs nights	\$..... 165	185
Fri nights	\$..... 195	210
Sat nights	\$..... 175	185
Sun nights	\$..... 105	120
(7 Days average	\$ 113	SS \$ 130)
(7 Nights average	\$ 150	SS \$ 165)
(14 shifts average	\$ 132	SS \$ 147)

2007 IRC Maximum \$ 165**11May08****Legion Base, Surry Hills****CURRENT ACTUAL PAYINS****Printed List on wall : (Payin rates Rates since 27Aug2007)**

	White cabs	(No SS listed)
All Day Shifts	\$.....125	
Mon nights	\$.....140	
Tues nights	\$.....140	
Wed nights	\$.....150	
Thurs nights	\$.....160	
Fri nights	\$.....185	
Sat nights	\$.....175	
Sun nights	\$.....125	

Printed List on wall :
Contract Determination
28August 2007
 \$.....145.01

Semi night rate+ \$65

(7 Days average	\$ 125
(7 Nights average	\$ 153
(14 shifts average	\$ 139

2007 IRC Maximum \$ 165 is average 14 shifts

19May08**Marrickville Base taxi base****CURRENT ACTUAL PAYINS**

	White cabs	SS	
All Day Shifts	M-F.. 115.	135	
	Sat 105	125	
	Sun 100	120	
Mon nights	\$..... 115	135	
Tues nights	\$..... 130	150	
Wed nights	\$..... 150	170	
Thurs nights	\$..... 160	180	
Fri nights	\$..... 185	205	
Sat nights	\$..... 160	180	
Sun nights	\$..... 100	120	
(7 Days average	\$ 111	SS \$ 131)	
(7 Nights average	\$ 143	SS \$ 170)	
(14 shifts average	\$ 127	SS \$ 150)	2007 IRC Maximum \$ 165

2April08**St George area typical Payins****CURRENT ACTUAL PAYINS**

	White cabs	
All Day Shifts	\$.....115	
Mon nights	\$.....115	
Tues nights	\$.....115	
Wed nights	\$.....120	
Thurs nights	\$.....140	
Fri nights	\$.....180	
Sat nights	\$.....180	
Sun nights	\$.....120	
(7 Days average	\$ 115	
(7 Nights average	\$ 138	
(14 shifts average	\$ 126	2007 IRC Maximum \$ 165

19May08

Blacktown general Payins**CURRENT ACTUAL PAYINS**

	White cabs	SS	
All Day Shifts	\$ 105.	120	
All night shifts	\$ 135	150	
(7 Days average	\$ 105	SS \$ 120)	
(7 Nights average	\$ 135	SS \$ 150)	
(14 shifts average	\$ 120	SS \$ 135)	2007 IRC Maximum \$ 165

APPENDIX D - TAXI INDUSTRY PRODUCTIVITY POTENTIALS

The NSW TDA is likely to support IPART in genuine productivity improvements. In accordance with its banner, "... A Fair Fare", it supports genuine improvements to the industry as a whole and to customer service, and observes that, generally speaking, industry improvements are likely to be also of benefit to drivers, either directly or indirectly.

However, the NSW TDA opposes any arbitrary IPART inclusions of productivity discounts that are not clearly identified, targeted and realistically achievable. It is noted that any productivity discount on fares is likely to directly impact on drivers and, because of the workings of the maximum Payins mechanism, only on the hapless drivers.

Until IPART clearly assesses any productivity issues as realistic and viable and then targets them specifically by appropriate means so as to realise them, then the NSW TDA will continue to oppose arbitrary productivity fantasies in the strongest terms!

The NSW TDA provides the following example of a positive and achievable industry productivity improvement arising from the IPART 2008 Draft Report.

TOLL FREE TAXIS - A POSITIVE FROM A NEGATIVE

Sometimes from silly suggestions smart ideas arise.

Thinking laterally, IPART could turn its mistaken Harbour Bridge "anomaly" recommendation into a positive policy by voiding all Tolls for taxis. And achieve a positive productive improvement for the taxi industry and traveling public.

Such a policy would have many advantages.

In brief :

- The public would welcome such a government initiative and may increase their use of taxis and tollways.
- Taxis being toll free would align taxis with toll free buses as a vital arm of public transport and eliminate the distinction between non-toll paying bus passengers and toll paying taxi passengers.
- It extends the planning philosophy of rapid travel systems around Sydney, with more satisfied passengers, at no cost to the Government.
- It is complementary to the successful NSW public transport policy of taxis using Bus Lanes.
- It resolves the anomaly of western residents eligible to recoup their M4 and M5 toll charges, but not able to do so if travelling in a taxi, again at no cost to the government. This anomaly is particularly discriminatory for disabled persons from the west obliged to catch taxis.
- Taxidriviers would use quicker return trips along tollways more often increasing their availability to the public where needed, an attendant increase in fares per shift, improved earnings and a small tangible industry productivity improvement.

- Toll companies would incur some reduction in revenue, albeit a very minor proportion of total tolls.

Cabcharge would baulk at initial toll reductions but offset that with increased fares revenue. Toll companies presently not enjoying good health, such as the Lane Cove tunnel, could be temporarily exempted.

The NSWTDA recommends a policy of toll free taxis as an IPART initiative and industry productivity measure.

Below the NSWTDA has provided further examples from its 2008 Issues submission of potential industry productivity improvements.

A NETWORKS COMPETITION. At Issues paper p18 it is held that “In urban areas there is competition between network providers”. If this is true, then it is only so to a degree that is laughable to the 17,000 drivers as well as the operators of Sydney.

- There is no genuine competition (Issues p 32) between Networks whatsoever because drivers and operators are compulsorily shackled to Networks by the iniquitous MoT Taxi Regulations - which only last year were again reinforced against the broader interests of the industry.
- And Networks are therefore a very cosy Cartel of guaranteed fees !

Regrettably the public cannot exert competition pressure on these Networks via their IPART fixed booking fees.

Many drivers do not use the radio booking service, and operators derive no benefit whatsoever.

But genuine competition and service improvement may be possible via two mechanisms :

- (i). By decoupling the mandatory bookings and the important safety GPS procedures into, say, a separate centralised safety only network for all taxis. (ii) And secondly, for example, by operators paying Networks only for those bookings taken up and realised by their drivers.

B NETWORK BOOKING SERVICES. Networks are increasingly concerned only with extreme cost cutting programs and profit taking at the expense of customer services and driver time and earnings. Booking services, as a significant portion of total fares, could however be improved hugely by dozens of simple, practical and often cost neutral, procedures.

- As the Networks are unanswerable to either the public, operators, let alone drivers, nor indeed in properly reporting to the MoT as required, it appears that major improvements can only be achieved by accountability reform achieved via MoT. This however seems unlikely.
- OR by opening the Networks to genuine competition, as say above. Productivity reforms in these areas are of direct benefit to the whole of the taxi industry and the travelling public.

C TAXI INSURANCES. IPART (Issues p 16) discusses taxi insurances. Without being specific, the NSW TDA believes that genuine competition in taxi insurances might bring these costs down, and notes that taxi insurances in, for example Victoria, are understood to be very significantly less.

D FUEL EFFICIENCY. The taxi industry proudly leads the community in the universal use of fuel efficient and green low emissions LPG gas ; at reduced costs to petrol to the benefit of passenger fares. At Issues p 20 reference is made to more fuel efficient vehicles such as the Toyota Prius, which is currently being trialled in Sydney. This may be a future productivity gain, but possibly only in the long term.

E ENGINE EFFICIENCY. Since the off loading of fuel costs onto the drivers, the incentive for operators to adequately keep taxi engines tuned for efficient fuel usage has disappeared. Indeed the – relatively minor - costs of regular tunings are a disincentive to operators. At the expense of drivers !

F TOLL ROADS. The increased use of toll roads by taxidriviers undoubtedly improves some aspects of the productivity of taxi services. The (usually) quicker trip times and reduced waiting at traffic lights etc means a quicker and cheaper fare for passengers, offset to a degree by the toll fee. Similarly, the use of toll roads by taxis running to bookings also means quicker pickups and overall an increased number of potential fares per shift (provided it is busy and the fares are available). (The current NSW TDA Baulkham Hills / Castlewood bus lane letter was enclosed with its Issues submission as an example of the NSW TDA endeavours in this area of taxi productivity.)

Arguably, as an important form of public transport, taxis should be considered for dispensation from toll fees on all tollways. This would further encourage the use of toll roads by taxidriviers and taxi passengers.

G TAXI PLATE DEREGULATION. There have been recent discussions on the “deregulation” of the taxi industry. Economist Prof Allan Fels, one of the commentators, was reported as saying, inter alia, that the stranglehold of wealthy taxi owners should be broken. (For drivers that is not an issue, but other matters are, because – theoretically - their payins should drop due to the lower lease costs of the plates.) Interestingly, Prof Fels was at pains to state "not total deregulation" because its really important that we have "driver competence, good street knowledge, and especially of good character".

Instead of the chaos of total deregulation, as experienced in other countries and parts of Australia, there are sensible alternatives which actually achieve what Prof Fels et al are on about, but more successfully for the traveling public. It goes like this ; in future the Govt only issues free, non tradeable plates to (say) 5 year experienced taxi drivers. This has the economists' beloved effect of an 'open market' driving the plate prices down, and eventually driving the plate prices down to zero (better than a Fels reduction of only 30%) ! At the same time experienced drivers are given an opportunity to create a career in taxis if they want it, without the horrific crippling leasing costs of taxi plates.

Some of the characteristics of this approach are ;

- Most importantly, new plates are only issued as demand from the public increases ! That means relatively slowly, say maybe 200 – 400 cabs a year, which in turn has many other advantages.
- It means that existing investors can sell their plates in good time before they drop too much. Yes, they incur losses, but at their own judgement. And present owner drivers are in the same boat, and they no longer have a lifetime investment. Instead they can sell their plate and invest their money elsewhere. (And maybe get a free non-tradeable plate to drive as well!)
- Importantly scarce drivers are not thrown on the rubbish heap. Instead they can develop taxi driving careers if they want. (A new form of seniority plates, with all the advantages and none of the disadvantages of that scheme.) And new drivers can come in and be trained as at present as new plates are issued. And present incomes do not suddenly collapse in a free for all total deregulation chaos. And very importantly, the public continues to have stable service with a growing workforce of competent drivers.
- The main difference with this approach is that it takes longer to take effect than the Fels scheme. Instead of (say) 2000 new plates flooding the NSW market (for a 30% Fels reduction), a few hundred are released each year in response to public demand growth. That benefits the investors in exiting the industry and effects a slow transition from overvalued plates to plates of zero value. With attendant deletions of the costs of plates and plate lease costs from the taxi fares payable by the public.