

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

TAXI FARES OUTSIDE SYDNEY FROM JULY 2015

PUBLIC ROUNDTABLE

Tribunal Members

Mr Ed Willett and Ms Catherine Jones

Members of the Secretariat

**Ms Fiona Towers and Ms Sarah Blackwell
At Bayside Room 2, Rydges, 1 Hay Street, Port Macquarie**

On Tuesday, 5 May 2015 at 11.00am

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1 OPENING REMARKS

2
3 MR WILLETT: Good morning, everyone. We might get
4 under way. For those of you who don't know me, my name is
5 Ed Willett. I am a member of the Independent Pricing and
6 Regulatory Tribunal of New South Wales, or IPART. I
7 would like to welcome you all today. Thank you very
8 much for making the time to attend this roundtable on our
9 review of maximum fares for taxis outside Sydney.

10
11 With me today is Catherine Jones, my fellow tribunal
12 member.

13
14 Today's roundtable provides both you and us with the
15 opportunity to discuss IPART's draft report on taxi fares
16 for areas outside Sydney. We recommend fares to
17 Transport for NSW and they make the final decision.

18
19 This year we have done a more comprehensive review of
20 taxi fares outside Sydney than we have in the past. We
21 engaged a consultant - the CIE - to investigate the cost of
22 providing taxi services outside Sydney. And, for the first
23 time, in 2014, we extended our survey of taxi passengers to
24 regional areas of New South Wales.

25
26 We also looked closely at taxi industry data provided to us
27 by Transport for NSW and available data on population
28 growth and economic activity, which provides an insight
29 into the level of demand for taxi services.

30
31 We found that the cost of a taxi licence in many areas
32 outside Sydney is very high, in some cases higher than the
33 cost of a taxi licence in Sydney. This cost must be
34 recouped through taxi fare revenue. The result is that
35 taxi fares are higher than they need to be.

36
37 Our analysis indicates that the high cost of these
38 licences is due to a shortage of taxis or similar services
39 relative to the demand for these services.

40
41 If there were more taxis or similar services, then the
42 value of licences would be reduced through competition
43 and fares would be closer to the efficient levels.

44
45 While there is no statutory limit on the number of
46 licences outside Sydney, the price of a new licence can
47 prohibit new operators entering the market. Perversely,

1 the price of a new licence is highest in areas facing a
2 significant shortage of taxis. This is because of the
3 process Transport for NSW uses to determine the
4 charges for new licences which involves looking at the most
5 recent transactions in the market. We think this issue
6 needs to be addressed.

7
8 Our draft recommendations are for a fare freeze - that is,
9 for the maximum taxi fare components to remain at their
10 current level during 2015/2016 - and for a review of the taxi
11 licence arrangements outside Sydney to allow the market to
12 better match the supply of taxis with demand for their
13 services.

14
15 We expect that a fare freeze would make it more
16 affordable for customers to use taxi services. We also
17 expect that reform of licensing arrangements would make it
18 cheaper and easier for passengers to catch taxis in the
19 longer term.

20
21 Finally, we note that, in some areas, taxi services
22 are facing increasing competition from alternative
23 point-to-point services, such as hire cars. Some people in
24 the taxi industry have also expressed concern about
25 commercial ride-sharing commencing in areas of New
26 South Wales beyond Sydney, even though commercial
27 ride-sharing is not legal in New South Wales.

28
29 Competition has benefits for passengers in terms of choice,
30 affordability and convenience and for taxi operators
31 in terms of driving down licence costs. However,
32 appropriate regulation for safety and protection of drivers
33 and consumers needs to apply to all services. Therefore
34 one of our draft recommendations is for a review of the
35 regulatory framework for all point-to-point transport in
36 New South Wales.

37
38 We are here today because we want to hear your views
39 on taxi services outside Sydney. This is a public
40 roundtable which forms part of our consultation for this
41 review. A transcriber is present to record the proceedings
42 and the transcript will be publicly available.

43
44 With that, I invite Sarah Blackwell, from IPART's
45 secretariat, to start with a brief overview of our draft
46 findings and recommendations relating to taxi fares
47 outside Sydney. Thank you, Sarah.

1 SHORT PRESENTATION ON DRAFT FINDINGS AND
2 DRAFT RECOMMENDATIONS ON TAXI FARES

3
4 MS BLACKWELL: Thank you, Ed, and I hope everyone
5 can see the slides.

6
7 One of our key draft findings about taxi fares is that
8 they are higher than they need to because they contain a
9 component which is economic rent.

10
11 Economic rent is unearned income that results from a
12 scarcity of a good or service rather than its productive
13 value. The income from owning a taxi licence is an
14 economic rent. It is also a cost to taxi operators, but it
15 is not an efficient cost.

16
17 In many areas outside Sydney, a taxi licence costs
18 more than \$200,000 and in several areas, existing licences
19 have transferred for more than \$400,000. Such high
20 licence transfer values indicate that the economic rent
21 component of taxi fares is very high.

22
23 Our view is that licence costs need to adjust downwards
24 to ensure fares remain competitive while at the same
25 time accommodating increases in any efficient costs of
26 providing taxi services.

27
28 The pie chart on the right of this slide shows the way
29 taxi fare revenue is distributed. The slices of the pie in
30 blue represent the efficient costs of providing taxi
31 services, such as vehicle costs, of which insurance and
32 fuel are a subset.

33
34 Even if fare revenue does not change, so the pie does not
35 get any bigger, licence costs - an economic rent - which
36 are shown in the chart in red, can adjust downwards
37 to cover any increases in other efficient costs; for
38 example, through renegotiation of contract arrangements
39 between drivers and operators or owners of licences.

40
41 Our draft recommendation is to freeze fares at their
42 current levels in all areas outside Sydney for 12 months
43 from July 2015. This is consistent with Transport for
44 NSW's decision to freeze fares in Sydney over the same
45 period.

46
47 We expect that a fare freeze would make it more

1 affordable for customers to use taxi services and may
2 encourage people to catch taxis who previously found it too
3 expensive to do so.

4
5 In contrast, increasing fares would not help
6 passengers, nor would it help drivers as it would make taxi
7 services less competitive with alternatives.

8
9 Today, we would like your feedback about our draft
10 recommendation to freeze fares, particularly as it applies
11 in Port Macquarie and surrounding areas.

12
13 To focus the discussion today on fares, we have
14 prepared a few questions which are on the slide at the
15 moment, but we are interested in any feedback that is
16 relevant to our draft recommendation.

17
18 Following the discussion on taxi fares, I will make a short
19 presentation on our findings and our draft recommendations
20 relating to taxi licences and the level of service.

21
22 I will now hand back to Ed to chair the discussion on
23 taxi fares.

24
25 MR WILLETT: Thank you, Sarah. I am going to invite
26 comments on our draft recommendation as outlined by
27 Sarah on the fare freeze in areas outside Sydney including
28 Port Macquarie and surrounds.

29
30 For the benefit of the transcript, could you let us know who
31 you are and which organisation, if any, that you represent
32 before you make a comment and if you could focus
33 on speaking slowly and clearly for the transcript, it would
34 be much appreciated.

35
36 COMMENTS FROM ATTENDEES

37
38 MR WILLETT: I will open the floor now. Roy, would
39 you like to start?

40
41 MR WAKELIN-KING (NSW Taxi Council): Yes, if that's
42 okay. I do have a presentation but, first of all, I would like to
43 extend, on behalf of the industry, our appreciation to the
44 tribunal and IPART more broadly for engaging with the
45 regional areas. I understand from talking to some
46 operators here that this is probably the first occasion
47 that a lot of people have had the opportunity to provide

1 direct feedback and that is very important from our
2 perspective, so we extend our appreciation in that regard.
3
4 If you can just bear with me I will bring some slides
5 up on the screen. I would like to start by giving a quick
6 overview of taxis in rural and regional New South Wales.
7 For those in the tribunal who have sat through my
8 presentation previously, I apologise if I am going over
9 some old ground.
10
11 New South Wales taxis, and particularly taxis in rural
12 and regional areas, provide a critical part of the New
13 South Wales public transport system. We provide
14 point-to-point convenience services to all members of the
15 community and, in some cases, to some of the most
16 disadvantaged members of our community. That, more
17 particularly for taxi organisations in the regions, is
18 becoming a more critical issue as country areas experience
19 greater rates of ageing in the population and other social
20 challenges which impact upon rural and regional New
21 South Wales.
22
23 Country taxi services are closely linked to their
24 communities and they are innovative. They are well
25 supported by their communities, generally speaking, and
26 they engage very closely within their communities. They
27 are innovative in always trying to provide a good service
28 to their community. They live in the community, so
29 therefore their reputation is more keenly felt.
30
31 On this slide, I provide an example of the sorts of
32 initiatives that are undertaken by country taxis. It may be
33 a bit difficult for those up the back of the room to see, but
34 on the bottom right-hand corner we have an example
35 of a taxi service in rural and regional New South Wales, in
36 this case Casino Cabs, which is supporting action against
37 domestic violence as well as supporting services towards
38 the indigenous community, of which there is a significant
39 number in the northern region area of New South Wales.
40
41
42 These are simple but important things in ensuring that
43 the industry remains focused on providing good customer
44 service.
45
46 Taxis are small businesses and, in that sense, taxis
47 are like a shop. The actual vehicle in itself is the

1 shopfront and the driver is the person who is sitting
2 behind the counter. Just like a shop, there is rent
3 associated with providing that service. That rent is based
4 on what the market is prepared to bear.
5
6 That has been something which has been occurring right
7 around New South Wales for some time. Licence rental
8 rates are a reflection of the risk and return that markets are
9 seeking in respect of providing a business - in this
10 context, a taxi business. The better the return, the
11 higher the value and in research that we are conducting, it
12 is largely commensurate with opening a shop in a similar
13 region. The values are, generally speaking, consistent.
14 It is therefore, important to think of a taxi in this
15 context of a shop, a small business, an enterprise with a
16 driver and owner investing and that they undertake to
17 earn their living.
18
19 The key thing about rural and regional New South Wales
20 is that the profile of taxis and licences in particular is
21 that the vast majority of people in rural and regional New
22 South Wales are owner operators. Many in the room here
23 today who represent our industry actually own their cab x
24 earn have operated that cab and, to this day, still continue
25 to do so.
26
27 Obviously, as people in the industry move into
28 retirement, the opportunities for driving lessen;
29 nonetheless, it is a strong characteristic of our industry
30 that there are a lot of owners who also operate and drive
31 a taxi, and that is something that we are immensely proud
32 of.
33
34 Reflected here in this graph is the general licence
35 ownership profile across New South Wales. As you can
36 see, the vast majority of licence owners only own one
37 plate. Anyone owning four or more plates is in the very
38 small minority.
39
40 The other thing to note in relation to rural and
41 regional taxis is the level of complaints. Whilst this
42 graph here, at first pass, looks like there are some rather
43 large peaks in it, I draw your attention to the numerals on
44 the vertical axis, which gives the total number of
45 complaints by year. As you can see, the peak was in 2009
46 where there were approximately 230 complaints.
47

1 When you put that in the context of how many passenger
2 journeys the New South Wales taxi industry undertakes in
3 the rural and regional areas of New South Wales, that is an
4 extraordinary performance. The complaints per total trips
5 are significantly small and almost immaterial in terms of
6 the number of journeys taken.
7
8 Having said that, our industry is committed to
9 ensuring that we provide a good service; therefore, every
10 complaint is taken seriously. Further, we are obliged as
11 taxi networks to ensure that we have proper complaints
12 management systems. However, it is worth noting here in
13 regional New South Wales - and the region we are in
14 today would be no different - that the level of complaint is
15 particularly small.
16
17 I now want to focus on Port Macquarie. These are the
18 numbers. I received these in good faith and therefore
19 briefly share them in good faith. Setting aside June
20 to December 2013, which we think may be an anomalous
21 report and therefore an outlier, as you can see, the trend in
22 bookings has decreased across the board. Not
23 surprisingly, this aligns with a slightly lower level or a
24 decline in licence values as the return has diminished over
25 a similar period.
26
27 It is important to note that other factors have contributed
28 to the softening of bookings and that includes an
29 increase in competitive forces in rural and regional New
30 South Wales and obviously here in Port Macquarie. In
31 particular, competition from courtesy transport, community
32 transport and hire car operators and, in some cases, hire
33 car operators who may seek to push the boundaries of the
34 regulatory framework, has presented some challenges to
35 our industry.
36
37 That is not to say that we are seeking to protect our
38 industry - far from it. We live in a competitive
39 environment and therefore we welcome competition as
40 long as it is fair and equitable and therefore the level
41 playing field is particularly important in that regard.
42
43 I would now like to talk about licences in country New
44 South Wales. As has been mentioned, licences are available
45 on demand. Anyone can go to the relevant department - in
46 this case application would be made to Roads and Maritime
47 Services - to make an application for a taxi licence.

1
2 There are some members in this room who have actually
3 done that in recent years and have purchased taxi licences
4 over the counter from RMS for the value which has been
5 determined by the New South Wales government.
6
7 The process for the application is, in our view,
8 transparent and fair. Upon an application the price is
9 based on the current market value and that is usually
10 determined by recent transactions - a process not
11 dissimilar from when you get your property valued where
12 the valuer will look at recent transactions in the same
13 geographic area.
14
15 Where there have not been recent transactions, there is an
16 open expression of interest process to determine the
17 current market value, and this was done for Muswellbrook
18 in 2014. Once the value has been determined, if one did not
19 exist, then the applicant makes a decision as to whether to
20 pay that price or not. That has occurred here in Port
21 Macquarie where I think a number of licences have been
22 procured on that basis. People have therefore entered into
23 investing in the industry in good faith and have purchased
24 licences from the government.
25
26 It is also at this point that I would like to
27 highlight that wheelchair accessible taxis have been a
28 particular feature, particularly in recent years, in rural
29 and regional New South Wales. These WAT licences are
30 available at no cost to the lessee, if you like, or the
31 purchaser. They also have other incentives such as
32 interest free loans that can assist with putting the
33 vehicle on the road given that the vehicle has an initial
34 high capital cost.
35
36 There are some significant incentives and advantages
37 in terms of owning and procuring a wheelchair accessible
38 taxi licence from the New South Wales government. The
39 obvious obligation is that licence operators must provide
40 services as a priority to people in wheelchairs. If they
41 don't, then they run the risk of losing that licence.
42 Nonetheless, the licence is still available to do standard
43 taxi work and operators do that in order for their taxis to
44 be viable.
45
46 I would also add that the regions in northern New
47 South Wales in particular have invested significantly in

1 wheelchair accessible taxis. As I indicated earlier, there
2 are social and demographic changes occurring in these
3 regions and in order to meet demand, they have obviously
4 responded with a diversification of the fleet.
5
6 I apologise. Going back to this bookings slide, the
7 thing I do need to highlight is that when an examination of
8 the key performance indicators has occurred - this would
9 reflect the low level of complaints - the vast majority,
10 over 95 per cent, of those bookings is picked up within
11 15 minutes. This again demonstrates the very high level of
12 service provided here in Port Macquarie, and that is a
13 theme that is largely consistent right around rural and
14 regional New South Wales.
15
16 In terms of licences, I know this graph reflects Sydney, and
17 if you can just bear with me, I won't be too much longer.
18 This reflects what has happened in Sydney. The reason
19 why I illustrate this is that it is important to understand
20 that what is being recommended by IPART is that
21 the reduction in licence value to achieve, in IPART's view,
22 a more efficient cost level will result in a diminution of
23 values. As we can see here, that has occurred over time.
24
25 It is important to note, to illustrate that a bit
26 further, that obviously there was a peak around what was
27 the July period. There were, from that point on, licences
28 that were released, IPART commenced its reviews on or
29 around mid-2012 and you can see that the trend has
30 continued downwards.
31
32 The reason I have highlighted ride-sharing there is because
33 much has been made of the impact of ride-sharing.
34 Ride-sharing is only very recent. UberX is the
35 predominant provider of illegal ride-sharing services, but
36 that has been a very recent phenomenon and the impact is
37 yet to be fully understood and determined.
38
39 Once again, the peak availability licence is a Sydney
40 phenomenon at this point in time. We have seen a
41 corresponding trend downward in terms of the total lease
42 costs and these are being leased predominantly from
43 government.
44
45 I should note that that represents a 22 per cent
46 reduction in real terms of licence values over the past
47 four to five years. When you look at where those two key

1 points occurred, this represents a 30 per cent reduction in
2 real terms in leasing rates over the last four years.
3
4 So the impacts of these recommendations can be
5 significant. In our view, respectfully, we believe that
6 these impacts are unreasonable on the industry and we will
7 continue to advocate on that basis, but it is important to
8 understand where we are coming from in that regard.
9
10 I should also note that around rural and regional New
11 South Wales, there have been commensurate reductions in
12 licence values. I understand from my discussions with
13 industry representatives here at Port Macquarie that there
14 have been peaks in value on or around \$506,000, but the
15 current market value if you made application to RMS
16 would be \$466,000 - so a significant reduction over the last
17 corresponding period of about four to five years, if not
18 longer.
19
20 In terms of fares, would you like me to stop there
21 before we get into fares or would you like me to keep
22 going?
23
24 MR WILLETT: This session is on fares so keep going and
25 stop at service quality.
26
27 MR WAKELIN-KING: Thank you, Chair.
28
29 In terms of fares, fares must reflect the balance
30 between competitive position and cost recovery. As an
31 industry, we clearly realise that we have to be cost
32 competitive. We need as many paying customers as is
33 possible, but because we are not funded by the state, we
34 must make a reasonable return through the fare box. This
35 is the only way we can recover the costs that we incur.
36
37 The New South Wales taxi industry had a fare freeze in
38 2013/2014. Since that time, costs have risen in excess of
39 6 per cent and we have only had a CPI increase of 2.5 per
40 cent in between. In the corresponding period, we have had
41 significant increases in insurance and in fuel. We do note
42 that fuel has come off in terms of costs at this point in
43 time, but - and particularly in rural and regional New
44 South Wales - it always makes for a volatile input into the
45 costs of running a taxi. Repairs and maintenance have also
46 had upward pressure particularly as new vehicles come on to
47 the market and component parts become more expensive;

1 therefore, a freeze is a reduction in real terms which
2 directly impacts on operators and drivers.
3
4 I do emphasise that we recognise the need to be
5 competitive, but at the same time we have to make a
6 reasonable living. This slide is the reality, without
7 wishing to overly simplify it. As the cost curve increases
8 and the revenue decreases, that becomes an unfunded gap
9 and the immediate impact is, as I said, on drivers and
10 operators who have to meet those cost curves and, in some
11 cases, it can become uneconomic.
12
13 By indication, these are the costs of CTP insurance.
14 Whilst that is reflective of Sydney, Wollongong and
15 Newcastle prices, similar percentage increases have
16 occurred in rural and regional New South Wales where
17 CTP prices can be as much as \$4,000, up from less than
18 \$2,000 only three to four years ago. So the upward
19 pressure on those costs has been significant.
20
21 I will conclude by saying that, as an industry, we are not
22 opposed to reform and we are not opposed to obviously
23 looking at ways that we can be more competitive, but we
24 do provide a good service and we provide a good service
25 particularly in rural and regional New South Wales.
26 I think alone, the very low level
27 of complaint is reflective of that. The booking
28 performance has been very strong as well and the KPIs
29 clearly indicate that our response levels are at the
30 highest.
31
32 Bookings and demand have plateaued and, in some cases,
33 they have declined. There have been broader reasons for
34 that including declining economies within rural and
35 regional New South Wales, ageing of the population, and
36 some of those social changes that we have spoken about
37 earlier as well as other factors including increased
38 competition - in some cases, we believe unfair
39 competition - either through illegal operators and/or
40 government-funded services that may be operating
41 beyond their funding agreements.
42
43 Chair, can I say thank you again for the opportunity
44 to present. I look forward to hearing from my industry
45 colleagues who will be able to give you also a very
46 operational level feedback in relation to this issue.
47

1 MR WILLETT: Thanks for that, Roy. Ashley, would you
2 like to comment at this point?
3
4 MR CLARK-SMITH (NSW Country Taxi Operators
5 Association):
6 No, I am fine at the moment, thanks.
7
8 MR WILLETT: I can see that we have two people who
9 wish to speak.
10
11 MR HAVERFIELD: Mark Haverfield, Port Macquarie Taxis.
12 I wish to touch very quickly on fuel prices.
13
14 Specifically in Port Macquarie we have 20 per cent
15 higher fuel prices than Sydney. If you go south to Taree,
16 petrol is 10 to 20 cents per litre cheaper at times, as it
17 is in Coffs Harbour. So this is specific to Port Macquarie
18 as opposed to other regional areas, and I don't know why
19 that is. As we speak, the current president of our local
20 Chamber of Commerce, Hadyn Oriti, is investigating that
21 with the ACCC.
22
23 I think it is important to note that, for whatever
24 reason, once again Port Macquarie seems to be coping it
25 fairly significantly on fuel prices. For what reason we
26 don't know, but it is being investigated as we speak.
27 I thought I would just add that to Roy's comments.
28
29 MR WILLETT: Thank you for that, Mark.
30
31 MR SAUNDERS: Jeffrey Saunders from Kempsey Taxis.
32 Before we get on to the fare prices, I want to mention the
33 terms of reference for the review because that leads into it.
34
35 I used to write reports for some companies similar to
36 this. If I was given these terms of reference for this
37 report, I would probably write something very similar to
38 this. However, the terms of reference, in this case, tell
39 you what to do.
40
41 The very first point in the terms of reference
42 says, "Cut the price of taxi fares." How are you going to
43 do that? Well, to start off, you freeze the price of taxi
44 fares, so the terms of reference are telling you the
45 results. We hear similar arguments with the creationists
46 about the Bible. You have started off with an answer, so
47 I don't know how you could come to any other results
irrespective of what anybody says about it.

1
2 With monopoly power and the protection of customers
3 from monopoly power, taxi services is a monopoly, it is run
4 by the government. We, in private enterprise, are like the
5 pig in the middle. We actually do the work, but the
6 government sets the prices and it sets everything. It is a
7 monopoly, otherwise, we would not have fixed prices,
8 would we?
9
10 The very terms of reference start off with the answer that
11 leads you into the result. Most of the rest of the report
12 is really a filler to come up with the answers that you
13 have been told to come up with in the first place. That
14 is a little bit annoying and it made me quite mad when
15 I got to 2.4. You are halfway through the document,
16 before you can get to the beginning.
17
18 The analytical approach is a similar thing. It says,
19 "We will do this report based on our terms of reference."
20 That is about all it is saying. You can do all sorts of
21 surveys and everything, but you already know what the
22 answer is before you start, which makes it fairly easy and
23 also pointless.
24
25 As for the fares, you mentioned competition before.
26 Our competition, in Kempsey specifically, is multifold,
27 I suppose. Most of the competition is free - free taxi
28 rides. People can own their own car, for example. I used
29 to wonder whether it was cheaper for me to catch taxis or
30 own my own car because it costs \$1,000 a year to keep it in
31 the garage, so at one point there is a cost benefit ratio.
32 That was years ago before I was in taxis. I would keep
33 weighing up the odds and saying, "Do I want a car or will
34 I catch a taxi?" That's a major competitor - do you own
35 your own car or do you catch a taxi?
36
37 A taxi fare is an agreement between two people
38 really - the driver and the customer. The fare is already
39 set. There is nothing that can happen there. People
40 either catch the taxi or they don't. However, the taxi
41 driver is at a bit of a disadvantage because of the way the
42 rules are set. He doesn't know before the customer gets
43 into the taxi whether he is going to get paid. He has a
44 gentleman's agreement, if you like, that he will get paid
45 but he doesn't know that for sure.
46
47 Under the current legal situation, there is no way of

1 guaranteeing the driver will get paid. When the fare is
2 finished, he may or may not get paid; it depends on the
3 customer. If a customer gets out and walks off, there is
4 nothing you can do, and that happens a lot.
5
6 Surprisingly, those it has happened to do not bother
7 reporting it because they are just sick of it - nothing
8 happens. The taxi driver could get out and grab the
9 person, but if he did that, he would be up for assault, or
10 something like that. If it is a woman, the driver can't
11 grab her, anyway, because he would be up for a sexual
12 assault. So the customer gets out, walks off, doesn't pay,
13 the driver sits there and what can he do about it?
14 Nothing.
15
16 Some of the competition do not have that restriction. They
17 can ask for the fare in advance or they have a contract
18 with that person. They know they are going to get
19 paid. They have a name, an address, and also a credit card
20 in some cases. They know they will get paid so that
21 pressure is off. Taxi drivers don't have that. There is a
22 cash economy. Taxi drivers under government legislation
23 -
24 again a monopoly - have to accept cash fares.
25
26 In many cases, we have had recent customers rip off one
27 driver, go to the next driver and rip him off, go to the
28 next one and rip him off as well. In our town there are
29 a dozen taxis that those customers can get in before they
30 get back to the same driver again, so that is a dozen free
31 trips. When they get back to the first driver again, that
32 driver is not allowed to refuse that customer based on the
33 past experience. They are allowed to ask for the money
34 up-front unofficially in a back-handed way.
35
36 When you compare the competition, if you have
37 unscrupulous customers, taxi drivers may or may not get
38 paid. There is, therefore, a certain overhead of expenses that
39 drivers have to wear, depending on how many dishonest
40 people are around, and that they have to cover.
41
42 With competition, as I said, there is the private car. Another
43 piece of competition, certainly in my town and probably
44 in some of the other ones in the area, is the government
45 -funded service which is community transport, which,
46 depending on the population type of people in your
47 town, may or may not cover most of the population.

1 In my town, I think they ask for a donation of \$5 or
2 \$10 off the customer. If customers say they can't afford
3 it, then the service is free. In some cases, it is about
4 \$5 or \$10. If it is a nursing home, I think they ask for
5 \$15, and sometimes it is cheaper for them to catch a taxi
6 and we get some of our customers that way. But if it is a
7 private person, it is \$5 or \$10. If they can't afford it,
8 it is free.
9
10 We get some customers from community transport
11 occasionally and they are after hours, or something like
12 that because they work 9 to 5. They can't provide a
13 service outside those hours, but you are competing with
14 somebody whose services are essentially free and that
15 makes it a bit difficult.
16
17 Other people we compete with are courtesy buses, and you
18 mentioned them, Roy. For example, there is one in town
19 that goes from basically anywhere to the RSL club.
20 Anybody who wants a trip to the RSL, which is in the centre
21 of town, or even if they want to go to the centre of town,
22 can ring up the courtesy bus. It will come and pick them
23 up at home, take them into town and drop them off.
24
25 The only problem with that is the service level. The only
26 thing that we can provide them, which courtesy buses
27 cannot, is that we will come almost straight away; whereas
28 they might have to wait for the bus to pick up two or three
29 other people before they can get into town. But the bus is
30 still free and they have to weigh up whether they want a
31 free service or whether they want to go 10 minutes sooner
32 and catch a taxi that actually costs money.
33
34 There is a financial incentive for a faster service or
35 a cheaper service, but the bus is still free. When you say
36 "free", who wouldn't go for free transport? Some people
37 don't. Okay, we get customers. Why we ever get any
38 customers, I don't know, but we do get customers who
39 don't want to travel for free.
40
41 We have another competitor in town. This service is
42 provided by the Aboriginal community services people. They
43 transport just about anybody of Aboriginal descent to just
44 about anywhere for free. Again they are limited by the
45 number of drivers they have, so they may or may not be
46 able to provide the service. They work from 9 to 4, and
47 they ring us when they want people outside those hours.

1
2 We actually bill them, in a sense, and they get government
3 funds. They are government funded, so for them
4 the cost of their drivers and cars and everything is all
5 paid for by the government. They can work all day. They
6 have to give the drivers something to do, so the more work
7 they can give the drivers the better, but the service is
8 essentially free to the customer.
9
10 That is another free service we are competing with. You say
11 why would anybody catch a taxi? People do catch a taxi.
12 They catch a taxi under the current fare system because
13 they want to, for some reason, even though they could
14 get these other services for free. That is pretty incredible
15 when you think about it. Why wouldn't you catch
16 the free service? There are only a couple of reasons, but
17 some people do catch a taxi.
18
19 When you are competing with a free service and you
20 charge, you still get customers, but we don't get as many
21 as we used to, it seems. I am not sure whether it is
22 something that is a phenomenon in my town which might
23 be shrinking. In other towns that are growing, maybe they
24 are holding their own.
25
26 That Port Macquarie graph we saw showed growth of about
27 10 per cent a year, but it looks like the number of
28 customers is not growing at 10 per cent a year and that
29 could even be because of competition with free services. If
30 the town's population is growing by 10 per cent per annum,
31 you would think taxi customer numbers would grow the
32 same. The fare is not increasing that much. You might
33 say, "Oh, the fares are going up at the rate of the CPI",
34 I think that is rubbish for a start, but even if they were,
35 they are not that big a disincentive for the customers.
36
37
38 Obviously some customers can pay the taxi fare now
39 when they are competing with a free service. Would they
40 pay if it was double? I don't know, I wouldn't like to try
41 it. We are still talking here about a huge difference. If
42 you are talking about 1 or 2 per cent, I don't think it
43 would make the slightest bit of difference from the
44 customers' point of view. If there is 1 or 2 per cent rise
45 on taxi fares, will we catch a taxi or will we use the free
46 service? What difference will that make?
47

1 What fees do we have that the people around town are
2 actually charged for these services? I don't think there
3 are any.
4
5 In some respects, I am in competition with myself. I
6 have another business which does contract work for people
7 and will deliver customers or goods or anything else they
8 want, but it is at a fixed price and they run an account
9 and they have to pay. There are none of these cash
10 accounts that are done with taxis or anything else.
11
12 Taxi services probably would be better off if we could
13 charge on a credit card or have some sort of pre-agreement
14 with people, and that would mean better competition with
15 all these other services. With community transport, you
16 have to be known to them up-front. You are a customer of
17 theirs. They market to their customers every year. They
18 send out pamphlets saying, "You caught our community
19 transport two years ago. We have not seen you lately.
20 Don't forget we're here."
21
22 Taxis are not allowed to do that. There is a law that
23 says we are not allowed to tout for business. We can't do
24 that for a start, so we have to shut up and wear it. But
25 there are people touting for business with a free or
26 semi-free service versus us with a fixed price set by the
27 government.
28
29 You talk about the costs of operating a taxi. Okay
30 there is a cost there for some of us. You have to buy the
31 taxi in the first place. That is insignificant. You saw
32 the graph there. It is 10 per cent, 20 per cent. The
33 biggest cost is the cost paid to the government. It is the
34 equipment we have to install in the damn things in the
35 first place. If you buy a taxi and you buy a second-hand
36 car, you may want a cheap old bomb, but the oldest one
37 you can have is six years, isn't it?
38
39 SPEAKER FROM THE FLOOR: It's eight years.
40
41 MR WAKELIN-KING: Eight years in the country.
42
43 MR SAUNDERS: So if you buy a car that is already three or
44 four years old and has hardly any kilometres on it - it has
45 been kept in a garage and is in good condition - you could
46 keep it for another three or four years, depending on your
47 customers. The cars get knocked around a bit. Customers

1 don't respect other people's property in many cases - some
2 do, some don't - but if you have customers slamming doors
3 open and slamming doors shut, jumping up and down in
4 the car and putting their elbows outside the windows, that
5 wears the car out pretty quick. Instead of having a car
6 like we are allowed to for six or eight years, or whatever
7 it is, you end up having a car for three or four years
8 because they get worn out, so you don't want to buy a
9 brand new car.
10
11 However, if you don't buy a brand new car, you are up for
12 all the services that come along. You can't run cars for
13 unlimited kilometres. They wear out. You have to have
14 a car in fairly good condition and it could cost a lot more
15 money. You have to have cameras installed. They cost a
16 fortune. You have to have the radio system installed and
17 all the rest of that equipment. It is expensive. Even if
18 you got a taxi for next to nothing and you buy an old
19 bomb, actually, not an old bomb because it has to be in
20 good condition, but if you buy one within that range, it
21 wears out quickly.
22
23 If you buy a car second-hand for, say, \$20,000 or \$15,000
24 or \$16,000, you then install cameras and equipment
25 for another \$10,000 to \$12,000, there is \$25,000 straight
26 away, and that is for an older car. If it is a new car, it
27 will cost \$45,000. Most of the initial cost - a large
28 chunk of it - is in the camera equipment itself, which is
29 required to meet the government regulations. Why do we
30 have to have those government regulations? Some of it is
31 for the safety of the driver and some of it is for the
32 safety of the passenger.
33
34 With the fare structure, if you didn't have any
35 cash-paying customers that you had to accept regardless
36 of whether you thought they would come up with the
37 money or not, if everybody was prepaid, you wouldn't
38 need all that security because you would have all the
39 details before you start.
40
41 Those are some of the cost benefits of some of our
42 competitors. They have hardly any costs, hardly any risks,
43 and some services are free and we have to compete with
44 that. I think you have to be a bit sensible when working
45 this out. When you are saying that people cannot afford
46 taxis, I think that is ridiculous. They can catch one for
47 free. So how do you say, "Oh, taxis are too expensive"?

1 You said that earlier and that is part of your whole theme
2 that taxis are too expensive. They are competing with the
3 free services now. You can catch a free one or if you can
4 pay to catch a taxi, it is obviously not too expensive if
5 you are willing to pay; otherwise you would not do it.
6
7 I don't think mine is the only town that has free
8 services. Does anyone else have free trips in their town?
9
10 SPEAKERS FROM THE FLOOR: Yes.
11
12 MR WILLETT: Every town.
13
14 MR SAUNDERS: If you have the choice of catching a free
15 service or you can pay for it and you are still willing to
16 pay for a taxi, you can't be telling me that it is too
17 expensive. That is just pie in the sky; it is dreamland,
18 I do not know where you guys are coming from with that,
19 I am sorry, but this makes me mad.
20
21 I will have some other things to say about service
22 level later on, but that is all now, thank you.
23
24 MR WILLETT: I look forward to that, Jeff. There are a
25 lot of interesting issues you have raised. I will say
26 something in response to your initial comments on the terms
27 of reference. As I said at the outset, we do this work on
28 behalf of the government. The government provides us
29 with the terms of reference. We make recommendations
30 in response to those terms of reference to the government
31 which ultimately makes the decisions.
32
33 We don't find the list of things we should consider as
34 confining as you suggest, I must say. The government has
35 asked us to consider those things, but we do not see them
36 as binding on us. If we thought anything crazy, or
37 something, we would say so, but ultimately we are
38 serving the government in the terms of reference and in
39 making recommendations to you.
40
41 It is because this review is narrower than we think it
42 needs to be and can't address all the issues that
43 you have raised, including the provision of free services
44 by some entities, that we have recommended that the
45 government ask us do a broader review where we can take
46 those sorts of things into account.
47

1 The other interesting thing you talked about was the way
2 the market is changing and the question is whether taxi
3 services should change with it. We know technology is
4 changing. The street hail market is changing, rank services
5 and the way they work are changing to a large extent. I think
6 there are a lot of good questions that need to be addressed
7
8 MR SAUNDERS: I think the technology issue is a dead
9 issue already. You're talking apps?
10
11 MR WILLETT: Yes, that's right
12
13 MR SAUNDERS: They are all over the place. Anybody
14 could write an app. I could have someone write one for me
15 in my town, if I did not feel up to it, and then say, "Here's
16 an app. Book a taxi with it." Big deal.
17
18 MR WILLETT: It is an issue that goes to the heart of some
19 of the regulation on taxi services and we should think
20 about that. Those are the sorts of things that we would
21 like to have a good look at in a broader review.
22
23 On the free services, there is something that
24 interests me. I can understand why some entities like the
25 RSLs want to subsidise free transport services to bring
26 people to them, but what I do not quite understand is why
27 they find it more economic to employ a separate person, a
28 vehicle, and undertake all those costs rather than paying
29 taxis to drive that free service. It seems logical to me
30 that a taxi is something that is designed to provide that
31 sort of service even if it is a multi- hire type
32 arrangement.
33
34 Roy, you look as though you have an answer to that.
35
36 MR WAKELIN-KING: The issue of courtesy transport -
37 and we have heard the points that Jeff has made around free
38 transport - is very critical and very sensitive in rural
39 and regional New South Wales because there is, in relative
40 terms, a plethora of these things and they are growing.
41
42 Recently - as of last year - I was talking on the central coast
43 with a leagues club and a provider of transport services.
44 We were talking about putting in an additional
45 wheelchair accessible taxi service in the Wyong area. We
46 just wanted to flag with him that we were not unnecessarily
47 trying to take his business away and did want

1 to complement his services and would be delighted to talk
2 to him about it in terms of whether we could.
3
4 When you go down to Wagga, you will have the rep from
5 Griffith there. They have done quite a good job in
6 providing those services instead of using courtesy
7 transport.
8
9 Pubs and clubs feel substantial pressure, competitive
10 pressure but also pressure from their patrons, to put on
11 courtesy transport. They don't want to do it, it is a sunk
12 cost. They have to purchase the asset. They have
13 obviously the fixed costs and then the variable costs of
14 running the asset and, generally speaking, they would
15 much prefer that taxis or other forms of transport, but
16 taxis in particular, do that work. They find, however, that
17 the pressure from their patrons becomes almost unrelenting
18 in terms of putting on those types of services. Their patrons
19 say, "Well, we're going to go and join this club because it
20 has a courtesy bus and it's easier to get to and from there
21 and we don't have to pay anything."
22
23 MR WILLETT: Even if the club pays for the taxi service?
24
25 MR WAKELIN-KING: Now, that is why I encourage the
26 tribunal to talk to the people in Wagga. There is an
27 arrangement where the service is subsidised by the club
28 and there is a minimum transaction between the passenger
29 and the driver. Jeff's point is very valid - who wouldn't
30 want cash-free transport? The pressure is on for free
31 transport, but the ability for a club to purchase free
32 taxis all the time may or may not be economic for that
33 club. It is a finely balanced thing. A lot of pubs and
34 clubs think, "Well, we own the asset, therefore we control
35 the asset", and therefore it is much better circumstance
36 intuitively.
37
38 We encourage our industry - and a number in this room
39 have probably done this - to go to pubs and clubs and
40 say, "We can do this for you." Some have been more
41 successful than others, but it is a growing problem.
42
43 I know this is not in your terms of reference, but I am
44 flagging now that this is a looming issue with the NDIS.
45 We have anecdotal evidence emerging that community
46 service providers as opposed to community transport
47 providers are now starting to purchase transport assets in

1 a very similar way to a courtesy bus for a pub or club
2 saying they provide a courtesy transport service as part of
3 the offering to the client. The funding is devolved and
4 then allocated to the carer or the individual or the family
5 and they then purchase the services.
6
7 What community service providers are now starting to
8 do is say, "We need to be more attractive from a
9 competition point of view" - because they are now all
10 competing with each other - and they then start
11 purchasing transport assets.
12
13 From a taxpayer's point of view, I am horrified by that
14 because of the gross inefficiency. Courtesy transport is
15 grossly inefficient. I think that is a real issue that needs
16 to be looked at and it is something that you may need
17 to flag in your report, if I can be so bold as to ask that.
18
19 MR WILLETT: Okay.
20
21 MR WAKELIN-KING: But courtesy transport,
22 community transport, which goes beyond its funding
23 agreement is a real issue because it does impact on the
24 fare-paying customer for taxi drivers.
25
26 THE CHAIRMAN: Thank you, Roy.
27
28 MR HAVERFIELD: I want to touch on the courtesy transport
29 side of things as well. I am sure you would be aware, if
30 you thought it through, that drivers who drive taxis - that
31 is what we are here about, the taxi industry - have to pass
32 certain sorts of background checks, criteria checks,
33 working-with-children checks and all sorts of checks. You
34 can drive a local courtesy bus for the golf club and all
35 you have to have is a normal licence. There is no
36 background check and there is no working-with-children
37 check.
38
39 I think it is a bit of an anomaly that somehow these
40 courtesy buses are allowed to keep popping up and
41 transporting anywhere from eight to ten people, depending
42 on the size of the bus, and they can just do it and there are
43 no dramas. However, because we are a business, we have
44 to have all these background checks, as we should, but it is
45 a huge anomaly that people are allowed to jump into a
46 vehicle with someone who has had no criminal history checks
47 or background checks just because they are not paying.

1 I find that ridiculous.
2
3 MR LIVOLSI: Sebastian Livolsi, from Coffs Harbour Taxis.
4 Touching on the courtesy bus, if I have 12 maxis in the
5 fleet in Coffs Harbour and there are seven to eight
6 courtesy buses in Coffs Harbour, that work is being taken
7 away from the drivers. They are not earning that money.
8
9 What Mark Haverfield was saying is very true. If you have
10 a look at our vehicles and compare the standard of our
11 vehicles with the standard of their vehicles, they are not
12 very good, they are very old and very crappy.
13
14 I was under the impression, sorry, Roy, that it was
15 part of the liquor licensing requirements that they have to
16 put on a courtesy bus. That is what I keep getting told
17 anyway.
18
19 MR WAKELIN-KING: If I may clarify that, Mr Chairman?
20
21 MR WILLETT: Yes.
22
23 MR WAKELIN-KING: There is pressure from liquor
24 accords. Some liquor accords, particularly the licensing
25 police, say to the pubs and clubs, "You need to put on
26 courtesy transport to get your customers away." Some of
27 them automatically assume that that means putting on a bus.
28 They don't look at it from an outcomes perspective, which
29 is, "We need to get people away." If they came up with a
30 deal with the taxi industry to actually do that work for
31 them, that would achieve a similar outcome.
32
33 What they have to do is to have dedicated transport in
34 some instances to move the crowds on to deal with potential
35 anti-social behaviour. This is an issue where there are
36 some cultural elements that have emerged in this process to
37 deal with this issue. It is, as I say, highly inefficient
38 and Sebastian is exactly right. He has a number of maxis
39 in his town which could do the job equally as well.
40
41 MR LIVOLSI: But we have lost business to the courtesy
42 buses and, as Jeff was saying, to other free services.
43 I would like to speak wholly and solely on behalf of the
44 drivers. Some of these people are pensioners trying to
45 earn extra income. As you know, the way things are
46 structured, as soon as they earn so much, they are
47 penalised. People working two jobs are penalised. It

1 would be good get rid of those penalties so that those
2 people can work a taxi and not be penalised, and they can
3 provide that service. There is no incentive for people to
4 work two jobs because they lose money and have to pay
5 more taxes.
6
7 You freeze fares, but costs will still keep going up for us as
8 taxi operators and also for the drivers. I can give you
9 an example, Ed. We have 3 new plates in Coffs Harbour
10 that have been released by Transport for NSW and the
11 taxis are out there running. Drivers are coming to me and
12 complaining. "I am not XXXX staying out there for that
13 sort of money." They are not making money. This
14 happened on a Saturday. What I did was formulate a
15 roster to take three cars off on a Saturday morning to
16 allow for those three other vehicles that have come on.
17
18 The drivers come back to me. They are earning no more
19 than \$200 gross on the meter for 12-hour shifts. They
20 are getting upset because they have to stay out there for
21 12 hours, as you can imagine - 12 hours earning \$200!
22 They get \$80 in their pocket but they still have to pay GST
23 and they still have to pay their taxes. When they take out
24 another 30 per cent for pay as you go, that does not leave
25 them with very much.
26
27 That formula of taking the three cabs off on Mondays,
28 Tuesdays and Saturdays has worked for us to keep the
29 drivers at the level where they are earning a decent
30 amount of money.
31
32 You talk about freezing the fares. Grocery items are
33 always going up. With Coffs Harbour City Council, it was
34 recommended they freeze the rates and the council
35 said, "No, stuff it. We are putting up them up by that
36 percentage and more", and they went ahead and did it.
37
38 These people are trying to earn a living to try and
39 support their families, their habits, whatever they've got.
40 It concerns me that the fares might be frozen, just like
41 that, because you are taking away the incentive for
42 drivers. The more cabs we get, drivers are not earning
43 enough money. I am finding it harder to get drivers to
44 drive cabs. You flood the market with too many cabs and
45 that's it, drivers will say, "It is not worthwhile for me
46 to come out."
47

1 MR SAUNDERS: On that point, for example, on Sunday, we
2 have 12 taxis in town, in Kempsey. On Sunday, during the
3 day, I have two taxis operating. Some of the taxis are
4 mine and some are not. I only own some of the cabs in
5 town. So we have two taxis operating on Sunday. One of
6 those continues to operate into the evening and we have a
7 different driver come on at 6pm and he works all night.

8
9 The guy who worked all night last Sunday, for example,
10 I think he grossed on his meter \$180. That is a 14-hour
11 shift - \$180. That is one taxi. You can't drop to less
12 than one taxi. You can't have half a taxi on all night.
13 Admittedly, he got plenty of sleep that night, but that is
14 about it. He was on call. If he had a call, for example,
15 once every hour, he would not have got plenty of sleep
16 that night. If he had a five-hour gap where he had no
17 calls, he would have got some sleep. He was on call that
18 night and he had to get up and go out on any calls.

19
20 Unfortunately, a lot of places don't have somewhere
21 for their drivers. We have a shed next to our taxi rank.
22 The driver can sit in there in a lounge chair and watch TV.
23 Most places do not offer that; the driver sits in the cab.
24 If a driver is sitting in a cab all night long for \$180 -
25 that is gross so he gets about half that - it is not a lot
26 of money. Okay, he gets about half that, or whatever, but
27 with the \$180, even if he got the whole damn lot, that's
28 not a whole lot for a 14-hour shift.

29
30 We are having some arguments and trying to talk to RMS
31 at the moment about shutting down on some parts of the
32 night. I am not too sure they are keen on that. They want
33 us to operate all night long. If that driver was on a wage,
34 there is no way we could have a taxi service running
35 all night long because he would have to get paid a decent
36 wage for doing 14 hours work. He is a contractor and if he
37 can sleep and he is sleeping for six hours, he is not going
38 to get paid for that six hours and it is not a big deal. If he
39 was on a wage, it wouldn't matter whether he was asleep
40 or awake, he would have to get an hourly rate,
41 whatever that happens to be, on the wage. You would
42 have to say, "Well, that's it, there will be no taxis. It is
43 unviable." Because he is self-employed, he can run a taxi
44 and get \$180.

45
46 Some drivers own their own cabs and would get the
47 whole \$180, but it is still not a lot of money. If you own

1 your cab, you still have to pay for your fuel, wear and
2 tear and other costs of the cab and all the rest of those
3 things such as maintenance costs. That \$180 is still
4 bugger all.

5
6 This is not exactly a high earning business.
7 Admittedly, you might have a good shift the next week and
8 make three or four times in another shift, which might just
9 be an eight-hour shift. We have varied shifts in our town.
10 It is just the point that that is gross we are talking
11 here. That is not what the driver is taking home so that
12 is not much money and you are saying, "The fares are too
13 high." To me it is just wrong.

14
15 MR WILLETT: Would anybody else wish to make a
comment?

16
17 MR WING (Transport for NSW): Thank you, Chair.

18
19 Our role in all this is, of course, that ultimately Transport for
20 NSW is required by the Act to make the final determination
21 on maximum taxi fares outside Sydney. However,
22 IPART has been asked to provide an independent review
23 and give us an independent recommendation, including
24 holding public hearings around the place and I am very
25 thankful to be invited to this. It is excellent to have
26 this kind of debate.

27
28 In making its decision, Transport for NSW has been
29 charged by government in all things to put the customer at
30 the centre of everything. We will do that, but we will
31 also be looking at the various other things to be taken
32 into account, especially IPART's recommendations in this
33 matter.

34
35 Because we are getting an independent report, I do not
36 want to comment at all, Chair, on the particular
37 recommendations in your draft or the debate around fare
38 levels. I am looking forward to that final report.
39 However, I am here to assist the tribunal in any way with
40 questions about facts or policy.

41
42 In particular, I did note that although most of this
43 debate has been related to fare levels, there was at least
44 one issue raised, which I think has a safety implication,
45 which was the ability of people to essentially do a runner.
46 That obviously goes to fare levels but I think it also goes
47 to safety as well.

1
2 We have introduced pre-paid fares on the Central
3 Coast. We have also introduced them in some parts of
4 Sydney, namely, late-night taxi ranks where there have
5 been issues around violence essentially.
6
7 I am hearing today that maybe this is a widespread
8 issue and I will take back that we need to think about
9 whether we roll out pre-paid fares as an option across New
10 South Wales. Also I would be interested in whether the
11 tribunal makes any recommendation on that matter as
12 well. Thank you, Chair.
13
14 MR WILLETT: Thank you very much. We will certainly
15 comment on it.
16
17 MR BISHOP: My name is John Bishop. I was an owner in
18 Sydney and then in Port Macquarie and now I am a casual
19 driver. This system has been working in Melbourne for
20 two or three years. Why does it have to be tested in New
21 South Wales if it works in Melbourne?
22
23 MR WILLETT: I think what Anthony is saying is that the
24 department was not conscious that there was such a need
25 in
26 other areas outside Sydney, but if that need is there,
27 then it will be looked at.
28
29 MS JONES: I want to ask Anthony something. We have
30 heard a little bit about the courtesy services in the
31 community. For instance, a club could have a bus but its
32 other option could be to perhaps do a deal with the taxis.
33 Would that be considered to be touting if the taxis were to
34 approach 3 that club to offer a service?
35
36 MR WING: No, it often happens and I think it is a
37 well-understood thing. In fact, the government itself
38 contracts with many taxi providers to deliver services for
39 Health, Veterans Affairs and others, so it is simply quite
40 open to businesses to make arrangements with taxi
41 companies.
42
43 MS JONES: Thank you.
44
45 MR WILLETT: We have another speaker. Please state
46 your name.
47
48 MS DALEY: Kath Daley, Nambucca Heads. We have a
49 contract

1 with community transport to provide them with some
2 services. In their contract, it says that we cannot
3 approach any of the customers that they give us to suggest
4 that we can give them such a service.
5
6 What I am talking about is say they are a DVA client - all the
7 out-of-town work with the DVA goes through community
8 transport - we cannot say to them, "Look, we can
9 give you a DVA service. All you have to do is get a
10 voucher", that is in the contract that we can't approach
11 them.
12
13 MR WING: So they have put a non-compete clause,
14 essentially, into the contract?
15
16 MS DALEY: That's correct.
17
18 MR WILLETT: That's interesting.
19
20 MR WAKELIN-KING: Could I respond to that, sorry,
21 before Sebastian speaks?
22
23 MR WILLETT: Yes.
24
25 MR WAKELIN-KING: On that point, we are working with
26 Transport for NSW through the community transport division
27 to look at the issue of the subcontracting arrangements
28 between community transport providers and taxis. We
29 welcome the engagement of the two sectors. We would
30 like to, obviously, see more of it.
31
32 Some of the issues that have just been raised by Kath
33 are things that we would wish to resolve because we think
34 there may be potential restriction of trade implications
35 and we wish to deal with that.
36
37 We are working through the establishment of a standard
38 subcontracting template document between a community
39 transport organisation and a taxi organisation. We will
40 negotiate and make representations to Transport for NSW
41 on those matters where we think there might be some
42 inappropriate clauses in there.
43
44 The other point I would make on contracting more
45 broadly - and this has been raised by a number of
46 stakeholders, and I do not wish to be too dramatic about
47 this - is that I think it would be fair to say that, in a

1 lot of rural and regional areas, without those contracted
2 services, be it from DVA, the Department of Education &
3 Communities with the assisted school travel programs, and
4 other forms of revenue, there would be some very
5 significant viability issues for taxis in rural and
6 regional New South Wales.
7

8 Jeff gave some examples, but the reality is that there
9 are some borderline taxi businesses, even with those
10 contracts, in rural and regional New South Wales. Some
11 parts of the state run the risk of being without a taxi
12 service as a consequence of some of the competitive
13 pressures that they are facing from either illegal
14 transport or this advent of free transport.
15

16 I think that is a very serious social issue - it is a
17 public policy issue. We have raised that with the New
18 South Wales government directly. It is something that
19 I would just flag for you as you gather evidence, if you
20 like, or feedback, I should say, in terms of the review
21 process. That is a compelling issue. If those two
22 contract sources were to disappear, I think it would be
23 fair to say there would be some real challenges in this
24 room.
25

26 MR LIVOLSI: I am just curious. If the government accepts
27 the recommendation that you guys put forward on this fare
28 freeze and then fares are frozen on the meter, what happens
29 when they up the GST as they are talking about? Does that
30 automatically happen or does that stay frozen too?
31

32 MR WILLETT: I don't know the answer to that. Anthony?
33

34 MR LIVOLSI: What happens to GST? GST is factored
35 into the meter.
36

37 MR WING: If the GST were raised, and I am not sure
38 whether that is likely to happen, but if it were raised, we
39 would have to amend the fares to take that into account.
40 We would have to have a --
41

42 MR LIVOLSI: So the drivers would have to have a freeze,
43 but the government will take more money. That's what I
44 don't understand.
45

46 MR WING: No, no.
47

1 MR LIVOLSI: They are using the driver and they are using
2 that vehicle to collect taxes.
3

4 MR WILLETT: The regulated fares would be adjusted, in
5 that unlikely event, I think it is fair to say for the
6 moment. Ashley?
7

8 MR CLARK-SMITH: Ashley Clark-Smith from Casino Cabs.
9 In Casino, I have actually shelved four plates. It is
10 interesting that we have been speaking about the indigenous
11 organisations that provide transport to indigenous people.
12 Before my father passed away, we had a bit of a thing
13 going where we actually started community transport
14 with the indigenous side of things in transporting their
15 people around in towns. That was a really good concept
16 that we had for about six years.
17

18 We got approached then by community transport, by a
19 division of their indigenous side, about them developing a
20 transport section because they wanted, in their words,
21 their own people to be able to transport their people. We,
22 as white people, who had been transporting them all that
23 time had a really good rapport. We actually built this
24 business, we thought. It was not run by the meter, it was
25 cost save. It was great and we got to move a vehicle, or
26 vehicles, that were not really doing too much. But then we
27 had the government purchase one and then eventually
28 two vehicles and take that initial business away from us.
29

30 The second instance - I am saying these things because
31 we are talking about the decrease in the revenues of a
32 business - was a venture I actually started up with another
33 organisation. Between the pair of us we got funding money,
34 so there was a joint venture with the taxi company, and
35 again we developed a really good run. Our drivers were
36 actually promoting that. It was basically helping to get
37 people 65 years and older out of home. We built it up to a
38 stage where we had a full maxi. Again, after a period of
39 time, we had that taken away from us.
40

41 I have found - I am speaking for Casino, but it might
42 happen somewhere else - that when you try to develop
43 relations with organisations to be able to help build and
44 increase your business, it really is a smack on the nose
45 when you realise that you are actually building it for the
46 organisation so they can show the government there is a
47 need here and there is a need for them to get another

1 vehicle or vehicles to provide this service and then they
2 take that away from the taxis. I have found that really
3 disheartening.
4
5 As I said, I have four plates on the shelf. I am looking
6 seriously, in the next six months, at shelving another
7 one. I have 13 plates in Casino and I own two in Lismore.
8 I am meeting with my insurance people next week
9 and they have just hit me. Our insurance claims are
10 extremely low, and it is good for a taxi company, but
11 I have just been informed that I will have a minimum
12 premium increase of 12 per cent.
13
14 I have also been contacted by my local call centre.
15 My call centre prices for my jobs is going
16 up. I am finding that for us a lot of our costs are going
17 up in price. Like I said, my concern is trying to work
18 with organisations. This funding that they are getting is
19 actually working against us and we are actually helping
20 them to fill a niche.
21
22 With the taxi fares, we don't really have an issue
23 with people paying the prices on the fares at all. There
24 has never been a question about it; even when they go out
25 to the papers, there is never an issue. It is commonsense.
26 People know that the cost of living has gone up -
27 everything has gone up, as we have heard from Kempsey
28 and it is similar in the Casino.
29
30 I am probably lucky, to an extent, in Casino that our
31 operating hours are up to midnight and we start again at
32 2 o'clock in the morning. I know it is only a two-hour
33 break, but let me tell you, on a Sunday night, there is
34 nothing for my vehicles to go on the road, because you can
35 only work the drivers for so long, to be able to turn over
36 a couple of hundred dollars, maybe, and for them to be
37 able to get a share of that money.
38
39 We have been told that the local council has been
40 helping out our local RSL with our local courtesy bus.
41 Whether that is right or wrong, I am not 100 per cent sure.
42 It astonishes me too that on Sunday evenings we can get
43 phone calls through the call centre. Our maxi actually
44 finishes about 8 o'clock at night. We have taken people in
45 their wheelchairs and dropped them down the street. They
46 go to the RSL Club and they can't get in the courtesy bus
47 to go home because it is not wheelchair accessible. I then

1 have to ring a driver, who has been approved to drive a
2 wheelchair accessible vehicle, to come out on the road to
3 do that job because I want to supply a service and that is
4 what it is all about.
5
6 I suppose in the eyes of what we have seen in the
7 review, it looks like "Cabbies! All they want is more
8 XXXX money." It is not about that at all. I think a lot
9 of things have been taken away from us.
10
11 Just on the pre-paid fares, I think that would be great. We
12 have also heard from people in the room about fare
13 evasions. I have taxi drivers coming to me now. I am not
14 kidding myself, I reckon with fare evasions, there is three
15 minimum on a Saturday night and probably one or two
16 on Friday, and I've only got a small town, and I will pay
17 the fare evasions. It is funny, in a sense, that the
18 drivers know the people. We get the police involved and
19 ring the 131444 number but nothing happens and nothing
20 comes out of it. So you then get a driver saying, "What's
21 the point?" If a driver wishes to refuse the customer
22 again, we can't refuse. If we say, "Have you got the
23 money", we are not allowed to ask whether they have the
24 money. There are a lot of barriers against taxi drivers,
25 and that makes it hard to be able to get people to want to
26 become taxi drivers because of those simple little things.
27
28 It would be really good if Transport for NSW could
29 have a look at that. It is not something that we have just
30 sort of brought up now. I have been to a lot of the
31 regional meetings, I have listened to what people say and
32 have heard lots of things. They have said, "You beaut, we
33 can't wait till this happens."
34
35 That would be great. We are talking about safety. We have
36 parents who would love to have prepaid fares. I do do
37 dockets for them. There are no dramas, we do do that, but
38 there are a lot of places that don't. There surely must be
39 an easier way to have it across the board for everybody,
40 whereby a prepaid card, or whatever it is going to be, can
41 be issued to these young adults who are going to go out.
42
43 MS JONES: Can I clarify something with you, Ashley? When
44 you say you have plates on the shelf, have you formally
45 put them on hold or are you not just operating them?
46
47 MR CLARK-SMITH: Yes, I have them on hold; I have them
on

1 a 10-year hold. I would love to pull those out and be able
2 to put them on. I would love to be able do that. Obviously
3 we have heard around the room about organisations
4 and courtesy buses which have really hurt our industry as a
5 whole. It is not unique to one area, it is everywhere, and
6 probably more so in the country, I feel.
7

8 We have heard about plate pricing. Jeez, I wish my
9 plate was worth \$250,000 or \$300,000, or whatever figures
10 were thrown around. That would be sensational but
11 unfortunately, and I am nowhere near that. I am sure if
12 you went to somewhere like Kempsey, you would find
13 that they are nowhere near that.
14

15 By the same token, costs are going through the roof
16 because of cameras, and all that safety gear. Everything
17 the government comes out with and tells us we have to
18 implement, we just have to do it. If we don't, the cars
19 get tagged and then they are off the road. There are a lot
20 of things that go against us compared to some of these
21 other organisations. They are not approved to transport
22 people in wheelchairs but they have wheelchair accessible
23 vehicles. I could go on, but I won't.
24

25 MR WILLETT: Thanks, Ashley. We are starting to get tight
26 on time, but we might have time for one final comment.
27

28 MR HAVERFIELD: Roy, you've obviously been to
29 previous roundtables. Have they touched on prescribed
30 lending of the big banks that you and I spoke about?
31

32 MR WAKELIN-KING: No.
33

34 MR HAVERFIELD: If you think it is appropriate; if you
35 don't I'll say nothing.
36

37 MR WAKELIN-KING: No, go for it.
38

39 MR HAVERFIELD: I'll ask you to talk on my behalf,
40 thank you, Roy, that would be lovely.
41

42 MR WAKELIN-KING: Just very quickly, if I understand
43 you correctly, Mark, the issue of lending against plates has
44 become a critical issue for the industry because the
45 finance sector has taken a very risk averse position. The
46 best level of equity that they will give you is in the
47 order of 25 per cent up to 50 per cent in Sydney, and

1 I think that is the maximum. In some cases it is 0 per
2 cent around rural and regional New South Wales. It varies
3 a bit but it is very low.
4

5 Previously the asset was seen to have a relatively
6 high degree of certainty which financial institutions would
7 lend against. Now that has diminished significantly to the
8 point, in some cases, where nothing at all would be
9 available. You can't leverage off your existing licence.
10

11 MR WILLETT: Thank you for that.
12

13 MR HALE: Roger Hale from Wauchope Taxis. My question
14 is to you, Roy. How many rural taxi plates have been sold
15 this year? From our experience in Wauchope, we have
16 been advertising forever and we have not got a response.
17 I don't know if anybody else has had a similar experience
18 in trying to sell their plates. I want to know how many
19 plates have been sold.
20

21 MR WAKELIN-KING: As part of this issue about the
22 broader concern of taxi viability in country New South
23 Wales, we have had a look at the issue that Roger has
24 raised around how many businesses have been for sale.
25

26 There is a particular site known as the Taxi 131008
27 site. They advertise businesses. Don't quote me on the
28 numbers but, from memory, there are around 12 taxi
29 businesses for sale. Some have been on the market for
30 quite sometime and there is very low, if any, take-up.
31 There has only been one business that I am aware of that
32 has been procured in the last 12 months, but beyond that I
33 am not aware of any. The market is very subdued in terms
34 of transactions associated with taxi businesses.
35

36 MR WILLETT: Thank you. We will have just one final
37 comment.
38

39 MR BISHOP: Are you able to show that pie chart that you
40 had earlier in the presentation?
41

42 MS BLACKWELL: Yes, certainly.
43

44 MR BISHOP: That chart is wrong for a start. The drivers
45 don't get 50 per cent of the total. So what else is wrong
46 in it?
47

1 MR SAUNDERS: That's an average across all towns.
2
3 MS BLACKWELL: We just put this up as a way of
4 demonstrating that a component of the fare revenue goes
5 towards paying the licence costs which, in the view of the
6 tribunal, is not an efficient cost.
7
8 The graph is based on our most recent survey data from
9 drivers and operators, but it does reflect the average
10 across a very wide area and we are aware that there are
11 significant variations across areas.
12
13 The purpose of this particular chart was to show the
14 audience that a component of the fare revenue goes
15 towards paying the licence costs and that we think that
16 they are not efficient costs and should be reduced to allow
17 the other costs to go up without fares increasing.
18
19 MR BISHOP: Any business has a capital cost. As Roy
20 said with a shop, or whatever business you set up, you
21 have to invest capital and you have to have a return on
22 that capital. The same applies to the taxi industry.
23
24 MR WILLETT: Yes, Roy has made that point. I think we
25 understand that and will take it into account.
26
27 We might move on to the next part of this forum. I
28 will turn now to Sarah to present a brief overview of our
29 draft findings and recommendations in relation to taxi
30 services outside Sydney.
31
32 SHORT PRESENTATION ON DRAFT FINDINGS AND
33 DRAFT RECOMMENDATIONS ON TAXI SERVICES
34
35 MS BLACKWELL: One of the things we look at during
36 our review of taxi fares is the standards of service and the
37 way in which they relate to fares.
38
39 In particular, we have become concerned about how an
40 undersupply of taxis in some areas translates to fares
41 being higher than they should be, longer waiting times for
42 passengers, and higher licence costs that act as a barrier
43 to the entry of additional taxis.
44
45 The population and economic data we have reviewed
46 indicates that demand for point-to-point transport,
47 including taxis, hire cars and community transport, as well

1 as other potential competitors like commercial
2 ride-sharing, is growing in most parts of New South Wales.
3
4 In a market that does not have any barriers to the uptake
5 of new licences, as demand grows you would expect to
6 see more taxis enter the market. However, if no new taxis
7 come into the market, the additional profit per taxi
8 translates into higher licence prices.
9
10 As I explained earlier, in economic terms the licence
11 cost is not an efficient cost of providing taxi services,
12 but an economic rent that is created by licences being
13 scarce. However, it is still a financial cost that taxi
14 operators have to pay and, as a result, fares are higher
15 than they need to be to cover this cost.
16
17 As Roy explained earlier, in operating areas outside
18 of Sydney, the fee RMS charges for a new licence is
19 generally determined by a reference to recent sales of
20 existing licences in that particular area. One of the
21 draft findings of our review is that this way of
22 determining the fees for new licences means that where
23 additional taxis are needed, licences are the most
24 expensive and the barriers to entry the highest.
25
26 We also found that the process for issuing new
27 licences lacks transparency. For example, if you were
28 interested in purchasing a new licence, there is no
29 publicly available information on the RMS or Transport
30 for NSW website that describes how you go about this.
31
32 We have therefore made a draft recommendation that
33 taxi licensing arrangements be reformed outside Sydney to
34 address these problems.
35
36 I will now briefly move to the issue of competition
37 with taxi services.
38
39 We know, for example, that in many parts of New South
40 Wales, hire cars have taken up opportunities presented by
41 increasing demand for point-to-point transport and in
42 Sydney itself, I am sure you are aware that ride-sharing
43 app UberX has also emerged as a competitor to taxis and
44 hire cars.
45
46 While competition and choice would be good for
47 consumers, it is important that driver and passenger safety

1 and consumer protection are assured as well, which is why
2 we have recommended a review of the regulatory
3 framework for all forms of point-to-point transport in our
4 review of Sydney fares and licences and we have made a
5 draft recommendation that this review cover areas outside
6 of Sydney as well.
7

8 As for fares, to focus today's discussion on taxi
9 services, we prepared a few questions but we are interested
10 in any feedback that is relevant to our draft finding and
11 recommendations as they are presented here on the slides.
12 I will bring the questions up for you in a moment and I
13 will hand back to Ed to chair this discussion.
14

15
16 MR WILLETT: Thank you, Sarah. Roy, would you like to
17 start off.
18

19 COMMENTS FROM ATTENDEES
20

21 MR WAKELIN-KING: Thank you, Mr Chairman. I have
22 already spoken a great deal about licences, but there are a
23 couple of things I would like to add and re-emphasise.
24

25 If I can pick on this point first: if transparency is an issue,
26 then, as I have flagged earlier, that needs to be resolved
27 by RMS and Transport for NSW. I don't think there
28 is anything wrong with the process. I think the process is
29 valid, appropriate and, when carried out, is transparent.
30

31 If there is a lack of information that the market cannot
32 fully comprehend, then we would encourage RMS and
33 Transport for NSW to look at that and we would have no
34 view to the contrary to it. Good decision-making is based
35 on good factual information being available to the market.
36

37 In terms of licences, I think it has been made clear
38 here that there is a number of towns, and probably an
39 alarming number of towns, in my view, where a lot of
40 licences are on hold or not operating efficiently in terms
41 of utilisation through the majority of the week. Certainly
42 on your typical Friday and Saturday nights, there would
43 be close to maximum utilisation but during the rest of the
44 week, there is a high under-utilisation.
45

46 We have spoken about the issue that has emerged as a
47 consequence of that, but one of the things that has been

1 raised is the issue of competition. We are not opposed to
2 competition. What we are opposed to is where that
3 competition is unfair and there is a distorted playing
4 field as a consequence. That emerges from government
5 -funded transport, such as community transport
6 and other forms of that transport which are operating
7 outside of the strict eligibility criteria for which that
8 transport was intended.
9

10 We are not opposed to community transport where it
11 sticks to its knitting, if you'll pardon the expression,
12 but where it branches out from that and becomes more
13 commercial in its nature, it then impacts directly on our
14 market and therefore if they wish to do that, then they
15 should obtain the appropriate authorisations and licences
16 and compete on a level playing field.
17

18 The same goes for courtesy transport and the same goes
19 for hire cars. The hire car debate is a bit more
20 interesting because there are certain aspects of the law
21 which are open to interpretation. There have been some
22 moves by the government to rectify that. We would
23 welcome a strengthening of the regulations to ensure a
24 greater distinction between the two modes of transport.
25 The costs associated with hire cars are significantly less
26 than those of taxis, and that has been discussed today.
27 From our perspective, we are not opposed to competition
28 but it has to be equitable competition.
29

30 I think in rural and regional New South Wales the issue of
31 licence costs does not have the same level of relevance
32 that it does in Sydney because the ownership pattern
33 is substantially different from that which exists in Sydney
34 New South Wales. The secondary leasing market is
35 very minimal, if at all, and you have a high proportion of
36 operator ownership where they directly bail their taxis to
37 the driver.
38

39 I think this is important and we ask the tribunal to
40 take all of those factors into consideration. We believe
41 that the current system works and works effectively. If
42 there are issues about lack of information to the market,
43 then, as I said, that would be a matter for Transport for
44 NSW and RMS to rectify, but we believe that the system,
45 when enacted, functions well.
46

47 MR WILLETT: Thank you, Roy. Ashley, would you like to

1 comment?

2

3 MR CLARK-SMITH: No, thank, you.

4

5 MS JONES: Apologies, where it says "Newcastle" on the
6 slide, it should say "Port Macquarie", in case you are
7 wondering.

8

9 MR WAKELIN-KING: I am sorry, could I say with regard to
10 my points around service performance, no industry would
11 ever say that it is performing at 100 per cent and we don't
12 make such claims. What I would say, as I said earlier, is
13 that rural and regional taxis provide services to a very
14 high standard. That is reflected in the high response
15 times in terms of getting to the job quickly and also the
16 low levels of complaint. These people live and work in
17 their communities. They know the consequences of
18 providing a poor service.

19

20 MR WILLET: Thank you. I will invite comments from
21 the floor. I might start by saying that we have already
22 discussed some of these issues to some extent in our first
23 session. There is no need to repeat comments that have
24 already been made, but any further comments on these
25 areas would be welcome. Jeff, you promised to make
26 some other comments.

27

28 MR SAUNDERS: Customer service levels, this is what we
29 are talking about here. I have a particular customer that we
30 pick up on a regular basis and take to dialysis. I thought
31 I would use this anecdote because it reflects on a
32 combination across the board of the two series we have
33 talked about so far. XXXX is the customer's name. We
34 take her from one of the nursing homes to dialysis and back
35 home again. She pays about \$12 a taxi fare. She has TTSS
36 taxi vouchers. She pays \$6 cash and \$6 on the voucher.
37 The normal trip is about five minutes drive, but it takes
38 half an hour to service her. You are looking here at \$12
39 for a half hour of work and that is for one customer.

40

41 Of course, with all of these things in taxi services, you
42 have to drive up the road from customer A to customer B
43 and there is time involved, so to get somewhere else takes
44 another five or 10 minutes. Needless to say, mostly I take
45 her because she is an overhead, but we have customer
46 responsibilities. The drivers who I ask to service that
47 customer, they do it, but I feel bad about asking them

1 because if there is something else going on at the time,
2 this takes half an hour. She has to be helped into the car
3 and helped out of the car. It takes 15 minutes for her to
4 write her name on the TTSS voucher, and she is not alone.
5 There are a lot of customers like that.

6

7 There are more wheelchair jobs because people have had
8 strokes and what have you. By the time you have loaded
9 them and unloaded them, it could add 10, 15 or 20 minutes
10 extra, depending on the customer. They may have
11 driveways where you have to push them up the driveway
12 to the front door and all the rest of it. This is time and
13 money that is an expense. Time is money in that sense, but
14 there is customer service. Those people can be an expense,
15 but we provide the service because we are a taxi network
16 and we believe that customers are customers.

17

18 When you talked about some of those other industries that
19 Roy touched on with community transport, I disagree in a
20 lot of ways with what he was saying, that we don't care
21 about them. To me, that whole funding that the
22 funds to community transport is the same sort of thing as
23 government it does with the TTSS vouchers.

24

25 If the government were to give customers a voucher to use a
26 taxi service, for example, and subsidise it by the same
27 level as it is subsidised now, nothing more, then we would
28 probably have twice as many taxis on the road than we
29 have now. That would mean that the service level for
30 taxis to all the rest of the community would increase
31 because there would be more taxis on the road.

32

33 If somebody wanted a taxi and there were only one or two
34 on duty and they were both out of town, that person would
35 have to wait 20 minutes. If there were four, there might
36 be only two out of town, but the other two would not be
37 and that person would only have to wait five minutes.
38 There is a service level involved there in that the number
39 of taxis is reflected in the number of competing people
40 who are carrying the same passengers.

41

42 With the free transports and places like the RSLs and
43 the nursing homes that might have their own transport, if
44 they actually had to have cameras and recorders and all
45 those sort things in their cars, they might think twice
46 about offering that service, in which case they might give
47 vouchers to customers to catch taxis, in which case again

1 there would be more taxis on the road and there would be
2 higher service levels - higher service levels for the
3 community and for those people as well.
4
5 So the costs per trip might be similar, but because there are
6 more taxis, there is less wait. You have to consider this:
7 if a taxi driver takes a customer from point A to point B
8 and if it is another half hour till the next customer,
9 because there is no demand - he's there for half an hour
10 with no demand - what will he do for that half hour?
11 Will he get paid? We talked about how much money he
12 would earn if he was actually working for half an hour as
13 opposed to sitting around doing nothing for half an hour.
14
15 On some days when it might be quiet, it could be an hour
16 and a half with not a single telephone call and no demand
17 for a taxi. But again if they could offer these other
18 services that transport people all over the place, there
19 would be a demand in those quieter times because they
20 don't all need the service at the same time as anybody
21 else. You would also have a more even flow and a higher
22 number of taxis on the road servicing the same size
23 community and, therefore, you would have better
24 response time and better supply of services to the customer.
25
26 Wheelchair taxis and what role do they play is mentioned
27 in the questions. We have a few in Kempsey. Some of
28 them are servicing the nursing homes but some have
29 customers with high needs as well.
30
31 There is a guy at the moment who is a regular taxi
32 customer. He has to go downtown. He likes to buy his
33 hardware and do some pottering around the house. He only
34 has one leg. He can't walk on the other one and he has
35 major problems, so he catches the taxi. He has his TTSS
36 voucher which halves his fare. He might catch the taxi
37 four or five times in one day and then he may not catch it
38 in a week. Without that, I don't know what would happen
39 for him. He would probably be stuck at home. It is
40 essential that he have that access to a vehicle at those
41 odd times. He can't travel in a bus, for example, and he
42 can't go to Bunnings to buy something.
43
44 Wheelchair accessible taxis play a big part, but again,
45 in Kempsey, we have a slight difference perhaps than
46 in other towns in that hardly ever are wheelchair
47 accessible taxis in the roster with the other taxis. They

1 either do wheelchair work or they are not doing anything at
2 all in many places. So they have bookings, but they are
3 not competing with the other drivers for the few jobs that
4 there are around town.
5
6 I bought a taxi plate recently and put it on the
7 shelf - I bought it from one of the other guys who was
8 leaving - and so did one of the other blokes in town. The
9 taxi network owns two taxi licences that have been on the
10 shelf for the last five years, in fact I think they might
11 have handed them into RMS. I'd have to check on that. It
12 was before my time they bought them.
13
14 From the 1990s, I think we had about 14 or 15 taxis in
15 Kempsey. Now we have about a dozen and two of them are
16 wheelchair accessible taxis. The number of taxis has gone
17 down and I think that seems to be similar in a lot of places.
18 The amount of demand for those taxis has not gone
19 up, so it is not like we are getting more money for the
20 taxis. In fact, we have dropped the rosters down that we
21 actually do. Most of the taxis now only work about four
22 days a week in town.
23
24 If one person owned all the taxis, for example, we
25 could probably get away with just six taxis. But one
26 person does not own all the taxis, so we have a higher
27 number of taxi licences in Kempsey than we would have if
28 one person owned the whole lot and sublet them out. We
29 are talking here about the cost of operation, but it is dead
30 money you are talking about. To get the efficiencies of
31 scale, that is the only way to do it.
32
33 If every individual owned their own taxi, they could only
34 work so many hours themselves. You couldn't operate
35 the taxi two shifts in a day, for example, because a bloke
36 can't handle that. So you would have a taxi sitting at
37 home 50 per cent of the time, for a start, and you can't do
38 that on a marginal income. That's my point, thank you.
39
40 MS CRISTOFORO: I am Christie Cristoforo from
41 Forster-Tuncurry and Laurieton. As a little note on the
42 TTSS, we think that is really a great scheme. It is a
43 great revenue stream for our businesses. It is a great
44 community initiative allowing people who might not be
45 able to catch a bus or some other form of transport.
46
47 Our problem, especially in our small town of

1 Laurieton, is that the barrier to entry to determine
2 whether someone is eligible for TTSS is so challenging from
3 the doctors' side of things that they often say to the
4 patient, "Don't bother about that. It is too hard to fill
5 out the forms. Just catch community transport." That is a
6 big issue that needs a lot of consideration because we talk
7 about putting the customer first. It is a great scheme for
8 people who are unable to catch other public transport
9 means. Putting our business hat away, we should have
10 more people available for that program. That is something
11 I wanted to raise.

12

13 MR WILLETT: Thank you. That's helpful.

14

15 If it was not clear from our presentations and from
16 our draft report, we do think taxis provide very valuable
17 services to the community and we do think there are a lot
18 of benefits to be had from using taxis more. This
19 discussion has been very helpful in indicating where we
20 should be looking harder at the different ways that taxis
21 are under-utilised in the community.

22

23 MR CLARK-SMITH: I think what we are all hearing
24 today is that the customer base is there. Obviously the use
25 of what we'll call "free transport" which has been prepaid
26 is the customer base that the taxis have actually lost.
27 That is the area we need to get back in, hence the reason
28 some companies have shelved plates and things have
29 gotten quiet.

30

31 I think that is something that we need to knuckle out with
32 Transport for NSW to see how that has happened because
33 all of these little start-up organisations seem to think
34 there is a bit of a niche for them and they grab the
35 funding and off they go with it, so they are there. The
36 customer base is there, but that is where it is gone.

37

38 I hope the perception is not that we are trying to get
39 a fare increase, but you have seen that are no extra
40 customers there. They are there, but they are just using
41 some other means of transport which is free, or which they
42 see as free.

43

44 MR WILLETT: There are two ways you can increase revenues:
45 fare increase is one; increased use is the other. Roy?

46

47 MR WAKELIN-KING: Thanks, Chair. The key point that

1 I would like to emphasise in the context of what has been
2 raised is that we represent a value for money proposition
3 to the state when purchasing services. We fund our capital
4 and we do not receive any state funding as a consequence.

5

6 If you look at it on a cost per kilometre base compared
7 with how government may be purchasing services for
8 ambulance services, community transport, and a range of
9 other services, we believe that we are actually very well
10 placed to provide the government with better value for
11 money in that context.

12

13 We are doing some studies in respect of that as an
14 industry and we will be presenting that shortly to
15 Transport for NSW. That indicates that we do believe that
16 we actually have a better value proposition for the state.

17

18 A point was made in terms of barriers to use. One of
19 those barriers actually is the eligibility criteria, but
20 what is happening is that that has then been flicked off to
21 community transport because the perception is that it is
22 cheaper, but the reality is that community transport in the
23 long run is costing the state more on a per kilometre
24 basis. As I said, community transport has a place, but
25 I think we can do better.

26

27 MR WILLETT: Thank you, Roy. Yes, we have a speaker up
28 the back of the room. Could you come forward, please.

29

30 MR McKENZIE: My name is Sid McKenzie. I am from Port
31 Macquarie. I am an owner, an operator and a driver in Port
32 Macquarie. I have studied this report and the stuff in it.

33 We've heard it said there are plates in towns that are not
34 viable - things like that have been said. In Port Macquarie,
35 all the things you have addressed here have happened.
36 You have said things like, "We want competition within
37 the industry; we want competition with the industry;
38 we want hire cars; we want growth that exceeds the
39 population." I think all of those things have happened in
40 Port Macquarie, one way or another.

41

42 In general terms since 1994, the number of WAT and
43 freehold plates has more than doubled in Port Macquarie.
44 This is a 100 per cent increase which belies the general
45 statistics in this report. Further to that, we have two
46 people operating hire cars in the town. Whether they are
47 doing it correctly or not, is not my business, that is the

1 RMS's business, but they are competing with us directly.
2
3 We have a very large community transport network that is
4 very aggressively competing with us also. We have seven
5 courtesy buses which operate from hotels, clubs, and even
6 restaurants in Port Macquarie. All the things that you are
7 saying you would like to see which will force price down
8 and which will improve performance are all happening in
9 Port Macquarie, perhaps not under a banner of an even
10 playing field, perhaps not under the right rules, but we
11 clearly are performing at this level.

12
13 Might I say that there have been two plates bought in
14 Port Macquarie, 50-year plates, and people have faithfully
15 paid large amounts of the money to the government for
16 that right. I know there are other people who would buy
17 plates in Port Macquarie if this debate was settled in a
18 permanent manner. Unlike me, they would not be sitting
19 here. I invested all my super and quite a bit of my own
20 money in something that I am very, very worried about,
21 through no fault of my own.

22
23 I really think you have to look at the places that are not
24 growing and you can't penalise people for wanting to come
25 to Port Macquarie. We have demand here because people
26 come here. People are willing to pay more for a plate here
27 because they can have a taxi business in a better
28 environment, in a place where people want to live. I don't
29 think they should be penalised for that. Thank you.

30
31 MR WILLETT: Thank you, very much, Sid. Are there any
32 other comments from the floor?

33
34 Mr McKENZIE: I apologise for interrupting again, but
35 I don't understand the process of coming up with these
36 fares. I admit I don't understand that process completely.
37 It is a bit awkward for me to understand why capital that
38 I have put into a business is recorded in how you come up
39 with the fares. I think it is capital and not an expense
40 and should not be applied.

41
42 I don't know how you do that, but as someone who
43 operates a taxi and employs guys and I don't want to see
44 their incomes diminished, I would be quite happy if you
45 used CPI to bring it up as happens for everyone else in the
46 community. If I have stepped on some toes within the
47 industry by saying that, I apologise. Thank you.

1
2 MR HAVERFIELD: I would like to ask a question potentially
3 of you, Chair. You are aware that the Transport Act 1990
4 has been under review over the last couple of years, or in
5 the last year or so at least. There has been certain
6 public information that has been asked of various networks
7 and/or taxi businesses, many of which I've responded to
8 over the last 18 months to two years and I have had no
9 response.

10
11 Maybe I am not the smartest bloke in the world, but it
12 just seems funny to me that IPART would be put in place
13 to look at the taxi industry in regional areas and
14 potentially freeze taxi fares at a time where we are still
15 waiting for the results of the review of the Transport Act
16 1990, which I believe has already been rewritten and is
17 just waiting to be released. There has been a hold-up
18 because we had a state election fairly recently.

19
20 Surely you guys will find it tough to make any
21 representations, I would have thought, until we all know
22 what are the implications of the Transport Act that has
23 been rewritten or is being rewritten, and what those
24 outcomes are. It doesn't make sense to me.

25
26 Over the last few years, there just seems to be an
27 attack on the taxi industry on various fronts either by
28 lack of action by Transport for NSW on laws that exist and
29 are currently there. I accept those laws will maybe
30 change, but as any good lawyer will tell you, until those
31 laws change, you are still operating under the laws that
32 exist today. I don't understand therefore, and maybe I am
33 a bit confused, how you guys could then be put in at the
34 same time to potentially overview or look at freezing
35 prices or releasing more plates or reducing plate licences.
36 It seems quite incredulous to me.

37
38 MR WILLETT: I am not sure that I can fully answer that
39 question, but what I can say is that this review is part of
40 a regular review by IPART that has been going on for
41 some years, as has been pointed out earlier, and it is in
42 response to the terms of reference that are provided by
43 government. I am not sure I can comment with any
44 degree of certainty --

45
46 MS JONES: One way of looking at it, Mark, is that we do
47 this review every year and because that Act is still in

1 place and has not been replaced, we are doing this review
2 under the current laws. If, before next year's review,
3 that law comes out, then we will be reviewing under that
4 new law.
5
6 MR HAVERFIELD: Thank you. And you have been asked
7 to do this review by our premier?
8
9 MS JONES: Yes, by Transport for NSW, so every year they
10 have asked us to do it.
11
12 MR WING: So if there were no review this year, there
13 could be no change to taxi fares. Taxi fares get looked at
14 every year. There needs to be a review every year. If
15 there is not one, if it is held up, then automatically
16 there is no change in taxi fares.
17
18 MR HAVERFIELD: Could I ask a question of you, Anthony?
19 I think Roy pointed this out and I would also point out
20 that although I have been involved for many years, I have
21 never seen IPART come to a regional area and sit down
22 and have a roundtable. I commend that and I think it is a
23 great thing. Why in this year are we having this
24 roundtable in a country area or in a regional area and it
25 has not been done before - why?
26
27 MR WING: Are you asking me? I am not running this
28 IPART review, but I think it is great that the tribunal is --
29
30 MR HAVERFIELD: I agree. Maybe I should ask the Chair.
31
32 MR WILLETT: This is my first year in the tribunal, so --
33
34 MS JONES: I have been here a little longer than Ed.
35 Basically the tribunal, as it is constituted now, thought
36 it was high time we came out and got your views. We
37 recognised that there might be different issues in the
38 regional areas. Also we used do the fares all together, so
39 we would do the Sydney fare and licence review at the
40 same time as country, but we deliberately separated them
41 this year so we could look at the differences.
42
43 MR WILLETT: One of the things that struck me this year
44 is that different parts of the state are very different in
45 terms of the provision of taxi services.
46
47 MR HAVERFIELD: Without a doubt.

1
2 MR WILLETT: We have been to Newcastle and here so far.
3 I have found particularly this forum a very valuable
4 experience. We have got some very good insights here on
5 how things work that we would not get just by looking at
6 Sydney.
7
8 We have known, as Jeff pointed out, very early on that
9 the relationship between cars and taxis in regional areas
10 is very different from the way it works in Sydney, but we
11 have also got some much greater insights, I think, into the
12 range of transport services that are available in a place
13 like Port Macquarie than we would get just by staying at
14 home, so I think this has been a valuable exercise.
15
16 MR CLARK-SMITH: Absolutely.
17
18 MR WAKELIN-KING: To that end, Chair, on behalf of the
19 industry, we would like to extend our appreciation to the
20 tribunal and staff of IPART in making the effort to come up
21 here. We look forward to your engagement at Wagga where
22 I am sure you will get another round that is somewhat
23 similar but with its own unique flavour.
24
25 I would like to thank my industry colleagues who have
26 turned up and who have provided their very valuable
27 input to this process which I am sure had been most
28 valuable to the tribunal.
29
30 MR WILLETT: Thank you. I think that has covered the
31 sorts of issues we have in our draft report. As I said, it
32 has been a very valuable experience. I want to thank
33 everyone for coming along to this, unless there are any
34 final comments or questions. Yes?
35
36 MR HYDE: My name is Ted Hyde. I have owned my
37 taxi here in Port Macquarie for 40 years now. I would like
38 to know whether this IPART investigation or information
39 gathering situation is likely to be an ongoing thing with
40 country networks or is this a one-off thing and it will
41 never be done again?
42
43 I think the value of what I have heard discussed here
44 today is very important to us as owners of taxis, as
45 drivers of taxis here in Port Macquarie, and for other
46 areas in New South Wales. I would like to ask will this be
47 an ongoing thing every year when you guys do it, or every

1 second year, or something like that?
2
3 MR WILLETT: From the experience that we have had so
4 far if and when, and I think it is quite likely, we will be
5 doing more annual reviews on these questions, we would
6 certainly be taking the time to visit regional areas like
7 Port Macquarie to conduct forums like this.
8
9 I mentioned earlier on that we have also recommended
10 to government that it have a broader review of the sorts of
11 questions that have been raised here that go beyond the
12 number of licences and fares. We think that would be a
13 valuable exercise where we could take into account all
14 those sorts of broader issues and we would like to conduct
15 that review. Again, if we do get that opportunity, we
16 would go to a lot of effort to hear from the sorts of
17 people who are here in this room to make sure we
18 understand the issues.
19
20 MR HYDE: Thank you.
21
22 CLOSING REMARKS
23
24 THE CHAIRMAN: Thank you everyone. Thanks for your
25 efforts in making your contributions today. Our processes
26 are not closed as yet. We are still open to written
27 submissions by 15 May. If anything occurs to any of you
28 and you would like to put it to us, by all means feel free.
29 We cannot guarantee, however, that any submissions
30 received after 15 May would be accepted and taken into
31 account, but we will do our very best.
32
33 MS JONES: Just note that we are happy to accept emails
34 and it can be in bullet point format. It doesn't have to
35 be a big long written submission. If you have a few points
36 you want us to take into account, we would be happy to
37 hear from you.
38
39 MR WILLETT: We will finalise our recommendations
40 and report to Transport for NSW by early June, and
41 Transport for NSW which will make a final decision on the
42 fares to apply.
43
44 MR HAVERFIELD: Could I ask who do you report to? Is
45 it Transport for NSW?
46
47 MR WILLETT: That's right.

1
2 MR HAVERFIELD: Is there a person?
3
4 MR WILLETT: The minister.
5
6 MS JONES: We don't report to them. We provide written
7 recommendations.
8
9 MR HAVERFIELD: It goes to the top?
10
11 MR WING: It goes to the top, yes.
12
13 MR WILLETT: That concludes today's proceedings.
14 Thank you very much for your attendance.
15
16 AT 12.50PM, THE TRIBUNAL WAS ADJOURNED
17 ACCORDINGLY
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