

I P A R T
REVIEW OF TAXI FARES
PUBLIC HEARING Held at IPART Meeting Rooms,
1 Market Street, Sydney
On Tuesday 11 March 2008

.11/3/08 1 2008 review of taxi fares
Transcript produced by Merrill Legal Solutions

1 THE CHAIRMAN: I would like to begin by welcoming you all
2 to this public hearing which has been conducted by IPART
3 for its review of fares for taxis in NSW from July this
4 year. We will begin by introducing ourselves. I am
5 Michael Keating and I am the chairman of IPART. With me
6 are my fellow tribunal members Jim Cox who is on my right
7 and who is the chief executive of the tribunal, and on my
8 left is Sibylle Krieger who is a member of the tribunal.
9

10 No doubt you will all recall that at the beginning of
11 February IPART released an issues paper outlining the
12 process and the topics that IPART were considering in the
13 review of taxi fares. I will briefly recap this
14 information and discuss the process of today's hearing
15 before we commence.
16

17 IPART will consider all the written submissions it has
18 received and the comments that will be made at today's
19 hearing before we release our draft report which we expect
20 to do in mid-April. Stakeholders will then have a month to
21 make submissions on that draft report and that will then
22 allow IPART to make its final report and recommendations
23 for transport at the end of June with the expectation that
24 the changes will take place from the end of July.
25

26 Last year the Ministry of Transport commissioned
27 PricewaterhouseCoopers to undertake a survey of the taxi
28 industry and to use the results of that survey to recommend
29 revised cost workings for the taxi cost index. It is the
30 index which IPART uses to calculate changes in fares. The
31 PwC survey was sent to all drivers and operators in New
32 South Wales in August 2007 and PwC completed the report
33 that provides a summary of the survey results and its
34 recommendations. That report is available on IPART's
35 website.
36

37 IPART is seeking comment from stakeholders on whether the
38 weightings which were recommended by PwC reflect the costs
39 for a typical taxi. IPART was also interested in hearing
40 whether the assumptions underlying PwC's recommendations
41 are reasonable. In addition, IPART will consider a number
42 of other matters as part of this year's review. These include
43 the method of inflating the network cost, licence lease cost
44 and labour cost components of the index, the fare structure,
45 in particular the relativities between the different
46 fare components, particularly the distance charge and
47 waiting time, the method IPART uses to translate the

1 percentage from the index into individual fare components
2 and what is a reasonable fare, whether there should be a
3 different charge or booking fee for premium taxis, whether
4 fares should be adjusted to cover the costs of the
5 permanent incentive payment for picking up passengers in
6 wheelchairs, and finally an appropriate productivity
7 adjustment to make to fares.
8

9 The purpose of today's hearing is to provide
10 stakeholders with the opportunity to present their views on
11 these matters directly to the tribunal members and for us
12 to clarify any issues which we may not fully understand.
13 Please note that IPART will not be considering non-fare
14 related issues as they are outside the scope of the
15 reference that we have received.
16

17 The hearing will begin with presentations from the key
18 stakeholders, and once those presentations are finished I
19 will open up the proceedings and invite comments from the
20 floor. I would ask you please not to interrupt the
21 presenters during their presentations as I do intend that
22 everyone will have an opportunity to ask questions and
23 provide comments after the presenters have presented.
24

25 As you will have no doubt noticed already, the hearing
26 is being transcribed so the tribunal and secretariat have a
27 record of what is said, so I would ask you to please
28 introduce yourselves for the benefit of the transcribers
29 and give the name of the organisation you represent, if you
30 do represent an organisation. It probably helps when you
31 start to speak if you speak slowly and clearly. I will ask
32 the first speaker to start their presentation. That is
33 Peter Ramshaw from the New South Wales Taxi Council.
34 Then I will go through the other speakers as per the agenda,
35 which I think you all have.
36

37 MR RAMSHAW: Thanks very much. Peter Ramshaw. I
38 represent the New South Wales Taxi Council. To start with,
39 to address your comments, Mr Chairman, we think it is an
40 improved process in terms of the process this year, with
41 the one round of submissions and an opportunity to comment
42 on a draft report as foreshadowed. We think that that can
43 help overcome problems arising from simple oversights or
44 small areas that invariably can arise due to no particular
45 fault. So we think the process itself is an improvement
46 over recent years.
47

1 In relation to the cost index and the method of the
2 fare review, we strongly support the use of cost indices to
3 adjust fares for taxis in NSW, and we have been consistent
4 with that for many years now and we appreciate that you
5 have come to a similar conclusion as a result of the review
6 last year. We support the idea that the indices need to be
7 reviewed periodically so it reflects what is happening out
8 there in the real world, and that was the principal purpose
9 of the PricewaterhouseCoopers survey last year.

10
11 We do have some concerns about the survey. Surveys
12 are notoriously difficult things to manage and to obtain
13 accurate and reliable information from. Some of that may
14 have been partly to do with issues of the survey design
15 which we did have concerns about from the outset, and also
16 in part the ability of respondents to actually provide
17 accurate information and information that is representative
18 more broadly. The results have produced some outcomes that
19 do look as though there are some problems. Examples of
20 that include the reported most popular shifts that drivers
21 work, being I think Tuesday mornings and Monday mornings
22 are reported as the most popular shifts. It is quite
23 common knowledge, and there is certainly data that we can
24 present to back that up that show that Friday and Saturday
25 nights are by far the more popular shifts. This raises a
26 concern. This may have skewed other related information in
27 the survey. The number of times and hours worked - we
28 think there are some areas like that - is one example that
29 probably requires further in depth analysis to get a better
30 understanding of why it hasn't been a representative
31 result.

32
33 Other aspects of the PricewaterhouseCoopers' report
34 are the assumptions they use to interpret information.
35 They had to rely on various assumptions. We have some
36 concerns about some of those, things like the way that they
37 value driver's labour, the way that they have chosen to
38 value vehicle costs, parts and panels costs, and some of
39 the insurance costs. All these issues are covered in some
40 more depth in our submission. I do not propose during this
41 presentation to go into any in depth, but that is just a
42 flag, a starting point. We would be particularly
43 interested to see if there is more information available
44 from the onsite surveys that they also conducted with the
45 operators to get a better verification of some of those
46 issues.

47

1 In our submission in response to the issues paper, we
2 have commented on each question raised by the tribunal.
3 None of them are unimportant. They are obviously valid
4 issues, but quite a number of them will take a lot of
5 effort to resolve unequivocally. They are complex issues.
6 They are not straightforward. They are difficult matters
7 to deal with. Also some of them, regardless of what the
8 outcome would be, make very little difference in the end
9 result in terms of the final outcome of the fare review, so
10 some are just not worth delving into in detail.
11 So there are two fairly outstanding ones, I think, and
12 again I think you mentioned them before. One is to do with
13 licence costs, that you mentioned before, how to include
14 them in the index without creating this problem that you've
15 identified about the feedback system. In the past we used
16 an average of licence values and an interest rate has been
17 applied to create a value for the cost of licences. This
18 year that method has come up with an answer that is not
19 representative at all and so we've proposed an alternative
20 method, which is to go directly to networks that lease
21 licences from owners and then onlease them to operators and
22 use the value they lease taxi licenses and taxi operators
23 for. We've got two years worth of data there.

24
25 So we would recommend that IPART adopt a similar
26 approach this year, as we believe it's a lot more
27 representative and it is also verifiable independently
28 because licences that are offered for lease are advertised
29 in the newspapers quite regularly, so there's a third
30 independent source there, if you like, that can be used to
31 check that. We believe that is directly representative of
32 what we're trying to measure. In the past we've used this
33 interest rate on the value of licences as a proxy for lease
34 costs, really.

35
36 The other one is network fees in the country areas,
37 which we have had difficulty obtaining meaningful data in
38 the past and that's largely due to the fact that the way
39 that networks operate in the country is they tend to use
40 their fees as a means of raising cash to meet their cash
41 flow needs and they will vary from year to year because at
42 times capital repayments on a loan will be added to the
43 fees, which is not really reflective of what we're trying
44 to measure. So we're proposing the need to develop a
45 better protocol for that, probably increase the number of
46 networks that we obtain it from, but it needs to be a
47 manageable number because we need to have a bit more

1 rigorous protocol in place, if you like, to make sure we
2 are measuring changes in costs that they're faced by.
3
4 Last year IPART excluded one of the country towns from
5 the index, which was Bathurst, because the information
6 didn't look consistent. I've looked into that this year
7 and yes, you are right, it was reported on a different
8 basis. I've gone back to get last year's and this year's
9 comparable data, so I have put Bathurst back in, but I have
10 taken Coffs Harbour out because they've had a policy change
11 in the way that they're charging their members which means
12 the data they've given us is not directly comparable. So
13 that, I guess, illustrates the difficulty and at the moment
14 we're just proposing that we adjust it by taking out the
15 ones we know that aren't consistent.
16
17 On the other matters that you raised in the
18 introduction and some other things, very quickly, we agree,
19 for example, with PricewaterhouseCoopers that they've come
20 up with an improved estimate for the average fare in
21 country areas, we think what they've come back with is
22 probably more representative than what was used previously.
23 Generally we don't believe there are strong arguments for
24 adjusting the relativities between fare components - each
25 of those are discussed in the issues paper - or, for
26 example, the 12 kilometre threshold distance for tariff to
27 country areas, we don't think there are strong arguments
28 for changing those things.
29
30 So, as in previous years, we would continue to prefer
31 applying the percentage increase to each component of the
32 fares to maintain those relativities and to, importantly,
33 ensure that all taxi fares increase by the same percentage,
34 as intended by the index or by the outcomes in the index.
35
36 You've got also in the issues paper a discussion about
37 wheelchair accessible taxis and the various different costs
38 and structures that they face. We think it's too complex
39 to try and deal with those in the index and we think an
40 alternative approach, which is that those licences to be
41 issued at current market value, which then basically
42 eliminates the problem of trying to have to deal with them
43 separately, the costs of operating those taxis, because the
44 market will adjust the value of the licences accordingly.
45 So I don't think that fares are the way to deal with that.
46
47 You talked about obtaining meter readings, which would

1 be nice to have, but it is impractical to obtain that
2 information, based on it's an enormous volume of data.
3 We're talking about millions of shifts that are worked a
4 year and trying to obtain that data just becomes
5 impractical, and also there are other practical
6 difficulties associated with that with driver behaviours
7 and what have you in terms of avoidance and compliance and
8 just a reluctance to - it's just private information that
9 is not really justified.
10
11 Premium service fees, we support it, as we have in
12 previous years, for a differentiated service. The
13 incentive for wheelchair accessible taxis, we think this is
14 just not a timely issue at the moment, given that there is
15 a trial currently under way being conducted with the
16 Ministry of Transport, paid for by money raised by taxi
17 operators, and the effect of that incentive really needs to
18 be assessed at the conclusion of the trial before we start
19 to try and deal with fare-related issues for that.
20
21 The final thing is the productivity, of course. We
22 think that the PricewaterhouseCoopers survey indicates that
23 there have not been significant productivity improvements
24 for operators and taxi drivers, bearing in mind that that
25 is what we're focusing on here, not other parts of the
26 industry. In our submission back in 2006, we went to some
27 length to explain why this probably is the case and it
28 appears that the survey has only added further weight to
29 that, I would say. That's really all I've got to say as an
30 initial summary of our submission.
31
32 THE CHAIRMAN: Thank you very much.
33
34 MR COX: Peter, if I can just ask a couple of questions.
35 The first one is about the Pricewaterhouse survey. You've
36 mentioned the number of problems you see with that survey.
37 Assuming we're able to fix up those problems as you
38 suggest, will it then be, in your view, a suitable basis
39 for adjusting fares?
40
41 MR RAMSHAW: For adjusting the weight in the index you
42 mean?
43
44 MR COX: For adjusting the weight in the index but also
45 used in the weighted index to raise fares.
46
47 MR RAMSHAW: In principle there's nothing wrong with it,

1 it's really just the practicalities of getting accurate
2 representative information would be my only concern.

3
4 MR COX: But suppose we do deal with the problems you've
5 suggested in your submission, then it would form a basis
6 for moving the fares forward, in your view?

7
8 MR RAMSHAW: Yes.

9
10 MR COX: The second area I'd like to look at is the issue
11 of the licence costs. As you mentioned, in the past we've
12 looked at taking the licence values and multiplying it by
13 the interest rate - we've changed the interest rates but
14 the methodology has been the same and it's been accepted.
15 What's gone wrong this year? Why do you think your
16 suggested solution is a better answer? It's really
17 changing a well-established protocol.

18
19 MR RAMSHAW: That's a good question. I imagine that that
20 methodology was proposed in the original index in 1999 and
21 I think it's just carried forward from there and why what
22 I'm proposing now wasn't chosen, I really don't know, or
23 whether it was available at the time I don't know. What's
24 gone wrong, you ask. Basically, what's happened is yields
25 on licences have fallen. Interest rates have gone up,
26 yields on licences have come down, values of licences have
27 gone up. Why is that? There may be various explanations
28 for that, but it's a free market, if you like, an active
29 market. It could have been, for example, that the market
30 has re-assessed the risks with taxi licences and now puts a
31 lower premium on that risk. It could be just purely
32 speculative behaviour by investors and they've bid up the
33 prices of licences, whereas lease costs have not followed
34 by the same amount. I don't know exactly why it's
35 happened, but I suspect it's that type of thing that has
36 led to the change. The reason that a proxy doesn't work,
37 as I said, is that leases haven't moved as much as licence
38 values and interest rates have moved.

39
40 MR COX: I just wonder if we do make the change you
41 suggest, whether we're going to get a problem of
42 instability in lease values from year to year. Have you
43 travelled back a number of years to --

44
45 MR RAMSHAW: We can do, we're happy to do that. I think
46 you'll probably find that lease values are probably more
47 stable than licence values. PricewaterhouseCoopers have

1 said that they've tracked it, I believe, against interest
2 rates. If I remember rightly, they say that there's a 2 or
3 3 per cent margin over - I can't remember which rate it was
4 now - and yields on licences, whereas that's just not the
5 case at the moment. I suspect that the licence values are
6 more volatile than the actual lease values, so I suspect
7 that that yield actually does change quite a bit from time
8 to time.

9
10 Historically it's probably been a reasonable proxy,
11 but certainly it isn't in the last 12 months, and I think
12 what we're proposing is a much more direct and reliable
13 measure.

14
15 MR COX: I wanted to ask just one final question, which is
16 on the fees for premium services, where you, as you have
17 done for a number of years, support an additional booking
18 fee for premium taxis. I guess the counter argument would
19 be that premium taxis appear to be a growing segment of the
20 market, even without a premium fare. Obviously the drivers
21 are able to make a living, because of the attraction of
22 operating premium services, without the fee, so why then
23 does it need it?

24
25 MR RAMSHAW: Because it needs to be legalised, I suppose,
26 is probably the simple answer. The problem you've got is
27 that customers want it and drivers and operators are
28 willing to provide it and what I suspect happens in
29 practice is that they charge more than the authorised fare
30 and they come to an arrangement that is currently not
31 sanctioned, if you like. So what we're suggesting is that
32 you provide a forum or a means for that type of thing to
33 happen within a legal framework.

34
35 THE CHAIRMAN: Just to make sure I understand it, it
36 would only be where you booked a premium taxi, not where
37 you stood at a line at the airport and one turned up and you
38 were obliged to take that one.

39
40 MR RAMSHAW: We support regulated fares, for a whole
41 range of reasons, and that applies to premium fares, so it's not
42 something that you would haggle over with the driver on a
43 taxi rank or on a street, it's something where the customer
44 is - at the time of purchasing, they are given the clear
45 option of booking a premium service taxi, with the
46 associated fee, or the alternative, with a standard fee.

1 MS KRIEGER: Can I just ask you as far as the premium
2 taxis are concerned, is there any understanding in the
3 industry as to what a premium taxi is or what its service
4 standards are in comparison with the norm?
5
6 MR RAMSHAW: At the moment it is a long-wheel based
7 vehicle is generally the accepted definition, which is
8 typically a Statesman or a Fairlane. Again, we're
9 suggesting that there needs to be a definition, but it's
10 not just the vehicle that is potentially part of the
11 premium service if what we're suggesting is allowed, it may
12 be a range of service features, if you like, that might be
13 incorporated in that and that is something that authorised
14 networks would be looking to supply.
15
16 MS KRIEGER: So that would be negotiated between the
17 networks and the operator.
18
19 MR RAMSHAW: That's right.
20
21 MS KRIEGER: One other question. You had some criticisms
22 of the PricewaterhouseCooper's survey commissioned by the
23 Department of Transport. If your criticisms of that survey
24 design were addressed, would you expect a higher
25 participation rate?
26
27 MR RAMSHAW: Well, quite possibly. I mean, one of the
28 difficulties - and it's not necessarily a criticism of the
29 survey itself, its just some of the outcomes we don't think
30 there are right, so we think there are some issues with the
31 design. For example, the questionnaire itself was overly
32 complex, I believe. That's a fairly simple sort of issue.
33 I believe there were questions in there that people just
34 weren't in a position to be - I wouldn't expect them to be
35 able to answer. So if some of those things were addressed
36 then, yes, you might get a higher participation, but that's
37 only conjecture.
38
39 THE CHAIRMAN: I think - correct me if I am wrong - you
40 did your own expected price increase after adjusting the
41 weightings.
42
43 MR RAMSHAW: Yes.
44
45 THE CHAIRMAN: And that came to much the same, didn't it?
46
47 MR RAMSHAW: Very similar.

1
2 THE CHAIRMAN: Almost exactly.
3
4 MR RAMSHAW: Very similar. Because I only had a few weeks
5 to prepare a submission - I haven't been able to go out and
6 conduct a survey, like PricewaterhouseCoopers did, so I
7 guess the adjustments that I have made have been fairly
8 compromised in terms of what data I had available and used
9 a midpoint between the two in most cases, where it may well
10 be there may already be data available in the survey itself
11 or from the interviews, for example, that were done with
12 operators, that might result in more significant
13 adjustments, but at the end of the day, changing the
14 weightings doesn't have a huge effect at the moment because
15 probably most of the inflators have come up with similar
16 values, but that's not necessarily the case every year.
17
18 THE CHAIRMAN: Changing it won't make any difference if
19 the inflators are exactly the same.
20
21 MR RAMSHAW: Yes.
22
23 THE CHAIRMAN: We might now move to Mr Hirsch, secretary
24 of the New South Wales Taxi Drivers Association.
25
26 MR HIRSCH: I'm Ted Hirsch, secretary of the New South
27 Wales Taxi Drivers Association. From the perspective of
28 the 22,000 taxi drivers of New South Wales and the New
29 South Wales Taxi Drivers Association, IPART and the
30 commissioners stand before us today naked, emperors
31 without clothes.
32
33 It's my responsibility to present some key points from
34 our limited issues paper submission this year to the
35 commissioners. The NSW TDA was created three and a half
36 years ago. We're all volunteers. Our bannerhead is "A
37 Fair Share of a Fair Fare," a fair share in that we're
38 committed to the interests of taxi drivers, a fair fare
39 conveying our concerns for the viability of all aspects of
40 the taxi industry and for the provision of decent public
41 taxi services to passengers. We're not adversarial. We
42 recognise all sectors of the taxi industry and are more
43 than willing to work with them for a viable efficient
44 industry that provides a sound service to passengers as an
45 important arm of public transport, hence we try to tell the
46 whole story as it is, to the benefit of all and sometimes
47 perhaps to the anxiety of a few.

1
2 Today we recognise the reputations of the IPART
3 commissioners and that of Dr Keating in Canberra which
4 precedes him in Sydney. On the one hand, in frustration,
5 we were tempted not to submit at all this year because our
6 past submissions seem to have fallen on deaf ears. As it
7 is, our submissions here will be limited. Indeed, several
8 of the NSW TDA committee members are present here today to
9 make the point and we had considered to come naked but
10 modesty, if not conviction, deterred us. Our submissions
11 and our time today, as volunteers, unlike other
12 stakeholders, come directly out of our 60-72 hour working
13 week and earning capacity or from our critical sleep time.
14 We submitted last year that if IPART and its consultants
15 are well paid for their efforts, then IPART should be able
16 to find some compensation for the sacrifices involved in
17 New South Wales TDA volunteers making their carefully
18 considered and informed contributions to the IPART process.
19 We make no apology for this suggestion. Indeed, IPART
20 could be seen as exploitative in expecting free services
21 from poorly remunerated taxi drivers to assist IPART in its
22 endeavours.

23
24 On the other hand, it would be less than generous of
25 us to not come today to praise IPART, deservedly, for
26 attempting to stitch together some shreds of cover and
27 respectability for themselves for the laudable initiative
28 of the survey last year and the resultant stimulating
29 issues paper, for the MoT in issuing the survey to all New
30 South Wales drivers and operators, against the wishes, we
31 believe, of some industry stakeholders opposed to any
32 survey at all, and for its magnificent success of 1800
33 returns, unprecedented in the history of this secretive
34 taxi industry, and to ourselves, the New South Wales Taxi
35 Drivers Association, on behalf of the drivers of New South
36 Wales, for our major inputs in expanding the scope of the
37 survey and our robust support to MoT for sending the survey
38 to all drivers and operators.

39
40 Two issues are of burning importance to the drivers today,
41 and hence the industry, and cannot be delayed. The
42 New South Wales Taxi Drivers Association submits that
43 IPART must recognise a \$21 per hour benchmark for taxi drivers
44 earnings as independent workers who are entitled to earn a
45 reasonable living wage, or its equivalent, similar to other
46 skilled workers, such as bus drivers, and indeed with
47 demonstrably higher skill demands, at \$21 per hour, as

1 advertised, for bus drivers for the past year and as
2 examined in the issues paper and similar to the proposed
3 IPART wage rates suggested for taxi operators'
4 administration costs, for the equivalent of five shifts of
5 approximately eight hours each and recognising the daily
6 variations, vagaries and fluctuations in passenger demand.
7 IPART must set this \$21 per hour living wage as a
8 fundamental separate starting point and benchmark in its
9 fare assessments, in keeping, for example, with the
10 judgment of Higgins J in the historic Harvester case, which
11 established the living wage as a fundamental of the
12 principles of equity and fairness of our Australian
13 culture.

14
15 IPART's treatment of driver earnings as an operator
16 cost is fundamentally misconceived and distorting of the
17 taxi model and hence the assessment of taxi fares. There
18 may be some gasps about this demand, but not from the taxi
19 industry, because no-one in the taxi industry, let alone
20 operators, pay for driver earnings, nor will operators
21 complain about reasonable driver earnings because that may
22 attract more drivers and relieve, to a degree, the
23 difficulties of operators presently in attracting drivers
24 to hire their equipment. It is the public that pays the
25 drivers' earnings and that throws the question of the
26 appropriate level of affordable living wage earnings fairly
27 and squarely in the medium term to be determined in the
28 free market of passenger demand for taxis, which is where
29 this fundamental question appropriately belongs.

30
31 To this \$21 per hour benchmark should, of course, be
32 added the 9 per cent loading for superannuation and the
33 various costs incurred by drivers in earning their living,
34 including the cost of fuel that only the drivers have to
35 pay and the regular nightly \$10 cash washes, the traffic
36 fines, an occupational hazard that increases with the
37 length of hours driving, and, conversely, would not be
38 incurred if not driving at all, losses from runners, lost
39 time in picking up M3 no-show passenger bookings,
40 regulatory medical checks, the cost of driving authorities
41 and renewals and, of course, the capital depreciation of
42 the \$1000-\$1500 start-up taxi driving school fees. If
43 drivers were insured, then these would be a tax deductible
44 expense.

45
46 Certainly such costs may be considered rationally for
47 minimisation and productivity improvements, but they cannot

1 continue to be ignored and excluded by IPART as drivers'
2 costs. We reiterate, on behalf of the drivers of New South
3 Wales, that IPART adopts a \$21 per hour living wage as a
4 fundamental and separate starting point and benchmark in
5 its fare assessments and recommends accordingly to the
6 Industrial Relations Commission for determination.
7

8 Our second point. A \$1 LPG fuel costs levy. The PwC
9 survey found gas prices last year near the 45 cent a litre
10 mark. Since then, gas prices have soared to 55, 65, 75
11 cents per litre and for the past two weeks have been at 65
12 cents per litre and, of course, the drivers are wearing the
13 costs of these outrageous increases. Anecdotally, drivers
14 are an extra \$50 to \$100 a week out of pocket. Simple
15 calculations confirm that. In desperation, the NSW TDA has
16 sent a letter to the Minister for Transport for a \$1 gas
17 levy. A copy of that letter is provided to the
18 commissioners.
19

20 The TDA argues for a \$1 special gas levy on some of
21 the following grounds: as a special levy; payable as a \$1
22 levy on each fare, commensurate, broadly, with the mileages
23 incurred; separate from IPART taxi fare assessments;
24 notifiable with official in-taxi stickers to the public;
25 flexible, able to be withdrawn if and when fares are
26 appropriately adjusted for gas prices; at a level coping
27 with current/future prices and for compensation for the
28 past year losses; implemented so as to be payable only to
29 drivers.
30

31 It is noted that Melbourne drivers were prepared to
32 take direct action recently on the impact of the outrageous
33 gas prices and their demand for a special levy is being
34 considered urgently by the minister. The New South Wales
35 TDA asks that IPART fully support this initiative and
36 recommend accordingly to the IRC.
37

38 Commissioners, we have touched on aspects of the PwC
39 survey and issues paper, but to a limited degree. Our
40 mysteries and misconceptions are a call for major revisions
41 in the IPART approach to fare determinations.
42

43 Entitlements. These are not a mystery at all, they
44 are a notorious scandal which IPART is complicit in
45 perpetuating. Since its inception at the behest of major
46 taxi industry stakeholders, IPART has insisted on the
47 inclusion of large sums of, currently, \$4000 per driver in

1 its calculations for the purpose of entitlements,
2 supposedly entitlements paid to taxi drivers for five
3 weeks' annual leave and five to eight days' sick leave.
4 Such entitlements payments are a fiction to the 17,000
5 drivers of Sydney and other suburban taxi areas. New South
6 Wales TDA knows of two drivers, and only two, in Sydney
7 that are begrudgingly paid entitlements.
8

9 Last year we forwarded to IPART a copy of the
10 transcript from the IRC2004/544 hearing on Thursday, 10
11 February 2005 under Connor, C. A further copy is provided
12 today. C. Connor stated that previous claims to IPART of
13 the payment of entitlements were incorrect and misleading,
14 a major deception of the public, drivers and of IPART for
15 many years, and a serious distortion of the costs
16 assessments in the taxi model. Correspondingly, last year
17 the IPART survey found that only 2 per cent of respondents
18 New South Wales wide received or were paid entitlements.
19 Notwithstanding these damning and clear evidences, the
20 survey consultants and issues paper this year continue the
21 false charade by continuing a proxy sum for what is the
22 non-payment of entitlements. The New South Wales TDA is
23 at a complete loss for words, other than that this iniquity
24 and gross distortion of the IPART sums be rectified
25 forthwith. If IPART insists on a proxy sum for
26 entitlements, then it must ensure its universal
27 enforcement. Alternatively, until such time as it can
28 enforce entitlements, it must enter any proxy sum at zero
29 value.
30

31 An essential reason why the emperor has no clothes is
32 that the IPART model has been misconceived from the start.
33 Under the IPART model, contrary to the existing laws of
34 bailment - originating in the bailment laws of handsome
35 cabs) the fixed payment costs attribute all risks to the
36 drivers.
37

38 The NSW TDA has over the past year submitted an
39 average taxi model to deal realistically with the many
40 variables of the taxi fare assessments, but IPART to date
41 has studiously ignored this most fundamental of criticisms.
42 Indeed, never has IPART favoured us with even an
43 acknowledgement, let alone the time for a discussion on how
44 to proceed to implement it. This is not simply ignoring a
45 criticism, but a surreptitious rejection of a more
46 realistic concrete alternative. A model of the average taxi
47 which reflects the reality of earnings and costs, of

1 driving and operating taxis, and of service to the public,
2 rather than the simplistic distorted IPART operator
3 obsessed costs model.

4
5 We describe the commissioners as emperors without
6 clothes for good reasons. Since its commencement in its
7 approach to assessing taxi fares, IPART has cobbled
8 together industry data, and it has done so without any
9 indepth understanding of the industry; IPART has relied
10 from the beginning on information from its stakeholders,
11 which others have known and since submitted to have been
12 demonstrably false in areas. The resultant IPART taxi
13 model encapsulates and perpetuates some all the worst
14 aspects of the major vested interests of the taxi industry
15 and derogates the 22,000 taxi drivers in NSW to the status
16 of an input cost to be minimised. The taxi model is
17 moribund. It has no standing in reality. It has no
18 respect. It has no clothes.

19
20 In our issues submission we refer to the further IPART
21 myths and misconceptions of driver costs, driver earnings
22 as operator costs, owner-drivers as operators, numbers of
23 drivers per taxi, and waiting time definitions, all of
24 which significantly affect and distort the present IPART
25 analyses.

26
27 The NSW Taxi Drivers' Association disagrees with
28 virtually the whole of the Issues Paper Chapter 5 on
29 Productivity. IPART promotes a fantasy, seeking mythical
30 productivity factors. It promotes these fantasies without
31 an iota of an understanding or indepth analysis of these
32 aspects of the taxi industry, and then recommends a naive
33 and arbitrary percentage discount of the assessed and
34 recommended taxi fares, a discount supposedly to encourage
35 productivity in the taxi industry. And IPART expects that
36 discount to be adopted by the IRC and somehow magically
37 implement it in the taxi industry.

38
39 Inevitably, of course, the victims of that arbitrary
40 discount, as we know from long bitter experience in this
41 vulturous industry, will be the hapless, defenceless taxi
42 drivers who are at the bottom of the heap and the slaves
43 for this industry. Shame on the Independent Pricing and
44 Regulatory Tribunal.

45
46 How does IPART imagine that its labour productivities
47 might be achieved? By taxi drivers driving faster?

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1 Notwithstanding IPART's survey of the impediments of
2 traffic congestion? In fact, the competition between taxi
3 drivers is extreme to the point of danger. Taxis exceed
4 the speed limit to pass other taxis to first get to
5 potential fares. They cut off one another's water off from
6 the outside lane to the kerb for a street hail.

7
8 The NSW TDA does not oppose genuine productivity
9 improvements. Far from it. In accordance with its banner,
10 "A fair fare", it strongly supports genuine improvements to
11 the industry as a whole, and to customer service, and
12 observes that generally speaking, industry improvements are
13 likely to be also of benefit to drivers either directly or
14 indirectly.

15
16 To demonstrate that support, we provide two samples of
17 the several areas of substantial productivity potentials
18 that we have identified in our submission. Networks
19 competition - at issue paper page 18, it has held that in
20 urban areas there is competition between network providers.
21 If this is true, then its only so to a degree that is
22 laughable to the 17,000 drivers as well as operators in
23 Sydney. There is no genuine competition between networks
24 whatsoever because drivers and operators are compulsorily
25 shackled to networks by the iniquitous MoT taxi regulations
26 which only again last year were again reinforced against
27 what we believe are the broader interests of the industry,
28 and networks are therefore a cosy cartel of guaranteed
29 fees.

30
31 Regrettably the public cannot exert competition
32 pressure on these networks via their IPART fixed booking
33 fees. Many drivers do not use the radio booking service,
34 and operators derive no benefit whatsoever from the
35 compulsory payment of their fees to the networks.

36
37 But genuine competition and service improvement may be
38 possible, we suggest, via two mechanisms, by decoupling the
39 mandatory bookings and the important safety GPS procedures
40 into, say, a separate centralised safety only network for
41 all taxis and, secondly, for example, by operators paying
42 networks only for those bookings taken up and realised by
43 their drivers.

44
45 Separately, network booking services: the networks
46 have been increasingly concerned only with extreme cost
47 cutting programs and profit taking at the expense of

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1 customer service and driver time and earnings. Booking
2 services, as a significant proportion of total fares, could
3 however be improved hugely by dozens of simple, practical
4 and often cost neutral procedures.

5
6 As networks are unanswerable to either the public,
7 operators, let alone drivers, nor indeed in properly
8 reporting to the MoT as required, it appears that major
9 improvements can only be achieved by accountability reform
10 via MoT. This, however, seems unlikely. Or by opening the
11 networks to genuine competition, as say above.
12 Productivity reforms in these areas are of direct benefit
13 to the whole of the tax industry and the travelling public.

14
15 In its issues response the NSW TDA has additionally
16 identified the following areas of potential productivity
17 improvements: insurances, fuel efficiencies, engine
18 efficiencies, toll roads, taxi plate deregulation, and NSW
19 TDA Advice. But until IPART clearly assesses such
20 productivity issues as realistic and viable and then
21 targets them specifically by appropriate mechanisms so as
22 to realise them, then the TDA will continue to oppose the
23 present fantasises in the strongest terms.

24
25 Regulatory review: The misconceptions and mysteries
26 and the productively potentials above may in a number of
27 cases be appropriately examined in an IPART regulatory
28 review. As we have listed, some 25 of the 57 issues
29 questions are matters fundamental to the taxi industry
30 rather than simply being annual adjustments to taxi fares.

31
32 It is the view of the TDA that these questions are
33 best examined openly and transparently in the IPART
34 processes through the mechanism of a regulatory review, as
35 seemingly foreshadowed in the issues paper. We would
36 encourage and support such a review at the earliest
37 opportunity in 2009.

38
39 We also suggest that, say, a week of intense
40 discussions appropriately compensated with half a dozen
41 selected highly knowledgeable drivers would be possible and
42 desirable and more feasible and productive than written
43 submissions to examine the industry in necessary depth.

44
45 Finally, openness and transparency. Secrecy has been
46 the characteristic of the taxi industry, indeed its basis.
47 Most of the present taxi industry has been developed

1 secretly behind closed doors. The developing IPART
2 policy and practice of open and transparent dealings,
3 including its publication of submissions on the web, is
4 highly commendable and fully supported by the NSW TDA.
5 This openness and transparency policy is beginning to pry
6 open some of those doors. It may also contribute to
7 improved efficiencies and productivities in the taxi
8 industry. The TDA has made several suggestions in its
9 submission to improve and extend this admirable policy of
10 IPART.

11
12 In conclusion we submit our score card, that IPART has
13 earned points for trying, but that it has a major way to go
14 to gain the degree of cover and garb and respectability to
15 informatively and accurately assess the complex issues with
16 equity and fairness. The NSW Taxi Drivers' Association
17 stands prepared to assist IPART in those processes.

18
19 THE CHAIRMAN: Thank you. Thank you particularly for
20 your last comment. If there is little doubt about your
21 criticisms about IPART's processes to date, I want to
22 assure you that it will consider those processes carefully.
23 I want to

24 comment on two points. Some of the issues you raised
25 towards the end of your presentation go beyond our terms of
26 reference as they are at present. They could be covered if
27 we did a regulatory review. That would depend on us
28 getting a reference from the government to conduct such a
29 review. It is not within our hands to do that. We would
30 need a reference from the government to do that sort of
31 regulatory review which could cover issues which go well
32 beyond our terms of reference to set fares. We couldn't do
33 that with our reference from the government.

34
35 The other small point I want to make is that while I
36 appreciate there may well be value in understanding the
37 industry by talking to individual drivers, as you yourself
38 acknowledged there is considerable debate in the open and
39 transparent process. That really does mean public hearings
40 and written submissions which remain publicly available. I
41 don't want to rule out that we speak to people who are
42 knowledgeable, but there is a limit to how far that
43 information can be used without it then being made
44 publically available and able to be contested. Do you want
45 to ask any questions, Mr Cox?

46
47 MR COX: I might pick up a couple of things. The first one

1 is the \$21 figure that you think we should aim for. I
2 would be interested if you could tell me how that compares
3 with the remuneration of taxi drivers at the moment, how it
4 compares with the remuneration of taxi drivers in other
5 states, and what the implications might be for fares.
6
7 MR HIRSCH: To the best of our knowledge, something of the
8 order of \$12 to \$13 is the resultant earnings for taxi
9 drivers generally. I am not aware of what levels those
10 would be in other states, but I would be surprised if they
11 were very different, and perhaps could be quite a bit less
12 in some pockets of Australia.
13
14 MR COX: Thank you for that. The other thing I wanted to
15 ask you about was your idea for the levy. For my benefit
16 would you summarise what you have in mind there?
17
18 MR HIRSCH: In what sense?
19
20 MR COX: The impression I got was that there would be a
21 levy charged added to fares to recover additional higher
22 fuel costs.
23
24 MR HIRSCH: Our suggestion is that it is a separate levy,
25 say on each fare, which broadly covers the number of fares,
26 mileages incurred. There would be stickers in the car to
27 explain it as a separate levy. It has occurred on a
28 previous occasion or two when, for instance, a special
29 levy - a \$1 levy as it happens - for the safety shields
30 that were introduced into taxis at the time, but
31 importantly, that the public is fully aware of what that
32 is, that it is a flexible arrangement which can be
33 withdrawn when necessary, but most importantly which
34 didn't occur - well, most importantly that it is payable only to
35 the drivers. It is the drivers that pay the fuel, no-one
36 else. It is not an operator's cost. It is a driver only
37 cost. It is paid directly to the drivers.
38
39 THE CHAIRMAN: Is it distance based?
40
41 MR HIRSCH: No, not really.
42
43 MR MOLLENHAUER: Fuel certainly is distance based, but
44 for an effective collection of the fare it would have to be a
45 per journey charge.
46
47 THE CHAIRMAN: So if you went around the corner it would

1 cost the same as if you went 200 kilometres?
2
3 MR MOLLENHAUER: The same, yes.
4
5 MS KRIEGER: You have in mind a system perhaps where it
6 cuts in at a certain LPG cost, and then is withdrawn if the
7 price fell below that threshold?
8
9 MR HIRSCH: That is the reason for the flexibility, so it
10 can be withdrawn if and when appropriate.
11
12 MR COX: The issue I wanted to get to is that our present
13 taxi cost index does make allowance for fuel. So what
14 is your concern about that method of compensating drivers?
15
16 MR HIRSCH: Our concern at present is that our drivers are
17 \$50 to \$100 a week extra out-of-pocket and have been since
18 the PwC survey which identified approximately 45 cents a
19 litre.
20
21 MR COX: (Inaudible) doesn't adjust for --
22
23 MR HIRSCH: That is right. It is much more volatile.
24
25 THE CHAIRMAN: So the alternative to arbitrarily
26 introducing a non-distance based levy would be to have some
27 mechanism for frequently updating the taxi cost index.
28
29 MR HIRSCH: Yes, and the volatility between last year's
30 IPART determination and since then is just extraordinary.
31 So perhaps special circumstances, special measures, a
32 little bit rough and ready, I acknowledge, so \$1 per fare,
33 but as was commented, it probably approximately, at so many
34 fares per shift, et cetera, broadly compensates for what is
35 happening at the moment.
36
37 SPEAKER: Qantas has raised its fuel levy nine times since
38 1995. The annual review leaves us always out-of-pocket.
39
40 THE CHAIRMAN: I would like to improve my understanding.
41 Essentially you want to set a benchmark wage of \$21 per
42 hour, five shifts of eight hours each, add on 9 per cent
43 super, and other costs, but then withdraw the entitlements.
44
45 MR HIRSCH: No.
46
47 THE CHAIRMAN: Because they don't exist. That is what I

1 understand. When we work out what I will call the labour
2 component of the index, the weighting for that, we have
3 added entitlements (inaudible) to withdraw the entitlements
4 but to add in other payments that do exist or should exist.
5 This would potentially change the weighting in the index,
6 for what I will call the labour component of the index.

7
8 MR MOLLENHAUER: Those entitlements have to be costed in
9 otherwise operators --

10
11 THE CHAIRMAN: Sorry, I have been tolerant from the floor.
12 Strictly, the floor will get its chance to comment at the
13 end of the day. I have allowed you to interject on
14 numerous occasions but I am drawing the line now.

15
16 So we get a weighting which may be different from the
17 weighting we are getting from the PwC, but at the moment
18 what we get is purely a weighting which we then apply a
19 labour index to. That may not at the end of the day change
20 the end result very much at all. As was said earlier, the
21 weights don't matter at all if all the separate indexes go
22 up at the same rate. Now, it's very likely that labour
23 will tend to rise faster. There are a couple of exceptions
24 at the moment like fuel, but generally labour does tend to
25 rise a bit faster if you are looking over a
26 10-year period. I guess that approach only affects the
27 weights. We start with from last year fares and we just
28 index them up. I am trying to understand, are you asking
29 us to continue with taking last year's fares and indexing
30 the increase, or are you asking us to create a new base
31 altogether?

32
33 MR HIRSCH: Indeed the latter. We do believe, and it has
34 been the subject of several submissions, that the taxi
35 model of IPART at the moment is quite deficient, and we
36 have proposed an average taxi model which is quite
37 different in its make-up. And hence also today we call for
38 a regulatory review if that is a more appropriate forum in
39 which to discuss more fundamental issues to add a comment
40 that some 25 of the questions of the 57 issues are probably
41 quite fundamental rather than merely tinkering with
42 weightings and indices.

43
44 If I may come back to the first part of your question,
45 we are not suggesting to get rid of entitlements. There
46 are some in the industry who would love that. De facto,
47 that is what has been happening. There has been a grand

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1 deception for years. We are saying no, and entitlements
2 and superannuation and costs should all be in addition to
3 that \$21 basic benchmark. But in the accounting of
4 whichever model, if entitlements are not being paid in
5 reality at the moment, then either they should be enforced,
6 which is beyond IPART's terms of reference, or if they are
7 not being paid, then the proxy sum should be at zero, we
8 would argue for them. We are not suggesting that they be
9 raffled. On the contrary, they are an important part of
10 the driver's concerns with a future to - perhaps restoring
11 is the right word or getting back to a taxi driver
12 workforce which is experienced and which has more interests
13 in a professional career rather than the way that the
14 industry has gone which is very much more temporary,
15 casual, et cetera, without those (inaudible).

16
17 THE CHAIRMAN: So what you are asking for is to build a
18 new fare from the base up?

19
20 MR HIRSCH: Yes.

21
22 THE CHAIRMAN: We have no idea at this stage - and I will
23 ask you if you have an idea - as to how that would compare
24 with the present fare, because it is one thing to, if you
25 like, have a modest increase in the present fare of, say,
26 4 per cent which seems to flow, that sort of thing, from
27 the present model, and then to have a debate about how that
28 should be shared between drivers and operators. It is
29 another thing to have an unknown and potentially
30 substantial increase in the fare on the basis of what is
31 presently available.

32
33 MR HIRSCH: I don't have an answer to that, but you have
34 very professional staff at IPART who I am sure would be
35 able to make those assessments reasonably quickly, and we
36 would be happy to assist them in that process.

37
38 THE CHAIRMAN: Yes. You will appreciate that in other
39 industries where we are
40 confronted with a substantial increase, we phase them in.

41
42 MR HIRSCH: And maybe that is appropriate but, yes, I
43 agree you need to look at it first, but we are saying as a
44 benchmark, as a target.

45
46 THE CHAIRMAN: All I can say is we will think about it
47 further.

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1 MR JOOLS: Michael Jools, President of the NSW Taxi
2 Drivers' Association. It has been interesting to hear
3 comments of the participants here, and that is the virtue
4 of having a forum such as we are having today. It raises
5 some issues and it also indicates the lack of clarity in
6 thinking by a lot of us, and probably me included as well.
7 A couple of questions if I can answer on the way through.
8 Mr Cox, you suggested a query as to the value of taxi
9 driver earnings elsewhere in Australia.

10
11 MR COX: I did.

12
13 MR HIRSCH: In Victoria the official "comment" is between
14 \$8 and \$9 an hour and that is absolutely lamentable. As
15 the Australian body we are taking that issue up as well.
16 It is in Sydney about \$13 per hour, which is also
17 lamentable. We do think in conjunction with the NSW branch
18 that it should be in the order, as IPART has suggested, of
19 at least \$20 per hour as the earnings, but we also point
20 out that IPART's reasoning on the way through has been
21 extraordinarily flawed from our point of view. They have
22 equated in one part of this issues study the wage rate of
23 taxi drivers desired at \$20 as being the equivalent of the
24 wage of the labour cost of taxi drivers. It is certainly
25 not the same thing. IPART seems to be unable to
26 differentiate the notion of a \$20 earning rate for taxi
27 drivers as being the same thing as the labour cost
28 component of taxi drivers, and that is where Mr Hirsch has
29 tried to build it up and say, "No, it should be \$20 net
30 earnings per se, and we need add-ons for superannuation,
31 for the other expenses and the other components that would
32 normally be attributable if the person were an employed
33 person to be sure that's the case."

34
35 Going back a little bit, we are dismayed and concerned
36 at the PwC survey and the way it appears to have been
37 adopted by IPART so far. It is an atrocious survey. It
38 has misrepresented enormously the parameters of whatever
39 can be construed as a model of the taxi industry.

40
41 For instance, simply by its structure - and I agree
42 with Peter on this one - of adopting the median of the
43 responses of a certain group as being representative of the
44 industry as a whole, they have taken the \$120 average
45 pay-in from what is essentially the day owner/driver/
46 operator's point of view, because that was the majority of
47 respondents, and expanded that \$120 pay-in from the taxi

1 drivers to represent an average of all taxi drivers. Doing
2 that then caused the total pay-in figure based on 50 weeks
3 a year times 10 shifts a week, et cetera, to come up with
4 an average pay-in of \$62,000. Fine, but the problem that
5 IPART has never reconciled in its six years that I have
6 been writing submissions to IPART, is the sole income, the
7 sole revenue of a taxi operator is the money he receives in
8 bailment from his taxi driver. He doesn't have any other
9 income. He gets a little bit perhaps from advertising on
10 the back of the cab, but the sole income of the Sydney
11 operator is from bailment received from his taxi driver.
12 The flow that IPART has been misconstruing for the last six
13 years is misconstrued. The pie exists as the bailment of
14 income received by the operator from the taxi driver.

15
16 Now, if it were only \$62,400 as one extrapolates from
17 the Pricewaterhouse survey, there wouldn't be an industry,
18 because the operator's costs, whether we agree with the
19 minutiae of the detail - and I think there are a lot of
20 queries about the minutiae of the detail - the add-up of
21 the operator's costs is in the order of \$86,000. His
22 payments out, forget about the labour components. It is
23 things like maintenance, labour, plate, lease, insurance,
24 panels, et cetera. It adds up to about \$86,000. If he is
25 only receiving \$62,000 he is going broke, and that cannot
26 be the case. So there are only two conclusions that
27 follow - (a) either the bailment income is being
28 misrepresented or, (b), his costs have been misrepresented,
29 or, possibly (c), both.

30
31 The whole exercise that we demand as an exercise from
32 IPART and PWC is to create an effective and representative
33 model. We have been arguing this for years. We want a
34 model that reflects reality. It needs to reflect the true
35 hours worked, the true ownership of the taxi. The cost? I
36 don't care whether it is \$80,000 or \$92,000. That will not
37 make a difference in the scheme of things. But what makes
38 a huge difference is the driver component thereof and the
39 relativities that we put to those costs.

40
41 If we, as Ted would suggest, dummy in the
42 entitlements, it changes the relativities in such a way
43 that affects the later distribution of the fare increase to
44 the driver and it has been significantly disadvantaged for
45 years by this imbalance of relativities. We need those
46 relativities correctly assessed and rebalanced. We have
47 done that. We have, in our submission - and I do say this

1 to our fellows at the NSW TDA a little bit because it would
2 have been helpful in fact to have their submissions in
3 writing. It's very nice to have the submission read. It
4 would have been better to have it argued.
5
6 We have gone through and we have looked at what is the
7 current income of a taxi driver, we have examined the fare
8 relativities and we have looked at the empirical evidence
9 of what is out there already and we have submitted that to
10 IPART for a number of years. We have as empirical evidence
11 on IPART's table a couple of hundred thousand fares,
12 several million dollars worth of fares over 3 million
13 kilometres driven, represented by individual taxis,
14 earnings and documented on a printout such as this sort of
15 printout that unequivocally and absolutely confirms the
16 cost structure of the industry. IPART needs to have a look
17 at some of these things constructively and argue them
18 through so it can present to you sirs and madam, as a
19 tribunal, what in fact is true picture of the taxi industry
20 is. We have done that and we have applied that to fares.
21
22 We also think, going a little bit positively beyond
23 just the mere doctrine and the issues at hand, we also need
24 to be doing something as taxi drivers. We at the
25 Australian Taxi Drivers Association deplore the notions of
26 productivity presented thus far by IPART. They are
27 unsubstantiated. We have requested on several occasions
28 the information from the Ministry of Transport, the
29 particular proof of a taxi network's productivity, as per
30 the taxi standards, for both drivers and operators and
31 networks be assessed. We are looking at a taxi industry
32 where it is working at 70 per cent capacity. 14 million
33 people, approximately, booked a cab two years ago,
34 according to the last figures we had from the MoT. 8.6
35 million people got picked up within 15 minutes. It's meant
36 to be 85 per cent of people being picked up within 15
37 minutes. They are failing the public. That is an
38 indication the productivity of networks is not adequate.
39 On the other hand, the productivity of drivers is
40 absolutely substantiated. 92 per cent of fares were picked
41 up in less than five minutes of the driver having accepted
42 those fares. The driver is doing his work. The network is
43 not doing its work. That's an area that IPART needs to
44 consider in assessing productivity.
45
46 But we go further again. We are taking the attitude
47 yes, a driver needs to be earning about \$20, \$21, an hour

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1 as his minimum effective earning rate. That's got to be
2 net of things like GST. GST has never been considered by
3 IPART as a cost component, it's just somehow glossed over
4 that for years. That's wrong. But we go a little bit
5 further. We say the customer out there cannot afford to
6 pay the fare level that would be appropriate to get a
7 driver \$20 an hour and if we went out at a fare level that
8 got a driver \$20 an hour, the fare would actually have to
9 be \$25. That is unacceptable. And we've mathematically
10 demonstrated that. What we do suggest is if productivity
11 of the industry were to improve by the driver and we got
12 two extra fares per shift by the driver's initiatives in
13 terms of productivity, IPART would be satisfied that the
14 productivity issues were being addressed. At the same time
15 the fare issues would be addressed by keeping them at an
16 acceptable level - and we are suggesting that \$20 per
17 average fare is the acceptable level - the earning rate of
18 a taxi driver, net of his expenses, would be \$20 to \$21 per
19 hour and all would be happy in the system and we are making
20 that suggestion, we are backing it up with figures and
21 statistics and we are more than prepared to demonstrate
22 those statistics with IPART, with IPART's officers, or with
23 any independent other tribunal that is desired. We can
24 substantiate those figures and we have got the detail on
25 the books of what is happening out there in taxi world. We
26 are not being listened to and that needs to be corrected.

27
28 THE CHAIRMAN: Thank you.

29
30 MR JOOLS: My apologies for the diatribe.

31
32 THE CHAIRMAN: That's fine.

33
34 MR COX: Thank you very much for your submission. I think
35 you do make some fair comments on the Pricewaterhouse
36 survey, I think there's merit in what you're saying -
37 that's a personal view, by the way. I would like to move
38 on to, if you like, your more constructive suggestions,
39 which are this urban taxi cost index you prepared for us to
40 consider. I guess I'd like to know a bit more about the
41 process by which you've constructed these numbers, how they
42 have in fact been verified and how we know that they can be
43 representative of what happens on average in the industry.

44
45 MR JOOLS: We have, last year and again this year, in our
46 submission to IPART, produced records of, in this
47 particular issue, a total of 135,000 hirings in Sydney over

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1 a total of 1.46 million kilometres. We have analysed, by
2 benefit of the cab charge meter, which produces, both at
3 the end of each shift and as a meter total, information
4 that validates and verifies the actual performance of the
5 taxi. What is interesting and substantive is that in all
6 those figures, we come out with a couple of key parameters
7 that are constant. One is the average length of a trip,
8 which varies from what IPART says. Two is the proportion
9 of vacant kilometres as opposed to hired kilometres, which
10 are recorded by the meter. A third one is the proportion
11 of dollars earned at distance rate as opposed to waiting
12 time rate, and we come up with a rather disastrous
13 proportion of about 35 per cent of a taxi driver's earnings
14 from driving the cab from A to B are earned at distance
15 rates, ie, in congestion traffic, slowed down at \$14 an
16 hour. That's a huge slice and it makes the waiting time
17 component very important to analyse very, very carefully.
18
19 But we also have one extra item in there, and that is the cents
20 per kilometre rating, and this is probably a guess of taxi
21 drivers in part, but it is also for taxi drivers. IPART
22 has noted that the Commonwealth Government
23 has assessed nationally taxi operator earning rates at
24 \$1.06 per kilometre driven. From empirical data over a
25 huge number of fares, kilometres and dollars, we are coming
26 out with a figure, over a two-year period, of \$1.60 per
27 kilometre driven and the current period of the current fare
28 rate and fare regime since August last year, of \$1.67.
29 That, empirically, is the average earnings of a taxi driven
30 in Sydney.
31
32 Now, there are lots of ifs and buts, there are
33 problems, as Peter has mentioned, with the premium taxis.
34 Going off meter means that data is destroyed, so you have
35 to look for taxis that are predominantly meter-on taxis.
36 You can pick it up because if the other classic
37 determinants, which is the paid kilometres over total
38 kilometres, varies from this magical fifty-fifty then you
39 know the driver has been going off meter, because it's
40 absolutely astounding that over years and millions of
41 kilometres, that percentage of fifty-fifty vacant and hired
42 remains constant. It changes on Friday and Saturday nights
43 and that's the productivity argument. On Friday and
44 Saturday nights, the percentage changes from fifty-fifty to
45 more like 60:40 because there's a greater demand for taxis,
46 and that's what we have to address ourselves to. We have
47 to try and make every night a Friday night in terms of the

1 productivity of a taxi driver, and that's up to us as an
2 industry to take the ball in our own hands and work with
3 it.
4
5 MR COX: I'll come to that in a moment. I'm still stuck
6 on the 135,000 hirings. There are a lot of hirings in
7 Sydney. I'm wondering what proportion the 135,000 would be
8 of total hirings and how representative those hirings are.
9
10 MR JOOLS: They're representative of cars taken. Possibly
11 in the past IPART may have queried they're
12 unrepresentative, but I would suggest that in the absence
13 of any other empirical evidence in front of IPART as to the
14 kilometres driven or the earnings of a taxi, or any of
15 those things, of which there is no empirical evidence
16 whatsoever and has not been for the last six years, that
17 which we present unequivocally needs to be addressed.
18
19 THE CHAIRMAN: The PwC survey was sent to every taxi
20 driver, and that was done in an effort to establish a solid
21 information basis. If I understand you correctly, you're
22 inviting us to replace a considerable part of what we have
23 learnt from PwC by this stage. Is that fair?
24
25 MR JOOLS: In part, but it is also the only set of data
26 that fits. That which has come out of PwC doesn't fit.
27 The number of hirings at 15 hirings per shift produces 7800
28 hirings. At \$18 a hiring, it doesn't work. Unless you
29 look at it holistically and look at all the figures
30 together and see what statistically is the best fit, we are
31 going nowhere.
32
33 MR COX: Can you tell me a bit about the taxis that these
34 records are taken from and how representative they might be
35 of taxis in Sydney.
36
37 MR JOOLS: Of the particular ones we've submitted this
38 year, four are so-called white taxis operating out of bases
39 in Alexandria, one is from a silver service, owner/driven,
40 and one is from a silver service based from another base in
41 Alexandria. It may be statistically embarrassing that they
42 are from the Alexandria area, but over 135,000 hirings, I
43 think we have a better statistical average than what we
44 have from 187 respondents who claim that they spend \$85 on
45 a tyre.
46
47 MR COX: If we can move on, if I may. You're proposing an

1 increase in fares, as I understand it, from an average of
2 \$18.16 to \$20.03.
3
4 MR JOOLS: Correct.
5
6 MR COX: Or say in the order of 11 per cent, or something
7 like that.
8
9 MR JOOLS: Yes.
10
11 MR COX: To get that, you're saying the drivers need to
12 improve their productivity, as I understand it, which is
13 interesting because --
14
15 MR JOOLS: In addition to that, by improving productivity,
16 they would then improve their net earnings to \$20.
17
18 MR COX: I guess my thoughts are what do drivers need to
19 do to improve their productivity, because many say they
20 cannot do that, what is stopping them from doing this at
21 the moment and what cooperation from taxi operators and
22 networks would you need?
23
24 MR JOOLS: Probably the major areas of improved
25 productivity available to us is, as Ted has mentioned,
26 improvement in network booking arrangements. We go back
27 to the point that 14 million people tried to ring up and get a
28 cab and 8 million got it, and that's an absolutely
29 outrageous and inappropriate level of service. I think if
30 there were improvements in the network booking systems - as
31 Peter also suggested, we need to recognise the reality of
32 the premium taxis already charging more by way of a
33 premium fee, it's because they're providing the service, and
34 that's why we also have in our statistics the pattern of a
35 premium taxi and the fact that it's doing more booked jobs, it's
36 running slightly longer distances and albeit it has a
37 higher operating cost, it is making a greater net return
38 for the driver. The figures, very interestingly, are that
39 a premium taxi driver is in fact earning about \$27 to \$28
40 an hour at the moment because he's got that additional
41 degree of productivity.
42
43 MR COX: Thank you very much. That's all from me.
44
45 THE CHAIRMAN: Thank you. Next on the list is Ms Goodman.
46
47 MS GOODMAN: Hello everyone. I'm Jordana Goodman from the

1 Physical Disability Council. Our main concern is really
2 about the cost of taxi fares and the availability of
3 wheelchair cabs and both impact very much on the pricing
4 and the availability of cabs. Just to give you a general
5 idea of the availability of wheelchair cabs in New South
6 Wales, the amount in the Sydney metropolitan area varies
7 considerably to different parts of country New South Wales.
8 It varies up to 17.2 per cent in the country, where it can be
9 down to none or one in some fairly big local government areas,
10 such as Bathurst.
11
12 In the metropolitan area, the availability of
13 wheelchair cabs is quoted at 10 per cent and there is some
14 areas of the Sydney metropolitan area that are very well
15 serviced, or better serviced than others, areas such as the
16 city, Lower North Shore, the airport, eastern suburbs, the
17 response time for wheelchair cabs picking up passengers is
18 much better than it has been in the past, but in other
19 areas, such as Liverpool, Campbelltown, Newcastle, on the
20 northern beaches, the response time for wheelchair cabs
21 picking up passengers can be half an hour, an hour. It is
22 quoted that the 1 per cent of passengers waiting for
23 wheelchair cabs wait up to an hour for a cab, or half an
24 hour, and I think it would be highly unlikely that a
25 regular passenger would be prepared to wait an hour for a
26 cab.
27
28 I know it's not recorded, I know the response time is
29 recorded differently by the networks for regular cabs, but
30 I still think it would be very unlikely that a regular
31 passenger would wait for an hour for a cab. There are
32 certain times of the day, when the taxis are doing other
33 contract work, such as for the Department of Education,
34 when they're picking up school kids and taking them to
35 school, where the availability of cabs can be very hard,
36 and hence that limits the availability and extends the
37 waiting time.
38
39 Some examples of our difficulties: I live in the Blue
40 Mountains. With the limited access to public transport on
41 the Blue Mountains line, where there's four stations that
42 are accessible, people with disabilities are limited to
43 using cabs because there's no other choice. Between
44 Springwood and Katoomba there's nine stations that are not
45 accessible, and that's roughly 20 kilometres, so wheelchair
46 passengers, one, have no other choice other than to use a
47 wheelchair cab and, two, their distance in travel will

1 generally be longer than the seven kilometres quoted for
2 regular Sydney taxi trips - I mean seven kilometres for the
3 average trip in the Sydney metropolitan area - and three
4 kilometres in the country.

5
6 So the Physical Disability Council would like IPART to
7 consider some of the different travelling needs of people
8 with wheelchairs when they're doing the taxi fare
9 assessment calculation, that people with disabilities, who
10 often may be on a limited income as it is, have no other
11 choice other than to use taxis because of limited public
12 transport, and they might have to travel further distances
13 because there's no other choice. A person with a new
14 spinal cord injury who's just been discharged from hospital
15 might be relocated in a transitional accommodation facility
16 in Berala. There's limited accessible train stations,
17 limited bus services, accessible public bus services, in
18 the area, so for that person, they will have to catch a cab
19 and from there to the city, it's far in excess of seven
20 kilometres.

21
22 A person with a disability using a wheelchair cab gets
23 a reduction in taxi fares, but only up to \$30, but with
24 taxi fares being at the rate they are, one only needs to
25 travel in excess of 20 kilometres and the taxi - I haven't
26 explained that very well. A person in a wheelchair or a
27 person with a physical disability can use the taxi
28 transport scheme and then they pay 50 per cent of the trip,
29 and the maximum of that is \$30. Generally, trips are more
30 than 20, 25 kilometres, so the maximum amount of subsidy
31 that a person can get on that fare is \$30, and because
32 Sydney is so spread out, a trip of more than 20 kilometres
33 is not unusual.

34
35 The PDC would not be in favour of a special fee just
36 for people with disabilities, but we would want IPART to
37 consider some of the particular travelling needs of people
38 with disabilities. Additionally to that, I know that
39 there's been a lot of incentives, that the New South Wales
40 Department of Transport have tried to encourage wheelchair
41 drivers over the last 25 years with a large range of
42 incentives, from \$1000, as opposed to \$25,000, for the
43 plates in New South Wales and a reduction in training fees
44 and in New South Wales the government has encouraged that
45 to overcome some of the up-front costs of making a cab
46 accessible, so there have been a lot of incentives to try
47 and get drivers to drive wheelchair cabs, but after 25

1 years, we still only have 10 per cent of regular cabs that
2 have wheelchair access and even that amount varies
3 considerably over New South Wales.

4
5 I've looked at the different incentives offered in
6 different parts of Australia, such as in Victoria, where
7 they offer a full range of incentives, and that does not
8 seem to have made a great impact in Victoria. So the
9 Physical Disability Council would like to encourage a
10 universal (inaudible) where all cabs have wheelchair
11 access. That is suggested to take place over six years.
12 So when the life span of regular cabs expires, those cabs
13 would be replaced by wheelchair accessible cabs. Then
14 within six years we would have a total fleet, and then
15 there would be no issue about response time being an hour,
16 half an hour, or whatever, and I would be able to hail a
17 cab from a taxi stand, from the street where I can't at the
18 moment. At the moment I must ring up a network and book it
19 with them or otherwise make a booking privately. I know
20 there has been a lot of opposition to booking cabs
21 privately, but at one stage that was the only way that
22 disabled people were able to get a tab on time.

23
24 Lastly, we would like IPART to support us with a
25 recommendation where the TTSS subsidy is increased
26 from \$30 to \$50 knowing that the Sydney
27 metropolitan area is a big area and it will get bigger and
28 bigger as time goes on and we get more and more people, and
29 that the amount will increase from 50 per cent up to 75.

30
31 THE CHAIRMAN: Thank you. You will appreciate that your
32 range of propositions really go beyond our authority.

33
34 MS GOODMAN: I do.

35
36 THE CHAIRMAN: Certainly the nature of all taxis is well
37 beyond our authority. We do from time to time make
38 recommendations to government about assistance to groups
39 to handle our price recommendations. We will take seriously
40 your request for support in terms of its subsidy.

41
42 MS GOODMAN: I guess the non-questions were addressed in
43 the IPART report, and after much consideration and looking
44 at the other states, and looking at land mass and
45 population distribution, considering all the incentives
46 what worked and what didn't work for the best solution that
47 we could offer.

1
2 THE CHAIRMAN: We will move to Mr Cunningham.
3
4 MR CUNNINGHAM: Good morning chair and tribunal
5 members. I would like to refer to a couple of things today and
6 speak about the actual life impact of fare increases and the
7 actual charges that people like myself have to encounter.
8 I have been a transport campaigner for the last seven
9 years. (Inaudible) as my submission actually states, it
10 actually does equate to being only \$250 per week. That
11 means that the level of income that we have, as my friend
12 Ms Goodman spoke about, is hard for us to live on. Amongst
13 that amount we have to pay for our travel expenses as well.
14
15 I actually have submitted for your consideration today
16 the actual figure I received from this morning's taxi trip
17 in from where I live at Mount Druitt. The total fare for
18 that one trip for me from Mount Druitt was \$118 - for that
19 one trip, that is going one way remember. It is virtually
20 impossible for us to actually travel beyond our local
21 communities. For me, the actual total cost for my travel
22 in a single year was calculated to be - when I was on an
23 actual grant to cover it - a total of \$7,000 per year. I
24 spend that in one year of the government grant I receive in
25 travel.
26
27 There are costs that we actually do incur - the
28 numbers of tolls and fees and charges we actually have to
29 incur impacts. There was one trip I took which I mentioned
30 in my submission as well. On that return trip I actually
31 was charged \$15 worth of tolls and charges. That is an
32 extraordinary amount to actually pay for when you look at
33 the overall cost of taking that trip.
34
35 In my life right now there are things that I want to
36 do that I am having to look at travel costs for, one of
37 which is my TAFE course I am about to do and another is my
38 activities within the community. The ability for many of
39 us and others to get travel, transport, is varied and at
40 times it can be extremely difficult. I have only recently
41 began to use the CityRail network and found it is quite
42 reasonable, but there are still occasions where I prefer to
43 actually travel by taxi because it is safer and I have more
44 chance of knowing what is going to happen.
45
46 I have used WAT services in the past, and my
47 experience has been that the average waiting time for a WAT

1 for me has been around four hours. I am constantly
2 missing from my trips, from my social occasions, or
3 whatever one calls it, because of the transportation issue.
4 Now I take ordinary taxis, because I have a cab willing to
5 do so. Those of us who can't, though, they are more
6 disadvantaged than what I am and I do appreciate that.
7
8 One of the things I would say on top of that issue
9 (inaudible) - there is one point with which I do agree with
10 the taxi people, and that is taxi drivers should be given a
11 reasonable amount of pay. I agree with my colleagues across
12 the table on that. What I would say, though, is it is
13 important that we get well trained drivers. If we are
14 going to pay for a service and be charged a fee and a toll,
15 and a charge, we expect to be given a reasonable level of
16 training and of competence within the drivers that we
17 actually have. Often I am told that my chair can only go
18 into a station wagon like vehicle. That is primarily
19 because the boot in on ordinary sedan taxis actually don't
20 allow for wheelchairs to be put in them. There is an issue
21 of training and disability awareness of drivers amongst
22 drivers which need to be factored into issues of charges
23 and surcharges, fees, et cetera.
24
25 The actual level of fees and charges we get charged
26 and the increases we get must be actually considered on a
27 level of reasonability. I don't think it is reasonable
28 currently for me and others in my situation to have to pay
29 \$118 just to travel from my house into the city. Yes, that
30 may be an average fare, but for a pensioner on limited
31 income, that simply isn't a reasonable and fair option.
32
33 So I would submit to you all today that we need to
34 look at the issues of how we can make taxi travel far more
35 affordable and reasonable, and also if we could look at
36 either a reduction or concession or exemption from issues
37 such as extra fees and charges. That would be most
38 appreciated. It would help our lives, it would mean we
39 could travel more often by taxis which is what we like to
40 be able to do. The issue is that we have to fork out the
41 money constantly to ensure that we are able to do that, and
42 we simply cant afford to do so any more, as I said in my
43 submission. So I would like to submit that to you today.
44 Thank you for your time. I can take any questions.
45
46 THE CHAIRMAN: I think you have made your points so
47 clearly that we understand, thank you.

1
2 MR KILLEEN: I have documents here that I have prepared for
3 today's public hearing. Thank you for giving me the
4 opportunity to make a submission at this public hearing.
5 Although IPART has no direct role in the NSW Government's
6 Wheelchair Accessible Taxi (WAT) policies, it is pleasing
7 that IPART recognises that its recommendations to amend
8 taxi fares will also have a direct impact on wheelchair
9 passengers and WAT drivers, and it is appreciated that
10 IPART has now sought submissions to see what factors may
11 impact on what services and taxis fares. I aim to focus on
12 issues that impact on taxi fares and service for people
13 with a disability.

14
15 My written submission that you already have discusses
16 issues impacting on the WAT service, taxi fares, NSW
17 government subsidies for wheelchair passengers, discounts
18 and bonuses for WAT drivers and the taxi industry. I make
19 suggestions of various options that would make it more
20 affordable for people with a disability, particularly as
21 the majority of wheelchair passengers would be on some type
22 of social security benefit, and the WAT service may be
23 their only option for accessible transport. The plain fact
24 is that for many people with a disability their quality of
25 life is directly impacted by the accessibility, reliability
26 and affordability of the WAT service.

27
28 The various components that link up today's taxi fares and
29 any recommendations by IPART for amendment to them will
30 be influenced by the facts, figures and accuracy of the
31 content provided in the Taxi Fare Review submissions from
32 the various stakeholders that IPART will analyse and
33 consider as to what is a fair fare.

34
35 Although I am unaware of the total costs that taxi
36 drivers are required to outlay to put a WAT taxi on the
37 road, I believe it is fair to say that the taxi drivers are
38 continuously and disproportionately squeezed for increased
39 fees and charges, particularly by the taxi companies or
40 networks that they work for. This in turn increases
41 pressure on taxi fares.

42
43 However, it is interesting that IPART reports that
44 there has been difficulty obtaining accurate figures on a
45 taxi driver's income, but without the appropriate data to
46 work out the balance between taxi driver income and the
47 taxi driver expenses, it had to analyse what is an

1 appropriate fare.

2
3 IPART has rightly stated that both the taxi industry
4 and the NSW government have an obligation to provide a
5 service. The NSW Taxi Council's submission to the 2008
6 Taxi Fare Review mentions that the taxi industry is faced
7 with strong competition in the passenger transport market.
8 As previously mentioned, for many passengers with a
9 disability, the WAT service is their only option, and from
10 a passenger's perspective the WAT service is a monopoly.
11 The public transport competition, the NSW Taxi Council
12 talks of maybe inaccessible or unavailable to people with
13 disability. However, these competitors provide concessions
14 that would enable eligible passengers to travel for \$2.50.

15
16 The NSW government provides a taxi transport subsidy
17 scheme (TTSS) and although it is valued and appreciated by
18 wheelchair passengers to help with taxi transport costs, it
19 is in desperate need of a review as TTSS has lost its
20 impact due to increase in taxi fares over many years
21 without any changes to the subsidy.

22
23 The WAT drivers also receive a variety of NSW government
24 measures to offset the initial cost of the vehicle and to
25 prioritise wheelchair bookings, and I believe these
26 measures are more than adequate to ensure WAT
27 drivers to provide a reliable service, particularly when
28 the WAT licence already includes a compliance with payment
29 that requires the WAT drivers to give priority to
30 wheelchair passenger bookings or jobs. I totally disagree
31 with the \$8.47 driver incentive bonus that was introduced
32 in December 2007. It was on trial for six months.

33
34 Although there are some Sydney and regional areas
35 where wheelchair passengers experience poor reliability and
36 delays and response times, the major issue for wheelchair
37 passengers is the ever increasing cost of taxi fares. It
38 is a fairly ineffective taxi transport subsidy scheme.

39
40 Although the NSW government derived the TTSS to assist
41 eligible people with permanent disability with the cost of
42 the current situation for wheelchair passengers, and I ask
43 IPART to encourage the NSW Government to make changes
44 to the subsidy by increasing the 50 per cent subsidy of a
45 maximum, \$60 taxi fare, which it currently is, which is a
46 maximum \$30 cash subsidy, to a 75 per cent subsidy of a
47 maximum \$100 fair, or preferably, and more importantly

1 simple, to apply the first \$30 of the subsidy to the first
2 50 per cent of the taxi fare.
3
4 I can jump in a taxi which leaves here and travel for
5 \$60, and get out of that cab and book another cab to travel
6 another \$60, and every time I get in a cab the NSW
7 Government will subsidise my fare to the sum of \$30. It is
8 unlimited. I am calling on the NSW Government to pay the
9 first \$50.
10
11 As it is reported that the average WAT fare is \$30, my
12 preferred change to the TTSS will not only address the
13 affordability of the WAT service for wheelchair passengers,
14 but will increase the number of WAT bookings and certainly
15 increase any potential of WAT drivers. This is a win-win
16 situation of both WAT drivers and wheelchair passengers.
17
18 The NSW Ministry of Transport should be taking
19 appropriate funding measures to address the cost of the
20 transport of the wheelchair passengers rather than the
21 current WAT driver incentive program that is paying \$8.47
22 for each wheelchair passenger booking, regardless of
23 whether the driver is late for the booking, or if it is a
24 taxi rank job or a street hail. That is not an incentive
25 payment. The incentive needs to be to pick up the person
26 on time. He is being paid regardless.
27
28 What can the taxi industry do? I believe it's fair to
29 say that the current measures to offset the cost of
30 providing the WAT service are all provided by the NSW
31 Government. I am unaware of any taxi industry concessions
32 or subsidies in place to support and improve the WAT
33 service, and I believe it is now time for the very
34 profitable taxi industry to put something back into the
35 taxi service for its WAT drivers and wheelchair passengers.
36 I believe there's a number of fees and charges that WAT
37 drivers are required to pay to taxis companies that should
38 be reviewed.
39
40 Consideration should be given to dropping the fee for
41 the second WAT radio. It comes with two radios. Currently
42 it is about \$120 a month for the second radio fee. Taxis
43 Combined drivers have got the one radio but are charged two
44 fees. Also for the taxi companies to not charge
45 more than the \$20 per week taxi licence for wheelchair
46 passengers. Taxis Combined are charging in excess of \$75
47 (inaudible) the Ministry of Transport to the drivers.

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1 They call it an admin fee.
2
3 Also what is the status of the unrestricted nexus
4 plates that were provided to Taxis Combined Services when
5 it started the WAT service in 1981? TCS provided the WAT
6 vehicles and the NSW Department of Transport as it was then
7 known provided TCS with a free WAT licence for each vehicle
8 as well as a complimentary unrestricted nexus plate for a
9 standard taxi.
10
11 The income from leasing the WAT and nexus licence plates to
12 drivers was to be used to offset the running of the WAT
13 service. In time, other Sydney taxi companies started to
14 introduce WATs into the services, but I am unsure if they
15 also received the complimentary nexus licence plates.
16
17 In the mid-1990s when there was approximately 120 to
18 150 wheelchair accessible taxis in Sydney, the Department
19 of Transport stopped providing the complimentary nexus
20 licence plates with each new WAT licence and WAT taxi.
21 Taxis Combined Services then sold off its WAT fleet to its
22 drivers and leased the WAT licence plates to the drivers.
23
24 I again thank you for providing the opportunity to
25 make this public submission today. I am happy to discuss
26 any or all of the issues presented today and/or those
27 issues contained in my submission that you have already
28 received.
29
30 Just one item in regard to the nexus plates - I'm not
31 sure if anybody in the room can enlighten me on where their
32 location is and what the income is from them, and whether
33 they are still being put into the taxi wheelchair
34 accessible service. I would be interested to know, because
35 going on the (inaudible) nexus licence plates with an
36 average \$25,000 per annum is \$2.5 million per year, which
37 is yet to be put back into the wheelchair taxi service.
38
39 MR COX: Can we pick up on a couple of points. The first
40 one, you left me with the impression that the taxi
41 transport subsidy scheme hadn't been increased for a number
42 of years. I wonder if you recall when it was last
43 increased.
44
45 MR KILLEEN: About eight years ago it was increased from
46 \$25 on a \$50 fare to \$30 on a \$60 fare, which meant you had
47 to travel \$60 to get a \$5 fare subsidy. I wouldn't call

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1 that a bonus.

2
3 MR COX: Thank you for that.

4
5 MS GOODMAN: The rates have been the same - 50 per cent.

6
7 MR COX: Thank you. The other thing, you mentioned that
8 you oppose the current trial of lift fee. Can you explain
9 why you think that?

10
11 MR KILLEEN: Because I believe currently for the majority
12 of people - and I have put in an individual submission here
13 today giving my perspective - the response times have been
14 very good. I believe the incentive bonus was to help the
15 ministry of transport ensure that the taxi response times
16 were complied with the current transport standard
17 milestone, which was to have the wheelchair accessible taxi
18 response time equivalent to the standard cabs. So it is a
19 mystery. (Inaudible)

20
21 The issue that I have got is that the cost of taxi
22 transport is continually increasing and becoming quite
23 unaffordable for people with disabilities. Drivers have
24 got a number of issues. Some of them have got a quota to
25 pick up wheelchair passengers. There is no incentive -
26 taxi fares continually increase, and the actual cost of
27 taxi transport is becoming unaffordable, which means there
28 are fewer taxis that people with disabilities are booking,
29 which means it is less income for drivers who have got a
30 licence requirement which says that (inaudible) quota of
31 picking up people with disabilities per day. How do they
32 comply? Where is their income? They are picking up
33 people in ranks, bookings and at the airport.

34
35 THE CHAIRMAN: It is now open to people in the room.

36
37 MR MOLLENHAUER: My name is Ernie Mollenhauer
38 (Treasurer of the NSW TDA). The comments I want to make
39 are personal and individual and not made on behalf of the
40 association as such.

41
42 I certainly want to support the criticism of the taxi
43 transport subsidy scheme. It is quite unreasonable that
44 the \$30 limit is imposed on a group of passengers and not
45 all passengers. I would firstly support unlimited
46 subsidies; that is, a subsidy beyond the \$30 limit
47 according to actual length of the trip. Whereas you

1 commenced your remarks today by saying you wouldn't deal
2 with non-taxi fare issues, I draw your attention to your
3 terms of reference which includes "the social impact of
4 recommendations". It is a responsibility of yours to make
5 recommendations that concern the social impact of the taxi
6 industry, and we look to you to make recommendations to the
7 ministry that improves the service to customers. We should
8 all share the responsibility of why people aren't getting
9 taxis, why operators are not getting drivers, and why
10 drivers are not getting sufficient wages to stay in the
11 industry. Your survey response was poorly responded to
12 probably because most of the people who received the survey
13 were not English speaking. The reason that most of the
14 members of the Taxi Drivers Association are not of an
15 English-speaking background is that they are forced into
16 this industry through lack of employment prospects in other
17 areas. There is an incredibly high turnover of drivers.
18 Most taxi drivers in Sydney have an average length of
19 service of about two years. You are charged with the
20 responsibility of attracting permanent long-term drivers
21 who are experienced who can provide the services people
22 need and because the earnings per driver are so low and the
23 turnover of drivers are so high, people are not getting the
24 service they want.

25
26 A couple of points on your survey. The request of
27 operators' administration time was probably accurately
28 answered but the question was wrong. Operators are
29 required to maintain their vehicles and spend time each
30 week waiting while the car is fixed. They need to take it
31 in for regular services, they need to take it in for meter
32 changes, they need to take it in for camera inspections and
33 all of those responsibilities of maintaining a taxi are a
34 burden on operators but weren't catered for in the question
35 about administration. That attracts responses about how
36 much time they spend doing the bookwork but not how much
37 time they spend looking after the cab, so in that regard
38 the survey was quite flawed.

39
40 There are transfer costs on taxi plates. The stamp
41 duty associated with the purchase and sale of a plate is
42 about \$20,000 to enter and leave the taxi industry with the
43 purchase and sale of a plate. That is not costed into your
44 model anywhere and it should have been. There are lots of
45 costs that occur on a regular basis, but not weekly or
46 annually, that you haven't addressed, in particular when a
47 vehicle reaches the end of its six-year life and is changed

1 over, there are costs associated with fitting out the
2 vehicle, transferring the EFTPOS machine, putting on the
3 roof sign, putting in the GPS system. All those costs need
4 to be shared over the six-year life of a typical cab but
5 are not costed into the model.
6
7 All of your model propositions take a line of optimum
8 experience. For example, your insurance figures talk about
9 a no-claim bonus of 60 per cent. In the best possible
10 scenario we get that, but with two-year experienced divers
11 driving base cabs incredibly long hours, I don't think
12 you'll find a 60 per cent no-claim bonus is typical in the
13 industry. I think you'll find a zero no-claim bonus is
14 likely to be the median no-claim bonus in the industry, so
15 your insurance figures are skewed, based on perhaps survey
16 responses from the people who have filled them out, and I
17 think the reason there was a high preponderance of Tuesday
18 day drivers filling in the survey is those are the
19 owner-operators, the people who have got the time, because
20 they are almost semi-retired, to sit down and fill out a
21 survey and the people who didn't fill out the survey are
22 the people you most need information from and those are the
23 migrants working incredibly long hours struggling to make a
24 buck.
25
26 In the future, I would recommend that your information
27 gathering be done more orally by asking drivers how many
28 hours they work, et cetera. Unless you get that feedback
29 verbally, you can't be confident that the receiver of the
30 question has understood it and I think the poor response is
31 typical of the fact that most of our drivers are both too
32 tired and too inexperienced to answer the form.
33
34 The booking fees of \$1.60 are just outrageously small.
35 If you ring a TV repair man or a plumber and say, "I want
36 you to come out to my home and I'll pay you \$1.60," there's
37 no way those guys are going to ask you where you live,
38 they'll just hang up. The booking fee of \$1.60 in no way
39 recognises the dead running costs of the journey to the
40 pick-up point, and for that reason the service delivery
41 point drivers to passenger travels is really badly skewed.
42 Drivers will queue at 2 o'clock in the morning on the outer
43 suburban ranks to get a job in the airport and they will
44 reject the local jobs in the meantime because they are
45 better off to reject the short jobs and wait for the longer
46 jobs. You have a responsibility to find taxis for
47 everybody, including the short fares, and the current

1 pricing skews the industry away from the short fares
2 towards the long fares.
3
4 I can earn \$168 an hour travelling at 110 kilometres
5 an hour down the M2 and I can't earn \$40 an hour sitting in
6 a local suburban rank waiting for short fares. The
7 imbalance is a responsibility that rests with you to make
8 the short fares viable and there is no charge component at
9 the moment for the journey to the pick-up point, which is
10 an omission on your part and something which needs to be
11 included.
12
13 There is a social change across the industry where
14 more and more people are consuming alcohol in smaller
15 venues. There is a move towards wine bars and away from
16 bands in hotels that see more and more people drinking at
17 home and their friend's place and so on. Those individual
18 socialising venues require more radio bookings and the
19 drivers are not being rewarded to go and pick up a person
20 at a private home when they can queue up at a local pub and
21 just, without any dead kilometres, wait for the fare to
22 come out and if you want people to get those radio bookings
23 completed, it's your responsibility to make those radio
24 bookings viable and attractive.
25
26 There is a question about wages, \$21 an hour for - a
27 comparative issue in the bus industry. The \$21 an hour in
28 no way rewards the driver for the entrepreneurial risk he
29 takes in getting no fares at all. A bus driver on wages
30 gets a routine guaranteed salary whether he picks up or not
31 but the driver has that risk and carries that
32 responsibility of possibly going up to four hours at a time
33 without anybody in the car and without an income at all.
34
35 Most taxi drivers are at work at 3 o'clock in the
36 morning. Those unsocial hours, either at the beginning or
37 end of the shift, are unique to the taxi industry, they are
38 not common in the bus industry. Bus drivers are not all at
39 work at 3 o'clock in the morning. Most taxi drivers are at
40 work at 3 o'clock in the morning. A \$21 an hour figure for
41 taxi driver's wages doesn't recognise that.
42
43 The allocation of rewards for participants in the taxi
44 industry shouldn't be based on the same premise as, say,
45 the electricity industry or others you have used, where
46 there's a steady cost component. We should be drawn more
47 parallel with the hospitality industry. For example, if

1 you try and rent a suite in the Regent Hotel on New Year's
2 Eve, you'll pay many, many times more than if you rent it
3 next Tuesday night, but there is no scale of prices in the
4 taxi industry according to the demand. It is important, I
5 feel, that you focus on the unmet demand issues when people
6 are most keen to get taxis. The value of their service
7 rises in the customer's eyes but we are not permitted to
8 address that increased demand by raising our charges
9 correspondingly.

10
11 The passing on of costs - both the ATA and NSW TDA
12 have raised the fuel issue - but also things like lease
13 fees go up within an IPART period and there is no provision
14 for lessees to pass on those increased costs of increased
15 plate prices. Your costing of plate prices is wrong in
16 that you take a deposit rate for the value of the cost of a
17 plate at about 6 per cent, but in fact most operators have
18 had to borrow very heavily to pay those plate prices and
19 the interest rate that they have to pay is way in excess of
20 the 6 or 8 per cent that you use as a guide for the cost of
21 plates.

22
23 There are special facilities in cabs that are not
24 costed in. Things like provision of a baby capsule are not
25 costed into your current model. I don't know why. It
26 costs extra to put that in, it costs extra in fuel to have
27 it sitting on the roof of the cab and drive around with it,
28 but you don't allow us to pass on the cost of those special
29 facilities.

30
31 I challenge you to conduct exit interviews on people
32 who have left the industry. Many people have experienced
33 the industry and decided never to drive a taxi ever again.
34 You've got no information from them as to why they've left,
35 and in those sorry tales are a dreadful pattern of woes.
36 There are people who found the vehicles they were required
37 to maintain were far more expensive than your typical taxi.
38 People trying to maintain a Mercedes Sprinter went broke,
39 and people trying to maintain even silver service cars face
40 much higher operating costs than a standard white car. The
41 reason the silver service group, the premium group, has
42 sort of burgeoned is that they are pitching to the
43 perception in the community that most taxi drivers are
44 incompetent, most individual taxis are pretty awful to
45 travel in. They've tried to distance themselves from that
46 public perception of vehicles.

1 It is your responsibility to include the costs of
2 those alternate vehicles and not tip us over the brink if
3 we get one. The Toyota Prius that you mentioned in here
4 was noted recently to have had its differential replaced,
5 at a cost of \$4600. A transmission in a Mercedes Sprinter
6 is about \$6,000, \$8,000 or \$10,000. It is \$1000 to change
7 one over in a Falcon. Your view is too narrow if you take
8 just a typical taxi and say they should all be like that,
9 in the same way as the exclusion of entitlements. Whilst
10 entitlements to drivers, in terms of holiday pay and sick
11 pay, is not often paid, if you adopt a model that excludes
12 those payments, then you compel operators to choose drivers
13 that will allow them to avoid making those payments, where
14 a responsibility to provide a decent taxi service to the
15 travelling public must include provision for operators to
16 be able to pay these entitlements and attract permanent
17 drivers.

18
19 There is nothing in your survey that deals with the
20 total size of the taxi fleet in Sydney. That pie of
21 available taxi fares is being sliced more and more thinly
22 amongst drivers and operators. The numbers of additional
23 plates coming into the market is a very significant factor
24 on the earnings per taxi. It doesn't appear in your
25 documentation and there is no attempt to measure how much
26 less each car is earning because there are so many more
27 cars out there. 20 years ago we would get a large number
28 of multiple hires. We would sit at a railway station and
29 when the train came in, we would take each of those people
30 going in a different direction in a cab heading north,
31 south, east or west. Now, every passenger travels in their
32 own taxi because there is always a line of cabs.

33
34 There are many additional costs in driving and
35 operating a taxi that are just not included in here. In
36 the Sydney City Council, there's something like 3000 fines
37 issued to taxis in the last 18 months. That equates to
38 about one per car. We need to budget that in.

39
40 THE CHAIRMAN: Can I ask you to finish. I think we've got
41 the message.

42
43 MR MOLLENHAUER: I'll leave it at that.

44
45 MR AHMED: My name is Faruque Ahmed. I'm also a member
46 of the New South Wales Taxi Drivers' Association, but right
47 now I'd like to say a few words as a taxi driver addressing

1 those who are here. I was one of those who got involved to
2 fix the taxi fares and in the first hearing we saw plenty
3 of (inaudible) because in the presence of (inaudible) he
4 made all of us operate transparent. I made a huge long
5 submission on my own, 1000 pages of a very difficult
6 document, hard to put together, so IPART can get full
7 picture. Since then we found IPART not accountable, all
8 the submissions were secret, so many of the taxi drivers,
9 they thought they will not participate in IPART hearings.
10 However, nonetheless, I like to say a couple more issues.
11
12 I take my hat off to my friends [in wheelchairs] but please I tell
13 everyone do not blame taxi drivers. I have written
14 hundreds of letters and (inaudible) is around 250 taxi
15 plates been issued to compensate the operation, to around
16 250 normal taxi companies. Idea was to provide cheaper
17 taxis to disabled people and (inaudible). Since then we
18 ask every department you can think of to investigate and
19 find out where these 500 plates are, who are utilising
20 these, what are the avenues and are they providing the
21 service to disabled people or not. Everything is blank. I
22 don't know why this secrecy and why IPART has not
23 (inaudible) all these taxis (inaudible) by the government
24 of New South Wales, they have every right to issue
25 (inaudible) licence for the benefit of the public, so why
26 isn't the public benefit (inaudible) including my friend
27 here, are asking why the Department of Transport is not
28 acting on behalf of the public and telling us where the 500
29 taxi plates are (inaudible) and who are utilising them and
30 why are disabled people being taken for a ride.
31
32 The next point: I always believe in open
33 accountability and transparency, I don't believe in
34 secrecy. I can go to any country in the world and find out
35 who owns how many shares of which company, but you go
36 and try to find out the taxi register. It is a secret. We
37 don't know who owns the taxi plates. Why, why this secrecy
38 surrounding this? I can go on, but my friend Ted, he made
39 a very good submission and I hope you would pay attention.
40 We have got no money whatsoever, we work hard five days a
41 week and (inaudible).
42
43 Moving on, taxi drivers' safety is a very important
44 issue and we've touched on that. When taxi drivers' safety
45 came in a few years ago, there was a \$1 flagfall. The taxi
46 (inaudible) for our safety because the law has not spelt it
47 out perfectly. The Occupational Health and Safety Act must

1 be applied to any moving business, like plane, train, taxi,
2 regardless of (indistinct) but because there is a gap in
3 the legislation, taxi owners can get away with murder, they
4 don't care about our safety and that's why we are suffering
5 all the time and when we suffer, passengers suffer.
6
7 Moving on from there is quality of the taxis. This is
8 international standard. If you want to start a complex
9 mission, you go through a checklist. If all checks are
10 good you start. If not, fix it up. The taxi industry is
11 not and I can demonstrate - I've got a checklist in my
12 hand. It says what should be done. It is not required
13 under the law. So Department of Transport is allowing to
14 have a taxi (inaudible) industry, they are allowing taxi
15 companies to get away with murder. Not only this, in older
16 days, the independent body used to inspect taxis for their
17 safety features. Now, taxi companies take their taxi there
18 and you can see what will happen. I can go on, but I'm not
19 going there. When something goes (inaudible) like today,
20 police will be chasing all the taxi drivers (inaudible)
21 Palm Beach to inspect their taxis. Don't go the taxi base,
22 where in half an hour they can inspect 100 taxis. Instead
23 they walk in the George Street traffic to harass a taxi
24 driver. They are not concerned about the quality of the
25 taxis.
26
27 I don't want to get into that other debate of
28 (inaudible) immoral and illegal. With one taxi fare, how
29 can you expect a white taxi (inaudible) executive taxi
30 bending over and holding umbrella over passenger. Now
31 people that run the taxi, they have amazing power. The
32 only problem with taxi (inaudible) to limousine service, so
33 what is stopping me to pump up the taxi fare (inaudible)
34 bus services. One of the things that is humungous
35 legislative stuff-up, contrary to public interest --
36
37 THE CHAIRMAN: Can I ask you to address yourself to our
38 terms of reference, which are setting fares and not every
39 problem in the industry, the number of plates, the
40 cleanliness of taxis, et cetera, which we are not
41 responsible for.
42
43 MR AHMED: (inaudible) just pick up and belt a taxi
44 driver. It is not going to happen. Thank you very much.
45
46 MS GOODMAN: I'd like to address the New South Wales Taxi
47 Drivers Association's submission, which, in item 44, spells

1 out quite clearly that taxi drivers and operators don't
2 have documentation on taxi trips but Mr Jools has actually
3 shown that there is documentation and I just want to
4 address that because it is that that is used by the taxi
5 council and why can't they recognise their legal
6 obligations to meet taxi response time.
7
8 MR RAMSHAW: I'm not sure where I've said that there is no
9 documentation in our submission.
10
11 MS GOODMAN: Page 27.
12
13 MR RAMSHAW: You're talking about meter readings?
14
15 MS GOODMAN: Yes.
16
17 MR RAMSHAW: We've never said that meters don't record
18 the information that Mr Jools has described. We're saying it's
19 impractical for that to be reported for the millions and
20 millions of shifts that are undertaken every year in New
21 South Wales or shifts that are worked, and there are a
22 range of practical difficulties in obtaining reliable
23 information like that, notwithstanding the privacy
24 concerns, which are very great as well.
25
26 THE CHAIRMAN: Could I ask you, now the subject has been
27 raised, what do you think of us obtaining a sample of that
28 information, as Mr Jools has effectively invited us to do?
29
30 MR RAMSHAW: Again, the practical difficulty is verifying
31 the information that you've been given. A lot of things
32 have to operate exactly correctly in order for the
33 information to be reliable, so it can fall over at a lot of
34 points unless the meter is being activated correctly, as to
35 what goes on in the cab itself, as to what gets reported at
36 the end, and it can't be guaranteed because meters get
37 cleared from time to time for various reasons as well, so
38 it is problematic.
39
40 MR KILLEEN: Can I ask a question in regard to response
41 times. As a passenger, if I book a cab for 10am and I get
42 a call from the Zero200 which says the taxi will be arriving
43 on time at - ETA on time at 10am and then the cab turns up
44 at 10.15, or if I book it for 10am and they said, "ETA is
45 10 past 10, that's the closest we can do, so when you book,
46 we'll try and get you one there as close as possible to the
47 time." So if one says they're going to be there at 10.10

1 and then turns up at 10.35, is the response time recorded
2 as what the driver's ETA is to pick me up at 10 past 10 or
3 is it the response time is when he picks me up at --
4
5 MR RAMSHAW: It's when you're picked up.
6
7 MR KILLEEN: So you've got some sort of recording that
8 goes by GPS back to the base to say they picked me up at that
9 time?
10
11 MR RAMSHAW: That's right. There are a couple of other
12 things as well in relation to your comments earlier, Greg,
13 about the \$8.47. I was a bit surprised about your
14 opposition to that. It is actually money coming from taxi
15 operators that is paying for that.
16
17 MR KILLEEN: To clarify, I'm not against it per se that
18 it's an incentive to get drivers to pick up people on time,
19 albeit whether it's a rank job or a street hail, or whether
20 they're not on time; they could be half an hour late and
21 still getting the money. My issue is the cost of taxi
22 transport for people with a disability, even considering
23 the transport subsidy, and you're saying it's coming from
24 the operators?
25
26 MR RAMSHAW: The \$8.47 is coming from the fees that
27 operators pay for their annual fees for their operator
28 accreditation.
29
30 MR KILLEEN: That is coming from the industry?
31
32 MR RAMSHAW: It is coming from the taxi industry, and
33 there are a number of other things that help subsidise
34 services.
35
36 MR KILLEEN: Is that coming out of the money from the
37 nexus plates?
38
39 MR RAMSHAW: It is coming from operator accreditation
40 fees.
41
42 MR KILLEEN: Do you know what happens to the nexus plates?
43
44 MR RAMSHAW: I don't know how many nexus plates there
45 are or where they are.
46
47 MR KILLEEN: It seems like nobody does.

1
2 THE CHAIRMAN: I'm going to pull this up.
3
4 MR WILKINS: Mr Chairman, my name is Brian Wilkins. I'm
5 the president of the New South Wales Taxi Industry
6 Association and also president of the Country Taxi
7 Operators Association. My colleague Peter has brought up
8 most of the points in his early submission, but there's
9 just a few things I'd like to pick up on, and Peter spoke
10 about one, and that was the money coming out of the TAC
11 fund, and the idea of that was - not only was it to get
12 people picked up on time in wheelchairs but also to improve
13 the service level, but the biggest factor was taxi drivers
14 were being asked to work for nothing. They have to stop
15 their meter at the end of the journey and then you get the
16 wheelchair out and take the people to wherever they've got
17 to go. In the city areas, usually they're fairly
18 accessible, but in a lot of the country areas, and nowadays
19 I'm in the country, we'll take people into their home, hook
20 up whatever they need hooked up and do the lot, and it
21 wasn't fair that a driver was asked to work for nothing and
22 we've been pushing the Ministry of Transport for a long
23 time to do something about it and the suggestion which came
24 from the industry was that we would in actual fact use the
25 funds that were in the TAC fund to pay for this for a trial
26 period to see if it improves.
27

28 The information I get back from Zero200 is it certainly
29 has improved. We don't have a major problem. My friend
30 mentioned Newcastle, which has been a problem as far as
31 wheelchair services are concerned. Most country areas are
32 very well catered for as far as WAT vehicles are
33 concerned - places like Port Macquarie have more WAT
34 vehicles than they have ordinary taxis; there's a lot of
35 nursing homes in the area - but it was something that was
36 done to try to make sure we could get the service level up.
37 We are striving and each month we have meetings with the
38 Ministry of Transport, we go through the statistics, every
39 network in Sydney produces those statistics, gives them to
40 the Ministry of Transport, they're extrapolated back out
41 again and we're gradually bringing that service level up so
42 it will be equivalent to a normal able-bodied passenger,
43 and that's what we've been striving for for years. I've
44 been in the industry a long time. We are certainly now
45 giving the driver more incentive. That money goes to the
46 driver, it is not shared with the operator, it's not shared
47 with the network, that money goes to the driver, so it is

1 an incentive strictly for that particular driver, as is the
2 20 per cent surcharge after 10 o'clock night, it goes to
3 the driver.
4
5 The earlier submissions that we're diametrically
6 opposed in our ideas - without drivers, the industry is
7 nothing, we haven't got the people to work, so I find it
8 strange some of the statements that are being made. The
9 industry is working very, very hard, particularly with many
10 of the disability groups, and with our clients in general,
11 to make sure that we do give a good service, whether it be
12 in the country areas or the Sydney CBD or wherever it is.
13
14 I'd just like to ask Michael, who was talking about 14
15 million people rang for taxis and only 8 million got one.
16 Statistics will tell you that I think it's 87 or 89
17 per cent of taxi hirings are picked up within 15 minutes
18 maximum. 14 million is not even a drop in the ocean.
19 We're doing 150 million taxi journeys a year in New South
20 Wales in the Sydney metropolitan area. I don't know where
21 you got that figure of 14 million, where that came from.
22
23 MR JOOLS: From the Department of Transport submissions
24
25 MR WILKINS: You've got some figures there wrong. You
26 also said drivers should be picking people up. The reject
27 rate on any of the major networks in the Sydney
28 metropolitan area are frightening. And who rejects the
29 job? Not the customer, it's the driver that rejects the
30 job, so it's what they call the cherry picking that goes
31 on. You talk about pay-ins, you talk of a driver pay-in of
32 \$120. Drivers are dictating what they're paying in and the
33 ones that are paying the \$120 are the ones that are getting
34 their benefits. You made a statement only 2 per cent of
35 drivers - Mr Hirsch - were getting benefits. That is
36 totally incorrect. It might be 2 per cent of the
37 membership you've got in the Sydney Taxi Drivers
38 Association or the New South Wales Taxi Drivers
39 Association, but it's certainly not the run of the mill for
40 drivers in the Sydney metropolitan area or in country New
41 South Wales. Drivers that are paying in what their pay-ins
42 are, as set down by the award, are getting all their
43 benefits. The drivers that want discounted pay-ins, so
44 reduced pay-ins, to cut out that gap between their
45 entitlements, are the ones that certainly aren't getting it
46 and then all of a sudden they end up back in court when,
47 after two or three years of a sweetheart deal, it doesn't

1 work.
2
3 We've got to sit here and tell the truth about
4 everything, we've got to tell the truth about what the
5 drivers do and don't get and I've been employing drivers
6 for a long time and I've got a pretty good track record,
7 over the many, many years, of looking after them, and I've
8 been a cab driver myself, but we've got to sit here and
9 tell these people, who don't really know much about the
10 taxi industry and are learning, and I believe you've got
11 some statistics, but quite frankly, let's tell the truth
12 about it all and get it all out on the table and say this
13 is what happens. There are sweetheart deals. You talked
14 about the \$10 surcharge, or whatever it was, for the
15 premium service. We know that the drivers are charging it
16 and the operators are charging it because the clients are
17 prepared to pay it if they know they're going to get a car
18 on time. We've got all sorts of things we're travelling
19 through. I just think you've got to look at the economics.
20 We can't price ourselves out of the industry. We've got an
21 industry here - and in Victoria I think a 75 per cent
22 subsidy goes to the user - but again, that's government
23 policy, that's nothing to do with this group here, but the
24 most important thing is let's not twist the figures. As
25 far as the industry is concerned, we're quite happy to
26 broaden some of the reports we get back in, and
27 particularly from country New South Wales, and Peter
28 highlighted to you what the problem was with radio fees,
29 which as soon as I heard about it I ticked it. I had a
30 phone link-up yesterday with my six regional groups and
31 we've asked them in future, when they're putting that
32 information in, to put any extraneous charges in, like the
33 Bathurst - one of the groups said we had a major workers
34 comp claim, we had a lady paid \$35,000, and because all of
35 the owners are shareholders, they are cooperatives, they
36 all said, "We'll pay an extra \$50, \$60 per week until we
37 get that bill out of the road." But I've asked them to
38 make sure that they do that. I won't say any more because
39 we'll be going all day. Thank you for the opportunity to
40 speak.
41
42 THE CHAIRMAN: I'm going to ask if there's anyone in the
43 rest of the room.
44
45 MR FLETCHER: My name is Paul Fletcher. I am a taxi owner
46 and driver. I have been in the business for almost 35 years.
47 My submission to you was in the form of a letter I wrote

1 back to the lady running the PricewaterhouseCoopers'
2 survey. I was of the view, and I still am, that the survey
3 was a totally wrong survey, that the questions asked in it
4 and the implications of it can be very false.
5
6 A few things have come up. Meter readings - take the
7 sheet and look at meter readings. You can't take what is
8 left on a meter as an accurate assumption of what a driver
9 may or may not have taken. There are numerous factors and
10 numerous techniques that drivers use, such as not turning
11 the meter on. It used to be known as "high flagging".
12 That is done these days very often so that that taxi
13 remains in the plot.
14
15 The alternative to it is they turn the meter on as
16 soon as they get a radio booking, and depending which part
17 of Sydney you work in, you might do 60, 70 per cent, 80 per
18 cent of your work as radio bookings, and that is where you
19 turn the meter on, or a lot of drivers do, so they can then
20 travel a period which shows that the job has been picked up
21 and they can then plot back into the computerised situation
22 for bookings, and then they have a head start in the queue
23 to try and get a booking because you are often allowed a 5-
24 or 7-minute period where you can remain engaged and stay
25 in it. The meter readings are very false. Drivers drive
26 around on Friday nights, Saturday nights, with the meter
27 turned on to some extent. That is used by them as a means
28 of picking and choosing the fares. "Sorry, sir, I can't
29 take you there, I'm engaged to pick up" or the various
30 reasons they use. So the meter readings can be very
31 erroneous.
32
33 With a couple of drivers that I have got, they vary by
34 about 60 or 70 per cent. Part of those readings go with
35 both of them. It varies dramatically. City cabs show a
36 totally different dollar per kilometre than cabs that start
37 and finish and work in the suburbs, particularly the outer
38 suburbs. The population is not as dense. You have to run
39 a lot further to pick up jobs. You get caught in, for
40 example, the inner suburbs. You have to knock off. You
41 might drive vacant for 40 kilometres to get back to
42 changeover. So it is not a good record as to what is one
43 cab is another cab.
44
45 I notice that Michael said that most of the readings
46 there, virtually all of them I think he said, were from
47 cabs starting in Alexandria. Most cabs start and finish

1 and generally work where they start work.
2
3 Productivity is a problem. It keeps cropping up and
4 it is part of what you are looking at. The biggest
5 problem - and I have put it in a submission last year, and
6 it remains - is the parking restrictions. It is
7 staggering. I cannot work in the city. I bring a fare
8 into the city and I just drive out. You simply can't work
9 in the city. I urge you get in your car at George Street
10 at Railway Square, drive up George Street and look where a
11 cab can legally pick up or set down. It is really
12 impossible. There are "no stopping" zones and bus zones.
13 That is all that is there. From George Street heading
14 south, about the only spot is a small spot outside
15 Australia Square until you get right down here. You can't
16 pick up or set down on the perimeter the Queen Victoria
17 building. This is not allowing productivity. It is
18 throughout the suburbs. It is an unbelievable hindrance.
19
20 Entitlements and drivers - some submissions said that
21 that is not utilised, that it is shown as a cost but is not
22 utilised. I dispute that very strongly. That actually
23 does go to drivers on the basis of not only discounted
24 pay-ins but discounted again on the method that the drivers
25 choose. A driver can choose whether he will work on a set
26 pay-in or a percentage pay-in. That is totally up to the
27 driver. Then most say, "Can I have my holiday pay?" "Yes,
28 your holiday pay is paid on a daily basis." That is the
29 holiday pay going to the driver. That the driver may or
30 may not choose to set it aside is his option, but it is
31 going to the driver, and usually an added discount on top
32 of that.
33
34 One of the submissions was from a transport and
35 tourism forum, I noticed. I read that and I thought, "My
36 goodness me. There's a lot of very questionable and crazy
37 accusations made without any substantiation." I looked at
38 last year; they didn't make one last year. They made one
39 the year before, though, which was very much in support of
40 a taxi industry and of fares needed. I looked at who is
41 the chairman of this transport forum that has made a
42 submission this year. It is a Mr Chris Brown. I cast no
43 aspersions on Mr Chris Brown or what influence he had in
44 writing that submission, but his father, I believe, Mr John
45 Brown, was one of the people involved in Lime Taxis and it
46 bore very much a resemblance to an interview I watched the
47 other week on State Line from a very frustrated Mr Alvins

1 who tried to enter a business of which he knew nothing. I
2 will leave it at that.
3
4 THE CHAIRMAN: Unless there is a new point to raise, I
5 will bring this to a close.
6
7 MR JOOLS: In terms of WAT fees, maybe it is within the
8 province of IPART to reverse the system and say "Rather
9 than there be a \$30 cap on the payment from government to
10 driver, maybe there should be a \$30 cap on the amount the
11 passenger has to pay." Let there be a cap on the fee
12 payable by the passenger and let the government pick up the
13 rest. The difficulty for the incapacitated is enormous.
14 There are nexus fees and charges that are available to
15 recoup the moneys from. How about turning it on its head
16 and going the other way?
17
18 THE CHAIRMAN: I make the point that in the case of taxi
19 fares (inaudible) we do not make determinations. So it
20 would be a recommendation. We have in the past, as I
21 indicated earlier, we have made
22 recommendations to government about assistance to
23 disadvantaged people to handle price increases. We can do
24 that again in this particular instance, so we could make a
25 recommendation to government. That is not to say what our
26 recommendation will be.
27
28 Let me more generally, in bringing these proceedings to
29 a close, make a couple of observations. There has been
30 quite a lot of discussion particularly by taxi drivers and
31 those representing taxi drivers about what we should have
32 included in our calculations. What needs to be appreciated
33 is that to date we have fixed taxi fares by taking last
34 year's fares and indexing them for the changes in costs
35 which have affected the industry. That is the basis on
36 which we have worked. We didn't commission the
37 PricewaterhouseCoopers survey. That was commissioned by
38 the Department of Transport and is essentially controlled
39 by the Department of Transport. However, we wanted access
40 to that survey in order to review the weightings in our
41 cost index. When you are looking at weightings of the cost
42 index and what is included, you do not have to include
43 every element of costs. I mean, you basically draw the
44 line at what you think is significant in affecting the cost
45 index. If you like, the burden of regulation, the cost of
46 regulation, and so on, is an issue, and so to date we have
47 always said that we will take last years fares and get a

1 cost index which we believe is representative of the
2 overall costs with provision to re-weight the different
3 components from time to time. That is what we have been
4 doing. It certainly has been suggested to us by the Taxi
5 Council that there are some elements in that weighting that
6 need review. That we will certainly pay attention to.
7

8 The proposition is that we, however, should, if you
9 like, completely change the setting of taxi fares and that
10 is to really build it up from the bottom up, and that would
11 include all the costs that the industry incurs. Let me say
12 on that, I think today we have heard enough to suggest that
13 the evidence about the costs of the industry is heavily
14 disputed. We have heard different views. That is not to
15 say that you couldn't proceed this way. It would be a
16 major exercise, however, to proceed this way and get
17 evidence that there is a reasonable measure of agreement
18 about. I certainly strongly suspect that we could not do
19 that and produce a fare increase by 1 July. It would
20 really mean a further major exercise. We can't start with
21 PricewaterhouseCoopers and (inaudible). We would have to
22 go back to TORs and we would need to convince ourselves
23 that it is possible to go back to TORs because we have had
24 enough dispute over the evidence of Mr Jools, that we would
25 need to consider the whole methodology carefully.
26

27 We will certainly reflect on that proposition. What I can
28 say if we went down that road it wouldn't produce a price
29 increase by 1 July. I very much doubt that, and you should
30 appreciate that I think. You have given us a lot of food for
31 thought and we will go away and do some thinking. Thank
32 you very much for your attendance today. I would particularly
33 like to thank the disabled people for their attendance.
34 As Mr Cunningham pointed out, it makes demands
35 on your time but it also makes considerable demands on your
36 pocketbooks, taxi fares, et cetera. Thank you very much.
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