

TAXIS.PLUS SUBMISSION TO IPART 2024

Taxis.Plus is a recently opened Taxi Network providing Authorised Booking Services and Authorised Taxi Services in NSW to Taxi Service Providers, formerly known as Drivers and Operators. Our business model is based on only charging fees for Services actually provided and to that end we do not charge Network Fees, but rely on charging the Passenger a Booking Fee when he or she makes a Booking, and on the related Booked Fares.

There are no Network Fees payable for Rank and Hail Services.

Accordingly, the cost of Rank and Hail Taxi Services is reduced.

For the Owner / Driver there are no Network Fees. For the Bailee Driver his “pay-in” should be reduced to reflect that savings.

We believe that the current IPART Inquiry should be aware that the cost of operations can vary between Rank and Hail and Booked Services, and that the Maximum Rank and Hail Fare should not impose upon Passengers the cost for Services not provided.

Since Fares have increased in the last decade by less than 2 %, we believe that these cost savings should flow directly to the Driver (TSP) and not be used as a rationale to do no more than maintain existing Fares. We believe that Maximum R&H Fares should be increased by 5% and with an annual Consumer Price Index review.

Booked Taxi Fares are beyond the scope of this IPART review, and must be left to the constraints of a competitive market. Unfortunately, the Point to Point market is dominated by two players who largely appear to exercise their market power in an anti-competitive manner.

We do call upon IPART to immediately commence comprehensive data inputs from all Taxi Networks and from Transport for NSW, so as to better analyse Fare details and volumes. We offer IPART access to our operating system to observe and experiment with possible fare / usage models.

Taxis.Plus has also developed technological improvements which reduce the cost of converting any Vehicle into a Taxi for \$3000 rather than up to \$8000. In the recent past, there were vehicles most commonly used as Taxis (eg Toyota Camry Hybrid), but now there are a great variety of Makes and Models. The commonality is that they are now mostly Hybrids and they cost significantly less than the \$100,000 a year to operate noted in the 1999 IPART Parry Report.

Exclusive of Network Fees it actually costs about \$25,000 to operate a Taxi in 2024.

It is now viable to operate “one-out” with the single owner / driver on the road for 60 hours a week / 6 days a week, as a self-employed unincorporated small business activity.

It is not viable to operate as a Bailee Driver working 40 Hours a Week.

Again. It's the \$400 a Shift, 100 trips a week at \$25.00, or 60 trips a week at \$42.00. Pay a Network Fee and get more trips, pay less and work the Streets, or join Taxis.Plus and let the Passenger pay for his Booking.

The Core Problem

Passenger Demand for Point to Point Transportation Services has returned to pre-Covid levels with about 80,000,000 Trips a year based on NSW Revenue PSL data. The split between Rideshare and Taxis is about 55% / 45% but the supply of vehicles is vastly different and the promised “level playing fields” remain a target, not a reality.

At least ten times the number of part-time Rideshare Vehicles are available for Bookings than the number of full-time Taxis. Passengers are Price-sensitive, and the cheapest bird gets the worm, or the cheapest bid gets the trip.

As a Rideshare Driver seeking Supplementary Income, any fare is better than none, and if a rejection takes you off the ‘merit’ list, every offer is accepted. A job offer below your personal cost recovery is done to ensure your continuance on the programme. You are awaiting with very keen interest the outcome of reforms to closing the gig economy loopholes.

As a Taxi Driver locked into a 12 Hour Shift, you hope for a good Fare, and wait at the Rank or the Airport. You are at the mercy of Predatory Pricing from Rideshare, and without the benefit of ‘surge’ prices at peak demand periods. You pay a bailment surcharge to get Booking offers, or you pay less and work the empty streets. Either way you pay for jobs that you may never get.

Taxis.Plus believes that the Point to Point Transportation Industry must necessarily be sustainable, viable and ethical.

Rank and Hail Taxi Fares need be Regulated to ensure that its Passenger Users who do not have the benefit of an informed choice are protected from excessive fare charges and have a safe, monitored trip. Booked Fares must estimate and should provide a fair fare, and be accountable and transparent in their pricing.

Taxis.Plus also believes that Fares should also reflect the probability of the Driver earning at least the Minimum Wage and with social standards of Conditions and Entitlements.

Predatory Pricing by Booking Services who take advantage of their competitive market power must be seen as corporately unethical and manifestly illegal operators.

In the now happily distant past, the issue of a Taxi License also required the obligation to offer on-the-road services 24/7, with only minor allowances for maintenance. In a new environment where the cost of labour far exceeds the capital costs of a vehicle, and technology provides immediate communication, it may be appropriate to introduce different out-of-hours Fares.

Unregulated Booked Fares cover much of this, but a notion of “hot-spot” prices on Rank and Hail could be considered.

Given the lack of firm data we must resort to hypotheticals. With an assumed 80,000,000 passenger trips based on data (correctly added) Passenger Services Levy Revenue, and with a 55 % / 45% split between Rideshare and Taxis, the average Taxi in a fleet of 6.472 in NSW could expect 5500 trips a year, or roughly 100 per week.

Taking IPART’s surveyed data of \$42.00 per trip, we get a weekly average revenue of \$4200. Take away \$1000 as the market weekly lease of \$750 and with \$250 for fuel, vacant tolls and the PSL, we are left with \$3200 for 120 hours of Drivers’ earnings or \$26.66 an hour.

If we use the base cost of operating a Taxi as \$25,000 a year (ie no Network Fees) then Driver earnings are boosted to \$28.75 an hour

That would be fine, if the average Taxi actually obtained a balanced mix of Rank & Hail and Booked work. But at this time (in Sydney) that half of the total who are not in 13Cabs or Silver Service are obtaining only 5% to 10% of Booked work. That cohort of Taxis are then obtaining the bulk of their revenue from Rank & Hail work on only 50 trips a week, and consequentially have an hourly earnings of less than \$15.00 an hour.

At its simplest, half the (Sydney) fleet of Taxis is not viable.

Taxis.Plus aims at changing that situation. Without Fees for non-existent Services and a better App freely available, we want to restore Booked Taxi work to all Taxis. We also want to ensure that Passengers are charged a fair and correct Fare. The permitted use of multiple meters and eftpos devices facilitates the overcharging of Passengers.

We respectfully request that IPART notes, and comments on this issue. We also note the current and hugely important issue of the NSW Government’s granting an exemption to the Point to Point Regulations to permit Uber a 12 month trial of Ranking at Sydney Airport. This will have a massive but unpredictable impact on the sustainability of Sydney Taxis.

Michael Jools Taxis.Plus September , 2024