INDEPENDENT PRICING AND REGULATORY TRIBUNAL

TAXI FARES OUTSIDE SYDNEY FROM JULY 2015

PUBLIC ROUNDTABLE

Tribunal Members

Dr Peter Boxall, Chairman
Ms Catherine Jones and Mr Ed Willett, Members

Members of the Secretariat

Mr Hugo Harmstorf, Ms Fiona Towers and Ms Sarah Blackwell
At Novotel Newcastle Beach, 5 King Street, Newcastle

On Tuesday, 28 April 2014 at 10.30am

OPENING REMARKS

THE CHAIRMAN: Welcome, everyone, and thank you very much for coming. My name is Peter Boxall and I am Chairman of IPART.

With me today are my fellow tribunal members, Catherine Jones on my left and Ed Willett on my right. In particular, I would like to thank you very much for making the time to attend today's public roundtable on our review of maximum fares for taxis in areas outside Sydney.

Today's roundtable provides both you and us with the opportunity to discuss IPART's draft report on taxi fares for areas outside Sydney. We recommend fares to Transport for NSW and they make the final decision.

This year we have done a more comprehensive review of taxi fares outside Sydney than we have in the past. We engaged a consultant, the CIE, to provide the costs of providing taxi services outside Sydney and, for the first time, in 2014, we extended our survey of taxi passengers to regional areas of NSW.

We also looked closely at taxi industry data provided to us by Transport for NSW and available data on population growth and economic activity which provides an insight into the level of demand for taxi services.

We found that the cost of a taxi licence in many areas outside Sydney is very high, in some cases higher than the cost of a taxi licence in Sydney. This cost must be recouped through taxi fare revenue. The result is that taxi fares are higher than they need to be to cover efficient costs.

Our analysis indicates that the high cost of licences is due to a shortage of taxis or similar services relative to the demand for these services.

If there were more taxis or similar services, then the value of licences would be reduced through competition and fares would be closer to efficient levels.

While there is no statutory limit on the number of licences outside Sydney, the price of a new licence can

prohibit new operators entering the market. Perversely, the price of a new licence is highest in the areas facing a significant shortage of taxis. This is because of the process Transport for NSW uses to determine the fee it charges for new licences, which involves looking at the most recent transactions in the market. We think this issue needs to be addressed.

Our draft recommendations are for a fare freeze – that is, for the maximum taxi fare components to remain at their current level during 2015-16 - and for a review of the taxi licensing arrangements outside Sydney to allow the market to better match the supply of taxis with the demand for their services.

We expect that a fare freeze would make it more affordable for customers to use taxi services. We also expect that the reform of licensing arrangements would make it cheaper and easier for passengers to catch taxis in the longer term and make it easier for operators to enter the industry.

Finally, we note that, in some areas, taxi services are facing increasing competition from alternative point-to-point transport services such as hire cars. Some people in the taxi industry have also expressed concern about commercial ride-sharing commencing in areas of New South Wales outside Sydney even though commercial ride-sharing is not legal in NSW.

Competition has benefits for passengers in terms of choice, affordability and convenience and for taxi operators in terms of driving down licence costs. However, appropriate regulation for safety and protection of drivers and customers needs to apply to all services, therefore, one of our draft recommendations is for a review of the regulatory framework for all point-to-point transport in NSW.

We are here today because we want to hear your views on taxi services outside Sydney. This is a public roundtable which forms part of our consultation for this review. We have a transcriber present to record the proceedings and the transcript will be publicly available.

To start off, I invite Sarah Blackwell, a staff member of the IPART secretariat, to commence with a brief overview of our draft findings and recommendations relating to taxi fares outside Sydney.

After Sarah's presentation, I will call for comments from around the table and from the audience. Thank you, Sarah.

SHORT PRESENTATION ON DRAFT FINDINGS AND DRAFT RECOMMENDATIONS ON TAXI FARES

MS BLACKWELL: Thank you, Peter.

One of our key draft findings about taxi fares is that they are higher than they need to be because they contain a component that is economic rent.

Economic rent is unearned income that results from a scarcity of a good or service rather than its productive value. The income from owning a taxi licence is an economic rent. It is also a cost to taxi operators, but it is not an efficient cost.

High licence transfer value, including in Newcastle where licences transfer for over $200,000, indicates that the economic rent component of fares is very high.

The pie chart on the right of this slide shows the way taxi fare revenue is distributed. The slices of the pie in blue represent the efficient costs of providing taxi services, such as vehicle costs, of which insurance and fuel are a subset.

Even if fare revenue does not change, licence costs - an economic rent - shown on the pie chart in red, can adjust downwards to cover any increases in the other efficient costs.

Our draft recommendation is to freeze fares at their current level in all areas outside Sydney for 12 months from July 2015. This is consistent with Transport for NSW's decision to freeze fares in Sydney over the same period.

We expect that a fare freeze would make it more affordable for customers to use taxi services and may encourage people to catch taxis who have previously found it too expensive to do so. In contrast, increasing fares

would not help passengers nor would it help drivers as it would make taxi services less competitive with alternatives.

Today, we would like your feedback about our draft recommendation to freeze fares, particularly as it applies to Newcastle and surrounding areas.

To focus the discussion on fares, we have prepared a few questions, but we are interested in any feedback that is relevant to our draft recommendation.

Following your comments on fares, I will make a short presentation on our findings about the level of taxi services and our related draft recommendations.

Now I will hand back to Peter to chair the discussion.

COMMENTS FROM ATTENDEES

THE CHAIRMAN: Thank you very much, Sarah.

In terms of when you make comments, could you please identify yourself and the organisation you are with, if you are with an organisation, for the purpose of the transcript. Could you also limit your interventions to five minutes in the first instance. There will probably be a chance to have a second intervention if you want to.

First in terms of comments from around the table, would you like to start, Roy?

MR WAKELIN-KING (NSW Taxi Council): Good morning, everyone - members of the tribunal, Peter, and the audience - my name is Roy Wakelin-King. I am the chief executive of the NSW Taxi Council.

I thank IPART for the opportunity to be present today and to provide some comment on this important review process. I recognise that I only have five minutes so I will try and be succinct.

Ladies and gentlemen, a taxi is a business. An individual taxi, if you like, is a shop. It is a place for operators and particularly drivers to earn their living. Importantly, taxis, which form part of the public transport framework, unlike other forms of public transport, are not funded by the state. They are funded by the private sector, in essence, the people who invest and operate in this industry.

We provide a considerable contribution to the public transport system. We provide approximately 170 million passenger journeys across NSW each year. On top of that, despite not being funded by the state, we make a very substantial contribution to the economic and social fabric of NSW. This has been independently assessed as being over $1 billion per annum. We provide important employment opportunities for people right around the state, which is particularly valuable in rural and regional NSW where employment opportunities are more limited than they are in capital cities and major urban areas.

Therefore, running a shop as a private enterprise is critical. You must be able to recover your costs and make a reasonable return so that you can provide a living for yourself and your family.

It is in this analogy of taxis being a shop that I would like to draw everyone's attention to the issue of licence and licence lease costs. Licence lease costs in Newcastle are in the order of approximately $370 to $400 per week to lease a taxi. I have done a little bit of research and, in looking at what it costs to lease a shop in the Newcastle area, I have seen prices in excess of $400 to $500 per week. Our industry is being identified and criticised for having economic rent in its lease rates, yet those lease rates are just merely a reflection of someone, in effect, leasing a shop and conducting their business.

It is important to recognise in that context that licence lease costs in NSW generally, certainly in Sydney and I believe here in Newcastle, have remained steady over a number of years and certainly in the post global financial crisis period. Yet, other costs, particularly insurance, have risen markedly and well in excess of the consumer price index.

In order to make a living and to provide an essential service, our taxi operators and owners are, in effect, facing some significant financial pressures. To identify licence lease costs as being the sole inhibitor to

providing efficient services, we believe is not a correct analysis of the situation.

I would also have to highlight that licences in NSW, in rural and regional areas outside of Sydney - and that includes Newcastle - are not limited by the state. The NSW government places no statutory limits on anyone obtaining a taxi licence. Any person can make application to the government through the appropriate agency and receive a licence on paying the appropriate costs and meeting the appropriate administrative requirements.

Those costs are set by the market. It is what the market is prepared to pay to operate a taxi business in those regions. It is not some price that is set by the government artificially. It is not some price that is set by the industry artificially. It is a price that is set by the market taking into consideration risk and return, and anyone who wanted to go and lease a shop to start a business here in the Newcastle CBD would do exactly the same thing.

So people are making informed decisions about whether they want to enter and indeed ultimately exit our industry. It is as the industry should function, certainly in areas such as those outside Sydney, and it is a system that works.

I note that there have been a number of applications brought before Transport for NSW and Roads and Maritime Services for such licences.

Most recently in Muswellbrook, an application was brought forward and Roads and Maritime Services, in the absence of having a recent transaction to determine market value, undertook an open and transparent expression of interest process to determine market value and then, I am advised, sold three licences to the successful proponents. There is a high degree of transparency in that process and it was the market which determined the price, not anyone else. So the system works. The system reflects what people are prepared to invest in.

In the context of rural and regional NSW and areas outside of Sydney generally, as highlighted in the IPART report and well publicised elsewhere, the economy is growing at a lot slower pace in these areas. Whilst that may be variable right across NSW, it is worth highlighting that there are some key areas which are indeed struggling due to economic, social and other changes and pressures that are impacting on rural and regional New South Wales.

By way of example, next year, Orange, which in the report was highlighted as having a high degree of growth, will see the closing of the Electrolux factory resulting in some 540 jobs disappearing from that region. In sensitivity terms, that is a high impact for a regional city such as Orange. You can imagine the impact on that city and particularly on the discretionary spending habits of people which directly flow on to our industry.

We must be very conscious of these facts before we make key assumptions in identifying reforms for the taxi industry, and particularly in the area of licensing, we must be aware of these broader economic and social challenges which are facing rural and regional New South Wales.

On fares, we note that IPART recommends that there be a fare freeze. We clearly, as an industry, recognise that we must be competitive from a pricing point of view. It is pointless for us to price ourselves out of the market, but, importantly, prices for a public transport service provider must be regulated to ensure that the consumer is aware and protected so that the consumer is not exposed to practices such as price gouging. It must be transparent, it must be fair and it must be set at a reasonable level.

A fare freeze for our industry is in fact a reduction in real terms. We have only just come out of a fare freeze some 18 months ago. I believe that the NSW taxi industry and the regions right around NSW have undertaken already a high degree of heavy lifting in terms of ensuring the industry's cost competitiveness.

It should be noted that those cost increases have involved all other factors of operating a taxi with the exception of licences, which have generally decreased across the broad spectrum of areas in NSW and, in some cases, markedly so.

By way of example, and in closing, I highlight the

issue of CTP insurance. The taxi operators and my fellow members in this room will be only too well aware of the significant increase in CTP insurance, which has gone up in excess of $3,000 over the last four to five years, substantially above CPI.

The bottom line is that operating a taxi has increased in cost by in excess of 3 per cent over the last three to four years. We have faced one fare freeze. We have had a CPI increase only of 2.5 per cent, and we are potentially facing another fare freeze. We are well behind the eight-ball in terms of meeting our costs.

I wish to make it clear - and I do request that the tribunal do take this into consideration in their recommendations to Transport for NSW - that we believe that we have adopted and accepted measures that have put us in a competitive position to a certain extent at our own disadvantage.

There will, obviously, be more, Peter, that I would like to respond to as comments come from the floor. Again I would like to emphasise my thanks to the tribunal for the opportunity to talk today and I look forward to hearing other contributions and particularly the contributions from my fellow members, thank you.

THE CHAIRMAN: Thank you, Roy. Brian, would you like to say something?

MR O'SULLIVAN: I think Roy Wakelin-King has covered it very well. There is only one thing I could add to that. I think you mentioned the main competition for country taxis is hire cars. There is much more competition than that with courtesy cars - courtesy vehicles or buses - plus community transport. It is much more than hire cars that we are competing against.

THE CHAIRMAN: Thank you, Brian. Anthony, do you want to say something now?

MR WING (Transport for NSW): Yes, Mr Chairman, thank you, but only very briefly. I am Anthony Wing, General Manager, Transport for NSW.

Our role in this is that Transport for NSW ultimately has to make the determination about country and non-Sydney-metro fares. Under statute, IPART has been asked to provide us with independent advice, so given that there is independent advice to come, I certainly do not want to comment on any of the particular recommendations that are being made today.

I must say we are very pleased to see an open and consultative process. That is great to see. Of course I am here and available to answer any questions or deal with any matters of fact that the tribunal might have.

THE CHAIRMAN: Thank you, Anthony.

We will take questions or contributions from the floor. If you would like to come up, there is a microphone here. Would somebody like to kick off with their contribution?

MR BERNARD: My name is Clive Bernard. I have been an owner/operator/driver in the Newcastle taxi transport district for some 15 years here in Newcastle. Eighteen months ago, we suffered a fare freeze. In that time, Newcastle's fuel prices jumped by 12 cents a litre for nearly the whole period of that time. Our CTP insurance went up. Since I have been operating taxis in Newcastle insurance premiums have gone from $1,500 to some $6,500 now.

You put a pie chart up of what is happening in the industry. I can give you a pie chart that shows that drivers are sitting out there, Monday through Friday, during day work and weekends, earning less than $6 to $7 an hour in the Newcastle transport area. I have had cars off the road in the last three to four weeks because of a lack of drivers because they cannot earn an income. If you open that pie up to more taxis within that pie and you want to run a viable business, it can't happen.

THE CHAIRMAN: How many cars do you have?

MR BERNARD: I have three plates. I operate two and I lease one out. The costs vary throughout the industry at all times. When the freeze was on before, the licensed mechanics' rates went up by $3 an hour. These are things that are in-built within the industry, and then you have to take your insurance costs, your comprehensive insurance costs, and all that that involves. You might have a car

written off one week but you have to replace that within that one week in order to be back on the road and to keep your business viable.

I would be happy if a fare freeze is in place as long as our present upwards costs are held in place at the same time. By the same token, most of the time people want a taxi in Newcastle is on Friday and Saturday nights at peak times. If you go to an emergency service, you will have to be prepared to wait at peak times. Newcastle taxis are no different. We can supply, but every time somebody gets into one of our vehicles, that vehicle, even if it is one person, is off the road for a minimum of 30 minutes, so you take a car out of the system for that period of time. To allow more plates at those peak times makes your business unviable for the rest of the time. Thank you for your time.

THE CHAIRMAN: Thank you very much, Clive. Anybody else from the floor?

MR MACRIDD: My name is Alex Macridd. I am an owner, I only own one taxi. My wife and I, we average about 120 hours driving a week. Just to let you know about the piece of the pie, in Newcastle to keep a car on the road, before you make a cent for yourself, it costs $1,400 a week. The other week I had to replace the car battery in the hybrid taxi. It cost me $3,917 for the battery itself, $500 for installation and then the car was off the road for two days.

I don't mind a price freeze if you can freeze the other prices or if you can go back to when I first started. Then it was $1,300 a year for the green slip and comprehensive insurance was much cheaper. To fill your car up with gas back then, when gas first came out, it cost $23 a shift. To fill your car up with gas now, it costs $60 a shift. Gas is not economical now and that is why everyone is changing to hybrids.

It can be different components at different times – if the gearbox goes or anything goes, it costs more money, but on average it costs you $1,400 a week to have a taxi on the road. That includes GST components, your tax, your account and everything, and if you are paying the car off with the bank, or whatever, that is what it costs. So it is not a cheap industry but that's the way it goes.

I don't mind a price freeze if you can freeze all the other things. I was making more money 20 years ago. Things were a lot cheaper, but at the present time, you can't do it for any less. Thank you.

THE CHAIRMAN: Thank you very much, Alex. Yes, Clive?

MR BERNARD: There was one other thing I forgot to mention. In the Hunter Valley at the moment there are 17,000 mine workers out of work. They were earning top incomes and, all of a sudden, those incomes have been taken out of the Hunter Valley and the Newcastle economy. So we are suffering, as I said. This would be the worst financial year I have had since I have been operating taxis.

THE CHAIRMAN: Thank you, Clive. Would anybody else like to make a comment?

MR GRACE: My name is Rod Grace. I am a second-generation taxi operator, with my mother, and I am hoping to pass it on to my children - the third generation.

I can back up what everyone has said here today about costs. If you would let us, we could show you our books. We are down 30 per cent on our gross. I agree with what Roy was saying. The cost of green slips has gone up $3,000in two years. Insurance has doubled and it is way out of hand.

I have a question for you, Anthony. We are crossing over into different districts - Newcastle. Lake Macquarie, Maitland, Raymond Terrace. Their green slips and registrations cost half our price. You keep talking to us about country or outside the Sydney area, but we are paying city prices. If we were looking at some way to decrease our prices, one thing we could look at is our green slips, because we are running in their area. We are not running in Sydney.

THE CHAIRMAN: How many cars do you have?

MR GRACE: I have a dozen.

THE CHAIRMAN: Just so that you know, Rod, outside Sydney is actually split into outer urban and country.

Newcastle, Wollongong, the Blue Mountains and those sorts places are in one area and then Orange, Bathurst and regional areas are in another. That is a good point and we all the other will take that on board.

MR GRACE: Thank you.

MR WAKELIN-KING: We are working very closely with the Motor Accidents Authority around this issue of CTP insurance. As you would be aware, it is regulated by the Motor Accidents Authority. It is a very challenging issue for our industry. For the people in places like Wollongong and Newcastle who do pay the city insurance rate, their circumstances and operating environment is quite markedly different, so this is an area on which we would welcome any further examination.

THE CHAIRMAN: Thank you, Roy, and thanks for that, Rod.

MR GRACE: Thank you very much.

THE CHAIRMAN: Is there anybody else?

MS LEWIS: Jill Lewis, from the NSW Taxi Council. My question is to the IPART tribunal. Have you considered conducting a social and economic impact assessment? In many out-of-metro areas, and indeed regional and rural areas across NSW, the taxi operators and drivers are the core people in communities. They are not only there to provide a transport service 24 hours a day, but most of the time they are the people who also sponsor the local footy team. Their children go to the local schools, they go to the local hospitals, they shop locally. They are an integral part of the community. If you are going to take away or diminish their capacity for earning, then the flow-on effect, I suspect, could be up to 3:1 in some of those areas.

THE CHAIRMAN: Thank you, Jill. No, we haven't conducted a socio-economic analysis but we will take that on board.

The important point here is that we are not trying to reduce people's earnings. We are trying to look at what is a good outcome for customers as well as taxi operators including those people who, at the moment, don't take a cab because it is too expensive and they might take it if it was more accessible. Thanks for your contribution, Jill.

Would anybody else like to make any comments? There will always be a chance to speak later. Are people comfortable now to have a short presentation from Sarah on the licence issue and then we will move on from there? Thank you, Sarah.

SHORT PRESENTATION ON DRAFT FINDINGS AND DRAFT RECOMMENDATIONS ON TAXI SERVICES

MS BLACKWELL: Thank you, Peter.

One of the things we looked at during our review of taxi fares is the standards of service and the way in which they relate to fares. In particular, we have become concerned about how a potential undersupply of taxis translates to fares being higher than they should be, longer waiting times for passengers, and higher taxi licence costs that act as a barrier to the entry of additional taxis.

The population and economic data we have reviewed indicates that demand for point-to-point transport, which includes taxis, hire cars and community transport as well as other potential competitors like commercial ride-sharing, is growing in most parts of NSW.

As demand grows, existing taxis are busier and able to earn more money. In a market that didn't have any barriers to the uptake of new taxi licences, as demand grows, you would expect to see more taxis enter the market. However, if no new taxis come into the market, the additional profit per taxi translates to higher licence prices.

As I explained earlier, in economic terms, the licence cost is not an efficient cost of providing taxi services, but an economic rent that is created by licences being scarce. However, it is still a financial cost that taxi operators have to pay and, as a result, fares are higher than they need to be to cover these costs.

One of the draft findings of our review is that the method of releasing new taxi licences in operating areas outside Sydney, where the price charged by Roads and Maritime Services is determined by reference to the recent sales of existing licences in that operating area, means that where additional taxis are most needed, licences are

the most expensive and therefore the barriers to entry are the highest. We have therefore made a draft recommendation that taxi licensing arrangements be reformed outside Sydney to address this problem.

One existing competitor to taxi services is hire cars. We can see from the table on this slide that hire cars have taken up opportunities presented by increasing demand, particularly in areas outside Sydney, where hire cars as a proportion of taxis are quite high.

In Sydney itself, I am sure you are aware that ride-sharing app UberX has also emerged as a competitor to taxis and hire cars.

While competition and choice can be good for consumers, it is important that driver and passenger safety and consumer protection are assured as well, which is why we recommended a review of the regulatory framework of all forms of point-to-point transport in our review of Sydney fares and licences, and we have also made this a draft recommendation that covers areas outside Sydney.

As for our discussion about fares, we have drafted some questions to focus today's discussion, but we are interested in any feedback that is relevant to our draft findings and recommendations, as I have just outlined.

I will hand back to Peter to chair this discussion.

COMMENTS FROM ATTENDEES

THE CHAIRMAN: Thanks, Sarah. Would anybody like to comment from around the table? Roy?

MR WAKELIN-KING: Thanks, Peter, and thank you, Sarah, for the presentation. I made some points earlier about the process for putting new taxis into rural and regional New South Wales. I would like to re-emphasise the point about there being no statutory limits on taxis.

The question then is what is the process in terms of which those taxis can be put out into the market where they are so needed? As I said, there is an appropriate process in place. I note that IPART has identified there may be issues of transparency around that. I think that is a matter that the government needs to take on board - that is

Transport for NSW and RMS. If there is an asymmetry of information that doesn't exist there, that needs to be identified and dealt with.

As far as we are concerned the policy is clear. You make an application and assessment is made on current market value following recent transactions, which is not an unreasonable thing to do in terms of market value. In the absence of any recent transactions, the market is tested through a transparent expression of interest process. Then, based on that, if anyone makes an application to purchase, that occurs. I think that is fair and reasonable.

You have identified the issue of wheelchair accessible taxis. Licences are available at $1,000 per annum in Sydney, Newcastle and Wollongong. Outside of Sydney, Newcastle and Wollongong, they are free. What is more, there are substantial incentives to assist people in getting WATs on the market.

Here in Newcastle, there has been growth in the number of licences. In particular since 2012, six plates have been put into the market. We have already heard of some of the experiences of operators, owners and drivers, particularly in off-peak periods where there is just insufficient work to accommodate the extensive growth in licences.

One of the issues that we would like the tribunal to take into consideration is the issue of utilisation. I think the advice and the experience of industry representatives is that the average shift numbers per week are substantially less in relative terms in rural, regional and country NSW than they are in Sydney. It might be some 30 per cent less. What I mean by that is for an operator getting a taxi out on 14 shifts per week is ideal, but in some cases, those numbers are down to as many as seven or eight per week. It depends on the market. Where you are in NSW will affect how many shifts that a vehicle goes out. Of course, during peak time those numbers increase, but across the board that utilisation rate would appear to be down particularly relative to Sydney.

There has been growth, but also equally there has been a decline, in a number of areas in NSW. That

decline has been precipitated by a number of things, firstly, either social or economic pressures and, secondly, increasing competition.

I note that hire cars have been identified as one of the primary sources of competition. It should be noted that it takes a fraction of the cost to put a hire car on the road compared with a taxi. Insurance, by way of example, is about 10 to 15 per cent the cost of a taxi with CTP; yet hire cars can do about 75 to 80 per cent of the work that a taxi can do and we think that is highly inequitable.

There are other competitive pressures, not least of which is the private vehicle. In relative terms, private vehicle ownership outside of Sydney, where public transport is less, is significantly higher. This has been compounded by the affordability of buying a new vehicle for the average family. It has been very good in terms of being able to buy new vehicles as vehicle prices have remained relatively competitive.

The other thing I would like to identify is courtesy transport. This is a very important issue for our industry. Courtesy transport is highly inefficient. It only focuses on particular market segments, yet it can have such a negative impact on our industry.

By way of example, in Bermagui, we have a very marginal taxi business there because the pubs put on courtesy transport and therefore have removed a significant chunk of the market for the taxi operator down there. That is a story that is repeated right across rural and regional NSW.

My good friends in community transport are here with us today. They are also a form of competition, but I would like to highlight for the benefit of the community transport sector that we do work closely and we try to work as close as we can because we should be complimentary and not competitive, but there is some overlap there.

The issue is that the community transport sector is funded by the state whereas we are not; therefore the community sector has a clear and distinct advantage. There are some eligibility criteria that restrict the ability of the community transport sector to operate, but I think it would be fair to say that in this changing time, for community transport there is a high degree of activity going on to see whether they can broaden their horizons in that respect and that is having an impact on our industry.

We note the comments by IPART in its report. We respectfully don't agree with all of them. We would ask that the tribunal reconsider some of those matters, particularly in relation to the issues that we have raised and we will obviously be bringing forward further information in our submissions. Thank you, Peter.

THE CHAIRMAN: Thank you very much, Roy. Would you like to add anything, Brian?

MR O'SULLIVAN: No, not at this stage, thank you.

THE CHAIRMAN: Any further comments from the floor?

MR FERGUSON: My name is Darren Ferguson. I am a second-generation cabbie. I have been a cabbie for 42 years, I have been in country areas and the whole lot. With regard to the question about the price of a cab, I think it is the same as real estate. If you wanted to move to the coast, real estate would be more expensive than it would be if you wanted to move out the back of Bourke, so it is a cost.

Also I believe that another cost to any taxi business is the network that the cabs pay into. It depends what the network provides, what service and what market it gives and how it creates work. Here and in the surrounding areas we have only the one network. If we look at the Sydney metropolitan area, there are six networks and you can choose. So whichever network is providing the best service, best marketing from which you can get a return, you will take your cab plate there and create an income there. That helps with the price and the cost of the plate and helps a person get a return, but that is where the cost of the plate comes.

As Roy said, the market is there. People are quite happy to purchase a licence and go the correct way through Transport for NSW. It does not stop anyone; it is just that you want to put that money in and you want a return, and that is where the cost is, so anyone is quite happy to put the money in.

I have two cabs. My father has a fair few cabs on the Central Coast. You would probably say they are too dear there. The thing is it is the networks that help create that income and bring the wealth. It is the same with a house. If you want to sell your house, what do you do? You put new plants in your yard, fix up the lawn and paint the house to create that income, and that is where the prices come in. Thank you.

THE CHAIRMAN: Thanks, Darren. We have noted that the networks are more expensive outside Sydney.

MR BERNARD: I would like to say that since Newcastle taxis has been taken over by the Cabcharge flagship, we have actually increased the number of plates in Newcastle by approximately 18 plates. Most of those 18 have been WATs vehicles. They tend to operate as WATs taxis between office hours or daylight hours up to about 8 or 9 o'clock at night. After that time, those taxis virtually become maxi taxis which service the late-night market. So we are actually increasing the flow of work for them and I haven't got a problem with that. That is the size of the industry and that is where we need to go with it.

What we need for the taxi industry in Newcastle is a level playing field. We are regulated to the extent that we have to supply camera systems, GPS systems, all the rest of it, in our vehicles. Yet hire cars and Uber are doing the exact same work. Uber has started in Newcastle. They are doing exactly the same work we are without the regulation. They do not have to supply camera systems. A level playing field would keep everything even; however, in the meantime our costs are there through that. Thank you.

THE CHAIRMAN: Thank you very much, Clive. Anybody else?

MR COSGRIFF: Good morning. My name is Garnett Cosgriff. I have been in the industry for nearly 40 years as a driver and in the last 18 years as an operator.

I have read through your agenda and there are a couple of things that I would like to address. We are talking about freezing prices. When I first started driving cabs in 1975, on an average Monday night, I would do 50 jobs and I would take $50 for 50 jobs. Now if I go out on an average Monday night, if I do 12 jobs, I am happy.

We talk about needing more cabs in Newcastle. If we look through the statistics of my cars and my shifts, my actual downtime is greater than 50 per cent. I was operating three cars, but I have gone back to two because of the situation we are in at the moment. My cars would work 22 to 23 hours a day, so they are always on the road. I have worked them that way.

I am finding that the returns are getting less. Costs are going up all the time. As has been stated, the industry is regulated, costs are regulated, yet we are not getting any more people in our cabs. I am not sure exactly how we are going to do that and I wouldn't suggest how we could do it, but what I would like to say is that here in Newcastle, we work in a monopoly.

The taxi industry is supposed to be self-regulating. When you have interests in the industry, in a monopoly that is supposed to be self-regulating, who have self-interest, some things don't happen. A lot of suggestions have been put forward to improve our industry including the network and the way it works. Those suggestions are falling on dead ears, unfortunately. We can provide a better service with the cars that we have out there if we can get a better service to us.

We can put more cars on the road if we can get more drivers, which is another big issue that I have no doubt has already been looked at, but I would like to say if you bring more plates into the town, who is going to drive the cars? We can't get --

THE CHAIRMAN: When you say "monopoly", do you mean the network?

MR COSGRIFF: Yes. The network system can be adjusted. What I believe should be done may be different obviously from what other people believe should be done, but I do believe that the system we use here in Newcastle could be anything up to 50 per cent better than it is, which would provide a 50 per cent better service to the people of Newcastle if some adjustments can be made and they are only minor.

THE CHAIRMAN: Good, thank you for that.

MR COSGRIFF: Thank you.

THE CHAIRMAN: I think a gentleman towards the back would like to make a comment.

MR GREENWALD: My name is Daniel Greenwald. Will the IPART review be looking at the taxi transport subsidy scheme for people with disabilities as well? In regional areas, the taxi subsidy scheme has been in existence for 20 years and it has not been reviewed since 1999. My question to the panel is: with the taxi prices increasing with the CPI every year, will they take into account the taxi subsidy scheme as well? People who live in regional areas, say, on the Central Coast, have their prices have doubled over time. If they don't have a freeze now, how high will it increase?

THE CHAIRMAN: Thank you very much. That is a good question. If I could summarise it the question is: is the IPART review going to look at the taxi subsidy scheme for people with a disability? That is government policy; it is actually a matter of government policy on subsidies and things like that. We can take a look at the point that you have made. We are not asked to make a recommendation on that, but we can take a look at it.

MR GREENWALD: I think they need to look at that area as well, especially when the population is increasing and people are getting older.

MR WARHAM: Steve Warham, Transport for NSW. Daniel's point, which he has made previously on this issue, is that increasing fares means a decrease in the circle that he and others can travel and that directly impacts on their choice of journeys within a week. Whilst Daniel fully understands that in order to be viable, taxis need to make a profit, with any increase in fares granted by IPART, the circle in which people who are using the taxi transport subsidy scheme to travel decreases, their journeys become shorter and it affects their budget.

THE CHAIRMAN: Thank you, Steve. Yes, we get that. If fares go up by CPI, for example, and the subsidy scheme does not go up at all, then clearly it gradually reduces the options, so we understand that. In answer to Daniel's question, we are not asked to make recommendations on the transport subsidy scheme, but we will take a look at it.

MR GREENWALD: Thank you.

THE CHAIRMAN: Yes, Roy?

MR WAKELIN-KING: Can I endorse Daniel's comments there. Anthony, without wanting to steal your thunder, there is a review that has been conducted previously by Transport for NSW into wheelchair accessible taxis. We are now working with Transport for NSW on that issue. From a Taxi Council perspective, we support the issue of the transport subsidy scheme and its affordability being looked at for the very reasons that have been well articulated here.

There are a couple of points I would like to make. With regard to the comment about there being a monopoly here in the context of Newcastle taxis, I think it is important to note that there is no statutory restriction on the number of networks that can operate anywhere in New South Wales.

I understand that previously an application has been made and an authorisation granted to another party here in Newcastle and that network has, for whatever reason, not yet stood up. I want to make it clear that there is no restriction on the number of networks that can operate in NSW.

In terms of the comment - I meant to make this point before - about ride-sharing being a competitor, I think that, respectfully, is a bit of a misnomer because ride-sharing or commercial ride-sharing is not legitimate competition as it is illegal. The issue is that it is not complying with any of the statutory requirements to provide a public passenger service in NSW and, hence, appropriate action is being taken against the people who provide that.

To identify ride-sharing as a competitor would be incorrect because they are, quite literally, not competing on a level playing field and fairly, and this is so with hire cars. They are sort of running completely below the radar and horizon in that context.

Whilst we acknowledge their existence in the sense that they are operating out there, we believe that it is an inappropriate description to call them competition because

they are not complying with the law in most regards. I take the point that is being made, and I am not being critical in that context, but I want to emphasise that it is not fair to describe it as competition per se.

THE CHAIRMAN: Sarah made the point, and it is made in our report, that it is not legal.

MR WAKELIN-KING: Yes.

THE CHAIRMAN: The other point is that, from a customer's point of view, for those people who want to use Uber, even though it is not legal, it is a competitor in that they take Uber rather than take a cab, just like somebody who takes a courtesy bus takes a courtesy bus rather than a cab. I am sure we can leave it there, Roy.

MR WAKELIN-KING: Yes.

THE CHAIRMAN: Clive?

MR BERNARD: Also on the Uber issue, if you are looking at it from the government side, very few of those people will pay GST or tax on their income, and we do.

THE CHAIRMAN: That is noted, thanks, Clive.

Would anybody else like to make a comment? Are there any further comments or questions?

MR WING: With respect to the taxi transport subsidy scheme, I take the point that, as fares go up and the cap on the scheme does not go up, that can have an impact. If IPART has any recommendations or views on that, we would be very open to hearing them.

With respect to some of the other things that have been mentioned, there was talk about whether or not networks have a monopoly. I should raise that the government changed the law recently to remove traditional taxi booking services from the requirement that they be affiliated with a network. That will allow some of the new taxi booking apps, such as Ingogo and goCatch, who have entered the market to compete in sending taxis and many drivers have probably used some of those apps.

With respect to ride-sharing, of course it remains unlawful in this state. Roads and Maritime is the regulator that has been enforcing those laws. It started out with fining drivers who were operating illegally. It has recently been prosecuting them and I think it has about 20 cases in court at the moment.

THE CHAIRMAN: Thank you, Anthony. Garnett?

MR COSGRIFF: I would like to make another point. We were talking about, first of all, people with disabilities and their transport, and we can relate that back to the other ride-sharing services that are out there. Ride-sharing services are making inroads into the taxi industry. The industry is becoming more and more unviable so we are getting fewer and fewer taxis. The trouble is that the people who use the subsidy schemes can't use Uber. The government will not support that.

The mere fact that we have competitors against us, such as the community buses and Uber, means that they are taking work off the existing taxis. That makes taxis more unviable to a point, which means we are getting fewer taxis. So the people who really need our service can't get taxis because we can't get enough cars out there to keep going. It is a bit of a problem because one goes hand in hand with the other.

THE CHAIRMAN: Thanks, Garnett.

There are a number of things that are coming through loud and clear, and clearly one of the issues that is coming through is the level playing field issue.

Is there anything else? Are there any other comments or questions?

Just with respect to the transport subsidy scheme that Daniel raised, Roy reminded me that that is being reviewed at the moment. We will need to keep that in mind because the last thing we would want is to have another organisation cutting across that review, but we will take a look at it.

Is there anything else? No?

CLOSING REMARKS

THE CHAIRMAN: Thank you all very much for coming. It has been a really interesting session. We appreciate the time that you have taken out from your business to come here and make these comments.

A transcript of the hearing will be available on our website in a few days time.

Just a reminder that if any of you would like to make a written submission on our draft report - your submission can be quite short, say, a short email, if you prefer - written submissions are due in by 15 May and we may not accept late submissions.

We will finalise our recommendations in a report to Transport for NSW by early June and Transport for NSW will make a final decision on fares to apply from 1 July 2015.

Once again thank you all for coming. Have a good day

AT 11.30AM, THE TRIBUNAL WAS ADJOURNED ACCORDINGLY