

**Submission to IPART**

**By the**

**NSW Taxi Drivers Association**

**April 2005**

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## Preface

Since 2001 IPART has made recommendations on the quantum and structure of Taxi Fares.

It has acted narrowly within its Terms of Reference and has relied almost solely on submissions from the NSW Taxi Council Limited. It has taken no account of the revenue derived from fares, nor of the income earned by taxi drivers. It has interpreted the cost structure of the industry as the taxi operators' cost of operating a taxi service, without due regard to the taxi drivers costs of actually providing the service.

Submissions from taxi drivers and from the TWU have been largely ignored.

IPART has been limited in its analysis by the fundamental lack of statistically verifiable information, and its unwillingness to independently assess supplied data. It assumes an average fare without any knowledge of how many such average fares make up the industry's structure.

It has taken at face value the submissions of but one interested stakeholder, and even where the quantum amounts are manifestly inappropriate, continues to use the flawed model so created to apply generic index movements to taxi fares.

In 2005, however, in sworn testimony before the NSW Industrial Relations Commission, the Taxi Council, acknowledged that some of the costs submitted were in fact paid by less than one third of operators and that the Taxi Council's approach was only to answer questions asked notwithstanding the need of the Tribunal to depend upon parties providing accurate information and also noted the agreed intention of the Council to influence the Tribunal to adjust fares in the way desired by the Council.

Our position is that IPART must recommend fares at a level that considers all the industry's actual and verifiable costs and values the labour component at least at the hourly award rate for taxi drivers.

The proposition we advance is that such a reassessment of all operating costs will lead to a one-off major increase in fares, and will, in another jurisdiction, at the IRC, possibly lead to an equitable rebalancing of the share of fares.

Taking into account the imminent need to provide driver Superannuation, and the likely continued rises in fuel prices, we envisage a fare increase of 20%. The only way such a one-off increase can be averted is by action by the other, or, "authorised" stakeholders to reverse and revert the cost of fuel and wash to an operator expense. IPART might well recommend such action, as would return the Sydney taxi industry to a position of equitable cost sharing. In default we seek an average fare of \$21.75.

## The Average Taxi

A significant defect of the several years of IPART's recommendations has been the rejection of the concept, or even of the need for such a concept, as an average tax model. We have an average fare and a largely unsubstantiated operators operating cost model. Not enough.

IPART has never taken up proposals for an average tax against which to test or apply those parameters. Rational and reasoned analysis requires a model of number of fares, hours and shifts, kilometres driven, hired and vacant status as the basis of analysis of the taxi industry.

Most of the defining points have, in the event, been supplied by the Taxi Council Limited. Some are explicit items in their operators' operating cost model, some are implicit, and some derive from the 1999 Parry Inquiry and various submissions to the Industrial Relations Commission. Queries as to the reflection of reality and fundamental truth of some have been exposed in open court at the IRC,

The one critical item upon which IPART must focus is fares per average shift. The TDA puts that at 17.46 trips per shift.

In developing a self consistent data matrix for the taxi industry, such as can incorporate the fares per shift, one of the check factors is total number of fares or trips per year. This number is available to taxi networks, as was confirmed by Mr. Reg Kermode in 1999, but is not released even to the Ministry of Transport, the industry "Regulator", in the key performance indicators.

However, those KPI's released by IPART for 2004 show total booking of 12,446,646 and total pick-ups of 10,234,935. The average fare calculation notes bookings to be one in five of all jobs, and thence total fares are between 51.2 million and 62.23 million. The Taxi Council Limited appears to be content with those figures, although it has noted a substantial variation between networks and has made public comment that bookings may constitute between 25 and 28 percent of all work. Just more than one in four.

If this greater proportion of bookings to total fares is the case, and given the veracity of figures supplied by Networks to the Ministry, then the result is a lower number of total trips. All of this is at substantial variance to the Taxi Council Limited's website claim of 175 million passenger trips in NSW, at 1.8 pax per trip and less the 20 million country trips leaving a claimed total of 86 million Sydney trips. One in eight is surely not the booked / total ratio.

This item of fares per shift is no minor issue. The various other figures, when applied to a matrix of kilometres, hired and vacant percentages, shifts and hours on the road simply do not compute.

The TDA suggests that the relationship of total jobs picked up to radio jobs picked up plus M3 [ No Passenger Show] is currently one in five and the documented decrease in network radio bookings has been affected substantially by private booking picked up by the 800 or so “trunk” taxi cab services. One in five is also nominated by IPART as the relationship in the fare structure. In the absence of better figures from the networks , 55,000,000 is a valid and workable figure. It is also supported by survey data from the Ministry out of the April 2003 Taxi Driver Survey.

The information also comes from primary driver sources on a day by day, shift by shift basis drawn from meter readings and driver records. Raw data is attached. This detail is essential in showing the differences between daily work patterns, and establishes a 17.46 fares per shift average.

The NSW Taxi Drivers Association continues the proposals advanced to IPART by Taxi Driver groups in previous years. We delineate two taxi models, that actually share a common fares per shift pattern, but with an on-road utilization factor that accounts for the reported average of only two thirds of cabs on the road at 9 am / 9 pm. The essential differences are that the owner /driver model is on the road five days / six nights for forty seven weeks and the fleet cab is on the road for six days / seven nights for fifty weeks.

The other commonality is that maximum gross revenue per shift to the operator [and assuming the owner driver as a proxy bailee] is the maximum fixed pay-in permitted by the Industrial Relations Commission. Market place conditions do actually reduce those pay-ins, and according to the Taxi Council Limited are to some extent balanced by non-payment of entitlements.

<b>Taxi Cab Models</b>	<b>Owner Driver</b>	<b>Fleet Cab</b>
Shifts per Week	5 day / 6 night	6 day / 7 Night
Weeks per Year	47	50
Shifts per Year	517	650
Full time Drivers	2	2
Casual Drivers	0	3 to 4
\$ per fare	\$18.12	\$18.07
Fares per shift	17.63	17.46
Trips per week	194	227
Trips per Year	9118	11350
Total Kilometres	142645	177,000
% Hired / Vacant	50 / 50	45 / 55
Paid Kilometres per trip	8.34km	8.34km
Max Pay-In	\$78161	\$97350
Market Pay-ins	\$67915	\$82750
Waiting Time Per Trip	4 mins	4 mins

	<b>Day</b>	<b>Night</b>								<b>Total</b>	<b>Total</b>
		<b>Mon</b>	<b>Tues</b>	<b>Wed</b>	<b>Thurs</b>	<b>Fri</b>	<b>Sat</b>	<b>Sun</b>		<b>5 / 6</b>	<b>6 / 7</b>
Trips	15	15	16	18	19	26	25	16		194	227
Fares	\$270	\$270	\$280	\$315	\$345	\$480	\$480	\$320		\$3520	\$4110
Kms	230	270	280	280	325	365	365	275		3035	3540
Hours	9.5	11.5	10.5	11	11.5	12	12	10.5		115	135
LPG / lt	51	60	62	62	72	81	81	61		673	785
Paid Kms	105	125	130	140	180	250	250	150		1600	1855

Of the 4853 taxis in Sydney approximately 34% are owner / driver operated and 66% are fleet cab operations of more than one cabs from a base. Thirty one percent of all cabs are operated out of a base of more than six cabs. A detailed analysis of Ministry figures of number of operators confirms this break up of ownership, together with the Taxi Council Limited's claims on its' website.

From the submissions of the Taxi Council Limited, the owner / driver operates for forty seven weeks of the year with himself as one driver and one full time bailee driver. This is picked up in the 2002 cost index where wash costs were \$2860 or \$10.00 a wash that equate to 47 weeks usage. It is confirmed by the inclusion of, if not the payment for, annual leave entitlements. The Fleet cab operates to maximum achievable utilization with two full time drivers and several casual drivers filling up the extra shifts per week and the [ideally] annual leave breaks of the permanents. This leaves the fleet base with two weeks plus fifty two days a year for service and downtime to cover breakdowns, repairs and un-filled shifts. A "stand-by" cab is presumed to be incorporated in the fleet model cost structure. This provision, and that of garaging has been apparently omitted by Price Waterhouse Coopers in their original and "comprehensive" model but is included in our later calculations. So are the really notional entitlements that we earnestly hope might one day flow.

The figure of 177,000 kilometres driven by a Sydney Cab is that supplied originally by the Taxi Council Limited. This figure related to a full 52 week year's maintenance scheduling, presumably as a cost increasing device, and not to the elsewhere 47 week cycle. They have latterly advised a decrease to 165,000 kms, but IPART seems to be continuing with the greater figure. Our position is that the usage is likely to be decreasing due to road congestion and speed limits but is still, on average 177,000. Drivers, desperate for income, probably keep this figure up to the historical average.

We are aware that the RTA annual registration inclusion of total taxi kilometres has been passed to the Ministry. Will the Ministry in turn advise stakeholders ?

This figure is relevant also as a measure of the total costs of LPG fuel, tyre costs and maintenance service. It provides a check point for hired / vacant utilization.

Hours per shift are reasoned if not reasonable. The bailee driver with a fixed pay-in is likely to work, or at least be on the road for the full twelve hours, less time to wash and refuel. He generally has no time for a meal or rest break, and must snack on the job and suffer undue fatigue. The owner driver, and especially the “trunk” with a number of private booking which require him to position the vehicle in advance will possibly work less hours, but his work will also usually involve longer trips.

The reason for our passion to establish an average taxi and an average number of fares, is to be able to complete the model and determine an average revenue per cab. Historically there has been massive reluctance on the part of drivers, operators, owners, networks and the industry in Sydney generally to make any comment as to taxi revenue.

This is largely the function of perceived opportunities for tax minimisation and non disclosure of other work activities for certain classes of workers. In the ACT, and in the other States, and NSW Country areas where the Method I Commissions based bailment is in place this is not the case.

It is a function also of IPART not conducting such fulsome investigations as to responsibly meet its Terms of Reference; and of a near total lack of assistance or involvement by the Ministry of Transport.

But there are available resources from which substantive inference can be drawn and comparative data be assessed. The Independent Competition and Regulatory Commission in the ACT is one such source, the submissions from the network, Canberra Cabs another. Statements from the Taxi Industry Association to the effect that fixed pay-ins were to represent one half of fares [ including fuel and wash] were the instrumental origin of Method II Bailment, and the continued if minimal existence of a 50/50 sharing of fare by Method I, is another link.

We have very valuable data on hand from Canberra Cabs that substantially verifies, from their similar operating environment, the NSW TDA’s calculations.

That, in Canberra, for 2003 cabs do 10,542 jobs a year, travel 174,259 kilometres, obtain \$1166,102 from an average fare of \$15.36 is more than merely anecdotal interest. Equally of interest is that the Terms of Reference of their ICRC review actually focus’s on driver earnings. And notes an earning of \$89,767 as the amount of earning that would induce a Canberra driver to stay on the road for 122 hours a week. A stark and unacceptable comparison to the \$67,000 pa that IPART would assume satisfies Sydney cabbies for their 135 hours a week workload. The Canberra Cab earned \$166,102, which ICRC increased to \$172,668 so as to ensure the possibility of drivers earning \$13.80 per hour. The average trip is 8.39 kms and 50.72% of total kilometres are paid

We urge most strongly that IPART takes up recognition of an average taxi and its average fares per shift.

We venture to suggest that the Tribunal reads the Canberra Cabs submission and the ICRC Report.

Having gone that distance, we can then assess an average revenue per taxi that flows from the average fare and the average number of fares. From that point the return to a driver can be assessed by subtracting from total fare revenue the total driver costs. The maximum pay-in, fuel and wash , GST component and , possibly, his outgoing operating costs, such as will leave the driver taxable income as a nett figure.

Our objective, and the minimum position of a responsible Government, is to ensure that the taxi driver should have the reasonable expectation of earning \$16.25 an hour for his labour. Not a guarantee, not a minimum wage, but a fair share.

Our objective, and ideally the recommendation of IPART, is that the fare structure of taxis reflect an average fare that achieves that modest rate of \$16.25 an hour. A fair fare.

Quite apart from the industrial economics of establishing a workable figure for driver earnings is the even more fundamental need to understand the industry. It is almost inconceivable that neither the Ministry of Transport in its role of industry Regulator has such limited knowledge of the parameters, nor that the Taxi Council , representing those with access to the data, is so reluctant to reveal the truth. What is so secret, confidential or commercially sensitive as to hide the very basic facts on how many trips taxis make ?

The Taxi Industry cannot veil itself in secrecy, in the guise of shielding drivers from their GST and tax obligations, but in the reality of maintaining the monopolistic controls and profits of the Networks and their owners.

IPART has regularly requested more information. The NSW TDA has, and in its previous forms has also, supplied verifiable data. With evidence on oath that the Taxi Council has misled IPART in the past is it not now time for resolute action ?

If our country cousins in the ACT can manage a review that incorporates assessment of driver earnings as well as a detailed analysis of taxi utilization and revenue with its base of 260 cabs, surely NSW can do the same or better.

## **E Tags**

Irrespective of the pending determination by the IRC as to who has responsibility for the provision of e-tags, they are necessary equipment for taxi cabs and will soon be required for all cabs. The issue for IPART will be whether they will be an administrative cost to the driver, or to the operator. As e-tags will be in place, certainly for the Cross City Tunnel, prior to any new fares, in our view, it behoves IPART to make a cost allocation assessment.

It is of course the very strong view of the NSW TDA, that all taxis should be equipped with an e-tag, and that there should be one tag for all Sydney roads.

Such evidence as was provided to the IRC indicated at least an hour's extra administration cost associated with e-tags per week. In the course of the review, IPART should therefore add about one thousand dollars per year to the operating cost of a taxi, and allocate that additional item to the costs of one party or the other, as the IRC determines.



## **Taxi Driver Superannuation**

The IRC is due to determine the provision of Taxi Driver Superannuation early in May. Assuming, as the ever cheerful optimists that drivers need be in the face of economic exploitation, that the IRC will put in place a per shift Superannuation contribution to be paid by all drivers, via their operators, into an Authorised Superannuation Fund. That levy will be effected after IPART recommends a fare structure incorporating a Superannuation component.

The TDA suggestion is that \$0.70 be added to the flagfall and the day shift pay-in be increased by \$10.00 and the night shift pay-in by \$13.00. There will still be inequities as the end of week drivers do more jobs, but this has the merit of administrative simplicity and a reasonable approximation of 9% of net earnings.

We welcome the introduction of Superannuation as it brings opportunities for the long term stability of the industry, and is a step towards recognising taxi driving as a real job and not as an interim solution, or a last resort.

Our only regret is that the chief monopolistic beneficiary of all such improvements and increases in driver earnings is Cabcharge. The, in our view, extortionate 10% surcharge on all electronic non-cash payments, needs be addressed by State and Federal Governments and the National Competition Council.

We note that the TDA has an application before the Australian Competition Tribunal that may hopefully bring a breath of competitive freshness into our industry.

## **Taxi Driver Component**

### **The Taxi Drivers' "Wage"**

A constant issue over the years of IPART's recommendations on taxi fares has been the defining of characteristics of the industry cost structure in terms of investigating the costs of providing the services.

For a variety of reasons, principally the lack of verifiable data on costs, revenue and actual taxi utilization, it accepted, without substantiation, the Taxi Council Limited's Operators Costs as the effective sum total of what were described quite unequivocally as the costs of operating a taxi service.

The initial framework developed by Price WaterhouseCoopers did not include a Plate Lease Fee, or any Driver component. It proposed a model of the Operators Operating Costs. From the start there were substantial errors and omissions – fuel was originally claimed as an operator cost- uniforms were provided fivefold - that have never been fully verified or corrected.

The first IPART review added in a figure for Plate Lease Fees that were a capital cost apportionment rather than an actual measure of the month-by-month cost of leasing a plate.

It also added in a “notional drivers wage” which, quite arbitrarily, it assessed at 40% of the operators operating costs. A reference was made to the Canberra ICRC review in which under a commission based bailment agreement the bailee driver retains half the fares. But, from the start, drivers ‘wages’ were linked to the unrelated figures of operating costs.

From the start there was no inclusion of the drivers operating costs. Manifestly clear is that a driver has major cost items. The principal of those is the bailment cost or pay-in paid to the Operator as rent or hire or bailment of the cab. That amount is, and was nominated to be, in the Taxi Council Limited’s Submission in 2002, the major revenue item for the Operator out of which he would pay his costs.

Secondly, the Driver costs would include Fuel and Wash expenses.

Thirdly, out of the fare bag, he would provide for payment of GST on his portion.

Fourthly, and subject to quite some confusion, would be his out-of-pocket operating expenses with issues of deductibility related to his employment status.

That amount left over from total fares then becomes the fifth item of driver costs, the driver’s taxable income “wage”.

### **Driver Operating Costs**

Taxi Drivers operating costs form the starting point of fare revenue distribution. The only other revenue component is the revenue from advertising on the cab that flows directly to the Operator. All other monies flow from passenger to driver, either by cash or various credit forms.

Tips and road tolls are extra items and, whilst relevant for tax purposes, do not form part of the taxi fare as such. Radio booking fees are a part of the fare structure.

The driver has five principal cost divisions to his fare revenue:

- Bailment for the taxi cab, or an equivalent proxy amount as the owner / driver.
- Fuel and Wash expenses, other than when bailing under Method I.
- GST responsibilities on the portion of retained revenue.
- Driver operating expenses, other than those normally incurred by an employee.
- Nett taxable income, being the remaining balance amount.

And a new sixth

- Superannuation Component proposed

As elsewhere commented, it is the NSW TDA's position that the fare structure and average fare should enable a driver to earn at least \$16.25 an hour for his labour.

Currently he earns about \$11.60. If the effect of Tariff II, intended as an out of hours overtime type incentive, the average earnings are still only \$12.00 an hour.

### **Bailment**

The almost exclusive form of bailment in Sydney is Method I, whereby the bailee driver pays a fixed pay-in, varying only by day of the week, to the bailor. In addition he pays for fuel and wash, an agreed arrangement between the TWU and the TIA which has since 1996 caused a major distortion to the equitable share of costs.

Historically, from its inception in 1984, the fixed pay in was meant, and agreed to be, before the IRC, reflective of the Method I commission based equal 50% share of fares. Distortions over the years has left the driver with 35% of fares. The quantum, on a shift by shift basis, of maximum pay-ins is set by the IRC. In recent years the IRC has defaulted to the implied suggestions of IPART as to percentile movements in the pay-in. Entitlements are also set, for Annual Leave and Sick Pay, but it now emerges, at a recent public hearing of the IRC, that the overwhelming majority of bailors do not pay the driver entitlements.

Rather, as the testimony of executives of the Taxi Industry Association [ Mr John Bowe] and of the Taxi Council Limited [ Mr Howard Harrison] , indicate the practise of a market – rate pay-in has developed. This pay-in, for permanent and casual drivers alike, effectively discounts the entitlement portion and creates a lower pay-in that purports to be exclusive of legal entitlements. It reflects local fare revenue patterns that the local operator can determine. It has always been open for a bailor to charge less than the maximum, and on several occasions recalcitrant bailors have been brought to task for charging more.

This new and now prevalent proposition that seeks to evade entitlements is a matter of concern, and one that affects IPART's cost analysis. But the real effect of 'market rate' pay-ins merely substitutes a lower pay-in with loss of entitlements. The driver is still the loser.

There should be no problem that market forces determine the going cost of hiring out the taxi, and the market rate can be factored into earnings potential. However.

The problem arises when the full entitlement costs are claimed as expenses and no comment is made of the actual revenue received. Additionally, since it is a basis of law and practise that, generally, worker entitlements are a presumed sacrosanct non wage portion of, and are not inclusive in, the award hourly rate, this problem is made worse.

The application of Method I, where bailment is one half of chargeable fares nett of Tariff II, less fuel and wash and where the bailee retains 50% of fares plus the Tariff II component, produces less problems. It is somewhat more complicated to calculate and requires either detailed manual records or equally detailed meter readings. And, in reality, it is not an available alternative choice.

The table below indicates maximum pay-ins and hazards the market rate:

	Day	Mon	Tues	Wed	Thurs	Fri	Sat	Sun		
Max Pay In	\$130	\$141	\$144	\$155	\$175	\$199	\$199	\$154		
Market Rate	\$110	\$120	\$125	\$145	\$155	\$185	\$165	\$100		

The difficulty we have is that, should IPART agree to structuring taxi fares on the premise of workers being paid [or as for taxi drivers , paying back] the award hourly rate of pay, it is very likely that bailors would increase the pay-ins to the maximum level on the basis of also meeting entitlements. In the past the 'market rate' has moved not so much on market forces but on the continued relationship of maximum rates less entitlements. In recent years the market rate has moved in close percentile steps with the nominal pay-in increase.

Accordingly our modelling is on maximum legal numbers. We extend that regimen to the entitlements cost item and actually count for two lots of Annual Leave. The total extra earnings that flow from market pay-ins is effectively discounted by the absence of annual leave rewards either in time or money for most bailees.

The owner / driver proxy equivalent bailment fee is more easily related to the maximum pay-in, and the cost input of Annual leave is counted also.

### **Fuel**

Firstly there is the equity concern of this being a Driver cost. In classic Bailment theory this is a provisioning of the vehicle and should be included in the bailment charges. In the Taxi Drivers Contract Determination it is very clearly a part of the Bailors 50% commission share under Method I.

And up to 1995 it was a cost to the Bailor under the presumed equivalent Method II. Since that time, when an interim variation was made it became a cost to the Bailee which has significantly reduced his share of fare revenue.

The cost implications of LPG Fuel on a Taxi flow from three parameters

Kilometers Driven / Fuel Efficiency / Price per Litre

To assess Fuel as a significant cost input [over 15% of the operating costs] we need detailed examination of each of the three factors. The PCW model falls short of such critical detail. The use of an index shows movements over time, but provides no current compensation. It is unable to fit the price spikes within a week into its measurement. And Sydney prices can leap 12c a litre for Friday night.

We settle on 177,000 kms on a 50 week cycle of six days and seven nights. This is reasonably close to the 175,000 Kms used by PCW but is for 50 weeks and not 47, and consistent with an average trip totaling 7.9 kms.

Fuel Efficiency is a major concern to Drivers. A well tuned Taxi on a "highway cycle" is able to return 5 kilometers per litre as PCW suggested. But in a "city cycle", at peak hour traffic and with a poorly tuned base cab, the fuel efficiency drops below 4 kilometers a litre.

In a situation where the Driver pays for Fuel, this is of no concern to the Operator. But it makes a big difference to actual operating costs.

Additionally, the use of the Air conditioning system increases fuel consumption by 10%, as confirmed by the Department of Transport RIS at the time of the 2001 Regulations requiring use of Air Conditioning. This additional cost has never been factored into fares.

Conservatively we calculate usage at 4.5 kms / lt

Price per Litre. The historical price from the previous year is not a good measure when the commodity has significant price volatility and spikes within the week. Our suggestion is that for this item a forward estimate price, able to be corrected post hoc, would be a better measure. It is unreasonable to expect a driver to get at best, a partial recompense, a year later for major costs he has solely borne the year before. Our reasoning would equally apply to Operators when they are required to pay for Fuel.

At the time of preparation of this submission, Sydney prices ranged from 36 cents per litre, to 45 cents a litre. Media comment has suggested a future constant and substantial increase.

At the least we note a current price of 40 cents per litre. Given that already in April 2005 a significant number of LPG outlets selling at over 40 cents a litre, we might reasonably expect IPART to factor Fuel in their determination at 40 cents a litre.

Overall, to analyse Fuel costs , we need a model that has given parameters that are known , tested and agreed. We have submitted such a model and ask IPART for a determination.

As this is a major cost item, covering over 8% of Taxi revenues, it deserves closer scrutiny.

We recognize that constant fare adjustment is not possible, and would suggest that price assessment be forward directed. The TWU should move, in the Industrial Relations Commission to have Fuel and Wash revert to an Operator cost. The inequities would be the same in terms of price movement, but the incentive to properly tune and maintain vehicles would be most desirable. Operators have a greater collective market strength to obtain price concessions from a local LPG outlet contiguous to the base for the final fill of the shift.

Our submission for fuel costs is based on the taxi cab model of 50 weeks, six day shifts and seven night shifts , a total of 177,000 kms a year, 4.5 kms / lt usage and a cost of 40 cents a litre Total \$15,700

### **Wash / Cleaning Costs**

Taxis are required to be cleaned and washed daily. Traditionally and unfairly this is a cost only to the Night Shift Driver, and currently averages \$10.00 a wash.

Obviously the total cost must relate directly to the total number of shifts driven. The amount given in the 2002 cost index of \$2860 therefore indicates 286 shifts or 47 weeks at 6 nights a week. The CPI increase applied in 2003 did not reflect reality costs. In our suggested Cab Model we have used 50 weeks and seven nights for a total of \$3500. And what additional expense by way of down time does the Driver incur in ceasing work for the 20 minutes to half hour of washing time. This is a regulatory requirement and not a casual option ... how is this to be costed ?

This expense has not been costed in the models thus far. But if Operator Salary equivalents are to be included as a valid operator cost, this item should be a valid driver cost. For 2005 we are generous enough of spirit to include it within the "other Expenses" of the driver at a much reduced quantum.

### **GST**

This amount, being the 10% GST on fares paid to the driver and payable by the driver as a reimbursement to the Government, has also been disputed by the Taxi Council. He, the driver, already includes GST in the payment to the Bailor for bailment, and GST is a part of the cost of Fuel and Wash. Prudently advised by an Accountant, the GST component of his above "Other Operating Expenses" would also be deducted from his GST obligations.

But the GST payable on the net balance of fares earned and expenses paid, must be a factor before calculating his net taxable income. His so-called 'wages' are reduced by the amount he must pay in GST. This item is clearly and necessarily an expense to the driver prior to determining his income from driving.

Our calculations therefore include Drivers' GST as an item of daily accounting, varying as 10% of the net income of each day's fare earnings. We note the reality, regretfully, that many drivers possibly avoid or evade their GST responsibilities. On \$10.00 an hour we can but sympathize. We note with even greater regret, that the current application by the Taxi Council to the IRC would seek to avoid and evade the payment of entitlements to those drivers less chaste than Caesar's wife.

Unlike other wages, the amounts retained by Drivers are subject to GST. Thus 11% must be deducted from total retained revenue before calculating Driver income. It is important that this item be noted as it is a very clear deduction from Driver Income.

Again it shows up the abysmally low rates of Taxi Driver income. It is important to note also that the figures in this submission are on a per cab basis and not on a per Driver basis. Income or Driver Retention is shared between several drivers, permanent and casual and refers to a total working week of 135 hours.

GST is payable on the full amount of retained fares, after deduction of expenses. The burden falls more heavily on the Driver than on the Operator, for whom the net amount on which GST payable directly is on his profit margin.

### **Other Expenses**

These incidental and additional operating expenses are those incurred by a driver, and paid by him, which would ordinarily be met by an employer in a comparable situation.

They are amounts the driver is entitled to deduct from his gross earnings both for GST and Income Tax purposes. Given that they are difficult to substantiate and verify in a global sense, they are nonetheless real and even self evident. We have conservatively accounted for these items on the basis of a reduced amount, averaging \$5.00 a shift.

No substantiation occurs, by way of comparison, in the Taxi Council's item of "other" items; nor in its use of a generic CPI when no other measure can be found; nor in its use of retail pricing and exaggeration when discounting or use of wholesale prices would be more acceptable.

On one item alone, fare evasion, how can IPART not count this item as a cost to the driver, decreasing his income, wages or whatever his retention be described as. Accidents, insurance and other mishaps are costs to the operator; but robberies, violent assaults, and fare evasions are, in the words of the Taxi Council, no more than "unearned revenue "

The following items come out of total fare revenues and impact on the final Driver retention. They are expenses incurred in gaining income, and importantly they are a reduction of fare revenue on a shift by shift basis as well as regular outgoings. The estimated cost / frequency of the items accumulates to \$35,180 a year. We include as Driver costs however only \$3250 of that total, to discount what may be considered opportunity costs. Next year we intend to substantially review this item.

	Shift	Month	Year	Five Year
Tolls Not Part of Fare	4.00			
Meal Allowance	5.00			
End of Shift Administration	3.00			
Mobile Phone	2.00			
Taxi Wash Downtime	5.00			
Laundry Allowance	2.00			
M 3 Pax No Show	15.00			
Fare Evasions		25.00		
Downtime Casual Breakdown		30.00		
Taxi Cleaning after Soiling		40.00		
Shoes			100.00	
Driver License			80.00	
Stationary			50.00	
Uniforms not Supplied			150.00	
TDA Membership			10.00	
Refusal of Cabcharge Dockets			75.00	
Accounting Fees			400.00	
Lumbar Seat Support				100.00
Taxi Training				1140.00
Medical Certificate				60.00
	X 650	X 12	X 1	/ 5
Total \$35,180				
Average	\$23400	\$1140	\$10380	\$260

A very conservative figure of \$ 5.00 per shift is calculated as actual costs. These amounts, whether as actual losses or even greater, as opportunity losses have been ignored in the past because they come out of the driver's kitty and are assumed to be not worth counting. They are however a very real part of the expenses of a Driver ; as much as the Operator Salary Equivalent.

The total direct cost amounts could well be argued as over \$20.00 a shift for a Friday / Saturday night driver. The cost of Training Courses is a major, in effect, capital cost to the Drivers. And given current driver turnover, is a significant amount that is nowhere else calculated. Nor is this cost any longer subject to Government Training Rebates. Equally, we have included elsewhere, as an Operator costs, items that he does not pay. Of anecdotal interest is that GST is still payable on Fare Evasions.

M3 or Passenger No Show are a major concern. About one in nine booked jobs, accepted by the driver result in a lost job because there is no passenger to pickup, and incur, on average, fifteen minutes of time, travel and costs to reposition. The passenger in the meantime has taken the first available street hail. The cost to the driver is difficult to quantify, but given that he needs total revenue of about \$30.00 an hour and \$60.00 per hour of hired time [ half the day the cab is vacant], he loses \$15.00 of income per no show. Once a shift. And, as an opportunity lost revenue totalling \$9750 a year.



In previous submissions of drivers, this general area of Drivers Operating Costs has been met with derision and scorn. Our attempt to raise these as genuine items of expense in the operating of a taxi service have been disregarded. IPART has dismissed them as been “unverified and unsubstantiated”.

How, to be sure, can we as mere drivers in any way quantify what neither the NSW Crime Statistics Bureau, nor the NSW Work Cover cannot. Available proof by way of the number of Workers Compensation claims for taxi related injuries – not just taxi driver- have a best available figure of 130 for 2001. Simply wrong and out of date.

The venerable industry leader, Mr Reg Kermode, on introducing the most recent technological improvements in 1993 then gave a figure of thousands of assaults on drivers.

And, in any case, why must we alone validate our claim beyond common sense statement whilst the Taxi Council Limited’s exaggerations and miscalculations remain unchecked. In any event, for 2005, we will limit the claim to an inordinately low \$5.00 a shift.

### **Drivers Nett Taxable Income**

This is the really vexed question, and one which the Taxi Council Limited, in the guise of protecting drivers from the scrutiny of the Tax Department, would consign to the ‘ never-to –be discussed’ folder, along with the total number of fares or meter swings.

The TDA’s position is that drivers, on average, earn about \$11.60 an hour, and that this is simply unacceptable. As a minimum we demand that taxi drivers have a fare structure that provides the reasonable expectation of earning \$16.25 an hour.

We are not asking for more than the assurance of payment for legal entitlements of Annual Leave and Sick Pay. An extension of Tariff II will possibly pick up some of the community norms of supplements for out-of-hours and extended hours of work.

Based on current figures that, as we reason elsewhere in this submission, establish an average of 227 jobs over thirteen shifts a week, at an average fare of \$15.95, the three to four drivers who collectively work for 135 hours earn \$1564 [ plus \$176 as the Tariff II Supplement]

A day driver working five days [ 50 hours] earns \$24,581 a year, a night driver working six nights [ 70 hours] earns \$38,578. If he negotiates a lower pay-in he will take home more in the hand; but he won’t get Holiday or Sick Pay. Same difference in fact.

If he is on Method I, and that is not an attainable expectation, he will take home substantially more, plus Holiday Pay: and the bogymen, a recorded level of earnings.

Our proposal for a fare structure that reflects the capacity to take home \$16.25 an hour, will obviously increase taxable earnings. But, at the income levels of the average driver, the extra tax payable is affordable. With better tax advice available from our TDA, the deductions claimed for the drivers operating costs will largely offset that burden. The Superannuation Co-Contribution will be icing.

	<b>Current Average Fare IPART \$15.95 / TDA \$18.10</b>									
	Day	Mon	Tues	Wed	Thurs	Fri	Sat	Sun		
	day	night							5 / 6	6 / 7
Fares	270	270	280	315	345	480	480	320	3520	4110
Pay In [ max]	130	141	144	155	175	199	199	154	1663	1947
Fuel & Wash	20	34	35	35	39	42	42	34	329	384
GST	10	7	8	10	10	20	20	10	125	145
Driver Costs	5	5	5	5	5	5	5	5	55	65
Total Expenses	165	188	192	205	230	267	267	204	2176	2546
Driver Income	105	82	88	110	115	213	213	116	1344	1564
% retention Net of tariff II	39.9	31.0	32.1	36.1	34.8	48.7	48.7	36.9	38.7	38.5

The tables below show, on a shift by shift basis, the current position and the changes.

	<b>Proposed Fare IPART \$19.00 / TDA \$21.75</b>									
	Day	Mon	Tues	Wed	Thurs	Fri	Sat	Sun		
	day	night							5 / 6	6 / 7
Fares	324	324	336	378	414	576	576	384	4224	4932
Pay In [ max]	130	141	144	155	175	199	199	154	1663	1947
Fuel & Wash	20	34	35	35	39	42	42	34	329	384
GST	10	12	13	16	17	28	28	17	164	191
Driver Costs	5	5	5	5	5	5	5	5	55	65
Super	10	13	13	13	13	13	13	13	128	151
Total	179	204	209	223	249	287	287	222	2355	2757
Driver Income	145	120	127	155	166	287	287	161	1868	2175
% retention Net of tariff II	55.6	45.5	46.5	51.1	50.6	67.4	67.4	51.7	54.8	54.5

## Taxi Operator Component

A major anomaly of the IPART process since its inception has been that the total cost of an operator exceeds the total revenue he receives from the bailment of that taxi. And that IPART has relied on those cost figures without a cross check to revenue.

The Operators revenue is limited to funds received for advertising on the cab and either the bailment fees payable by bailee drivers or a proxy, and equal, amount from the owner / driver / operator himself. That amount has as its maximum the daily maximum bailment fees set by the IRC. The bailor may, and in a majority of cases does, charge out less than this amount, as an illegal trade-off against driver entitlements. Where this is the case the revenue received is substantially less than the operating costs claimed by the Taxi Council Limited.

The only logical conclusion, as is borne out by sworn testimony before the IRC itself, is that the costs are exaggerated and overstated. Clearly they are not representative of an actual taxi's operating costs.

The NSW TDA, and in its previous forms, has examined and reported on the Taxi Council Limited's cost model. It has noted errors and omissions, and has proposed a new cost model. We do so again. And as an appendix analyse each item yet again.

We also note, along with the TWU, an obligation on IPART to test and investigate submissions, from all the stakeholders. In the past, the unquestioned acceptance of those figures have led us all into a quagmire of confusion and deceit. In 2005 we request IPART to investigate the base data.

Over time a subterfuge has been developed that, irrespective of the model and its accurate reflection of costs, all that is needed is an observation of percentile movements of those costs to assess fare increase requirements. Certainly there is an argument that the year to year changes can be adequately reflected by overall index movements, with a periodic major review of the base data. But for the taxi industry we have never had a starting assessment of the cost data; and we are certainly due for a review now.

Moreover, the weightings of cost items created at the start were and are, fundamentally flawed. IPART actually needs go back and assess, for the first time, the cost items; including all driver operational costs, and reweigh the lot. Only then will an equitable and workable model be developed.

THE NSW TDA does not propose, even in the event of a major weighting change, to require a reduction in the maximum fixed pay-ins. In any case these are set in another jurisdiction, and that body, the IRC may take suggestions but not cannot take instructions. It is of course open to the Minister for Transport to intervene at the IRC and take forward recommendations from IPART. That would be an ideal solution.

We are therefore going no further than assuming that the maximum pay-in continue at its present level, but that until adequate and proper analysis be made by IPART, there should be no increases in the portion of fares, or the distribution of fares, to the bailor. When the Taxi Council Limited's submissions on operator operating costs can be verified and properly balanced against the drivers operating costs, then there can be a cost based adjustment. Until that point the NSW TDA is firmly against any fare variations flowing from claimed operator cost changes.

We note that the 2005 Taxi Council Limited's submission claims a negligible net increase in operator costs. We leave it there, and merely table what we believe to be a more accurate assessment.

We also make the general comment that the items in the operators cost model were originally claimed to be a comprehensive and accurate representation of all the significant or major costs. This claim was made by Mr Reg Kermode, by Price WaterhouseCoopers, and was taken up by IPART in 2001 and 2002. To now wash over the fundamental error that sees costs exceed revenue, and without even an item for profit, on the basis of "representative, but not actual" numbers is a farce. The argument that IPART need only endorse changes and not the measure itself, presupposes an agreed, reasoned and verified model in the first place.

#### **Items in the Operators Cost Model**

	<b>IPART 2004</b>	<b>TC 2005</b>	<b>TDA 2005</b>
<b>Vehicle Lease Expenses</b>	<b>9545</b>	<b>10017</b>	<b>7500</b>
<b>Insurance</b>	<b>13692</b>	<b>14327</b>	<b>12000</b>
<b>Govt Charges</b>	<b>786</b>	<b>797</b>	<b>750</b>
<b>Network Fees</b>	<b>6812</b>	<b>6853</b>	<b>6500</b>
<b>Plate Lease Fees</b>	<b>22397</b>	<b>20143</b>	<b>16500</b>
<b>Annualised Establishment Costs</b>	<b>1519</b>	<b>1505</b>	<b>1200</b>
<b>Maintenance Labour</b>	<b>7963</b>	<b>8724</b>	<b>5000</b>
<b>Vehicle Parts &amp; Panels</b>	<b>11320</b>	<b>11370</b>	<b>8000</b>
<b>Cleaning</b>	<b>420</b>	<b>840</b>	<b>360</b>
<b>Tyres</b>	<b>3034</b>	<b>3306</b>	<b>1850</b>
<b>Operators Salary Equivalent</b>	<b>13520</b>	<b>13966</b>	<b>2000</b>
<b>Driver Entitlements</b>	<b>4005</b>	<b>4165</b>	<b>6500</b>
<b>Uniforms</b>	<b>2421</b>	<b>2408</b>	<b>510</b>
<b>Other</b>	<b>3675</b>	<b>3736</b>	<b>750</b>
<b>Garaging</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>Stand-By Cab</b>	<b>0</b>	<b>0</b>	<b>750</b>
	<b>\$101,109</b>	<b>\$101,797</b>	<b>\$70,670</b>

## Taxi Driver Survey May 2003

The NSW TDA quotes verbatim from the TWU Submission of 2004, in order to maintain a focus on this important, albeit limited source of verifiable data. The facts were put on the table, and they were disregarded by IPART last year. We trust that in 2005 a little more attention and credence be given this informative data.

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The Taxi Driver Survey conducted by Transport NSW in April / May 2003 has provided very a very useful profile of the average Sydney taxi driver, and effectively corroborates the analysis offered in the TWU Submission to IPART 2003. For the first time there are substantiated statistics on which studies of driver income, fares, trips and hours of work can be based. There is an indication also of significant breaches of working conditions faced by drivers, the level of incidents, and of the level of hourly earnings. The information provided should be of substantial use to both IPART and the NSW Industrial Relations Commission.

Although the response was limited, the validity of the results has been accepted by Transport NSW. Future such surveys might well achieve greater response if conducted independently of industry stakeholders, but with their support and encouragement. Not enough detail is available to analyze day / night or days of the week shift differences.

From the results the following profile of 90% of participating drivers is advanced

A permanent urban driver of more than five years experience, working on a Fixed Pay In inclusive of Fuel and Wash expenses. He drives either five day shifts or between five and six night shifts a week for more than fifty weeks a year. Half the drivers bail their vehicles from a taxi base, and half work a private cab. 72% are contract bailees, 21% lease the vehicle, and 7% are owner drivers. An average of \$118 is paid as bailment, which is affected by the non urban figures and lessee self payments, and is \$ 20 per day less than the maximum fixed pay in. He incurs \$12.85 of actual expenses each shift [ but annualized costs are probably not included] Over ninety percent do not receive Holiday or Sick Pay. Uniforms are provided to about half of all drivers, and some sixty percent are obliged to pay insurance excesses for accidents. Drivers report poor to fair standards of 60% for fuel efficiency, of 50% for vehicle seating, of 40% for vehicle roadworthiness, and of 20 % for effective air conditioning. Drivers surveyed report an average of 8 fare evasions a year, 3.8 incidents, 0.92 serious incident and 0.85 police reports. Of the drivers other than those who had zero incidents, the respective rates are 10 fare evasions, 5.2 incidents , 2.65 serious incidents and 3.2 police reports a year. This point of analysis was extracted to show that the level of incidents is substantially greater in situations where they occur as a regular issue for drivers. Overall this represents a driver / passenger confrontation of one in every 350 trips.

Drivers obtain fares from Radio Bookings for 20% of hirings, from Street Hails for 49%, from Ranks for 27% and from Private or Trunk Bookings for 4 %. They average 16.6 trips per shift, use 50 litres of fuel and drive an average 245 kilometers, of which 142 are 'paid', and are vacant 45 % of the 10.5 hours time on the road. The average fare is \$17.37.

The Late Night Tariff [TII] accounts for 23 % of time but is 34% of fares revenue. From limited data, the average trip takes a total of 14 minutes with a total distance of 8.9 kms, of which 4.25 minutes are on 'waiting time' and 7 kms are traveled at 'distance rate'. Note: this area of data is quite critical for comprehensive fare analysis and requires considerably more attention in the future.

There are three variations of total fares per shift derived from the survey :

\$296 Number of trips x average fare

\$276 Tariff I + Tariff II totals

\$250 Total fares per day

The average of fares is \$274

The following table compares the survey results with the TWU statistics from the 2002 December quarter, which were marginally more active in terms of jobs per shift and therefore of total dollar results, but the time and kilometers are constant. The figures are per average shift, but in the future it is expected that analysis be available for each shi

	Per shift		47 Weeks	
	2003 Survey	2002 TWU	2003 Survey x 11 shifts	2002 TWU X 5 day / 6 nights
Fares	\$274	\$295	\$141658	\$152437
\$ per Fare	\$17.37	\$16.22		
Kilometers Driven	245	275	126665	142645
Kilometers Paid	142	145	73414	74953
Kms per trip	8.87	7.92	78142	74448
Trips per shift	17.04	18.18	8809	9400
Radio Jobs	3.28	5.45	1696	2820
LPG Litres	50.89	55.45	26310	28670
LPG \$	\$25.81	\$32.25	\$13344	\$14335
Wash per day	\$6.09	5.45	\$3148	\$2820

Variations occur due to differences per shift / per day-night detail

The conclusion to be drawn is that, for the purposes of IPART's Urban Taxi Cost Index we have a verifiable amount of \$52,000 as Taxi Driver Income. The notional figure derived from 36% of Operating costs by the ICRC study of 2001 may therefore be discarded, and a new base calculation be established. The other critical data of total fares, trips , kilometers and of the average fare are also confirmed.

Some variations occur between simple average shifts and the weighted calculations of 5 day and six night shifts, excluding Sunday nights and two days.

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IPART has requested that further surveys be conducted. The Ministry agrees but does nothing. We hope that this will change.

## **Service Standards**

IPART has, as one of its terms of Reference, a requirement to consider Taxi Service Standards. It noted, the year before last, the still to be applied Draft Service Standards developed as an integral part of the revisions to the Passenger Transport Act of 2000 and the need for the information that they would effect. We understand that the Ministerial Taxi Taskforce is investigating service standards.

In 2004, and without any industry wide consultation the THCB, now renamed TOD has developed additional regulations on such vital matters as Driver Worksheets requiring the Taxi Number for the first time, and an advisory that the Driver is not required to drive a vehicle with a defective or inoperable camera. There is still no requirement for an Operator to sign off on a safety check. And there are still no Service Standards.

Data supplied by the Networks, and aggregated for confidentiality, shows that 97% of all bookings were picked up within 15 minutes and that 5 minutes was the average waiting time of 93% of all jobs. Some 0.07% of bookings were unable to be filled on the basis of " No Vehicle Available".

What proportion and what waiting time applies to Wheelchair bookings ?

In 2004 a huge variation between Networks was noted as to number of radio jobs per day. The least number of radio bookings was 1.15 per shift and the most is 15 per shift. In 2005 the details are not available.

Owners of Cabs who are compulsorily required to join Networks and pay for Radio Network Fees would surely want to query this issue, and IPART must similarly address the monopolistic impact of standard Network Fees.

Of major concern to Drivers is the 2004 information that one in eight , or 12% of all radio job offers, are M3, or No Passenger at Location. This is a massive waste of resources and a huge cost to drivers, where over a million journeys a year are made to pick up a passenger who is no longer there. This waste of resources, and the reduction in services available, by having so many cabs off on wild goose chases is a major issue that must be addressed. Networks are by Regulation required to not adopt radio procedures that disadvantage the public, yet, by current procedures they reduce the fleet available to meet those real needs. The simple adoption of a “call on approach” regimen that verifies the passenger’s requirements, ensures that he still is there, and advises the booked cab’s number would significantly reduce this wastage. It would also be a cost to Networks.

A problem arises as to how to account for such intangible costs. The Taxi Council refutes the validity of these driver costs as being merely income not earned and not a “cost”. Yet it claims other items, not actually paid by the Operator, as his costs. We have Driver Entitlements, generally not paid, but counted in full. We have Plate Lease Fees, often an opportunity cost, counted. IPART needs consider these matters.

The other measure of service are the number of complaints in relation to Taxis. Alas , we have no current data for 2004. Apart from the comment that 4771 complaints in 2003 on a best [TDA] estimate of 55 million NSW trips a year is one in 11,500. Or if the Taxi Council’s 84 million trips are accepted, one in 18,000. Such a standard is, either way, probably acceptable.

Given moreover that there were only 500 actual prosecutions / penalties in respect of these complaints, there is a best result of one provable complaint in 130,000 trips.

Stacked against a fare evasion a week and an assault or robbery a month against Taxi drivers and about 6000 trips a year, we make one further comment.

It is not surprising that the MoT no longer gives “performance facts” on penalties and prosecutions. At an average 42 a month in 2003 there has got to be doubts about the Minister’s doubts, or about the function of his Taxi division, now called the Transport Operations Division. Sort of like a Taxi Task Force without a Taxi Driver’s representative.

The TDA would have welcomed the opportunity to analyse the 2004 data but, regrettably no information is available from the Ministry.



## **Key Performance Indicators**

The Ministry has provided data on some aspects of Taxi performance. It is welcome and limited. Its principal finding is that the average time to pick up is five minutes for all jobs, and that 96.7% of jobs are picked up in less than fifteen minutes by the most responsive Network.

The Network sourced information shows 4672 cabs responsive to Radio Bookings as a near constant throughout the year. That, for starters, puts the Taxi Council model of single owner cabs working 47 weeks, out of the question. If all cabs were off the road on holidays for five weeks a year, the average number of cabs would have to be less than the licensed number in Sydney.

The WATS “Network” figures are included as a part of their parent Network, and thereby, firstly affect response times and secondly, give none of the supposedly required detail of WATS performance.

It is not possible to determine the actual pick up times of radio jobs. What is being measured is the time from job call to the meter swing of the allocated cab, and the presumption that he is picking up the particular job. This is not a minor point.

The significance is in the vast, over twelve percent, of radio bookings that are recorded as “no passenger at location “ or M3. At least one job in nine is unable to be picked up because there is no passenger to pick up. 1,175,000 a year. A total waste of time, a misuse of resources and a cost to the driver. [Thoughtfully described by the Taxi Council as revenue not earned, but not a cost]. Taxi Drivers have made this point to the Ministry as a part of the “No Radio Destinations” issue and have clearly indicated a need for “call on approach” on all jobs as well as revised radio procedures to encourage the acceptance of short jobs.

Left unaddressed, this M3 problem is a cost to the driver in fuel and time. It reduces the availability of Cabs on the road to pick up real passengers. To remedy the situation would cost the Networks, and is thus opposed by them and their captured cohorts. In the opportunity costs favoured by IPART, an amount of at least \$9,750 per cab per year is legitimized.

The indicators leave out those critical details so necessary to IPART : hours on the road, total journey time, and of total jobs. The networks have the information at their disposal ; without the enforceable provisions of the still draft Network Standards, they will remain buried forever.

One last item that the provided data does reveal is the significant if not alarming change in Radio Booking patterns. In 1999 the Parry Inquiry was advised of about one in two or of 44% of all work being radio jobs. In 2004 it is either one in seven of the TC's trips [ 84 m] or one in five of the TDA's estimates [55 m].

If the 2002 Taxi Survey were to be considered sound and the proportion of bookings to total jobs valid at 30% of the 'last trip' and 36% in the last six months, then total taxi trips would be about 40 million and the industry would be in total meltdown.

Operators paying Network Fees must have concerns at the costs per job.

Operators and Drivers alike must also be concerned at the variance between Networks of jobs per cab. The range of 210 to 1449 a quarter indicates from one job per shift to sixteen per shift, yet the fees for the "service" are close to common. The difference is partly geographical, but mostly is a function of Network procedures.

And, within its Terms of Reference, a matter for IPART to address.

The failure of the Ministry to incorporate the so-called 'Trunk Networks', otherwise operating as electronic booking services into its purview, is simply a disgrace. They exist, they work, they are linked to over 700 cabs in Sydney, and they have a massive impact on bookings.

They are not a part of these "key" indicators. Certainly they are not supplied, but a rational analysis should note their existence. Anecdotal evidence is that 70% of the fare revenue of a 'trunk' cab is derived from his trunk bookings, and about 30% of his trips. About 1,000,000 radio booking a year are therefore missing, not counted by the system.

Anecdotal evidence is that the pick up of "short" jobs by the trunks looking after their clientele is achieved by the otherwise illegal, "plus ten" or ten dollar surcharge on short job

## Complaints

The recorded level of complaints is generally used as a measure of consumer satisfaction with any service. The Taxi Industry, in 2003, when measured on that basis actually comes out with a complaint in every 11,500 trips, and , when assessed on the number of prosecutions or penalties resultant from investigated and confirmed complaints as well as from the random inspections of Departmental officers as one in 130,000.

Whilst there is always room for improvement , these are not bad results. Another survey conducted Australia wide in 2003 and financially supported by the Ministry produced different results. Essentially they noted that one in four passengers was dissatisfied with their taxi trip experience and that one in twenty passengers had actually made a complaint. That is a very bad result and the Minister, Mr Michael Costa, was moved to instigate industry reforms to remedy that situation.

With such disparity, there needs to be closer scrutiny of detail and reliability of the input data. We are assured by the THCB that all complaints are investigated and all substantiated complaints are acted upon within the process of the Customer Feedback Management System. We are advised that with the new ease of reporting, there has been an upsurge in complaints in 2004 to a level of 4772.

From the “Performance Detail” figures posted monthly in 2003 on the Transport NSW website , **but now no longer available**, a total of just 500 prosecutions and penalties were made.

From the survey covering 302 Sydney taxi users who had used cabs up to 21 times in the previous month, the measure of overall satisfaction was 80%, but of only 70% satisfaction with driver performance. It included 38 observations from a total of 75 passengers surveyed, who had been unable to get a cab from a street hail, and 31 who had been unable to make a telephone booking. They must have subsequently got a cab to be counted as a taxi user, and, if true makes a mockery of the telephone response times of the KPI's. Technically of course, if they could not get through, they could not make a booking.

A separate section links that survey and provides critical analysis. IPART [2003] expressed a lack of confidence in that survey, which is hardly surprising considering that if, in fact , 5% of taxi users were to complain, then even a robust complaints system would be overwhelmed by between three and five million complaints a year.

A previous section incorporates the Ministry's May 2003 Taxi Driver Survey and provides critical analysis of that, yet to be repeated survey.

Taxi Drivers have complaints of their own. Neither the Ministry, through its CFMS, nor the Police, recording assaults are, however, interested. The rate of one fare evasion a month, and three robberies or a violent assault a year on Sydney's Taxi driver is unrecorded and unaddressed. Fortunately we have not had a taxi driver murder for a few years, unlike our fellow drivers in Brisbane and Melbourne. Statistically, we are now due for a murder. We have had a suicide driver kill a cabbie on New Years Day in Wollongong. But that's only manslaughter. We have had a stabbing, several bashings and one driver who has lost his eye.

Statistically also, the realizable complaint rate for cabbies against passengers is one in 300 trips.

For this 2005 IPART review, we have no figures from the Ministry upon which to comment. Accordingly we have largely repeated that which was said last year. Perhaps next time around we will have current information.

## **Safety Issues**

Responsible Taxi Drivers have a keen concern for their own safety and that of their passengers. The current system, perhaps on cost grounds, fails us all. Nowhere in the otherwise comprehensive cost index is there a provision for Training or Safety Education. In Regulations that detail so many minor matters, there is no focused provision for a maximum of continuous hours of driving or for safety checks of the vehicle. In an industry with 22,000 drivers and at least 5000 associated employees there appears to be not a single OH&S workplace committee.

In Brisbane and Melbourne there have been recent Taxi Driver murders. What proactive steps have been taken in Sydney to forestall such an occurrence here?

We have screens that are filthy and non-functional. We have cameras that don't work, and a new regulation that prescribes a pre-drive check, an advice on the worksheet to not drive the cab, but no mandatory 'fix' by the operator.

The response time from Networks to emergency situations requires the active monitoring by the Regulator. Anecdotally it is dreadful, from personal experience in a less than full emergency it doesn't work. But how does a driver test the system ?

GPS, or Global Positioning System, is another issue. The calibration of the system is, we understand, part of the quarterly inspection process. But from reported instances of broken down cabs not being where the GPS says they are, and worse, of assaults on drivers in emergency situations being misreported on location, the system is at fault.

Given that a system can never be 100% reliable, the current model needs more than a tweak. Reliable, off the shelf GPS units are now available; accurate to 10 meters. Does the safety of drivers get attention or priority ? Is cost the issue?

We understand that the Taxi Task Force has Terms of Reference to raise issues of Driver Safety. It would have been nice to have had a taxi driver representative on that body rather than the, admittedly extraordinarily capable, 'working taxi driver' who is our sole and lone voice

### **The Protection of Consumers from Abuses of Monopoly Power.**

Within the NSW Taxi Industry there are four institutional factors that directly and indirectly affect the level of fares. These institutions are either monopolies or exercise monopolistic control over aspects of the industry, and about one third of the average taxi fare accrues to their benefit. The quantum of costs that they pass on to the industry has not been hitherto questioned by IPART, but has merely been accepted as a part of the cost index and increases sanctioned automatically.

#### **Cabcharge**

The cost to consumers of the last such institution, Cabcharge, is not directly within the ambit of IPART. It does however represent a 10% surcharge on about half of all fares. That service fee is significantly at odds with all other service fees passed on to credit users by other credit providers. And any increase in fares recommended by IPART passes directly on to the financial advantage of Cabcharge, without any material change in the service [?] they offer.

Currently, Cabcharge adds about \$1.00 to the cost of every fare.

If the Water Board [ also reviewed by IPART]were to mandate a similar surcharge on payment of its accounts by credit card, there would be instant and immediate involvement by IPART. But for Cabcharge, which owns the majority of Sydney Networks, operates the majority of communication facilities, and provides almost all of the eftpos terminals, there is no problem.

The NSW TDA advises that it has launched an application to the Australian Competition Tribunal for a review of the Authorizations given in 1986 to various taxi co-operatives, now the networks, to permit exemptions from general anti-monopolistic practises

## **Radio Networks**

Network fees add about 60 cents to the cost of every fare, and effectively \$1.50 to the cost of each Radio Booking. They represent an income of \$30,000,000 to Sydney's Taxi Networks and about \$20,000,000 to Cabcharge's subsidiary, Combined Communications Network. Again, the rates charged by Networks have, in the past, simply flowed through as unquestioned additional costs, and increases accepted also without question. Yet, in Sydney, the so called "trunk" networks provide basic booking services for over 700 cabs for less than a third of that cost.

There are, to be sure, some additional services provided by way of advertising, lost property facilities and, vitally, safety related monitoring of taxi positions and locations. These services and their verifiable costs are not subject to the examination and assessment by IPART that its Terms of Reference would presuppose. Current technology is such that location monitoring of cabs, and transmission of data / voice / images back to base is a relatively simple and cost effective procedure.

## **Insurance**

The vast majority of Taxi insurance in Sydney is covered by Zurich Insurance, either by way of Workers Compensation, Comprehensive or Third Party policies. The rates are set, given and end of story. Is it not a proper function of IPART to inquire into comparative insurance costs and the actual breakup of coverage and self insurance ? This item carries over 6% of the weighted costs and is close to \$1.00 per fare. Is it a substantiated and genuine reflection of the risks covered, or is it a monopolistic exploitation of a restricted market ? What documentation of individual cases is given to substantiate the total costs claimed, and what substantiation of age / value of cabs?

A new player has come on the scene, Taxi Care Club Ltd, and their insurance rates are reportedly significantly less than the Taxi Council Limited's basket. IPART will no doubt be investigating the effect of these alternatives.

## **Plate Leasing**

The ownership and leasing of taxi plates is ostensibly not a monopolistic enterprise. Of the 5700 cabs in NSW some 2636 or 42 % are owned by an individual who owns only one cab. But 45% are owned by individuals or companies who own more than three cabs and are therefore likely to be drivers of none. And 1% of owners own 31% of all cabs. [Taxi Council figures from 2003.] And NSW Country's 1200 cabs are heavily owner/driver.

Monopoly power exists in Sydney.

About 240 cabs were actually bought and sold in 2002/3. Many more are transferred, presumably without attracting stamp duty. There has not being any take up of available licenses from the THCB of unrestricted cabs, and but a few WATS. About 100 cabs came on the road out of the "Hardship" transfers from Hire Cars.

The price of existing cabs has dropped to \$265,000 according to Sydney Morning Herald adverts, and to \$310 / \$320 for weekly leases.

While these figures will no doubt be reflected in a reduction in the index and, eventually, in a reduction in drivers pay-ins, there remains an historical issue.

Is it appropriate for the Government, through IPART, to guarantee a capital return of 7–8 % on the investment of individuals in taxi cabs. Should such a return be based on the apparent market price of less than 4% of all cabs? Has that so called market price been artificially inflated or maintained by dominant players? To what extent has the transfer of Hire Car Plates into Taxi Plates affected nominal prices?

What is the likely outcome of a progressive deregulation advocated by the National Competition Council ?

At the moment almost \$1.90 of every fare goes towards the Plate Lease Fees. It is not appropriate for IPART to simply pass this cost on, even be it a marginal decrease this year, without critical examination. Last year, 43% of the increase in operators' "costs" came from this item alone. This year there is a decrease which wipes out other claimed operator increase.

We also question the validity of this item. Return on investment in the plate license is really a capital return to the License holder, and not to the operator of the taxi cab service. He in fact pays a monthly or annual lease fee to 'rent' the plate. The plate owner or as he really is the plate licensee and the operator are not necessarily the same entity.

Should not this item actually then be the quantifiable amount, advertised in the Sydney Morning Herald, and the real time amount paid as an actual cost ?

Totalling these items, there is close to \$4.50 on every fare that flows back to monopolistic institutions whose costs are unassessed, unsubstantiated and unverified. IPART is surely required to consider these matters.

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These three sections are still a work in progress, and with the indulgence of the Tribunal will be submitted in more detail shortly

### **WATS –a review**

### **Country Taxis – a review**

### **Insurance a review**

#### **Insurances**

Taxi insurances have in the past been treated by IPART as a given. No particular investigation of the details of insurances, or the alternatives has been made. Certainly there has been no analysis of the costs incurred by Operators compared with overall claims made.

The insurance industry is necessarily not a cost / revenue balanced business, as future claims need be accounted and funds provided.

However it remains a salutary experience to observe the premium history against the claims history of a representative operator. We are therefore pleased to furnish IPART with such an account as an appendix to this report.

From our, perhaps, rather narrow point of view, and from the limited statistics available, we understand that pro rata to kilometres driven, taxi drivers have a lower than average rate of accidents. The accidents they have are of less seriousness than the average, and the degree and quantum of personal injuries are well below average.

How and why taxi premiums are so much greater than other vehicle categories is surprising.

Has the State Government, obtaining some benefit from “Green Slips”, actually inquired as to the net returns to the Insurers?

Has there been any study of the transference of claims from the Workers Compensation arena to the Comprehensive arena such that premiums are not modified by claims.

There are certainly wider issues and we would like to see IPART, within the period between reviews, investigate such concept



## **TAXI FARE STRUCTURE**

Unlike the other stakeholders, the NSW Taxi Drivers Association makes definite proposals as to the taxi fare structure. We are prepared to face the politically unpalatable need for a significant fare increase to bring taxi driver potential earnings up to a basic living wage and be a decent return on their labour. The past increases, so monumentally unsubstantial, have brought the industry to a crisis point, that can only be addressed by a significant one-off determination. That it must necessarily incorporate a Superannuation component will be an advantage if reasonably presented.

We even venture a proposal on a Premium Service Booking Fee.

In the analysis of the Taxi Fare Structure, the NSW TDA notes two significant variations between the Average Fare model of IPART and that of the reality model. The impact of Tariff II, the late night surcharge is not included, and the Waiting Time component remains at 3 minutes despite reasoned evidence that the average waiting time is close to four minutes.

In our calculations these variances are accounted for such that the proposed average fare of \$21.75 could be validly expressed in the existing IPART model as an unadjusted proposal for a fare of \$19.00.

The TDA also includes a new item of 70 cents on Flagfall as the Superannuation component, which is likewise not included in the percentage increase

This bit of statistical sophistry then gives a fare rise of 19 %.

We would suggest that IPART revise the base model to better reflect components and ameliorate perceptions of excessive increases,

The TDA is also proposing a number of off-model variations, such as a minimum fare on booked jobs, a minimum CBD fare and a luggage fee where the carriage of excess luggage is a major reason for the use of a station wagon / maxi taxi. The increases in flagfall and booking fees would of themselves tend to a minimum fare of \$10.00.

We also advocate the extension of Tariff II to Weekends and Public Holidays for Metropolitan taxis in line with the reasonable and accepted Country fares. We note additionally the logical need for Tariff II to be applied to Waiting Time, and comment that this is financially a very marginal item.

Of major importance, but admitting the lack of input on our part, is the need to address WATS lift fees, running costs and redefine the point of termination of the journey.

Likewise there is a lack of detail on the Country model. We will attempt to make a supplementary submission on Country matters, and beg the Tribunals indulgence.

Increases to each component are balanced as a constant percentile increase of the whole, and reflective of the need to effectively reweigh certain items. The objective was to work backwards from a fare that produced a potential earnings of \$16.25 an hour for the driver bailing a taxi on Method II.

#### The Taxi Fare Components

- Flagfall
- Distance Rate
- Waiting Time
- Booking Fee
- Premium Service Booking Fee
- Tariff II Factor
  
- Average Fare

	<b>Current Measure</b>		<b>Proposed Measure</b>		<b>Adjusted Measure</b>	
		<b>\$</b>		<b>\$</b>		<b>\$</b>
<b>Flagfall</b>	Unit	2.75	Unit	3.30	Unit	3.30
					Super	0.70
<b>Distance Rate</b>	\$1.56 km 7 kms	10.92	\$1.80 km	12.60		12.60
<b>Waiting Time</b>	68.18 c 3 mins	2.05	83.33 c 3 mins	2.50	83.33 c 4 mins	3.33
<b>Booking Fee</b>	One in five \$1.15	0.23	One in five \$3.00	0.60	One in 5.5 \$3.00	0.55
<b>Tariff II Factor</b>	n/a	0.00			4.5% of fares	1.27
<b>Average Fare</b>		\$15.95	<b>19%</b>	\$19.00		\$21.75

**Flagfall :** Currently this is \$2.75 per trip. We propose an additional and one off increase of 70 cents as the item providing for driver Superannuation , which is most likely to be expressed in the Contract Determination as \$12.00 per shift per driver. Such a flat amount will not be an ideal measure of the base 9% on income that Super generally represents, but there seems no other way of relating this item to fares. A 20% increase to the existing rate plus this 70 cents will see a flag fall of \$4.00

**Distance Rate :** Currently \$1.56 per kilometre. This is the effective balancing item and to secure an average fare of \$21.75 will need be \$1.80 per km on the assumed seven kilometres per average trip. As noted in past years, the actual average trip is 8.3 kms, of which 1.3 kms are travelled at the waiting time rate.

**Waiting Time :** Currently 68.18 c per minute or \$40.91 per hour cutting in at a speed of 22 kph and equivalent to the distance rate earning of the vehicle travelling at 26.22 kph. In view of the decreasing speed limits in Sydney CBD and Suburbs, the ever increasing congestion of our roads, and the need to balance taxi driver and taxi passenger interests equitably we would move this to \$50.00 an hour or 83.33 cents per minute. In our analysis, Waiting Time now runs at four minutes per trip.

**Booking Fee:** This item has moved up and down too often and its original purpose of recompensing the driver for the cost of dead running to pick up booked fare has been lost. Quite possibly its reduction has been a contributing factor in the perceived reluctance to accept short trips. At \$1.15 it is an anomaly. Meters have advanced technically and a variety of charges can now be more simply recorded. Accordingly we would propose a move to a \$3.00 booking fee, which will more reasonably reflect the costs, and reward the job acceptor.

Network booking / pick-ups indicate a reduction to less one in five of all jobs.

We note, as a digression, that from the scant current statistics, close to 12% of all bookings are “No Shows – M3 ” and this excessive burden on drivers must surely be addressed by the Networks. An M1 call back on all bookings would help.

### **Premium Service Booking Fee :**

The NSW TDA , unrepresented as it is at the Taxi Task Force, does not modestly hide behind a façade of discretion or reticence. With a membership of bailee and owner drivers and representing the full gamut of taxicabs, we affirm the need for a Premium Service Booking Fee that accounts for the additional costs of providing such a service. Our view is that costs are, or should be balanced equitably between driver and operator and accordingly would propose that the fee be, in turn, shared equally.

The actual quantum of the fee we propose is \$12.00 for each booking of a premium service vehicle by way either of an authorised network or directly with a particular vehicle or its nominated driver. To ensure the integrity of the system, we would propose that a \$12.00 penalty be applied in the event of the failure to pickup by a premium vehicle when a premium vehicle is booked. This penalty could well be effected by a fare reduction and an appropriate refund from the network to the alternate driver of a non premium vehicle.

The Premium Service vehicles must form a new authorised network and not be a division of an existing network such as opens the possibility of concealing their actual performance within the larger groups reporting. They must be able to meet the 24 / 7 Metropolitan wide service standards of all other networks, without offloading to the non–premium fleet. Appropriate standards of vehicle and of service need be set by the Ministry.

**Tariff II :** Historically IPART has not noted any impact of the late night tariff surcharge as a part of the fare components. It is certainly hard to measure from the available data, but it does form a significant factor in inducing taxi drivers to stay out late at night. If it were not for the hope of a sweet fare after midnight on a Monday there would be a dearth of cabs on the road. It thence becomes a significant factor in income from fares, and one that needs special attention in the calculation of fare revenue.

We also note the need for this Tariff rate to apply in all equity to weekends and public holidays in the urban fare as it does for Country Taxis.

There is an argument that this tariff should start at 9.00 pm and cut out at 7.00 am such that the cost would fall more easily on employers already obliged to pay for late workers' taxis and not on employees starting work early. It would still then catch the early airporter.

The TDA analysis puts a current cost of \$0.87 as the TII component, whilst noting that its incidence falls mainly on Friday and Saturday night shifts. IPART need also address the point that this surcharge is not a penalty on passengers as much as an inducement to provide late night and 'out of hours' service. It reasonably reflects out of hours charges elsewhere in service industries. The increases proposed will result in a \$1.27 impact on the average fare.

### **Luggage Fees :**

Previous submissions have noted that the imposition of a luggage fee is usually inconsequential and rather, that the willingness of a driver to assist results in a better tip in any event. However, for situations where a Station Wagon or Maxi Taxi has been hired expressly for the purpose of transporting an excess quantity of luggage, and where the driver is obliged to stop the meter on arrival at the destination, we would advocate a \$10.00 " Boot Fee".

### **Generally**

The more than likely and long awaited introduction of Superannuation will cause problems. As a probable surcharge on all fares it will disadvantage the day driver as against the Friday night driver. The owner driver will have a dilemma as to investing his portion in Super or simply adding it to income. How will it be treated for GST calculations, and how will it affect the Method I calculations ??

We note that for Sydney CBD travel there is likely to be a substantial rise in average actual fares from the use of the Cross City Tunnel. We also raise the point that the greatest single beneficiary in this whole process is Cabcharge, and that their "fare component" is beyond the purview of IPART. It should however not be beyond their comment.

In all its years of involvement, IPART has yet to determine a taxi model to apply this average fare to. The TDA has presented a model that cross relates and is internally consistent, and yet there has been no comment on that model. Without reference to trips, shifts , hours and utilization this average is not verifiable, and certainly cannot be reflective of industry cost movements.

At the very least, however, the fare structure proposed by the TDA will obtain the reasonable expectation for a taxi driver to have the potential of earning his award rate of \$16.25 an hour.

Unless IPART itself asserts a comprehensive model, and tests the fare, and the fare structure against that model it can make no claim to be meeting the Terms of Reference determined by the Premier of NSW.

## Conclusions

The NSW TDA finds itself in a dilemma arising out of our proposals. Whilst there is an undeniable need to increase driver earnings, and we have settled on the estimated award rate for 2005 of \$16.25 an hour, the consequences of a fare rise of the magnitude necessary to effect this result is partly an unknown and possibly a potential short term problem.

Taxi fare elasticities are an esoteric science; more of a simple guess. Generally it is remarked that the percentage fare increase is matched by an immediate equal percentage decline in usage followed by a three month return to previous levels.

Given the level of corporate and credit card usage the impact might now be less than this.

However, unless we take the initiative, and particularly at a time when a Superannuation loading is also to be factored in, and make up for the inadequacies of previous increases and the errors forced by inappropriate cost analysis, without regard to driver costs, we will never get to a fair share of a fair fare.

We are also aware of the tax implications of such a substantial increase for taxi drivers.

Anecdotally, and in the past, taxi drivers are reputed to not pay their full tax obligations. The GST has changed that. In our view such scare tactics are more an attempt on the part of Networks and Cabcharge to protect their patch than a real concern for taxi drivers.

But these increases will still only leave a five day a week driver with a taxable income of \$33,981 and his six night counterpart with \$53,853. Each will also be able to avail himself of taxable deductions of around \$10,000 once the drivers operating expenses are recognised.

Essentially, as a driver Association, we will not compromise the real needs of drivers for the illegalities of tax avoidance, nor for the continued profits of Cabcharge. We have made a compromise in that the \$5.00 per shift claim for driver's operating costs is well below the \$15 to \$18 of real costs experienced. Next time around we will verify the data. In the meantime, and unlike the exaggerated costs of the Taxi Council Limited, we claim this token amount merely to establish the legitimacy of this cost item.

Taxi drivers need a substantial increase in fares to bring their potential earnings up to an acceptable community level. Currently, and as a combination of many factors, the Sydney taxi driver earns an average \$11.60 an hour.

This year there will also be a 9% increase in those levels required just for Superannuation. Average wage index movements of 3% across all industries need be matched for taxi drivers.

Whilst there is an award hourly rate of pay for drivers, because of the nature of bailment, drivers are not 'paid' that amount as wages. Nor do we seek to 'guarantee' a rate of earnings.

What we seek is the determination of an average fare, that when applied to the average number of fares, for an average taxi results in the average taxi driver potentially earning \$16.25 an hour. The award rate.

On the best available information an average fare of \$21.75 will have that result. The critical data is that a Sydney taxi completes 227 trips in thirteen shifts over 135 hours a week. The cab travels 3540 kilometers of which 1855 are hired / paid and uses 785 litres of fuel. The average trip of 7 kms on distance rate also has 1.3 kilometers traveled in 4 minutes on waiting time. 4% of fares are on Tariff II.

On the current fare structure the average revenue of \$4110 is earned and costs total \$2546 being \$1947 for bailment, \$384 for fuel and wash, \$150 for GST and \$65 for other costs of driving a taxi. The three to four drivers working those 135 hours earn a total of \$1564 or a mere \$11.60 an hour. Annual bailment fees provide Operators with \$97,350 to meet their operating costs and a reasonable profit.

To bring a driver up to the potential earning of \$16.25 an hour, cover all the operating costs of the taxi, and now additionally, pay for his Superannuation requires an average fare of \$21.75. The increase is substantial, and this increase is substantiated. What cannot be substantiated are the excess monopolistic charges and profits of taxi networks and Cabcharge, that add also so substantially to the cost of taxi fares.

No other result will give all the active participants in the taxi service industry – driver, operator, owner- a fair share of a fair fare. We urge IPART to recommend this fare and fare structure.

NSW Taxi Drivers Association      April 2005

Michael Jools

## TAXI DRIVERS ASSOCIATION ESTIMATES

TAXI DATA 2004 / 05

	Day Shifts	Night Shifts										
		Mon	Tues	Wed	Thurs	Fri	Sat	Sun	5+6	6+7	47 Weeks	50 Weeks
Fares	\$ 270.00	\$ 270.00	\$ 280.00	\$ 315.00	\$ 345.00	\$ 480.00	\$ 480.00	\$ 320.00	\$ 3,520	\$ 4,110	\$ 165,440	\$ 205,500
Trips	15	15	16	18	19	26	25	18	194	227	9,118	11,350
\$ per Trip	\$ 18.00	\$ 18.00	\$ 17.50	\$ 17.50	\$ 18.16	\$ 18.46	\$ 19.20	\$ 17.78	\$ 18.12	\$ 18.07		
Paid Kms	105	125	130	140	180	250	250	150	1,600	1,855	75,200	92,750
Total Kms	230	270	280	280	325	365	365	275	3,035	3,540	142,645	177,000
Max Kms [CD]	260	300	320	320	350	400	400	320	3,390	3,970	159,330	198,500
Radio Jobs	3	3	3	4	5	5	5	4	40	47	1,880	2,350
Hours on Road	9.5	10.5	10.5	11	11.5	12	12	10.5	115	135	5,405	6,750
Paid Hours %	46%	46%	46%	50%	55%	68%	68%	55%	54%	54%		
LPG Usage	51	60	62	62	72	81	81	61	673	785	31,631	39,250
LPG \$ [ 40 c per lt	\$ 20.40	\$ 24.00	\$ 24.80	\$ 24.80	\$ 28.80	\$ 32.40	\$ 32.40	\$ 24.40	\$ 269	\$ 314	\$ 12,652	\$ 15,700
Wash \$	\$ -	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 60	\$ 70	\$ 2,820	\$ 3,500
Tariff I Fares %	3%	2%	2%	3%	4%	9%	9%	2%	4.57%	4.25%		
Tariff II Fares \$	\$ 8.10	\$ 5.40	\$ 5.60	\$ 9.45	\$ 13.80	\$ 43.20	\$ 43.20	\$ 6.40	\$ 161	\$ 176	\$ 7,574	\$ 8,783
Average Market Pay Ins	\$110.00	\$ 120.00	\$ 125.00	\$ 145.00	\$ 155.00	\$ 185.00	\$ 165.00	\$ 100.00	\$ 1,445	\$ 1,655	\$ 67,915	\$ 82,750
Pay-in \$ [ Max Award]	\$ 130.00	\$ 141.00	\$ 144.00	\$ 155.00	\$ 175.00	\$ 199.00	\$ 199.00	\$ 154.00	\$ 1,663	\$ 1,947	\$ 78,161	\$ 97,350
Fuel & Wash \$	\$ 20.40	\$ 34.00	\$ 34.80	\$ 34.80	\$ 38.80	\$ 42.40	\$ 42.40	\$ 34.40	\$ 329	\$ 384	\$ 15,472	\$ 19,200
Driver GST \$	\$ 10.00	\$ 8.00	\$ 8.00	\$ 10.00	\$ 11.00	\$ 21.00	\$ 21.00	\$ 11.00	\$ 129	\$ 150	\$ 6,063	\$ 7,500
Driver Outgoings \$	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 55	\$ 65	\$ 2,585	\$ 3,250
Total Driver Expenses	\$ 165.40	\$ 188.00	\$ 191.80	\$ 204.80	\$ 229.80	\$ 267.40	\$ 267.40	\$ 204.40	\$ 2,176	\$ 2,546	\$ 102,281	\$ 127,300
Driver Income	\$ 104.60	\$ 82.00	\$ 88.20	\$ 110.20	\$ 115.20	\$ 212.60	\$ 212.60	\$ 115.60	\$ 1,344	\$ 1,564	\$ 63,159	\$ 78,200
Driver \$ per Hour	\$ 11.01	\$ 7.81	\$ 8.40	\$ 10.02	\$ 10.02	\$ 17.72	\$ 17.72	\$ 11.01	\$ 11.69	\$ 11.59		
Driver Income % Fares Nett of Tariff II	39.94%	30.99%	32.14%	36.07%	34.78%	48.67%	48.67%	36.86%	38.75%	38.52%		
Drivers Income % Fares with T II and No Outgoings	43.59%	34.22%	35.29%	39.57%	38.84%	54.33%	54.33%	39.69%	42.88%	42.48%		
Driver Gross Income with T II and No Outgoings	\$ 109.60	\$ 87.00	\$ 93.20	\$ 115.20	\$ 120.20	\$ 217.60	\$ 217.60	\$ 120.60	\$ 1,399	\$ 1,629	\$ 65,744	\$ 81,450
Driver \$ per Hour	\$ 11.54	\$ 8.29	\$ 8.88	\$ 10.47	\$ 10.45	\$ 18.13	\$ 18.13	\$ 11.49	\$ 12.27	\$ 12.17		

Note: Pay-in calculated at Maximum Rate  
Actual average pay-in are noted above  
but not used for totals

	47 weeks 5/6	50 weeks 6/7
Day Driver Income	\$ 24,581	\$ 31,380
Night Driver Income	\$ 38,578	\$ 46,820

Average Fare of \$18.10 compares with IPART  
plus one extra minute of waiting time and a Tariff II factor



**TAXI DRIVERS ASSOCIATION ESTIMATES**

Fares Increase by 20%

**Proposed Fare Effect**

	Day Shifts	Night Shifts										
		Mon	Tues	Wed	Thurs	Fri	Sat	Sun	5+6	6+7	47 Weeks	50 Wee
Fares	\$ 270.00	\$ 270.00	\$ 280.00	\$ 315.00	\$ 345.00	\$ 480.00	\$ 480.00	\$ 320.00	\$ 3,520	\$ 4,110	\$ 165,440	\$ 20
Plus 20%	\$ 324.00	\$ 324.00	\$ 336.00	\$ 378.00	\$ 414.00	\$ 576.00	\$ 576.00	\$ 384.00	\$ 4,224	\$ 4,932	\$ 198,528	\$ 24
Trips	15	15	16	18	19	26	25	18	194	227	9,118	1
\$ per Trip	\$ 21.60	\$ 21.60	\$ 21.00	\$ 21.00	\$ 21.79	\$ 22.15	\$ 23.04	\$ 21.33	\$ 21.77	\$ 21.73		
Paid Kms	105	125	130	140	180	250	250	150	1,600	1,855	75,200	9
Total Kms	230	270	280	280	325	365	365	275	3,035	3,540	142,645	17
Max Kms [CD]	260	300	320	320	350	400	400	320	3,390	3,970	159,330	19
Radio Jobs	3	3	3	4	5	5	5	4	40	47	1,880	
Hours on Road	9.5	10.5	10.5	11	11.5	12	12	10.5	115	135	5,405	
Paid Hours %	46%	46%	46%	50%	55%	68%	68%	55%	54%	54%		
LPG Usage	51	60	62	62	72	81	81	61	673	785	31,631	3
LPG \$ [ 40 c per lt	\$ 20.40	\$ 24.00	\$ 24.80	\$ 24.80	\$ 28.80	\$ 32.40	\$ 32.40	\$ 24.40	\$ 269	\$ 314	\$ 12,652	\$ 1
Wash \$	\$ -	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 60	\$ 70	\$ 2,820	\$
Tariff I Fares %	3%	2%	2%	3%	4%	9%	9%	2%	4.57%	4.25%		
Tariff II Fares \$	\$ 9.72	\$ 6.48	\$ 6.72	\$ 11.34	\$ 16.56	\$ 51.84	\$ 51.84	\$ 7.68	\$ 193.10	\$ 209.61	\$ 9,075.57	\$ 1
Average Market Pay Ins	\$110.00	\$ 120.00	\$ 125.00	\$ 145.00	\$ 155.00	\$ 185.00	\$ 165.00	\$ 100.00	\$ 1,445	\$ 1,655	\$ 67,915	\$ 8
Pay-in \$ [ Max Award]	\$ 130.00	\$ 141.00	\$ 144.00	\$ 155.00	\$ 175.00	\$ 199.00	\$ 199.00	\$ 154.00	\$ 1,663	\$ 1,947	\$ 78,161	\$ 9
Fuel & Wash \$	\$ 20.40	\$ 34.00	\$ 34.80	\$ 34.80	\$ 38.80	\$ 42.40	\$ 42.40	\$ 34.40	\$ 329	\$ 384	\$ 15,472	\$ 1
Driver GST \$	\$ 14.00	\$ 11.00	\$ 12.00	\$ 15.00	\$ 16.00	\$ 28.00	\$ 28.00	\$ 16.00	\$ 180	\$ 210	\$ 8,460	\$ 1
Driver Outgoings \$	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 55	\$ 65	\$ 2,585	\$
Superannuation	\$ 10.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 128	\$ 151	\$ 6,016	\$
Total Driver Expenses	\$ 179.40	\$ 204.00	\$ 208.80	\$ 222.80	\$ 247.80	\$ 287.40	\$ 287.40	\$ 222.40	\$ 2,355	\$ 2,757	\$ 110,694	\$ 13
Driver Income	\$ 144.60	\$ 120.00	\$ 127.20	\$ 155.20	\$ 166.20	\$ 288.60	\$ 288.60	\$ 161.60	\$ 1,869	\$ 2,175	\$ 87,834	\$ 10
Superannuation Fund	\$ 10.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 128	\$ 151	\$ 6,016	\$
Driver \$ per Hour	\$ 15.22	\$ 11.43	\$ 12.11	\$ 14.11	\$ 14.45	\$ 24.05	\$ 24.05	\$ 15.39	\$ 16.25	\$ 16.11		
Driver Income % Fares Nett of Tariff II	55.56%	45.54%	46.55%	51.11%	50.60%	67.40%	67.40%	51.74%	54.88%	54.49%		
Drivers Income % Fares with T II and No Outgoings	59.01%	48.70%	49.61%	54.46%	54.42%	71.97%	71.97%	54.46%	58.59%	58.07%		
Driver Gross Income with T II and No Outgoings	\$ 159.60	\$ 138.00	\$ 145.20	\$ 173.20	\$ 184.20	\$ 306.60	\$ 306.60	\$ 179.60	\$ 2,051.80	\$ 2,391.00	\$ 96,434.60	\$ 119.5
Driver \$ per Hour	\$ 16.80	\$ 13.14	\$ 13.83	\$ 15.75	\$ 16.02	\$ 25.55	\$ 25.55	\$ 17.10	\$ 18.09	\$ 17.97		

Note: Pay-in calculated at Maximum Rate  
Actual average pay-in are noted above  
but not used for totals

47 weeks 5/6

50 weeks 6/7

Average Fare of \$21.75 compares with a notional IPART \$  
plus one extra minute of waiting time and a Tariff II factor

Day Driver Income	\$ 33,981	\$ 43,380
Night Driver Income	\$ 53,853	\$ 65,370