

NCOSS Submission to the Review of Fares for Taxis in NSW

April 2005

1. Introduction

1.1 About NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in New South Wales. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in NSW.

NCOSS provides an independent voice on welfare policy issues and social and economic reforms and is the major co-ordinator for non-government social and community services in NSW.

1.2. Introduction

NCOSS welcomes the opportunity to comment on any proposed changes to the fares for taxis in NSW.

Taxis in NSW provide over a quarter of a million trips per day.¹ NCOSS estimates that the taxi industry provides between 15 and 20 million trips per year to low income passengers. Further, NCOSS estimates that perhaps as few as 5% of taxi trips purchased in NSW by low income users receive a concession fare.

Given the pivotal role played by taxis in providing people with mobility and social access, any prospective fare rise or new fee imposition will have significant consequences for the community, particularly for people on low incomes who are unable to take advantage of other modes of transportation.

This submission contains recommendations to improve the affordability and performance of taxis in NSW, in particular with respect to low income users. Two key recommendations are made by this submission: firstly that improved data be sought on the characteristics of low income taxi users; secondly that the Tribunal investigate a reduced maximum fare rate for off peak week day periods.

Two case studies have been included as attachments to this document to illustrate some of the challenges currently faced by low income households who make use of taxi services in NSW.

¹ The NSW Taxi Council state on their website that taxis in NSW transport 175 million passengers per year, with an average of 1.8 passengers per trip (equating to 97 million trips per year). Note that this figure has been contested: see Independent Pricing and Regulatory Tribunal, *Review of Fares for Taxis in NSW: Issues Paper*, February 2004.

3. NSW Taxi Reforms

There are currently three concurrent taxi reform processes in progress through the Ministry of Transport. Although there have been thus far few on-the-ground service improvements, the reform processes hold some 'promise' for long term change.

For the information of the Tribunal, in 2004 NCOSS made the following recommendations to the Ministerial Inquiry into the Taxi Industry, the Wheelchair Accessible Taskforce (of which NCOSS is a member), and the Taxi Transport Subsidy Scheme (TTSS). A summary of the key points follow:

Ministerial Inquiry into the Taxi Industry

- support for robust regulation of the taxi industry to ensure consistency of standards for reliability, safety and affordability;
- additional resources to promote flexible and affordable services;
- recognise that the "no destinations" trial may make it easier for people to book taxis for shorter trips;
- does not support the introduction of premium rate services;
- develop guidelines for, and promote, the Customer Feedback Management System;
- independent performance monitoring of the taxi industry by the Independent Transport Safety Reliability Regulator or similar body.

Wheelchair Accessible Taxi Taskforce

- the adoption of a comprehensive plan for the introduction of a universally accessible fleet for the Taxi Industry in NSW;
- increased accountability and stricter monitoring of existing WATs plates;
- more effective monitoring and compliance by the centralised booking service;
- a move towards an expectation that wheelchair users will receive the same quality of service as other users.

Taxi Transport Subsidy Scheme Review

- increased promotion for TTSS, including better information to general practitioners and residential aged care facilities;
- simplified eligibility and assessment process;
- indexation of the subsidy limit equivalent to the consumer price index;
- an increase in the subsidy level;
- allow TTSS participants to claim M4 / M5 toll costs through the NSW Government 'cashback' scheme;
- a capacity for the scheme to respond to people with episodic illness or to those who are rehabilitating after an acute illness;
- recognition of low income users, either through wider eligibility under TTSS or through a concession scheme for those experiencing financial hardship.

Final Reports from the Ministerial Inquiry into the Taxi Industry and the Wheelchair Accessible taskforce are pending, while a report from the Taxi Transport Subsidy Scheme review is yet to appear. NCOSS has recently been informed that a WATs subcommittee will be formed under the Taxi Industry Taskforce, picking up issues generated by the WATs Taskforce review process. It is unclear how this will effect the findings / directions contained in the WATs Taskforce interim report.

4. Taxi Transport and Low Income Passengers

Taxis are utilised by many higher income users, for whom a taxi service is employed as a premium rate alternative to public transport services or the use of a private vehicle. Figures from the Transport and Population Data Centre confirm that average personal and median household income levels for taxi users exceed those of bus and rail passengers (see Table 1). These users are likely to choose a taxi for reasons of speed, convenience or comfort, and are less likely to be impacted by fare increases than lower income users. Whilst many taxi users receive higher incomes, there are also a significant number of low income passengers who use taxi transport because other forms of transport are not readily available or are not accessible. A significant proportion of these users people receive fixed incomes, and are not readily able to meet high transport costs. For example, NCOSS has found people living in residential aged care could typically only afford to spend \$10 or less a week on transport, despite the high use of taxi transport by this group of people (see Case Study 1).²

Evidence from NCOSS consultations suggests that low income households make use of taxi services to provide flexible transport to work, shopping, medical and recreational destinations. Often taxis are utilised by low income people where there is poor public transport availability (see Case Study 2). NCOSS regional consultations have suggested that the use of taxi transport by low income households is likely to be higher in rural and regional areas. NCOSS has recommended to IPART that improved data be gained on the characteristics of low income taxi users in NSW, and that information be sought on transport users in rural and regional areas.

Table 1 Full Fare Paying Passengers by Income, Sydney

Mode	No. of trips (average weekday)	Average Personal Income	Average Household Income	Median Household Income
Priv Bus Sydney	74,253	\$29,171	\$64,161	\$56,160
STA Buses	256,772	\$43,471	\$82,766	\$64,116
STA Ferries	27,183	\$59,425	\$95,332	\$71,864
CityRail	490,167	\$43,371	\$78,356	\$63,492
Taxis	117,152	\$54,694	\$103,119	\$81,068

Source: Independent Pricing and Regulatory Tribunal, Review of Fares for Taxis Issues Paper, February 2004. Data from Transport and Population Data Centre Household Travel Survey 2001.

4.1 Current and Future use of Taxis by Low Income Households

Information from the Transport and Population Data Centre indicates that on an average day in Greater Metropolitan Sydney at least 14% of taxi users receive an income less than \$10,400, while approximately 22% of taxi users earn less than \$20,800 (see Table 2).

There is some discrepancy in the available data between the proportion of low income taxi users by personal income, and those by household. IPART estimated in 2002 that “ten percent of taxi users have household incomes below \$20,000,”³ a figure that is less than half that by personal income. Both personal income and household approaches to measuring

² Council of Social Service of NSW, *On the Road Again: The Transport Needs of People in residential Aged Care*, December 2003.

³ Independent Pricing and Regulatory Tribunal, “Review of Fares for Taxis in New South Wales in 2004: Report to the Minister for Transport Services,” July 2004, p35).

income levels have drawbacks (eg people reporting a low personal income can come from high income households, while people from apparently high income households may actually reflect a conglomerate of individual low income people, such as people living in a share house arrangement). Accepting current shortcomings with the available data, and factoring in the probable higher usage of taxis by low income people in country NSW (currently excluded from above data) NCOSS estimates that the proportion of low income taxi users in NSW to be in the order of 15-20% of total users (that is between 15 and 20 million trips per year).⁴

Table 2 Number of Taxi trips by personal income on an average day

<i>Income Level*</i>	<i>Trips (Average Day)</i>
No personal income	5,750
\$1-\$2,079	483
\$2,080-\$4,159	1,591
\$4,160-\$6,239	1,042
\$6,240-\$8,319	3,442
\$8,320-\$10,399	5,697
\$10,400-\$15,599	6,776
\$15,600-\$20,799	2,858
\$20,800-\$25,999	8,060
\$26,000-\$31,199	8,630
\$31,200-\$36,399	7,004
\$36,400-\$41,599	6,407
\$41,600-\$51,999	14,144
\$52,000-\$77,999	13,999
\$78,000 or more	27,312
Refused to answer	7,150
Do not know	1,459
Children under 15	5,910
Total	127,714

Source: Transport and Population Data Centre, Household Travel Survey 2002.

There is some evidence that there has been an increase in the use of taxis by low- income passengers. In England, the Social Exclusion Unit has recently found that “despite the cost of taxi fares, people in the lowest income group make a third more taxi trips than the average and more than any other group.”⁵ Further the report observes that use of taxis by the lowest income group “has more than doubled...since 1985.”⁶ In a NSW context, poor access to public transport services in localities with a higher than average proportion of low income households without a motor vehicle, and a growth in demand for local flexible transport, have arguably increased demand for taxi services from low income households. In Sydney in particular, there has been urban growth that has dislocated housing and employment away from heavy transport infrastructure such as rail, particularly in the south west and north west

⁴ The Household Travel Survey estimated that on an average day 117,000 people travelled in taxis in Sydney. NCOSS estimates, based on the Taxi Council data, that this can reasonably be said to account for half of the total taxi trips in NSW. The Taxi Council states on its website that transport for older people and people with disability make up a significant proportion of country trips.

⁵ Social Exclusion Unit, *Making the Connections: Final Report on Transport and Social Exclusion*, Office of the Deputy Prime Minister, February 2003, p23.

⁶ Ibid.

areas of the city.⁷ This has left a transport gap for low income individuals and families who are not located near public transport and do not have access to a private motor vehicle.

4.2 Taxis and Concession Fares

Although taxis services provide a major contribution to the network of public transport services in NSW, and deliver a significant proportion of these services to low income passengers, there is *no* concession fare system in NSW targeted to low income passengers.

At present the NSW Government operates a Taxi Transport Subsidy Scheme (TTSS), which provides a reduced fare to some people with disability who use taxis. TTSS offers a subsidy of 50% of fare cost up to a maximum of \$30 per trip that is of significant benefit to a number of eligible passengers. Although the scheme provides some relief for people who use taxis less frequently, transport costs can be high for other users, particularly where travel is required more often. For example wheelchair users who do not have ready access to public transport or a private vehicle, may have to use the scheme regularly to meet work commitments, thus generating high costs in comparison to those who can take advantage of other modes of transport. Further, NCOSS notes that the \$30 maximum subsidy cap limits its effectiveness for people in rural and regional NSW, who frequently must travel further distances.

While some low income taxi users are able to make use of the TTSS scheme, a large proportion are not. Information from the Ministry of Transport suggests that TTSS provides approximately 1.4 million trips per year. If we assume that these trips are largely from low income users,⁸ then only between 5 - 9% of low income taxi users in NSW receive a concession fare.⁹

⁷ Department of Infrastructure, Planning and Natural Resources, *Sydney Metropolitan Strategy – Ministerial Directions Paper*, May 2004, p34.

⁸ Note that eligibility for TTSS does not include an income test component, thus it is likely that there are a significant number of high income users.

⁹ Given the NSW Taxi Council information that suggests that taxis in NSW provide 97 million trips per year (175 million passengers divided by 1.8 passengers per trip), and given that at least 22% of taxi users in Sydney receive an income less than \$400 per week.

5. Improving the Affordability of Taxi Services

NCOSS proposes to the Tribunal four different options to promote affordability for taxi services in NSW.

Option 1: A Taxi Industry Funded Concession for concession card holders

Currently a range of private enterprises in NSW provide reduced rates for particular population groups without requesting funding support from government. Air services, for example, provide concession rates to some children and people with disability. In many respects, the lack of government subsidy means that any adverse impacts these concession rates have on returns for these businesses are factored as a 'cost of doing business' (and meeting corporate social responsibility). Further, in some cases, reduced rates can be designed to generate additional business by attracting more customers ('pension day discounts' provided some supermarkets are an example).

NCOSS recognises that given the large number of small operators (including owner operators) in NSW, this approach to improving the affordability of services may pose a financial viability concern for large sections of the industry, particularly for Wheelchair Accessible Taxi (WAT) and country operators who are likely to serve a larger proportion of concession entitled passengers. This would also require tight regulation to ensure that operators were delivering the same standards of service to concession fare entitled passengers.

Option 2 : NSW Government funded Concession for concession card holders.

The NSW Government currently provides direct and indirect subsidies to bus, rail and ferry operators to in NSW in order to reduce or remove fares for pensioners, children, some students and apprentices and other groups. Government concessions deliver manifest benefits to a range of disadvantaged groups in NSW, and offer a safety blanket for many low income public transport passengers.

NCOSS believes that given the massive contribution provided by the taxi industry to the transport task in NSW, and given the large number of low income users, there is some case for expanding the NSW Government contribution to the industry for the purpose of providing concession fares. The current budget allocation for TTSS is \$17m for the 04/05 period. This represents a small proportion of the subsidy levels currently allocated to other providers (private bus operators in NSW currently receive over \$400m annually).

Option 3: An "Off Peak" period rate for concession card holders – Revenue neutral

A potentially less costly / cost neutral solution would be to create incentives for flexible taxi pricing in off-peak periods to enable a range of concession fares for lower income passengers. This solution would also enable the better use of spare capacity in the industry and help to generate additional income for operators during non peak times. Although this may require some strategic use of funds by government, it would generate a range of affordable services at relatively minimal cost.

Reduced fare journeys for disadvantaged groups are available in some localities in Australia. For example, Discount Taxi Days operate in Narromine, offering a flat rate (\$4) for community members travelling between specific times.¹⁰ Further, Brisbane City Council

¹⁰ Information on this scheme is available as part of the Ministry of Transport Country Transport Resource Kit (<http://www.planning.nsw.gov.au/countrytransportresource>).

works with local taxi operators to enable a series of low fare services in different suburbs of Brisbane for older people, people with disability and carers. Fares range from \$1 to \$2.¹¹

NCOSS would support incentives from the NSW Government to the taxi industry to make available concession fares for Health Care Card / Concession Card holders, particularly in non-peak times (when arguably there exists spare capacity).

Option 4: An “Off Peak” rate for Taxi Services – Revenue neutral

A variation on Option 3 is to create a standard Off Peak day rate for all taxis in NSW. At present CityRail services in NSW offer a reduced rate on Off Peak return fares. This both improves the affordability of services for people travelling after the morning peak, and encourages patronage during off peak periods.

NCOSS believes that a reduced Off Peak Day Rate for taxis in NSW would promote improved affordability of services, yet arguably would not effect revenue for operators / drivers because of the increased patronage the cheaper rate would generate.

A trial in urban and country areas of a reduced rate service between 9am and 3pm (Monday to Friday) would be able to verify the financial sustainability of this proposal. A trial would also enable an assessment of any potential impacts for WATs operators.

Note that currently NSW Taxis apply a 20% surcharge for services operating between 10pm and 6am.

¹¹ Information is available at http://www.brisbane.qld.gov.au/BCC:STANDARD::pc=PC_1229.

6. Other Issues for Consideration

The Tribunal has not published an issues paper in 2005, choosing to again cover some of the questions raised in the 2004 paper. Below are some key issues for NCOSS, unresolved in the 2004 process:

6.1 Luggage fee

The 2004 IPART issues paper proposed that a luggage fee could be considered for more than two pieces of luggage. The Taxi Council 2002 submission to IPART nominated an amount of \$0.40 per piece of luggage.

It is unclear how a per piece luggage fee would apply to people who use taxis to do their grocery shopping. Removal of a weight category would mean that a person with a number of shopping bags containing lightweight items would pay a luggage charge, even if the total weight of combined luggage carried were minimal. The potential for increased costs are significant: at a cost of \$0.40 per piece of luggage, \$3 or more could be added to the cost of an average shopping trip. Further clarification is also required as to whether the fee would apply where a passenger receives no assistance from the driver to load and unload luggage.

NCOSS expresses further concern about the impact of a per piece luggage fee for people who use mobility aids or collapsible strollers. It is not clear how the fee would affect these passengers if they also have other baggage or shopping to transport.

While a fee for the transfer of heavy items that necessitates driver assistance would be reasonable, NCOSS would support exemptions for particular items, including mobility aids, strollers and grocery shopping.

6.2 Data on performance for WATS

Given the large volume of evidence available on the inadequate levels of service available to wheelchair users, there is a strong case for enhanced public reporting of the performance of WATs against the current service standards. In particular, data should be collected which can test the ability of operators to improve performance to ensure that it is equivalent to standard service response times. Performance data should also include the availability of WATs during peak hours in metropolitan and country areas, by measurement of average and median waiting times for services. It is possible that improved data on performance of WATs may arise as a result of the current taxi reforms.

6.3 Complaints Register and the Customer Feedback System

NCOSS supports the creation of a robust, independent complaints mechanism for transport services in NSW. While the creation of the Customer Feedback Management System is a step forward in this direction towards ensuring some consistency in the management of complaints, there is a lack of clarity around the guidelines are in place to ensure that complaints and complaint resolution will lead to service improvements. Ideally a complaints mechanism should be independent of both operators and regulators.

The transparency of the new system could be improved through the provision of clearer information including how the scheme works, the likely time frames involved for resolution of a complaint, and what steps can be taken by those unhappy with the way a complaint was handled by the system. At the time of writing, this information was not available on the MoT website.

6.4 Complaints relating to WATs

Although industry, government and community groups are aware of the poor performance of WATs in relation to wheelchair users, complaints recording does not currently have a mechanism for identifying the specific concerns of WATs users. We recommend that data relating WATS be made available to measure performance for this specific passenger group.

The development of the new system is an opportunity for better promotion of the complaints system. Given the poor performance of some WATs services, it is fair to say that many wheelchair users have been reluctant to make contact with CFMS, due to a perception that a complaint is unlikely to lead to an improvement in service quality. Promotion of CFMS to wheelchair users, with clear information provided on guidelines, timeframes and expected outcomes, could encourage these passengers to provide feedback that will lead to service improvement.

6.5 Short Trips

NCOSS is frequently alerted to a difficulty faced by a number of older people and people with disability in using taxis for short trips. Many people with mobility difficulties currently use taxis for short trips to visit local general practitioners, pharmacies or retailers. NCOSS is aware of cases where people have been refused a ride in a taxi because the destination requested would not attract a large enough fare. It would be useful if the Ministry of Transport could supply information on complaints received that relate to this specific issue.

7. Conclusion and Recommendations

This submission provides information on some of the issues facing low income taxi users in NSW. NCOSS believes that the taxi industry provides a valuable contribution to the public transport system, and is an indispensable transport option for low income people. Because of the limited availability of concessions, these services are frequently not affordable for low income users; yet, at the same time, it is acknowledged that the taxi industry provides these services with little subsidy from government.

NCOSS will continue to advocate for an increased contribution from government to promote better social equity outcomes for low income taxi users. But, NCOSS believes that there is a strong case for reduced maximum fares, where a differential fare does not pose a financial viability concern for operators.

NCOSS makes two key recommendations to the Tribunal:

1. That steps are taken by the Tribunal (or by relevant Government agencies) to seek additional information on the characteristics of low income taxi users in both urban, outer metropolitan and country NSW.
2. That IPART investigate a 25% reduced maximum taxi fare rate (for both urban and country operators) for the 9am to 3pm period, Monday to Friday (excluding public holidays).

8. Attachment – Case Studies

Case Study 1: Taxi use by people living in Residential Aged Care

In December 2003 NCOSS published a report on the transport needs of people living in residential aged care (hostels and nursing homes). People in residential aged care are typically on low fixed incomes, with some 65% of people surveyed in receipt of a pension. Residents can be asked to pay more than 85% of their income on residential fees, limiting the amount the funds that are available for residents to spend on transport costs. Taxis are frequently used by people in residential aged care to get to important appointments. NCOSS found that although residents could typically only afford to spend \$10 or less a week on transport, taxi transport was found to be the second most frequently utilised form of transport for residents, after family and friends. NCOSS also found that only 2-7% of residents were registered for the Taxi Transport Subsidy Scheme (TTSS).

Case Study 2: Taxi Transport to Prisons

Families and friends of people in prisons may face high costs through the use of taxis for visits. Because of the geographic isolation of many prisons in NSW, taxis are often an essential transport mode for those who want to visit somebody in a correctional facility. A number of facilities, including Brewarrina, Glenn Innes, Mannus, Kirkconnell, St Heliers and Oberon, do not have public transport access. This can generate high costs for those who use taxis because they do not have access to a private vehicle. For example, NCOSS is aware that a visit to St Heliers Correctional Centre can cost \$26 return from Muswellbrook station, while a return trip to visit a friend or relative in Kirkconnell Correctional Centre can cost up to \$90 from Bathurst if taxis are used. For people on low incomes this can present a serious barrier to visiting family and friends.