

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

TAXI FARE REVIEW ROUNDTABLE 2013

Tribunal Members

Dr Peter Boxall, Chairman  
Mr James Cox, CEO  
Mr Simon Draper, Part-Time Member

Members of the Secretariat

Ms Fiona Towers, Ms Ineke Ogilvy, Ms Jennifer Vincent and  
Ms Jessica Robinson

At

IPART Offices, level 8, 1 Market Street, Sydney

On Tuesday, 21 May 2013, at 2.00pm .21/05/2013  
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1 Opening Remarks  
2  
3 THE CHAIRMAN: Thank you all for coming and welcome to  
4 this public roundtable as part of our review of taxi fares  
5 to apply from July 2013.  
6  
7 My name is Peter Boxall and I am the chairman of  
8 IPART. On my right is Jim Cox, CEO and full-time member of  
9 IPART, and on my left is Simon Draper, tribunal member.  
10  
11 IPART reviews fares for taxi services in New South  
12 Wales each year and recommends new maximum fares to  
13 Transport for NSW in June. After considering our  
14 recommendations, the Director General of Transport for NSW  
15 will decide on the maximum fares to apply and the date they  
16 will come into effect.  
17  
18 On 6 May, we released our draft report on maximum  
19 fares from July 2013. We recommended an overall decrease  
20 of 1 per cent in the level of fares for urban areas, with  
21 some restructuring of fare components within that, and no  
22 change to country fares.  
23  
24 Today's roundtable provides stakeholders with the  
25 opportunity to present their views on our draft  
26 recommendations directly to tribunal members and for to us  
27 ask questions and to clarify issues.  
28  
29 We have divided today's roundtable into two sessions.  
30 The first session will be on the level of fares and the  
31 second session will consider proposed changes to the fare  
32 structure.  
33  
34 For each of the two sessions of today's hearing, a  
35 member of IPART's secretariat will provide a brief  
36 presentation that outlines the key draft recommendations  
37 from our draft report. Then I will ask each of the  
38 stakeholders sitting at the table to make a brief comment  
39 that sets out their views on the issue.  
40  
41 May I ask that each stakeholder restrict their  
42 comments to the relevant topic and to take no more than  
43 five minutes to allow everyone to have a chance to have a  
44 say.  
45  
46 Once the discussion at the roundtable is completed,  
47 I will invite those in the audience to come up to the

1 microphone to add any further comments on the issue.  
2 I also ask that these also be kept short and to the point.  
3  
4 This hearing will be transcribed so that IPART has a  
5 record of what is said at the meeting to assist us in our  
6 work and, of course, the record will be available to any  
7 member of the public through our website. To assist with  
8 the recording of the proceedings, please identify yourself  
9 and the organisation with which you are associated before  
10 you speak. In terms of housekeeping, we are not planning  
11 to have an afternoon tea break but tea, coffee and biscuits  
12 are available at the back of the room, so please help  
13 yourselves.  
14  
15 First of all, for session one, the level of fares, I  
16 will hand over to Ineke Ogilvy, who will introduce this  
17 session.  
18  
19 Session 1: Changes to fare levels  
20  
21 MS J VINCENT: Today the role of Ineke Ogilvy will be  
22 played by Jennifer Vincent. Ineke has lost her voice.  
23  
24 I am going to give a brief outline of our draft  
25 recommendations on changes to the level of fares, the  
26 reasons for those draft recommendations and what we see as  
27 the likely impact of those recommendations on drivers and  
28 operators. After I have run through the presentation,  
29 there will be an opportunity to discuss each slide and, at  
30 the end, we will have a few questions to kick that  
31 discussion off.  
32  
33 If you have seen our draft report, you will know that  
34 our draft recommendations for Sydney and other urban areas  
35 are for a 1 per cent fare reduction, that is on average.  
36 This decision includes an adjustment to current fares to  
37 move them closer to efficient levels and our draft  
38 recommendations this year are not directly based on the  
39 change in costs as they have been in the past. That's for  
40 Sydney and other urban areas.  
41  
42 In country areas, our draft recommendation is for no  
43 fare change until reforms are made to licence arrangements.  
44 We have changed our approach this year for a number of  
45 reasons. Firstly, over time, fares have become relatively  
46 expensive. They have risen faster than the consumer price  
47 index and the wage price index, which is the measure of

1 general wages in the economy. We have done some survey  
2 work that suggested that fares are the main reason that  
3 when people choose not to catch taxis, they don't catch  
4 taxis.

5  
6 In this and previous reviews, drivers and operators  
7 have said that their incomes are not rising as fast as  
8 fares and that taxi utilisation is falling. We consider  
9 that current fares are above the efficient level. Licence  
10 lease costs have risen with fares and currently cost around  
11 20 per cent of fare revenue. For Sydney, we can now  
12 consider licence numbers and fares together because this  
13 year, for the first time, Transport for NSW asked  
14 us to have a look at the annual review of new Sydney taxi  
15 licences as well. So we were able to consider both of  
16 those and take into account the interaction between those  
17 two things.

18  
19 As I have just mentioned, the number of taxi licences  
20 and the level of fares are complementary, so they should be  
21 considered together. In the longer term, more licences and  
22 lower fares increases passenger demand and taxi  
23 utilisation; lowers inefficient licence lease costs; moves  
24 us towards a lower cost, higher use taxi system; and is in  
25 the interests of both passengers and the industry.

26  
27 On the other hand, raising fares will worsen the  
28 existing problems facing the industry; that is, declining  
29 taxi use, falling productivity and higher costs per trip.

30  
31 We were able to use our new taxi industry model to  
32 consider the outcomes of different fare changes. The model  
33 helps us to understand the longer term impacts of changes  
34 on the industry including the impact of the additional 250  
35 peak availability licences that will be issued in Sydney  
36 later this year.

37  
38 The predicted outcomes depend on both the level and  
39 the structure of fares, and the predicted outcomes include  
40 changes in affordability and waiting times for passengers;  
41 in taxi use, the number of trips and taxi occupancy rates;  
42 and licence costs, which are, of course, a cost for  
43 operators but potentially income for licence owners.

44  
45 There are trade-offs, obviously, between the various  
46 outcomes. For example, larger fare reductions can improve  
47 affordability, so if we were to drop fares further, they

1 would be more affordable for passengers, but that limits  
2 the improvements that you would get in waiting times  
3 because lower fares also encourage more people to use  
4 taxis. Bigger fare reductions also tend to lead to greater  
5 falls in annual licence costs, which is good for operators  
6 who lease the licence, but not for licence owners who lease  
7 them out. Smaller fare reductions mean taxis are not as  
8 affordable as with larger fare reductions, so fewer people  
9 are likely to use them. That would mean that each taxi  
10 could spend more time without a paying passenger, so  
11 waiting times for people who do use taxis would be shorter,  
12 but lower occupancy also means lower productivity and  
13 higher costs per trip.

14  
15 Releasing additional licences also has an impact on  
16 these things. In our view, there needs to be a  
17 complementary approach to fares and licence release.  
18 Taking into account the additional licences to be released  
19 this year, we think our draft recommendation on fares  
20 provide the best balance of outcomes.

21  
22 For country areas, we think that the same issues that  
23 apply in Sydney apply in country areas as well, but there  
24 are big differences in costs between different country  
25 areas that mean reducing fares across the board might not  
26 be appropriate for all towns.

27  
28 In particular, licence costs vary significantly  
29 between different country towns. We think that this needs  
30 to be addressed before we can consider fares for country  
31 areas any further. We made a draft recommendation to  
32 Transport for NSW to consider areas with licence values  
33 above \$200,000 as priority areas for reform.

34  
35 Turning to what we consider are the likely impacts of  
36 our recommendations if implemented, firstly, looking at the  
37 impact on drivers, the fare changes in our draft report  
38 will obviously affect drivers in the first instance. The  
39 changes to fare structure mean that the impact will be  
40 different in different shifts. We estimate that net  
41 revenue for a driver will change by less than \$1 in most  
42 shifts, but will fall by \$10 to \$15 on Sunday to Thursday  
43 night shifts, and we would also consequently expect fewer  
44 taxis on the road during these lower revenue shifts. In  
45 the short term, for weeknight shifts, this reflects a drop  
46 in driver earnings of about \$1 an hour. We expect drivers  
47 to respond to those changes by negotiating lower pay-ins

1 with operators, but we accept that it might take time for  
2 this to happen.  
3  
4 In turn, we have the impacts on operators. The fare  
5 changes in our draft report will also affect operators. We  
6 expect their income to fall as they reduce pay-ins to  
7 attract drivers. In the past, when fares and pay-ins have  
8 risen, licence lease costs have also risen and we would  
9 expect this to happen in reverse as well.  
10  
11 This may not happen straight away, but it will happen  
12 more quickly if licence owners will renegotiate existing  
13 leases with operators and we think that industry bodies  
14 could promote this; and the transition will also be  
15 assisted if enough new licences are offered by  
16 Transport for NSW to give operators a lower cost  
17 alternative.  
18  
19 That is the end of the presentation. In terms of  
20 kicking off the discussion, I will hand back to the  
21 Chairman, who will seek input from around the table.  
22  
23 THE CHAIRMAN: Thank you very much, Jennifer.  
24  
25 Who would like to go first around the table, Roy?  
26  
27 MR R WAKELIN-KING: Thank you, Mr Chairman, not  
28 surprisingly we want to go first.  
29  
30 THE CHAIRMAN: Do you mind identifying yourself.  
31  
32 MR WAKELIN-KING: My apologies, Roy Wakelin-King, CEO  
33 of the NSW Taxi Council. Thank you for your presentation.  
34  
35 What I am about to say is meant with the greatest  
36 respect to IPART and the tribunal, but we are very  
37 concerned about what is being recommended here by IPART.  
38 We would probably go as far as to say that what is on the  
39 table is really a step towards a deregulatory model.  
40  
41 Really, at the end of the day, when you read the  
42 language of the reports - I am not just talking about the  
43 draft report here; I am talking about the combination of  
44 the fare review and the licence review - we truly believe  
45 that IPART is seeking to push the recommendation to  
46 government to move the industry to a deregulatory model. We  
47 see you using the licence and the fare review process as the

1 means by which this will occur.  
2  
3 In our view, you are introducing, if you like, a  
4 reverse circularity process where you seek to increase taxi  
5 licence numbers or taxi numbers generally, if I can use  
6 that phraseology, lowering the fares, which is then with  
7 the intent of trying to, in your words, pull out the  
8 economic rent that goes to the taxi licence holder.  
9  
10 We see that you will continue to recommend this until  
11 your objectives are met, and your objectives, to be fair,  
12 are clearly stated in your report where you are seeking a  
13 25 per cent reduction in licence values over the next five  
14 years. We can't sort of be critical in the sense that you  
15 are not being up-front about it, but obviously, that is a  
16 major concern to the industry and with the impacts that  
17 that will have on the industry.  
18  
19 I have to say this relates to the drivers and  
20 operators in the room; I am not just talking about licence  
21 holders here. The process of reaching this - your  
22 long-run equilibrium model clearly articulates this - is  
23 that you are looking for an end state and you are not  
24 considering the social and economic impacts in the  
25 transition.  
26  
27 You highlight a couple of things and, with respect, they  
28 are throwaway comments, but operator and driver revenue  
29 will reduce. I think the operators and drivers in the room  
30 would find cold comfort in that. We don't believe that the  
31 reduction in fares will stimulate the latent demand that  
32 you say and therefore we can't see that the increase  
33 in volume of work will more than compensate for those  
34 impacts.  
35  
36 We just note also that the government is asking  
37 whether IPART becomes the determining authority for these  
38 issues and we would just probably flag at this juncture,  
39 although that is a work in progress, that we would be  
40 concerned that if you did become the determining authority  
41 on these matters, that these issues would not be as up for  
42 discussion as they are now. It removes the discretion, if  
43 you like, of the government to form a view on these  
44 matters. We also believe that you have not adequately  
45 taken into account the costs of the licence owner,  
46 particularly opportunity costs or costs of finance in  
47 respect of this process.

1  
2 There is the reverse circularity process that  
3 I referred to before. I apologise for the distance, if you  
4 like, I don't have the opportunity for a presentation but  
5 I am holding up a slide here. For those of you who can't  
6 see, it is a graphical representation of what I believe -  
7 and I think, if I could speak for the Council, what Council  
8 believes - is that idea. In effect, what we have is a  
9 stated objective over five years of the licence reduction  
10 of 25 per cent. So we get to that five-year juncture and  
11 that decision point, so what do we do? Do we keep on  
12 going? Do we stop? If we stop, if licence values  
13 increase, do we introduce further downward pressure on  
14 licences by supplying more taxis out there and continue to  
15 reduce fares? The question has to be: to what end do you  
16 do that? What is the floor that IPART is seeking at the  
17 moment - it is a stated 25 per cent. We acknowledge that,  
18 as I have said, but where does this end up? That is  
19 something that we are fundamentally very concerned about.  
20  
21 We think that the double effect of the reduced revenue  
22 through the fare box and the increased competition will  
23 have an effect, particularly in a period of economic  
24 uncertainty. We acknowledge that the Australian economy is  
25 probably in better shape than most economies around the  
26 world, but I don't think you have to be Einstein, for want  
27 of a better term, to work out that household spending and  
28 business spending has contracted and that costs management  
29 is still very much there and the recent federal budget has  
30 put further pressure on households and businesses in that  
31 regard.  
32  
33 You have indicated in your report that you wish to  
34 increase at least the number of taxis on the road by  
35 140 per annum over the next five years and, in that regard,  
36 you are also asking the government to look at country areas  
37 for the same process. So we see a broadening of the  
38 approach across the whole of the state.  
39  
40 I come back to the point: to what end are we trying  
41 to achieve this? This is an important message, I think,  
42 that at the end of the day what is the benefit for the  
43 customer? The benefit is marginal. By the reports that  
44 you have indicated, the savings in time are marginal, the  
45 savings in dollars are marginal and the elasticity of  
46 demand I don't think, as I have indicated earlier, is going  
47 to see that response.

1  
2 It is important to note that the price for taxi  
3 services - taxi fares - is regulated as a maximum. Drivers  
4 are not compelled to charge a maximum. We obviously  
5 recognise that obviously the greatest majority do, but the  
6 driver cannot charge more than the regulated fare. Taxi  
7 services are derived demand - demand from other economic  
8 activity.  
9  
10 I have obviously spoken about some of the impacts of  
11 current economic activity, but here are some other  
12 examples: we are aware for taxi drivers - you would be  
13 probably aware more than most - of the downturn that you  
14 have had in your revenue generally across the board over  
15 the past five years since the post-GFC period. I have  
16 indicated the economic pressure that has been brought about  
17 by the federal budget, when that will be brought down, and  
18 obviously there has been downward pressure on business and  
19 private households.  
20  
21 There is reduced government spending at all levels,  
22 and my former colleagues across the table there would  
23 obviously recognise that all state agencies are being asked  
24 to trim their budgets - that is, across the board. It is a  
25 well-known fact and obviously a discretionary expenditure  
26 such as taxis would be one of those areas that will be  
27 looked at critically.  
28  
29 There has been a reduction in the night-time economy.  
30 I think this is important to note - the Sydney night-time  
31 economy is down by 9 per cent. That is what the National  
32 Local Government Drug and Alcohol Advisory Committee,  
33 which has just recently released its report on this matter, has  
34 said, there is a formal independent acknowledgement of  
35 that downturn, and, as I said, businesses are managing their  
36 budgets very tightly.  
37  
38 In relation to the fare structure, I think the most  
39 important point is --  
40  
41 THE CHAIRMAN: Could you excuse me, Roy. I have cut  
42 you some slack here; you are well over five minutes. With  
43 regard to the fare structure, the next session will deal with fare  
44 structure.  
45  
46 MR WAKELIN-KING: Sure.  
47

1 THE CHAIRMAN: Would you like to make a wrap-up  
2 comment now so that we can get other input and we can come  
3 back to you?

4  
5 MR WAKELIN-KING: Yes, certainly, I appreciate that.  
6 Thank you, Mr Chairman.

7  
8 Very quickly on the fare structure, my overarching  
9 comment is that adjusting the fare structure, whilst  
10 placing downward pressure on the fares, is, in effect,  
11 robbing Peter to pay Paul and incentives that you create on  
12 one side will be creating disincentives on the other. We  
13 acknowledge that IPART is trying to respond to demand  
14 issues, however, when you are doing it in an environment of  
15 downward pressure on fares, that is going to create overall  
16 negative impact on the industry.

17  
18 In acknowledgement of the time, Mr Chairman,  
19 I would say that we believe that, as I said, you are moving  
20 us to a deregulatory position; you are doing it through  
21 this process. You have introduced a reverse circularity,  
22 or a negative circularity, which was what you were trying  
23 to conversely address on the other side of the ledger and  
24 we believe that the transition to this model will have  
25 significant negative impacts on the industry, not least of  
26 which will be drivers and operators.

27  
28 THE CHAIRMAN: Thank you very much, Roy. Who would  
29 like to go next? David?

30  
31 MR D COUSINS: Thank you for the opportunity to be here.  
32 Just making some overall comments, I certainly welcome the  
33 move by the tribunal to look for a different model of  
34 pricing of taxis. It is clear that the  
35 previous model wasn't working. It made no great sense,  
36 I think, to keep following a cost index up when it was  
37 clear that, in the marketplace, there was very significant  
38 under-utilisation of vehicles.

39  
40 It was also clear that prices were far too high on  
41 account of, if you like, the rents built in to the licence  
42 values because of the restrictions on numbers of licences.  
43 I think the move of the tribunal to start to, if you like,  
44 deal with what can really only be described from a public  
45 policy point of view as a scandal, in terms of the  
46 regulation of the taxi industry, does need to be addressed.

47

1 Those who are harmed by the system as it is, of  
2 course, are those who are vulnerable, disadvantaged, who  
3 don't have access to private vehicles, who are required to  
4 use taxis. They don't have proper access to public  
5 transport. We know that it is the low-income people and  
6 disabled people who are disproportionately high users of  
7 taxis. So this is a significant issue.

8  
9 It is also an issue for the drivers because this  
10 system has been one which has led to drivers earning wage  
11 rates which are way below the award rates in Australia.  
12 This system has just really been one which exploited  
13 consumers and exploited drivers and I congratulate the  
14 tribunal on making really a first effort to  
15 start to deal with this problem. I just hope that the  
16 government has the courage to support the tribunal in its  
17 efforts.

18  
19 When I looked at the terms of reference for the  
20 inquiry, unlike the terms of reference for the licensing,  
21 I actually didn't see reference to other  
22 persons other than consumer benefit, if you like, in the  
23 terms of reference. In one sense I think the tribunal has  
24 been very modest in its recommendation. Overall I think  
25 you have said a 1 per cent reduction in fares when costs  
26 are going up 2.1 per cent according to the index. That is  
27 a very good first step but it is a modest step, in light  
28 of the significant evidence that fares are  
29 way beyond an efficient level.

30  
31 I am not sure, in terms of the terms of reference,  
32 where the tribunal has sought to compromise its position  
33 but, anyway, I make that point, that in some ways I think  
34 it could have gone a lot further.

35  
36 I have a couple of other points. I think drivers are  
37 clearly earning very little and seemingly, from what  
38 I picked up last time I was here, below the sorts of levels  
39 that the Industrial Commission talks about in New South  
40 Wales. This is a major problem that needs to be addressed  
41 and with the recommendations that the tribunal has made,  
42 I don't see that there is much comfort in the long-term, that  
43 drivers won't be worse off. I think that  
44 is a significant problem that needs to be addressed.

45  
46 The tribunal has made comments about having an  
47 opportunity to look at these issues more broadly. The

1 reality is that you can't look at - the major areas that  
2 regulation applies in this industry relate to the prices,  
3 quantity and also quality. The tribunal has to really  
4 have all three in its scope and that includes the issue  
5 about drivers' remuneration, what can be done about it,  
6 because it is intimately linked to the question of quality  
7 of the driver as well.

8  
9 I would support very much the tribunal's view that it  
10 ought to be given a much wider ambit to look at these  
11 issues. Having been involved with the Victorian inquiry,  
12 it is clear that this is a very complex industry and all  
13 the interactions between those sort of variables really  
14 need to be considered at one time.

15  
16 Just as a comment, I would support applying the  
17 recommendations to the large urban areas. In relation to  
18 the country, I would certainly support the proposition that  
19 we should be looking at the licensing arrangements  
20 affecting country areas, but one thing that does occur to  
21 me is that, historically, country prices have tended to  
22 align around the same levels as city prices and that is  
23 strange because licence values and so on are significantly  
24 lower in country areas.

25  
26 One of the key things that I think is adjusted is, in  
27 fact, network fees. Network fees are set via essentially  
28 local monopolies, so I think that there is probably a  
29 significant degree of inefficiency built into country  
30 prices as well and therefore I would support extending the  
31 approach that you are taking in the metropolitan area to  
32 the country area as well.

33  
34 THE CHAIRMAN: Thank you very much, David. Who  
35 would like to go next? Tim?

36  
37 MR T REARDON: Thank you, Mr Chairman. Tim Reardon,  
38 Transport for NSW, Deputy Director General Policy and  
39 Regulation.

40  
41 As you know, Mr Chairman, I have attended many of  
42 these sessions for all the public transport modes and we  
43 open with the same statement each time - that the core  
44 value of our organisation is to place the customer at the  
45 centre of everything we do and we again make that comment  
46 here. We certainly remain committed to that value.

47

1 On taxis, availability, reliability and affordability  
2 are issues that customers certainly raise with us and  
3 probably more specifically, customers want more taxis  
4 available at peak times.

5  
6 I am conscious that taxi customers come from a wide range  
7 of user groups. We all know that some are well-off, many  
8 are on low incomes, such as those receiving disability pensions  
9 and many that use wheelchair-accessible taxis. I understand  
10 that your own research through IPART has found  
11 that some customers are using taxis less than they might  
12 otherwise do so because of the cost. That is a specific  
13 concern for us, especially given that for many people,  
14 including older people and those who need to travel in  
15 wheelchairs, taxis could be their main form of transport.

16  
17 We are also concerned about ensuring taxis are  
18 available and drivers have an incentive to drive at peak  
19 times, especially late at night. With that in mind  
20 I wouldn't mind just quickly going over a few of the  
21 initiatives that we have announced over the last year or  
22 so.

23  
24 The first is, as you are aware, in March 2013 we announced  
25 the release of 250 extra peak-availability licences that can  
26 be used between 12 noon and 5am - the busiest periods. This  
27 means that we are responding to when customers tell us they  
28 need taxis in those peak times.

29  
30 We have also specifically looked at key late-night  
31 locations such as Kings Cross. We have introduced prepaid  
32 fare trials in that location. We also have a trial in the  
33 Central Coast and we have certainly beefed up security in  
34 taxi ranks in those locations. We are currently reviewing  
35 the specifications of security cameras in taxis, which was  
36 a request from the taxi industry for us to do. We are  
37 working with local government to provide additional  
38 stopping zones around the city - again something that all  
39 users and the industry itself would certainly welcome. We  
40 have introduced seatbelt wearing for drivers to improve  
41 road safety in January this year.

42  
43 Last but not least, we have been undertaking a review  
44 of the Passenger Transport Act. Some of the matters raised  
45 here today, including the ongoing regulation of fares and  
46 licensing and taxi networks, are within that review and we  
47 released a discussion paper in the second half of last

1 year. We have closed comment on that in about October but  
2 we are certainly continuing to liaise with the industry on  
3 where we are taking that. We are looking to progress that  
4 review in the second half of this year, in terms of any  
5 amendments to the Passenger Transport Act itself and happy  
6 to take any questions on that.

7  
8 Again, thank you for the opportunity to come here,  
9 Mr Chairman, and to provide some input.

10  
11 THE CHAIRMAN: Thank you very much, Tim.

12  
13 Who would like to go next? Ruth?

14  
15 MS R ROBINSON: Yes, sure. Thank you for the opportunity  
16 to participate today. My name is Ruth Robinson and I am  
17 from the Physical Disability Council of New South Wales.

18  
19 We are very interested in what has been put together  
20 in the draft report. As a couple of people have already  
21 mentioned, people with a physical disability often  
22 experience multiple disadvantage. A lot of them need to  
23 use taxi cabs as their only means of transport. Sometimes  
24 accessible public transport in its various formats and only  
25 occasional accessible spots isn't available to them. Most  
26 people, with a physical disability are on the lower end of  
27 the socioeconomic spectrum for a number of reasons.  
28 Perhaps they haven't had an opportunity to have consistent  
29 employment as the rest of us may have had, through illness,  
30 hospitalisation and just expectations around people with a  
31 disability. We are finding that we are becoming aware that  
32 people with a physical disability are less likely to use  
33 cabs now than they were a few years ago because of  
34 increasing costs and their limited availability of funds to  
35 be able to pay it.

36  
37 Of the people who have physical disability who are  
38 using wheelchairs, our understanding is, from talking with  
39 those people, that about 59 per cent of them are using  
40 wheelchair-accessible taxis and the other 41 per cent are  
41 using ordinary everyday cabs.

42  
43 We have been exploring and promoting the idea of  
44 perhaps increasing the transport subsidy scheme to be able  
45 to assist with that. That hasn't been touched for some  
46 period of time, with some suggestions that the subsidy be  
47 increased to 75 per cent and the subsidy gap of \$60 -

1 nothing has happened on that venture as yet.

2  
3 We are also finding, which is a great concern to us,  
4 that a lot of people with physical disability are actually  
5 reducing the areas of their life that are actually  
6 important to them. A lot of people are reducing their work  
7 attendance and changing jobs so that they don't have to  
8 travel to and from work every day, if that is the only  
9 available thing to them, which means then that has a  
10 compounding effect about their sense of value and their  
11 sense of participation and also what they are able to  
12 contribute to our broader society.

13  
14 We are also finding that people are not using cabs for  
15 some of those other things in life that we tend to enjoy  
16 without much thought or participate in. Some of them are  
17 attending medical appointments, some of them relate to  
18 health and wellbeing and some of them relate to our broader  
19 social networks.

20  
21 So the fact that the tribunal is looking at a  
22 reduction in price, we think that's pretty exciting and we  
23 are encouraged by that. We also have a continuing concern  
24 about the income that drivers receive because that is  
25 obviously making a lot of them less inclined, perhaps, to  
26 provide transport for people who require assistance in a  
27 wheelchair-accessible taxi, which is why we have been  
28 looking for an increase in the taxi rate.

29  
30 Thank you very much.

31  
32 THE CHAIRMAN: Thank you, Ruth. How about somebody  
33 from the drivers. Why don't you go, Chris?

34  
35 MR C ELENOR: Thank you. My name is Chris Elenor. I am  
36 the Deputy Director of the Council of Social Service of  
37 New South Wales.

38  
39 In the submission that we put in earlier, we  
40 acknowledge that many taxi drivers are not currently  
41 receiving a fair hourly wage and the taxi fares are not  
42 covering legal entitlements such as sick leave, annual  
43 leave and superannuation. This is the problem of a  
44 casualised workforce and it is a trend which is happening  
45 across the industry increasingly. Yes, this industry is  
46 regulated, but it seems to be regulated in the interests of  
47 the plate owners and the operators and it seems the drivers



1 are getting the raw end of the stick in relation to this.  
2  
3 It is clear that the proposals by IPART will actually  
4 probably reduce incomes to drivers. It would seem to me  
5 I would support the call from over there that IPART  
6 actually be able to play a wider role in relation to the  
7 setting of fares and to the conduct of the industry. This  
8 is not a question about market mechanisms, this is a  
9 question about fair remuneration for drivers and about a  
10 basically good service for customers and consumers. Market  
11 mechanisms are not going to solve this, so essentially  
12 there needs to be a wider frame for people to sit on.  
13  
14 I would like to make some comments, when we move to  
15 the second part, in relation to the taxi transport scheme,  
16 but I will leave that until the second part of it.  
17  
18 All I can do is to endorse the remarks made by Ruth  
19 Robinson and to support this proposal to decrease the fares  
20 in Sydney. Thank you.  
21  
22 THE CHAIRMAN: Thank you very much, Chris. How about  
23 either Anne or Brian from the New South Wales Taxi Drivers.  
24  
25 MS A TURNER: My name is Anne Turner and I am from  
26 New South Wales Taxi Drivers Association. New South Wales  
27 Taxi Drivers Association's primary concern is for the  
28 welfare of the workers in the taxi industry, that is  
29 drivers and the operators. IPART has a duty of care to  
30 ensure taxi drivers earn the minimum wage and to listen to  
31 the taxi industry, which is operators and the drivers.  
32  
33 A decrease in fares, coupled with an increase in taxi numbers,  
34 means taxi drivers' already low incomes will be reduced  
35 even further. The point is we do not think that drivers  
36 will be better off if fares are decreased - that is going to  
37 affect the taxi drivers and also the operators. As it is,  
38 the drivers are not earning enough money, there are far too  
39 many taxis.  
40  
41 MR G POLIMOS (Speaker from the floor): That's true.  
42  
43 MS TURNER: I think we should leave everything as it is.  
44 In the long run, the operators will be suffering. I think,  
45 in the long run, it is far better for the taxi driver to be  
46 on Centrelink rather than going and driving the taxi when  
47 he has to pay the mortgage and look after the family.

1  
2 MR POLIMOS: That's true. It won't be long before I'll be  
3 joining the queue.  
4  
5 THE CHAIRMAN: Do you have anything else, Anne?  
6  
7 MS TURNER: No, thank you.  
8  
9 THE CHAIRMAN: Thank you very much, Anne. Jessica from  
10 Cabcharge, do you want to say anything?  
11  
12 DR J KRIMMER: Jessica Krimmer, Cabcharge. Again, I am  
13 grateful for the opportunity to attend and participate in  
14 this review process. I feel I would endorse the views of  
15 the Taxi Council.  
16 That's all.  
17  
18  
19  
20  
21  
22 THE CHAIRMAN: Thank you very much, Jessica. Michael?  
23  
24 MR M JOOLS: Thank you, Chair. Michael Jools, Australian  
25 Taxi Drivers Association.  
26  
27 Some of the comments we have heard today are welcome,  
28 certainly the interest in the low remuneration of the  
29 drivers is particularly welcome. What concerns me,  
30 probably most of all, is that we are sitting around here  
31 suggesting to government what taxi fares should be. We are  
32 suggesting it on the basis of taxi drivers earning less  
33 than \$10 an hour - \$10.90 in some cases.  
34  
35 It is outrageous and ridiculous and bizarre that  
36 government policy should be premised on the workforce  
37 earning \$10.90 an hour and with these recommendations  
38 coming down to \$10 an hour. It is immoral, it is  
39 outrageous and it should be not part of a civilised  
40 discussion that we in Australia are expecting our workers  
41 in the taxi industry to work for \$10 an hour. But the  
42 whole of this argument is premised on that basis and I find  
43 it repulsive. What I also find difficult is that IPART is  
44 giving us all very confusing statements.  
45  
46 MR POLIMOS: Yes, that's true.  
47

1 MR JOOLS: In this paper, the guide to the taxi industry  
2 model, which runs to some 30-odd pages, on page 3 IPART  
3 says that increasing the number of licences will have  
4 potentially no impact on the number of taxis on the road.  
5 Why in God's name are we putting another 250-odd PALs -  
6 peak availability licences - on the road and replacement of  
7 some 90-odd taxis of other natures when we have no real  
8 notion whether it will actually work or not.

9  
10 The assumptions that IPART is making on this, and so  
11 many other issues, are wild assumptions. They are theories  
12 advanced by some of our economic colleagues that would like  
13 to see fares come down but we have no proof that they are  
14 workable or effective.

15  
16 What is even worse is that IPART has previously  
17 suggested to government that we get some reporting back,  
18 some analysis, some data on the taxi industry to establish  
19 whether or not these things have an effect. Thus far in  
20 the licence review, government didn't even respond to  
21 IPART's request for data surveys and information.

22  
23 MR POLIMOS: Well, they didn't, did they?

24  
25 MR JOOLS: We are now proceeding yet again on the basis of  
26 total lack of information. We are making assumptions, we  
27 are making modelled assumptions which are not  
28 substantiated. We are making assumptions within the model  
29 itself on one part that it's a model based on a standard  
30 taxi working 10 shifts a week, totalling 552 shifts a year.  
31 We have a statement that this is a 14-shift model for an  
32 indeterminate number of weeks. The two are not balanced.  
33 We are not working on the same set of information and we  
34 are working on assumptions. I don't know whether it was a  
35 slip of the tongue on Jennifer's part or not, but she at  
36 one point mentioned that this would be \$1 an hour less for  
37 taxi drivers. I don't know whether you meant a dollar an  
38 hour or a dollar a shift. I think it's \$1 an hour less for  
39 taxi drivers is the net effect of what we are doing. We  
40 are going to see cabbies earning less than \$10 an hour. In  
41 this day and age, in this state, when we don't even know  
42 whether these taxis are going to come on the road or not,  
43 that is outrageous, unacceptable and plain stupid.

44  
45 THE CHAIRMAN: Thank you, Michael. So we have Peter  
46 and Warwick - either one. Warwick?

47

1 MR W DAVIS: Warwick Davis from Frontier Economics.  
2 Thank you for the opportunity to participate today.

3  
4 I worked a lot with David on the Victorian review and  
5 so consequently we have some very similar views on these  
6 things. I will just make a couple of small comments,  
7 really.

8  
9 The first comment is that I agree that the cost  
10 indexing approach that IPART has been pursuing over the  
11 last 10 or so years hasn't been working very well and for  
12 much the same reasons as it hasn't been working well in  
13 Victoria. The two major flaws are that driver costs can't  
14 be adequately treated in an indexing approach and neither  
15 can licence values - so I guess anything that moves away  
16 from that approach is good.

17  
18 The point is if you can't fix the structural features  
19 of the market, then I don't think the cost indexing  
20 approach is a good approach. It might work in other  
21 circumstances, in other utilities it might work fine, but  
22 you have to be able to solve those things in this industry.  
23 Perhaps that might be things people like Michael have  
24 suggested; that is, to do with driver employment and those  
25 kinds of things which would give you some certainty that  
26 fare rises would actually be going to where they are  
27 intended to be going and then you might have more  
28 confidence.

29  
30 Overall, I guess that I am saying it does make some  
31 sense to just reassess the local affairs and, in a sense,  
32 where you are. One interesting part, and I do have some  
33 sympathy with Roy's view, is I think it is important to  
34 know where you are going as well. I could make the same  
35 comments about the five-year path. It is interesting to  
36 think about how that might work and, I guess, also, how it  
37 might work if you do want to deviate from that path at any  
38 point.

39  
40 I would encourage you to think some more about that in  
41 the final report, because I think it is fair to say that  
42 there is a lot of stickiness in the kinds of contracts that  
43 are in place between drivers and operators and in between  
44 licence owners and operators as well. If you actually  
45 think about how these falls will pass through when  
46 historically these things have only increased, that is a difficult  
47 thing and something to think further about.

1  
2 My final comment is that I am interested in how you  
3 chose the number - why a 1 per cent fall? I am not sure  
4 if there is really any solid reason for picking that  
5 particular number and not a slightly different number.  
6 I would be interested to know more about why you come up  
7 with that particular number and not a lower number or even  
8 a higher number.  
9  
10 THE CHAIRMAN: Thanks, Warwick. Peter?  
11  
12 MR P ABELSON: Peter Abelson, as I am no longer working  
13 at Sydney University, it would certainly be more appropriate  
14 to call me by my consulting affiliation, which is Applied  
15 Economics.  
16  
17 I don't have a lot to add to what has already been  
18 said because I think the comments in your introduction were  
19 appropriate. I will make a couple of comments. I do agree  
20 strongly with the idea that taxi fares should reflect  
21 economic costs. If it costs \$20 to provide a taxi ride,  
22 that includes remuneration for driving, taxi maintenance,  
23 fuel, et cetera, and to add \$5 is simply economic rent  
24 going to a licence fee, which is not an economic resource.  
25 It disadvantages consumers, discourages efficient use of  
26 taxis and is inappropriate.  
27  
28 Of course, we can't just reduce licence fees to zero  
29 but, essentially, licence fees are an inefficiency and a  
30 distortion in the market and I think your approach to  
31 gradually reducing that distortion is very appropriate.  
32  
33 In terms of driver incomes, which obviously is a major  
34 issue, the reality is that driver incomes are determined  
35 not by whatever you are going to recommend here, but by  
36 the demand and supply of drivers. What happened over the  
37 last 10 years is there has been a massive increase in the  
38 supply of people willing to drive taxis associated with  
39 the movement of international people into Australia. You  
40 only have to look at the large number of people driving the  
41 TCS - that is Combined - taxis to realise that that is the  
42 case.  
43  
44 MR POLIMOS: That's unbelievable, that's unbelievable.  
45  
46 THE CHAIRMAN: Excuse me, the people in the audience  
47 will get a chance. You will get a chance. Peter?

1  
2 MR ABELSON: A policy recommendation which would  
3 increase the demand for taxi drivers cannot reduce the income  
4 of taxi drivers. That is simply not going to happen. The  
5 wages of taxi drivers will be determined by the amount that  
6 people are willing to drive taxis for. So your  
7 proposition, I think, will actually increase the demand for  
8 taxi drivers and will marginally increase taxi driver  
9 wages.  
10  
11 Those taxi driver wages may still be not enough, but  
12 what you are doing is immaterial to that. If somebody  
13 decides that there is a need to regulate taxi drivers on  
14 the minimum wage, it would be a completely different policy  
15 sphere and it would be very difficult because I suspect  
16 that the black market would emerge so that people would get  
17 around it. But what you are doing here by increasing the  
18 demand for taxi use cannot actually reduce taxi wages in  
19 itself.  
20  
21 THE CHAIRMAN: Thank you, Peter.  
22  
23 MR B RIDGE: Brian Ridge from the NSW Taxi Drivers  
24 Association. I reiterate many of the opinions here. A lot  
25 of the talk is about taxi driver income and that is what we  
26 support. I notice in this process that the one thing that  
27 is not taken into consideration is the income of taxi  
28 drivers.  
29  
30 I can understand that, yes, the Department of  
31 Transport is working for the public and the service to the  
32 public is what it is most concerned with. That is fine,  
33 but it is fine as long as the income of the people working  
34 in the industry is taken into consideration. In this case,  
35 they want to put more taxis on. They said they needed more  
36 taxis. They wanted more taxis because the number of taxis  
37 has not increased with the demand for taxis. They put more  
38 taxis on. Now there are more taxis on and they say that we  
39 cannot put the fare up because there are too many taxis out  
40 there. In a way, there is a bit of a contradiction there.  
41  
42 I accept there are a lot of people in this society who  
43 need transport at low cost. That is fine. I certainly  
44 support that. However, I don't support low income taxi  
45 drivers being the people who have to provide that support.  
46 They can't afford it. They can barely afford to live as it  
47 is and having to take a pay cut to help other people is not

1 really fair on this society.  
2  
3 It has been said we would get \$1 less. We are already below  
4 the national minimum wage and we will go down another  
5 dollar, not counting the consumer price index. We will all  
6 be worse off.  
7  
8 As far as the outcomes, all these outcomes revolve  
9 around the high demand on Friday and Saturday nights.  
10 Well, there are only so many cabs out there. Most of them  
11 are out on Friday and Saturday night. Other people have to  
12 earn a living on the other nights of the week. The  
13 statement is being made here that there will be more taxis  
14 on Friday and Saturday nights and less on the other nights.  
15 I say this is not the case. If a driver is struggling to  
16 make his \$10 an hour and trying to make a living, he has to  
17 work the quiet nights as well as the busy nights.  
18  
19 I think that that particular outcome will be that,  
20 yes, there will be a few more taxis out on Friday nights,  
21 and they will be the extra leases that have been offered.  
22 However, there will also be more taxis out Sunday to  
23 Thursday and they will also be the extra leases that have  
24 been offered because those drivers have to make a living as  
25 well.  
26  
27 I say the flaw in this particular system is that the  
28 income for the taxi driver is not taken into consideration.  
29 The operators and the drivers have to make a living. They  
30 make a living out of this industry. If the industry is  
31 going to be restructured and changed, then the drivers have  
32 to be taken into consideration.  
33  
34 We need to bear in mind that there is no safety net for a  
35 taxi driver. If a taxi driver does not earn the national  
36 minimum wage in one week, he can't go anywhere and  
37 make up the difference. Others in the society, if they  
38 loses their jobs, can go to Centrelink and get  
39 unemployment. A taxi driver just has to suffer  
40 poverty-line type wages. Thank you very much.  
41  
42 THE CHAIRMAN: Thank you very much, Brian. Fred?  
43  
44 MR F LUKABYO: Thank you, Mr Chairman. Fred Lukabyo  
45 NSW Taxi Council.  
46  
47 I am concerned that this process by IPART, unlike

1 previous processes, or in fact unlike the processes IPART  
2 uses in buses or ferries, deliberately sets about avoiding  
3 a cost index model or looking solely at costs and says,  
4 because of the issue of economic rent, it will take a  
5 different approach.  
6  
7 It is worth saying that the licence-release approach  
8 has addressed the issue of licence holders and economic  
9 rent and, from IPART's own papers, they expect that to have  
10 an impact of some 5 to 6 per cent on the value of licences.  
11 However, although that side of it can be addressed through  
12 licence numbers, the fare-setting side of it essentially  
13 ignores the fact that costs have already increased by  
14 between 2 and 2.8 per cent.  
15  
16 There has been an increase in competitors - hire car  
17 numbers, for example, are up. As has been said by some  
18 other speakers, Mr Chairman, the demand for taxis is  
19 derived demand. If I need to go to the airport today,  
20 I shall go in a taxi. If the price of taxis drops by 1 per  
21 cent, 2 per cent or 5 per cent, I shan't be getting two of  
22 them - unlike Mars bars where, if they were cheaper, I may  
23 buy more.  
24  
25 Likewise, on the driver's side, a driver who faces the  
26 example given in Ms Vincent's presentation of reduced  
27 income on certain nights will move from driving four or  
28 five nights to driving six nights to try to achieve the  
29 outcomes a driver may want. We see this as a pay cut for  
30 drivers and a threat to the viability of taxi operators.  
31  
32 In concluding, Mr Chairman, to pull multiple levers in  
33 this way, that is, to make a significant change to the  
34 number of licences before that has had any chance to be  
35 understood in the market, then to make a downward pressure  
36 on taxi prices, places drivers and operators at great risk.  
37 The transition costs may be very real and the transition  
38 times are all in the long run end of things. From the day  
39 of any price decrease, drivers and operators will face  
40 very, very real impacts from day one on the downside;  
41 whereas the upside is only forecast, even by IPART, to  
42 occur well, well down the track.  
43  
44 I wish to reinforce those comments made by others,  
45 Mr Chairman, that the risks which come from doing a price  
46 decrease, and some of the substantial changes you are going  
47 to address later, at the same time as a licence increase

1 are very substantial. Thank you.

2  
3 THE CHAIRMAN: Thank you very much, Fred.

4  
5 Let us now move to the audience. Who would like to go  
6 first. Michael, isn't it?

7  
8 MR M BURRAGE: Mike Burrage, that's correct, yes. I am a  
9 taxi owner-operator of 42 years and a driver as well.  
10 When I look around the table here and see everybody,  
11 I really think I am overqualified because, of the people  
12 who I see around the table, there might be two people that  
13 are connected with the taxi industry.

14  
15 I cannot do the presentation very well, like those  
16 people do, so please forgive me if I talk from the heart,  
17 because I am very passionate about the taxi industry. I am  
18 very passionate about being a licence holder. I am very  
19 passionate about being an operator, operating with my  
20 drivers, and I am very passionate when I drive my taxi as  
21 well.

22  
23 It is an insult to the public to think a 1 per cent  
24 decrease in fare will make any difference. One of the  
25 speakers said taxis are used by people for emergencies, for  
26 convenience, for comfort or, in some cases for necessity.  
27 When the price of milk went down from \$2 to \$1, I didn't  
28 drink twice as much milk. What I saved on the price of  
29 milk, I would have spent elsewhere. If you do decrease  
30 taxi fares, it will not to put any extra passengers in our  
31 taxis. You give the statistics, which are pie in the sky,  
32 to say that we will get 7 per cent more increase in  
33 passengers if we decrease the fare and have more taxis on  
34 the fare. That is absolutely ridiculous to the man on the  
35 street. If you have been in business yourselves, you will  
36 know that productivity, efficiency is the angle that we  
37 should be looking at.

38  
39 You say:

40  
41 What do you think is the right balance  
42 between outcomes for passengers and the  
43 industry?

44  
45 Just look down here at 201 Sussex Street. Is it any use  
46 having 14 taxis vacant on a rank, and 10 of those are  
47 parking illegally? Do you think it is any use to the

1 passenger there? All they want is four or five taxis on  
2 the rank. Putting extra taxis on will not do any good,  
3 even, as you have said, at peak times. I would like to  
4 know when a peak time is. I would like you to nominate now  
5 when a peak time is when we will get more passengers.

6  
7 If you were to take Blind Freddy from your office on a  
8 Friday night and look at the ranks, at every rank, at half  
9 past seven, half past eight or half past nine in the  
10 evening, there would be vacant taxis everywhere.

11  
12 Take the Department of Transport and Kings Cross.  
13 There are three or four nominated areas, which are  
14 difficult at one o'clock in the morning. These are not  
15 there for Friday and Saturday nights. They are for  
16 Saturday mornings for one hour and Sunday mornings for one  
17 hour.

18  
19 There are a lot of statements that you make in here -  
20 I can go through them, but I don't have time - which are  
21 incomplete. You make statements that are not complete and  
22 are not truthful. They are not truthful to us in the  
23 industry. They might be truthful to you sitting behind  
24 your computer and your statistics, but, as I said to you  
25 last year, you have to take your blinkers off and you have  
26 to go out on the road and see what is happening.

27  
28 Ten years ago, yes, at half past seven or half past  
29 eight on a Friday night at various ranks, it would be busy.  
30 Ask the Taxi Council from their statistics, from our taxi  
31 commissionaires even on the secure ranks, what it is like  
32 at those times and they will give you certain statistics.  
33 I personally, because I had a driver away, have  
34 deliberately been driving Friday and Saturday nights.  
35 I have sat on a busy Park Street rank and there have been  
36 three cabs there.

37  
38 I have gone up to Kings Cross. I would like the  
39 Department of Transport person to listen to this. There  
40 were 20 to 30 people at one o'clock in the morning on Kings  
41 Cross rank. The newspapers could have taken a photograph  
42 of that and, next minute, you would have the photograph  
43 with the heading, "Where are the taxis?" I tell you where  
44 the taxis were. We were on the rank. I got onto the rank  
45 and it took me seven minutes from the back of the rank to  
46 get to the front of the rank to get my passenger. Why? It  
47 is because we couldn't get off the rank because of traffic

1 congestion. Also, there were empty taxis going around that  
2 couldn't get on to the rank. They were adjacent to it.  
3 People were coming along to get into those.  
4  
5 There has been an improvement at Kings Cross, but more  
6 improvement must be done if you think your statistics are  
7 like that. I have a lot more I could say, but obviously  
8 time is short. What I am disappointed with is that you say  
9 that the new fare structure, which I think we will talk  
10 about in the second half - which I will - will make the  
11 longer fare cheaper at night but the shorter fare will be  
12 dearer. I wonder if the newspapers mean that someone going  
13 home at night on a 20-kilometre fare, presumably paid on a  
14 business account, will have a cheaper journey than the lady  
15 over here who represents the pensioners. Their fare will  
16 not make any difference as it is a short fare. It just  
17 doesn't make sense. Thank you.  
18  
19 THE CHAIRMAN: Thanks, very much, Mike. Would  
20 anyone else like to speak?  
21  
22 MR T BRADLEY: My name is Trevor Bradley. Generally  
23 speaking, IPART has two main obligations. It has a duty of  
24 care to see that taxi drivers get a fair wage rate. This  
25 means that IPART must, by all means possible, see that  
26 there is more revenue in every taxi shift.  
27  
28 The second thing I believe IPART should do is to  
29 foster a quality taxi service to customers. To do that,  
30 does not mean cheap taxis. Cheap taxis means poor service.  
31  
32 As for cutting the fares, I can only say I am sorry,  
33 but has IPART gone stark raving mad? The drivers are on  
34 starvation wages already. But the fares should never  
35 decrease. Please do not cut the fares. It has been said  
36 that the fares are not effective. First of all, to answer  
37 some of your questions there, I don't think the fares are  
38 too expensive for the service offered. A taxi is not a  
39 bus. Sydney fares are relatively inexpensive compared with  
40 90 per cent of European capitals and most advanced cities  
41 in the world.  
42  
43 The big reason that the drivers and operators are not  
44 getting the benefits of the fare increase is because more  
45 and more plates are being put on. I am sorry, but you will  
46 have to go back to "Taxi Basics 101". If you put on more  
47 taxi plates, then the jobs per shift are delivered - that

1 means you put on 10 per cent more plates - you must  
2 increase the fares by 10 per cent to keep the revenue up  
3 per shift.  
4  
5 What has happened now is that the government has just  
6 recommended, say, 250 plus 83, so that is 333 more plates  
7 to go on. That is a 6 per cent increase in the fleet.  
8 That dilutes the shift income by 6 per cent. To  
9 compensate, so that the taxi driver and operator will still  
10 have the same outcome, you must increase the fares by 6 per  
11 cent before we start.  
12  
13 We also have to take into account the CPI, because if  
14 it is only increased by the CPI, that's ground zero; there  
15 is no increase in taxi fares. As has been pointed out in  
16 the submission by the Taxi Council the actual increase of  
17 the TCI over the CPI is 0.8 per cent, which means 16 cents  
18 in a \$20 fare. So 16 cents in a \$20 fare, it is apparently  
19 argued, is chasing people away from taxis. That's complete  
20 rubbish. I am sorry, that's ridiculous. The actual TCI  
21 increase is very, very moderate. That's a minimum. The  
22 TCI increase is at a minimum.  
23  
24 That is what I want to say, thank you.  
25  
26 THE CHAIRMAN: Thanks very much, Trevor. Does  
27 anybody else from the audience like to say something?  
28  
29 MR POLIMOS: Greg Polimos, I am a taxi driver out at  
30 whatever - I don't know. I'll be a dole bludger pretty  
31 soon. My main concern is that I think we are missing the  
32 point here. We raised the point about fares last meeting.  
33 We were happy to accept no change in fares, which meant not  
34 a decrease, but leave it as is, leave it as is. IPART stuffed  
35 it up - not IPART. Who was it last year? KPMG, the  
36 government and Pricewaterhouse, they have come up with  
37 all these formulas that have been going on for the last  
38 10 to 15 years. No-one consulted us. We are not saying  
39 that we agree or disagree. What we put forward to IPART  
40 and the government and the Taxi Council, or whoever else  
41 wants to hear, is - leave the fares as they are. That is  
42 the main point - leave them as they are for the next two or  
43 three years. We don't need an increase or a decrease.  
44 To go either way it costs money, even to decrease the  
45 meter, we have to pay. Are you going to compensate us for  
46 it? I think 130 bucks a unit is about the quoted price.  
47

1 We have put more cabs on the road. We have addressed  
2 the issue of shortage of taxis, which everyone thinks we  
3 have done. No. The point I think everybody every is  
4 missing is we are scaring people out of the industry the  
5 way it is going with all this negativity in our job, in our  
6 industry. At the moment, I will tell you I run four cabs  
7 that I have at home and I am ending up driving more because  
8 of driver shortage. We need people.

9  
10 We told you last time we need Kings Cross  
11 accessibility. You went around and fixed up the cab rank;  
12 you made the cab rank a little bit longer. Yes, it fits  
13 more taxis in Bayswater Road now in Kings Cross, but still  
14 we need accessibility. You're missing it - accessibility!  
15 In the city, we need accessibility. We can't get on cab  
16 ranks. Bring 250 new cars, but are you going to bring us  
17 4,000 jobs every shift? That is what we will need to keep  
18 these cars on the road. The way we are going, everything  
19 is dropping, driver income, operator costs. When I look at  
20 the taxi magazine, you're shooting yourselves in the foot;  
21 your figures don't stack up.

22  
23 At the ministry, you are saying you are getting more  
24 accreditations handed back as opposed to new ones being  
25 taken up. So how do you stack that up? Where is your  
26 mathematics? Pythagoras is my cousin. I can't add up your  
27 system; it doesn't work.

28  
29 Mr Ministry, look over to us, Mr Tim, you know.  
30 Drivers is what we need. We are scaring people out of the  
31 industry. At the moment we are seriously facing a shortage  
32 of drivers because people will not come and work for  
33 10 bucks an hour or whatever it is. All you are doing is  
34 decreasing the pool and we are all jumping into the same  
35 pool of drivers. We need people. There are no people  
36 coming into the industry. There used to be before schools.  
37 A school can put out 20 drivers and only five of them will  
38 stay. You have to back up your facts. You are driving me  
39 crazy with all the baloney. There is so much bureaucracy.  
40 We need hard facts. Like Michael said, you are insulting  
41 us. Thank you very much.

42  
43 THE CHAIRMAN: Thank you very much, Greg.

44  
45 MR P LOURIDAS: My name is Peter Louridas. I am a taxi  
46 owner and operator and driver. I think the gentleman from  
47 the Ministry of Transport reiterated at this meeting, as he

1 did at the last meeting, the focus is the customer, as it  
2 should be.

3  
4 MR POLIMOS: But where are they?

5  
6 THE CHAIRMAN: Go ahead, Peter.

7  
8 MR LOURIDAS: If we are servicing the public, then our  
9 business is viable and will stay viable. Customers in  
10 taxis in Sydney are as safe as they have ever been. There  
11 has been a lot of hyperbole over the years about passenger  
12 safety within cabs. Customers have never been safer. We  
13 have systems within cabs in the city where every movement  
14 of every fare of every minute that cab is in that shift is  
15 tracked. We have state-of-the-art security cameras in  
16 cabs. The passenger has never been safer. We live in an  
17 international city. We read leaked media reports about how  
18 expensive taxis are in Sydney, yet they are cheaper than  
19 they are in Buenos Aires.

20  
21 I find it a little bit disappointing, almost hostile,  
22 that I see representatives from Victoria here, who recently  
23 took part in the Alan Fels-led inquiry in Victoria, on  
24 which no government decisions have been made, I note.

25  
26 There has been a lot of talk about removal of network  
27 affiliation. I can accept that is the only way you will  
28 ever get significant price reductions in cabs, but let me  
29 assure you - I won't assure you; I am sure privately Tim  
30 from Transport for NSW would think that it should never  
31 happen and nor should it happen because then we will be  
32 compromising public safety. I think that's about it for  
33 now. I really don't see how - anyway, we will get back to  
34 that.

35  
36 THE CHAIRMAN: Thank you, Peter. Anybody else from the  
37 floor? Thank you all very much. Yes?

38  
39 MR N SEVDALIS: My name is Nick Sevdalis. I have been in  
40 the industry for a long time. I am an owner driver and  
41 I started in 1975 part time between then and 1989. From  
42 1989 to now I have been full time. The way I see the  
43 industry now, it has just gone down. During the week we  
44 find it so hard to make a living, there are so many cabs  
45 illegally parking outside office blocks trying to get a  
46 fare. If you go down to Grosvenor Place there, they use  
47 that as a cab rank and there are so many cabs and they are

1 getting infringements by the police and the rangers. There  
2 are just no ranks to go to. I think it is ridiculous to  
3 put more cabs on the road.

4  
5 The industry needs to be reviewed. What the industry  
6 needs to look at is this 3-to-3 changeover, I think if they  
7 stagger the shifts a bit more, like, say, some do midnight  
8 to midday and some do 3 till 3, that would be a good  
9 solution.

10  
11 THE CHAIRMAN: Thank you. Anything else?

12  
13 MR SEVDALIS: Yes, we don't need to have more cabs on the  
14 road because a lot of times it doesn't solve the problem.  
15 So the industry needs to be reviewed and the shifts  
16 need to be sorted out a bit.

17  
18 THE CHAIRMAN: All right. Thank you very much, Nick.  
19 Thank you all very much for your contributions. Do you  
20 want to say something else, Greg?

21  
22 MR POLIMOS: I don't know. I have been told not now. Not  
23 now.

24  
25 THE CHAIRMAN: Why don't we move on to the second part  
26 of the agenda.

27  
28 MR SEVDALIS: And also, bringing down the fares, our green  
29 slip has gone up close to \$5,800 a year. How are we going  
30 to pay for that?

31  
32 THE CHAIRMAN: We will note that one also, Nick. Thank  
33 you.

34  
35 Let's move now to the second part of the agenda, which  
36 is the fare structure, which I know a number of you will  
37 want to comment on. I will hand over to Jessica who will  
38 give an introduction and then we will turn it open for  
39 comment. Thank you Jessica.

40  
41 Session 2: Changes to Fare Levels

42  
43 MS J ROBINSON: I am going to talk about our draft  
44 recommendations on fare structure.

45  
46 This first slide shows our proposed new fare schedule.  
47 In the past, we have tended to change all of the fare

1 components by the same amount. So if overall fares went up  
2 by 3 per cent, we would just increase all of these various  
3 components by 3 per cent. But this year we have had a look  
4 at re-balancing these fare components.

5  
6 To reach our overall 1 per cent fare reduction, the  
7 table shows that we are recommending reducing the distance  
8 rate by about 7 per cent, so the per kilometre charge falls  
9 from \$2.14 to \$2.00. The waiting charge will fall about  
10 5 per cent from 92 cents per minute to 87.5 cents per  
11 minute, but at the same time the flag fall will increase by  
12 50 cents per journey and we are adding an additional Friday  
13 and Saturday night surcharge between 5pm and 5am in the  
14 morning.

15  
16 We are also proposing to reduce the hours of the  
17 20 per cent distance rate surcharge, to have it start at  
18 midnight and run till 5am. At the moment it starts at 10pm  
19 and it goes till 6am in the morning.

20  
21 We propose to leave the booking fee at \$2.40 per trip  
22 and also keep the maxi taxi surcharge at just an additional  
23 50 per cent extra on top of whatever is on the meter at the  
24 end of the journey. I will talk a bit more in detail  
25 during the presentation on each of these changes.

26  
27 The reason we are looking at making some of these  
28 changes is because we think it is important to start  
29 re-balancing some of the incentives in the current fare  
30 structure. At the moment long distance fares are  
31 potentially more lucrative to drivers, depending on how  
32 long they have to wait between fares, so drivers might  
33 prefer to avoid short-book trips and take longer ones  
34 instead. At the same time, these long fares are getting  
35 too expensive for some passengers, so some of these people  
36 are turning to hire cars instead. There are not enough  
37 taxis on the road during peak times on Friday and Saturday  
38 nights and on other nights of the week taxis that are on  
39 the road are finding a hard time getting passengers.

40  
41 Also, we looked at the northbound harbour crossing  
42 toll again this year because it is still the only toll on  
43 the road where passengers have to pay for it when it is not  
44 charged to the vehicle.

45  
46 That other slide I will come back to. This slide  
47 shows the short and long distance fare issue. It shows the



1 profit per minute for book journeys across different  
2 distances where there is a 20-minute wait between trips.  
3 So it shows for a 5-kilometre journey, the taxi only makes  
4 about 50 cents per minute compared to a 35-kilometre  
5 journey, where the taxi makes 85 cents per minute. So  
6 there is a much stronger incentive for taxis to take long  
7 fares rather than short ones if the time between the  
8 journeys is roughly the same. It is only when the time  
9 between the journeys is less than 5 minutes that shorter  
10 fares actually start becoming more attractive.  
11  
12 So the driver would be indifferent to the journey  
13 length if the line is flat there, so the profit per minute  
14 is the same across all distances. Under our proposed fares  
15 with a slightly lower per kilometre charge and a slightly  
16 higher flag fall, this imbalance will start to be  
17 addressed. The green line shows here that longer trips  
18 will be slightly less attractive. They will still be a lot  
19 more attractive than the shorter fares, but this will start  
20 to address the imbalance and start to improve the service  
21 for passengers taking short distances.  
22  
23 This next chart shows fares during the day for  
24 different distances with that 50 cents higher flag fall and  
25 the slight reduction in the distance rate and waiting rate.  
26 The blue line shows the current fares and the green line  
27 shows our proposed fares. So with our re-balancing  
28 passengers travelling less than 4 kilometres will pay  
29 slightly more than they currently do and passengers travel  
30 longer distances will pay slightly less. The examples on  
31 the slide there are for a 2-kilometre journey, a passenger  
32 will pay about 20 cents more and for a 25-kilometre  
33 journey, that will be \$3 cheaper.  
34  
35 So the other issue that we have talked about is the  
36 Friday and Saturday night shortage of taxis. The waiting  
37 times are the longest on these nights, but there are still  
38 less than 90 per cent of taxis on the road. As we have  
39 talked about, an additional 250 peak availability licences  
40 will be released from July. That will start to help  
41 alleviate this issue. But we think that higher fares on a  
42 Friday and Saturday night will also encourage more taxis to  
43 be available during this time. We are recommending a \$2.50  
44 surcharge to apply to all fares between 5pm and 5am, when  
45 demand is the highest, and this should mean that more taxis  
46 are on the road to improve the service to customers during  
47 these times.

1  
2 However, we are concerned that if taxis are making  
3 more money in the earlier part of the shift from 5pm when  
4 the \$2.50 surcharge applies, some may stop working before  
5 midnight. We think an additional incentive is required  
6 after midnight, so we are recommending that the 20 per cent  
7 distance rate surcharge operate between midnight and 5am.  
8 This is similar to what happens in other states, where  
9 there are also additional incentives after midnight, to  
10 ensure that enough taxis remain on the road. In Perth  
11 there is a \$1.80 surcharge between 6pm and 6am, an  
12 additional \$3 after midnight and in Brisbane there is a  
13 \$1.40 surcharge between 7pm and 7am, an additional \$2 after  
14 midnight.  
15  
16 This chart shows the difference between fares after  
17 midnight on Friday and Saturday nights. The blue line once  
18 again at the current fares and the green line are the  
19 proposed fares. So after midnight on Friday and Saturday  
20 night, passengers travelling less than 17 kilometres will  
21 pay a bit more than they currently do and passengers that  
22 are travelling further than this will pay slightly less.  
23 The examples we have got here are a 2-kilometre journey  
24 will be \$2.60 more and a 25-kilometre journey will be about  
25 \$1.50 cheaper.  
26  
27 Moving on to the other nights of the week, at these  
28 times the waiting times are the lowest than at any other  
29 time. So we think that having the 20 per cent distance  
30 rate surcharge between 10pm and 6am has meant that too  
31 many taxis are on the road, so they really don't need this  
32 incentive. We did look at removing it, but instead we are  
33 recommending reducing the hours that the surcharge applies,  
34 to discourage some of these taxis from being on the road to  
35 better match the level of demand.  
36  
37 Keeping the 20 per cent surcharge with reduced hours  
38 between midnight and 5am means that the same hours for the  
39 20 per cent distance rate surcharge will apply across the  
40 week, it is just that on Friday and Saturday night there  
41 will be an additional \$2.50 surcharge on every fare between  
42 5pm and 5am.  
43  
44 MR POLIMOS: So our taxis are going to work Friday and  
45 Saturday night and the rest of the week, they are going to  
46 sit and look beautiful.  
47

1 THE CHAIRMAN: Excuse me, Greg, you will get a chance.  
2 Everybody gets a chance. Jessica.  
3  
4 MS J ROBINSON: This chart shows the overall impact of our  
5 recommendations. It shows there is a range of different  
6 outcomes for different length journeys depending on when  
7 they're taken. The different coloured bars there represent  
8 different times of the day. For example, the red bar is  
9 between 5pm and 10pm on Friday and Saturday evenings,  
10 when the new \$2.50 surcharge will apply, but overall you can  
11 see that shorter distances will be a little bit more expensive  
12 and longer distances will be a bit cheaper.  
13  
14 The circled bars there for some of those long  
15 distances do show big reductions and they occur between  
16 small windows of time; so the one hour between 5am and 6am  
17 and the two hours between 10pm and midnight, when the  
18 20 per cent night-time surcharge no longer applies.  
19  
20 The last issue that we looked at, as I flagged  
21 earlier, was the Sydney Harbour Bridge toll issue again.  
22 The toll is currently charged to vehicles going in a  
23 southbound direction but taxi passengers are charged for  
24 the toll whether they go north or south across the harbour.  
25 This is the only road where passengers can be charged for a  
26 toll that is not also charged to the car. It also means  
27 that if taxis make trips in both directions, they get the  
28 toll twice.  
29  
30 We have looked at this in 2008 previously, but since  
31 then variable tolling has been introduced across the  
32 harbour, which means that during the day it's \$4 but at  
33 night it is only \$2.50. This has become even less  
34 transparent for passengers because the toll is manually  
35 added to the fare at the end of the journey. We are  
36 recommending removing the ability to charge passengers  
37 going north over the harbour for this toll to make it  
38 consistent with how other toll roads are treated and to  
39 make sure that passengers are only charged for a toll for  
40 the journey that they make and to avoid some of the lack of  
41 transparency around how the toll is applied at different  
42 times.  
43  
44 This does mean that if the taxi returns south across  
45 the harbour empty, they will have to bear the costs of the  
46 toll. However, we think that, in the long run, any  
47 additional cost to drivers should be offset by lower

1 pay-ins and lower licence fees and we don't have evidence  
2 to suggest that taxis will be less inclined to travel north  
3 of the city.  
4  
5 That brings me to the end of the presentation and we  
6 have some questions for discussion now about these fare  
7 structure issues.  
8  
9 THE CHAIRMAN: Thank you very much, Jessica. Comments  
10 or questions on this? Roy.  
11  
12 MR WAKELIN-KING: Thank you, Mr Chairman. I would  
13 refer to some previous comments that I made that we don't  
14 object to the concept of looking at the fare structure to see if  
15 we can respond to demand issues and create incentives and  
16 respond to demand and supply issues. The problem that we  
17 have in this context is that we have downward pressure  
18 across the fares in trying to get an overall decrease of  
19 1 per cent, so by placing that downward pressure on the  
20 fares, you are going to increase the disincentives relative  
21 to the incentives.  
22  
23 Specifically, whilst we would obviously welcome an  
24 additional surcharge in principle on a Friday and Saturday  
25 night, I would flag the complexity issue and the issue of  
26 automated transition between tariffs in meters but we would  
27 be concerned that the impact of that - the offsetting  
28 impact - will be on the other nights.  
29  
30 It is important to note that whilst you cite  
31 90 per cent as being the fleet utilisation at that time, it  
32 varies, obviously, from taxi fleet to taxi fleet, but at  
33 the end of the day the vast majority of taxis are out on  
34 the road on a Friday and Saturday night to respond to the  
35 peak period demand. In effect, you are asking passengers  
36 to pay more, generally speaking, with that higher surcharge  
37 when the fleet is fully utilised. Be aware taxis come off  
38 at certain times because they don't want to run the risk  
39 and they know that - this is identified in the report - of  
40 assault, antisocial behaviour, those sorts of issues which  
41 would have a contracting pressure on the time that a driver  
42 is going to be out on the road.  
43  
44 With regard to the reduction in surcharge on the other  
45 nights, and indeed the mornings - and I ask you to strongly  
46 consider the mornings as an important issue - you have peak  
47 demand and you have to create an incentive in the mornings,

1 particularly for people travelling to the city and the  
2 airport and there has to be an incentive on drivers to get  
3 out in the morning early to meet, to respond to, that demand.  
4

5 I am concerned, and the council is concerned, that the  
6 increased flag fall as cited here will impact on shorter  
7 journeys and increase costs. As you have just presented,  
8 that is going to have an impact on the cost and the  
9 affordability of shorter journeys and I hope that my  
10 colleagues here and stakeholders to the left have a real  
11 issue with this, because that is the group that is going to  
12 be most adversely affected by that. A 4-kilometre trip for  
13 a lot of people in those socioeconomic groups is an  
14 important trip and it should be in no way diminished and  
15 thrown away in a simple statement that they will be \$3.50  
16 more expensive. It is important that we look at that.  
17

18 Can I talk to this issue very quickly, Mr Chairman, on  
19 the short jobs.

20  
21 THE CHAIRMAN: Yes.

22  
23 MR WAKELIN-KING: A short job is only a short job, or  
24 known to be a short job, when the driver has visibility  
25 that it is going to be a short job. On a hail and a rank,  
26 you don't know if it will be a short job when you walk up  
27 to it. Where it is a short job, and a known, is when the  
28 destination is given, which is when it is a radio booking  
29 fee. Setting aside the comments that have been made about  
30 that, and we won't go to leakage to trunk groups or apps,  
31 the issue is that the booking fee has not been touched in  
32 this recommendation. I want to dispel a very clear myth  
33 here. The booking fee doesn't go to the network, it  
34 doesn't go to anyone else, it goes to the driver as an  
35 incentive for the debt running to that job and I ask you to  
36 strongly consider revisiting that issue of the booking fee  
37 relative to the flag fall.  
38

39 I have said - I am re-emphasising - lowering the per  
40 kilometre rate and waiting time will immediately impact on  
41 the driver and the operator, and particularly in the  
42 context of the congestion impacts, we may see behaviour in  
43 drivers avoiding congestion issues, which, as we know,  
44 occurs at peak times.  
45

46 I just re-emphasise the point that this industry is  
47 funded by the private sector, it is funded across the

1 board, and the only way that operators, drivers and  
2 ultimately the people invested in this industry can get a  
3 return is through the fare box. If you lower fares in  
4 buses and train, et cetera, the government picks up the  
5 tab. We get the issue about the customer being at the  
6 centre - and no argument there - but it is important to  
7 note that we can only recover this, we the industry can  
8 only recover a reasonable return - I am talking about  
9 everyone in the industry here - through the fare box and it  
10 is particularly important to note, this needs to be  
11 recognised, and why the cost index model is particularly  
12 important in that regard. Thank you, Mr Chairman.  
13

14 THE CHAIRMAN: Thank you very much, Roy. Michael.

15  
16 MR JOOLS: Thank you, Mr Chairman, Michael Jools from the  
17 Australian Taxi Drivers Association again.  
18

19 I support some of Roy's comments and, in particular,  
20 the fact that I think that putting the flag fall up and not  
21 addressing the booking fee is absolutely pointless and  
22 misses the target entirely. If there is an issue about  
23 short fares, increasing the short fare should be done by  
24 way of the booking fee and not by way of the flag fall. If  
25 we are lifting the flag fall for everybody, there is going  
26 to be no impact on any one particular sector. That is  
27 absolutely misdirected in terms of where it is going.  
28

29 The second part, or one of the other ones, is the  
30 complexity of this \$2.50 item. It is possibly only  
31 technical for a lot of people here, but the notion of the  
32 taxi drivers' contract determination is that the share of  
33 the fare box is on fare revenue. Extras, such as  
34 surcharges, are not technically part of the fare revenue to  
35 be split between owner and operator. That is particularly  
36 case in what we call method 1. It is not so much the case  
37 in method 2.  
38

39 To put this \$2.50 as a surcharge onto the flag fall  
40 will not only increase the complexity of the meter, it will  
41 stuff up the whole accounting system of our business because  
42 we are not going to keep track of what part goes to the  
43 operator and what part goes to the driver. It is  
44 technical, but it is an important point.  
45

46 The other part is that I think the issue should have  
47 been to look at distance rates and waiting time rates

1 separately. I think it is valid that we have a decrease in  
2 distance rate and the \$2 figure is possibly correct, but it  
3 needs to be balanced by an increase in waiting time. IPART  
4 probably doesn't have the statistics available to it - we  
5 have been quoted that two-thirds of the revenue of cabs  
6 comes from the distance rate and one-third comes from  
7 waiting time, but that varies across the hours of the  
8 shift. In the daytime, half the income comes from money  
9 earned on waiting time and half on distance, and in the  
10 evening, it goes to a quarter being earned on waiting time  
11 and three-quarters earned on distance, simply because of  
12 traffic.  
13  
14 If you apply things across the board, as IPART is  
15 whitewashing the system, we are not actually looking at the  
16 differentials. We should look at waiting time separately  
17 to distance time and we would be recommending an increase  
18 to \$1 per minute in the waiting time, balancing a  
19 7 per cent decrease in distance rates, which would have  
20 zero net effect on the average fare. But what none of this  
21 is doing is looking at the average fare. The model  
22 addresses an average fare of 7 kilometres. We have a  
23 number of examples here of short fares, long fares, all  
24 sorts of fares, but the bulk of the work, because it's the  
25 average - and the mean and the mode - is a 7-kilometre  
26 trip.  
27  
28 IPART needs to be focusing on what happens to that  
29 average fare. The studies we have done show that on the  
30 average fare the punter - the passenger - is going to save  
31 40 cents on his average fare. The driver is going to lose  
32 \$10 a shift on that average fare. For 40 cents is any  
33 sensible, rational person going to elect to take a cab or  
34 not take a cab? They either have to get to the airport or  
35 they don't. But to draw all these examples that IPART is  
36 doing on a range of fares, which are not representative of  
37 the bulk of the fares, is statistically incorrect and we  
38 oppose that.  
39  
40 There is an issue also that IPART classifies taxi  
41 drivers as taxi drivers. Fine, but we actually work  
42 different shifts at different times. The impacts of these  
43 recommendations are quite different on the guy who drives  
44 day shift than on the guy who drives a night shift. The  
45 effect of some of this modelling means that the guy driving  
46 on a Friday/Saturday night achieves about \$22 an hour,  
47 which just happens to be about the minimum wage with

1 entitlements. But these recommendations also have an  
2 impact on the day driver, driving the average day shift.  
3 He's going to be on \$8 an hour, or less, because IPART  
4 simply says, "taxi drivers". You are not  
5 differentiating between the shifts, the type of work, or  
6 the impact on those different shifts. I think what we are  
7 doing is robbing Peter very much to pay Paul. Paul -  
8 myself as a night driver - earns decent money on a Friday  
9 night. I earn lousy money on a Monday night, but the poor  
10 old day driver, he's up shit creek the whole week. He's  
11 not making money. But IPART is looking globally and has  
12 not addressed the question of how much does the taxi driver  
13 earn.  
14

15 As was said by a couple of other commentators here,  
16 none of what IPART is talking about this time around  
17 addresses taxi driver revenues: money-in-their pocket  
18 income. We have a warped notion of taxi driver retained  
19 earnings and it is not what IPART should be addressing in  
20 this context. I think that the whole of this fare  
21 structure should be reassessed to look at the difference  
22 between distance rates and waiting time rates, and it  
23 should be moving not to hit the surcharge but it should be  
24 putting money onto the booking fee. Thank you.  
25

26 THE CHAIRMAN: Thank you very much, Michael. Who  
27 would like to go next? Tim.

28  
29 MR REARDON: Thank you, Mr Chairman.  
30

31 We don't have too much to comment on in terms of the  
32 fare structure, except for the fact that clearly the  
33 licence determination and the fares determination being  
34 considered in close alignment is something that IPART needs  
35 to take into account when they come up with these  
36 recommendations. We will leave it at that.  
37

38 The only comment I wanted to make, really, was to  
39 respond to a question about taxi transport subsidy scheme.  
40 We have commenced a review of wheelchair-accessible taxis,  
41 of incentives within wheelchair-accessible taxis. That  
42 includes the taxi transport subsidy scheme and specifically  
43 about the affordability of the taxi transport subsidy  
44 scheme, noting how long the current rate has been in place.  
45 We are happy to discuss that with you further, in terms of  
46 where we are up to with that process at the moment. We  
47 have certainly been out, in terms of survey with

1 participants in that regime. As I say, we are happy to  
2 have a further discussion with you on how we take that  
3 forward in terms of what incentives for the TTSS  
4 specifically. Thank you.

5  
6 THE CHAIRMAN: Thank you, Tim. Ruth?

7  
8 MS R ROBINSON: Thank you for that feedback. Ruth  
9 Robinson again, from the Physical Disability Council of New  
10 South Wales.

11  
12 In relation to the changes to the fare structure,  
13 I think I have really only one comment to make. I am  
14 understanding what you are attempting to do by increasing  
15 the flag fall in relation to short journeys but also, as  
16 someone has mentioned earlier, people with disabilities or  
17 people with mobility limitations are often using lots of  
18 short journeys. If you look at the city of Sydney itself,  
19 they say it is a city you can walk in and a city you can  
20 cycle in. For a lot of folks, they can't walk around the  
21 city and they can't cycle around the city and for them cabs  
22 for short journeys are really important. Whether it be to  
23 go between where they are living to somewhere or between  
24 places of employment, or if they want to do something.

25  
26 I think an increase in fares will only reduce  
27 even more, as I have said, the number of people who are  
28 taking cabs. I am not talking specifically about  
29 wheelchair-accessible taxis, but remember I said before  
30 there is a percentage of the population who use just  
31 everyday cabs.

32  
33 The other thing is we know, from what people are  
34 telling us and from experience, that actually a lot of  
35 taxi drivers are not very keen on taking people on short  
36 distances now, anyway. So we would like to see them to be  
37 more enthusiastic about the short journey trip but also we  
38 are also very, very concerned that the increased cost of  
39 that is going to reduce the people's capacity to manage  
40 that. Thank you.

41  
42 THE CHAIRMAN: Thank you very much, Ruth. Chris?

43  
44 MR ELENOR: Thank you, Mr Chairman. IPART, as part of  
45 its duties, has to look at the social impacts, so I guess my  
46 remarks go to social impacts.

47

1 I want to endorse Ruth's remarks about the importance  
2 of taxis for people with a disability who in fact use taxis  
3 as their only form of public transport. Other forms of  
4 public transport are not available to them and certainly  
5 there is a real issue about the short journeys, in the  
6 sense of anything that puts up the price of those short  
7 journeys, of course, would further disadvantage.

8  
9 In a more general sense, IPART seems to have laboured  
10 long and hard and produced a mouse. Why is it a mouse?  
11 Because I am not sure that the pricing signals that you are  
12 trying to send to the market are of sufficient size to make  
13 any damn difference, frankly. Now, we have economists  
14 around the table here that are much better at that sort of  
15 analysis, but I am not convinced, for example,  
16 that a 1 per cent reduction in the price of fares will make  
17 any difference to the patronage. I am not convinced that  
18 the changes you are proposing to make shorter fares  
19 slightly more expensive will make any difference to the  
20 market for taxis.

21  
22 There would appear to be some flaws in the economic  
23 model that has been done and the pricing signals, or the  
24 differences in the pricing signals that you are about to  
25 send will make not a lot of difference, particularly in the  
26 absence of a huge marketing campaign, to say, "Whoopy doo",  
27 basically, "taxis are cheaper", or whatever it happens to  
28 be.

29  
30 Some people have accused you of actually being brave  
31 for not actually putting the taxi fares up. I am accusing  
32 you of basically being very timid, if you believe in that  
33 market model, for not sending big enough signals to the  
34 market to actually change the behaviour.

35  
36 In response to Tim, on the taxi transport subsidy,  
37 thank you for the opportunity Tim. We will take that up  
38 with you. The only comment I would make at this stage is  
39 that it is not just people in wheelchairs; there are many  
40 other people, such as the frail aged, who essentially use  
41 that taxi transport subsidy as an essential component of  
42 their way of life and their ability to get out. Hopefully  
43 our discussions will be around more than those who are in  
44 wheelchairs.

45  
46 MR REARDON: Mr Chairman, if I could quickly clarify we  
47 put out a disability action plan in December last year. We

1 are well aware of the broader needs and the whole range of  
2 customer groups. We can have as broad a discussion as you  
3 wish to.  
4  
5 MR ELENOR: Thank you.  
6  
7 THE CHAIRMAN: Thank you, Chris. Thank you, Tim. Who  
8 would like to go next? David?  
9  
10 MR COUSINS: Thank you very much. David Cousins again.  
11  
12 I would support the approach of the tribunal in going  
13 down in setting prices to try and match supply and demand,  
14 which suggests that we should have higher prices in peak  
15 periods and lower prices in off-peak periods. I think that  
16 is sensible and I agree with the pragmatic approach, if you  
17 like, of not waiting to have the perfect information but  
18 moving in the direction that is appropriate.  
19  
20 I must say I support what Chris Elenor has said.  
21 I wondered about the 50 cents on the flag fall and what  
22 sort of responses that would generate if there is a  
23 problem - and I am not totally familiar with the Sydney  
24 situation - with the reluctance of drivers to take short  
25 fares. Obviously, from the customer's point of view, you  
26 don't like to see fare rises, but it is actually better to  
27 have a cab available to you than not, if you like. I did  
28 wonder about that.  
29  
30 In terms of the sort of peak period thing - maybe  
31 I have just misunderstood or misread - I also wondered if  
32 there are 90 per cent of the cabs out of the peak time now,  
33 what would be, if you like, the capacity there? What would  
34 be the feasible percentage of total cabs that you would  
35 think is the maximum and, therefore, with this additional  
36 incentive that has been put for peak, I wonder what impact  
37 that will have. Is the problem at peak period really just  
38 a shortage of cabs and do we need more cabs on the road to  
39 deal with that problem?  
40  
41 On the booking fee issue, I don't know why we have a  
42 separate booking fee in place. It seemed to me that what the  
43 tribunal said there was very sensible, but for some reason  
44 it didn't make the obvious recommendation that it should  
45 be removed. I don't know why you would need to wait  
46 until this inquiry is going on in government. If the  
47 feeling is that it should be removed, then that should be

1 the recommendation, it seems to me.  
2  
3 I think the people most affected by booking fees again  
4 will be some of our disadvantaged groups. The world is  
5 changing and I think it has probably had its day to think  
6 like that. After all, the networks still refuse to  
7 guarantee bookings. That is a sort of side issue, anyway.  
8  
9 The toll on the bridge seemed to me a bit of a  
10 no-brainer. How can you charge a customer when the vehicle  
11 actually going over the bridge does not incur the toll? As  
12 I said, that is a no-brainer.  
13  
14 THE CHAIRMAN: Thank you very much, David. Who  
15 would like to go next. Peter?  
16  
17 MR ABELSON: I support the general principle of trying to  
18 bring supply into line a bit more with demand. I have one  
19 observation, which is somewhat anecdotal, and that is that,  
20 as a customer, I find the waiting charge excessive. I am  
21 not really prepared to pay five dollars to go one  
22 kilometre of distance in a taxi. I always walk that amount  
23 in order to avoid the waiting charge for sitting there. It  
24 just seems to me that \$1 per minute is an absurd amount to  
25 have to pay. So I walk around traffic lights, get away  
26 from the nearest taxi to avoid three lots of traffic lights  
27 regularly. Clearly the waiting charge is likely to deter a  
28 rational consumer, assuming they are reasonably mobile.  
29  
30 I don't have a problem with the distance charge, but  
31 I wonder whether you have thought about the disincentive  
32 effect of the waiting charge and could perhaps adjust the  
33 balance slightly because, as I say, I definitely walk out  
34 of central Sydney in order to avoid a silly extra \$5 or \$6  
35 on the cab charge.  
36  
37 THE CHAIRMAN: Thank you, Peter. Fred?  
38  
39 MR LUKABYO: Mr Chairman, and tribunal members, once  
40 again thank you. If we look at the fare component questions  
41 from two different perspectives, we gain some insight. The  
42 first is from the perspective of a consumer. The peak  
43 hours that this break-up of fare components tries to  
44 address are not the hours which represent demand for some  
45 of Sydney's most transport disadvantaged, the aged and  
46 disabled members of our community, as has been outlined.  
47 Particularly, as has been previously suggested, the morning

1 trip to work, the daytime trip to the store, to the doctor  
2 or to the train station, all of these are dealt with  
3 harshly on two sides - one, cost; and, two, a time when the  
4 incentives to supply drop down. I think we have to look at  
5 the consumer impact of those components.

6  
7 We should look perhaps at the driver impacts with  
8 some of the peak hours. I don't intend to personalise  
9 this, but if we were to say that drivers are neutral  
10 between this sort of fare and that sort of fare, it is  
11 like saying that those of us around this room who are  
12 employed would be neutral about working for one employer  
13 all year or 250 employers a year provided that our annual  
14 income is the same. None of us would be neutral to that.  
15 There are behavioural impacts and I think some of this  
16 short-fare/long-fare stuff requires further work than has  
17 been done here.

18  
19 In addition, I think we have to look at this story  
20 about Friday and Saturday night, we can increase numbers,  
21 and Monday to Thursday, if we wish to have quality. If we  
22 wish to have cab drivers with careers, cab drivers who  
23 drive substantial amounts of time, cab drivers who have  
24 skills and abilities whilst doing their job, I think we  
25 have to look at cab drivers who have incentives to drive as  
26 a full-time job. This squeeze between certain days of the  
27 week and others, I find problematic.

28  
29 If I may, Mr Chairman, I want to address specifically  
30 two types of peak: one is the peak demand for taxis; the  
31 other is the peak of the traffic on the road. I refer to  
32 an article in today's Australian headed, "Bad traffic is  
33 making Sydney workers sick." It quotes NRMA chief  
34 executive Tony Stuart and their BusinessWise survey.  
35 Sydney's traffic is not getting better. Attacks on the  
36 waiting time rate is not only problematic to drivers, and  
37 I am very pleased that the tribunal has looked at the  
38 effect on drivers of permitted income abilities and so  
39 forth. I am very pleased to see the tribunal has looked at  
40 that.

41  
42 If one then considers the waiting time impact, we can  
43 either get some of the European experiences where  
44 reductions or removals of waiting time led to drivers  
45 getting their car washed at peak traffic times, or simply  
46 on an equity basis on what drivers might earn at some of  
47 those times. One has to be very careful reducing waiting

1 time rates and in this draft, it is currently 5 per cent.

2  
3 The Sydney market is not uniform. There are drivers  
4 who drive in the outer suburbs. There are drivers who  
5 drive at certain times of day. An overall 1 per cent is  
6 what may be faced by the population, but it is certainly  
7 not what is faced by an individual consumer or by an  
8 individual taxi drivers. There are winners, there are  
9 losers, and these are very real human examples.

10  
11 In addition, there are some step-function type changes  
12 at times of day between 10pm and midnight and between 5am  
13 and 6am, for example, that we feel are very dramatic. We  
14 are sure there will be incentive or disincentive effects  
15 around those times that may pose problems.

16  
17 In conclusion, Mr Chairman, driver incomes are clearly  
18 higher on Friday and Saturday nights. It is hard for any  
19 of us to know whether 90 per cent represents a maximum or a  
20 theoretical maximum and so on. There will be illness,  
21 there will be absenteeism, there will be motor vehicle  
22 breakdown - there will be all of these sorts of things  
23 which give rise to these sorts of gaps. You state the  
24 obvious in your review, namely, that driver incomes are  
25 higher on weekends; yet the impact of increasing the fares  
26 on weekends is to reduce them during the rest of the week,  
27 and I have to ask that we look carefully at the impact of  
28 that.

29  
30 Finally, Mr Chairman, as Professor Abelson, who is  
31 notorious for suggesting that drivers can be encouraged to  
32 bid for work at different prices, will tell you, these are  
33 maximum fares only. Price reductions by individual drivers  
34 who believe in these things are possible, but,  
35 unsurprisingly, they choose not to do so. There are  
36 reasons for that. I thank you.

37  
38 THE CHAIRMAN: Thank you very much, Fred. Warwick?

39  
40 MR DAVIS: Thank you. I think that has been a really good  
41 discussion, actually, with a couple of different points  
42 coming up about the treatment of drivers. If we want to  
43 take it back to thinking about our objective and if it is  
44 really to help consumers or if consumers are going to be  
45 the focus of this fare setting, I think we have to face up  
46 to the fact that the industry has very, very peaky demand  
47 and that, essentially, the market is sending us important

1 signals.  
2  
3 I don't believe you have this data for New South  
4 Wales, but in Melbourne, the weekend peak demand is  
5 2.5 times the weekday peak demand. That actually  
6 understates it, because we know that the networks do not  
7 answer bookings at that peak time. Essentially it is all  
8 just rank and hail work and it is 2.5 times the weekday  
9 peak. I assume it is probably similar here and I have no  
10 reason to think it would not be.  
11  
12 The other fact is that the utilisation of taxis early  
13 in the morning, say between 12 and 5, is basically under  
14 20 per cent at all times. That is occupied time and  
15 unoccupied time, not just the vehicles on the road. There  
16 are not even that many vehicles on the road, but the  
17 occupancy is so low. I don't think the pricing signals  
18 are actually really right.  
19  
20 I really think it is certainly worth looking at  
21 increasing peak fares and decreasing off-peak fares. I am  
22 conscious that that may not be the great thing for drivers,  
23 but if the final concern is consumers, you would want to  
24 deliver what consumers want. Consumers are telling you  
25 they want more taxis at peak times and they are not so  
26 fussed at off-peak times. If there were fewer taxis then,  
27 no-one would care.  
28  
29 THE CHAIRMAN: Thank you very much, Warwick. Anne?  
30  
31 MS TURNER: Sydney is a very unique city and must be  
32 assessed on its own merit. We do not want Sydney taxi  
33 drivers to be like any other states or overseas. We are  
34 Sydney drivers. We say no to the flag fall and distance rates  
35 because this will reduce the price of most short fares.  
36 Increased booking fees is more likely to encourage the  
37 drivers to accept short fares. At the same time, if a  
38 driver gets a radio booking, he will be running some  
39 kilometres in the suburban areas. He will be losing his  
40 time for running and running for the jobs, so we say leave  
41 the fare as it is.  
42  
43 Not all drivers not want to work on those nights; that  
44 is, Friday, Saturday nights. This change to the fare  
45 structure will mean every driver has to work those nights  
46 to achieve the results calculated by IPART. There are not  
47 enough taxis in Sydney. Increasing on every other night,

1 revenue will fall especially with all the additional plates  
2 released. And there is no guarantee that the operator will  
3 decrease the pay-in for his driver. Then again when the  
4 price goes up for the green slip, the operator is  
5 suffering. There are operators sitting behind me and there  
6 are many other operators.  
7  
8 Then there is an incentive given to the taxi drivers;  
9 that is, rate 2 from 10pm to 6am. I think it should stay  
10 as it is. The drivers rely on those hours to work, night  
11 drivers and the day drivers. I think that should be left  
12 alone.  
13  
14 Mr Chairman, IPART, would you like to donate some of  
15 your salaries and wages and what you are gaining to taxi  
16 drivers? No, you wouldn't like that; you would not like to  
17 have your money taken away from your hand. This is our  
18 money in our hand, from 10pm to 6am. Please leave it alone  
19 as it is. We need that. That encourages the drivers to  
20 work those hours, Friday, Saturday, also on Thursday  
21 nights.  
22  
23 With the Sydney Harbour Bridge tolls, there is no  
24 practical way back to the city once you go over the bridge.  
25 That is why the system was introduced and why it has not  
26 changed. It effectively means the driver must subsidise  
27 his passenger's northbound journey. We, the New South  
28 Wales taxi drivers, say please leave the Harbour Bridge  
29 toll for the taxi drivers. Thank you.  
30  
31 THE CHAIRMAN: Thank you very much, Anne. Jessica,  
32 would you like to say anything?  
33  
34 DR KRIMMER: Jessica Krimmer from Cabcharge. I  
35 thoroughly enjoyed observing and having the opportunity to  
36 participate today. I don't feel I have anything further to add to  
37 today's comments other than to support Ruth's and Chris's  
38 comments concerning those who are disadvantaged in terms  
39 of mobility. That is a concern, particularly, when we are  
40 looking at shorter fares becoming more expensive and this  
41 was an issue that we brought up in response to the issues  
42 paper.  
43  
44 Again discussions have taken place concerning the  
45 timing change. So we are now moving to a 5am starting  
46 point - leaving a gap between 5am and 6am. I will leave it  
47 at that, thank you.



1  
2 THE CHAIRMAN: Thank you Jessica. Brian, do you wish to  
3 say anything?

4  
5 MR RIDGE: Just going back to Fred's comment before about  
6 pulling too many levers, here we are putting more taxis on  
7 the road and we are changing the fare structure to try and  
8 reduce the overall fares by 1 per cent. In the fare  
9 structure alone, there is a very complex equation. I would  
10 just say how would anybody assess the effect of any one  
11 component of that entire package? I would suggest that it  
12 would be better to leave things alone for the time being.  
13 First, with the extra taxis on the road - 140 full time,  
14 250 peak licences - why not wait and see what is the impact  
15 of those. Then if we want to make that change and have a  
16 surcharge on Friday night, why don't we just put that in on  
17 its own. To do one thing at a time I think is a better  
18 approach than doing everything at once.

19  
20 My gut feeling about the Friday night issue is that it  
21 will tend to create difficulties. It is great in principle  
22 and I think most drivers would look forward to it.  
23 However, the negative side is that, in general, a large  
24 increase in a fare and a noticeable increase in the fare  
25 up-front is what scares passengers away, in my experience.  
26 If the flag fall goes up by \$1, what I found - this was  
27 back in the days when they put on a surcharge for the  
28 shields before the Olympic Games - was that, as soon as  
29 people got into the taxi, they would say, "Why is the fare  
30 so much? I just got in. We are at the first set of  
31 traffic lights and the meter is up there already. How come  
32 it's so much." It is \$2.50 straight up. At Kings Cross on  
33 a Friday night, when you get to the first set of lights,  
34 you are up to \$5. You're going to have a fight, believe  
35 me. That is one impact that has not been considered.

36  
37 The other impact, as Anne Turner and Michael Jools  
38 have both said, is that not every driver drives on Friday  
39 and Saturday night. The principle of this restructure is  
40 that you can make more on Friday night so you can make less  
41 the rest of the week. Well, yes, for some drivers that may  
42 work, but for a lot of drivers, that is not the case. Day  
43 drivers, for example, don't work Friday and Saturday night.  
44 Some day drivers might like to have a bit of a life like  
45 everybody else and work Monday to Friday - on days. There  
46 is nothing in this for them. There is just less money for  
47 them. I think it needs to be rethought and approached bit

1 by bit rather than all at once.

2  
3 As far as the northbound toll, as Anne said, nothing  
4 has changed from the original thinking. There is no other  
5 way of getting back. If you want to hear some evidence  
6 that taxi drivers are less inclined to go north, I can give  
7 the evidence now. I am less inclined, and I think most  
8 taxi drivers here are less inclined, to go north. However,  
9 you don't have the choice. If someone gets in and they ask  
10 you to go there, you say, "Right, we'll go." Really, the  
11 answer for the tolls is that taxis should not be paying  
12 tolls on any tollway. If it was free everywhere, there  
13 would not be an issue.

14  
15 Anyway, I think the equation of more taxis on the  
16 road, 1 per cent less fare and restructuring is a little  
17 bit too much and I expect overall the taxi drivers will be  
18 struggling. Thank you very much.

19  
20 THE CHAIRMAN: Thank you, Brian. Are there any  
21 questions or comments from the floor?

22  
23 MR BURRAGE: Once again, please forgive me, I am really  
24 ashamed with all the academics and the brains around this  
25 table, but what you are trying to do is break a nut with a  
26 sledgehammer. The fare structure, leave it alone - leave  
27 it alone. As the previous speaker just said, we will  
28 probably have more trouble at Kings Cross if you put \$2.50  
29 on and things like that. Leave it alone.

30  
31 What you are trying to do is reinvent the wheel. The  
32 wheel is the fare structure and you are trying to reinvent  
33 it to make it go better. At the moment, we are going  
34 uphill. The industry is going uphill and there are a  
35 number of factors, especially, as I say, with the comments  
36 that you make in this report. What you have to believe is  
37 for the past - I hate to say this - 12 years now, since the  
38 year 2000, we have dropped 20 per cent in takings. I am  
39 not talking about our earnings, I am not talking about  
40 driver earnings, but we have dropped 20 per cent. I have  
41 told you, and I don't know whether you want me to reiterate  
42 that, but you have to believe this.

43  
44 We have had deregulation of the hire car industry. It  
45 was 157 before. I think they can get up to between 700 and  
46 900. They have taken 15 per cent of our work.

1 What about technology? You in business have to look  
2 at yourselves and really ask yourselves in this office what  
3 did technology allow you to do in your office that prevents  
4 you using a taxi, prevents you going overseas, prevents you  
5 going to Melbourne? Have you cut your costs at all?  
6 I imagine your finance is from the government. Let's say  
7 the government reduced your income, your budget, by 2 per  
8 cent, but said to you, "We want you to produce quicker,  
9 increase your personnel by 8 per cent", that's what you are  
10 trying to do to us. If you are really honest, you have to  
11 believe this.  
12  
13 I have spoken to business people in the cab. I speak  
14 to every business person in the cab and they all  
15 acknowledge that - even Mr Swan and the Prime Minister - we  
16 have a financial crisis. We are in uncertain economic  
17 times and nobody predicts more than two years in advance  
18 now. You are predicting five years in advance. Nobody in  
19 the financial and the academic worked predicts more than  
20 two years in advance because of uncertain economic times.  
21 There is no reason that this should work, there is no  
22 reason it should not work, I don't know, but, for goodness  
23 sake, what we have to do is get our ground even.  
24  
25 If we want to reinvent the wheel and have a fare  
26 structure, we have to have an even, level foundation for us  
27 to move that wheel along. That even foundation is my  
28 model. I could tell you what my model is, if you are  
29 really interested. From a practical point of view, I have  
30 to say that I am really surprised that the tribunal has not  
31 asked the experts what they think about the taxi industry.  
32 If you go around this table, there are about three people  
33 who drive taxis. We are the experts in the industry.  
34  
35 I am afraid these two gentlemen at the table here in  
36 front of me are not experts in the industry. I hate people  
37 making these remarks that there's 5 per cent and there's \$5  
38 on the taxi fare because of the entry fee. That's  
39 ridiculous talk. It's not so. You have differentiated now  
40 between the lease fee on a taxi fare and the actual price  
41 of entry. The price of the entry is actually somebody  
42 buying themselves a job. I am not an academic. I couldn't  
43 sit round this table. I invested in the industry and  
44 bought myself a job and I work in that industry. That is  
45 the sort of person that you really want in the industry.  
46 I think, once again, you should look at things like that.  
47

1 What we have got to get in the industry is confidence.  
2 At the moment, I have no confidence as a plate owner.  
3 I have no confidence as an operator. I increased my fees  
4 by 10 per cent over the last 13 years because I know the  
5 market that my drivers work in can't take it. My drivers  
6 have no confidence either. I have two drivers that have  
7 come to me, with over 50 years experience. They said, "If  
8 this goes through, it's an insult to us. A decrease in the  
9 fare and more cabs on the road, it's an insult to us."  
10 I have a day driver. He has been with me for 25 years, he  
11 has three children, one 13 years old. He came to me and  
12 he said, "I don't know how I am going to last." I charge  
13 probably the cheapest pay-in in Sydney, mainly because  
14 I operate and drive my taxis myself.  
15  
16 Michael Jools and myself have arguments about what the  
17 driver earns. We certainly do not earn enough consistently  
18 to warrant all these dramatic changes that you are going to  
19 make.  
20  
21 Just quickly, with regard to the toll - take the toll  
22 off. I agree with you that northbound, we should not  
23 charge the toll, but southbound, we should not be charged  
24 the toll. The Ministry of Transport says they are  
25 interested in their passengers. Okay, if they are  
26 interested in their passengers, let us be exempt from the  
27 toll on the Harbour Bridge, then everybody will be happy  
28 and there will be no arguments.  
29  
30 I took a fare from the airport to Baulkham Hills,  
31 \$100. I waited an hour at the airport. The fare took me  
32 three-quarters of an hour. You would think, "That's a good  
33 fare." I thought it was - well, it was a fare, it was a  
34 good fare. I get \$90 of that fare. There's GST on that,  
35 don't forget. There is a \$20 toll. Then the gentleman  
36 paid by credit card. Now, don't blame me that he paid by  
37 credit card. He has the choice to pay by cash, but he  
38 ended up paying \$132. I get \$90. There is \$41 or \$42 in  
39 charges and tolls, so that is 50 per cent of the fare. Are  
40 our fares too expensive? You have to add the charges.  
41  
42 SPEAKER FROM THE FLOOR: Hear, hear.  
43  
44 MR BURRAGE: That is what you have to think about as well,  
45 I believe.  
46  
47 I will just leave you with two comments - we need

1 confidence in the industry and we expect our representative  
2 here to try and give us confidence and we expect you, as  
3 IPART, to give us confidence in the industry as well.

4  
5 THE CHAIRMAN: Thank you very much, Mike. Anybody  
6 else? Trevor.

7  
8 MR BRADLEY: Mr Chairman, Trevor Bradley, taxi driver.

9  
10 There is one point that I actually overlooked, which  
11 I meant to mention before. IPART announced in the press  
12 that they were taking taxi fares down, but this is a  
13 response to a draft report. Apparently they have already  
14 announced in the press what they are going to do before  
15 they even talk to us.

16  
17 THE CHAIRMAN: Just to clarify that, Trevor, we didn't  
18 announce in the press.

19  
20 MR POLIMOS: It's been on the news for the last four  
21 weeks, sir. Turn the radio on.

22  
23 THE CHAIRMAN: The draft report was released with a  
24 press release.

25  
26 MR BRADLEY: Yes, all right. I'm just wondering - anyway,  
27 I think you answered that point.

28  
29 I go on to the modelling with this fare structure.  
30 I think it comes down to this: I think the underlying  
31 assumption that is made on all these models is that  
32 patronage would increase proportionate to a small drop in  
33 price. I am prepared to say that is just not true because  
34 that means all the other assumptions on all the other  
35 models fall down like a pack of cards. That is why what  
36 has been brought up is just not in relation to the real  
37 world.

38  
39 About the flag fall issue, if you want the service  
40 response required, then increase the flag fall to \$4 but  
41 also increase the booking fee to \$3 but do not decrease the  
42 distance rate under any circumstances. The distance rate  
43 is the basis of a taxi driver's income. If you destroy the  
44 current basis of income and motivation for taxi drivers,  
45 you won't get any increased response in short fares, in  
46 fact you will get a worse response for all fares. That is  
47 very bad for drivers and also bad for the customers.

1  
2 As far as the waiting time goes, the reason for the  
3 waiting time - this particularly affects day drivers - is  
4 that, in the morning, they are often running around,  
5 driving around and possibly getting a few good fares out in  
6 the suburbs and they are quite happy. The purpose of the  
7 waiting time is when a driver is stuck in slow traffic, it  
8 limits his low income rate down to no worse than  
9 26 kilometres an hour. The reason for that is that day  
10 drivers don't want to go into the city because they are  
11 going to get stuck in a traffic jam, where if they have  
12 some work around the suburbs they can travel faster and  
13 make more money. That is the reason for it. The  
14 underlying reason is it is a balancing for a service  
15 outcome, so that drivers will tend to be happy to take any  
16 fare, anywhere and it is a balance to them - that is the  
17 reason for it. So please, don't cut that down, that is a  
18 mistake.

19  
20 As to the \$2.50 surcharge on a Saturday night, it is  
21 probably one of the worst decisions you could make,  
22 especially for an amount of \$2.50. It might sound good in  
23 theory, but what is actually being proposed here, from all  
24 the things that have been put up, is that the bridge toll  
25 has been taken off, which at night is \$2.50, and you are  
26 going to add a special little \$2.50 on for three-hour party  
27 people at Kings Cross, who are all nice and well sauced at  
28 that time - in other words, drunk. So the passenger is  
29 going to hear, "Oh, well, there's \$2.50 off your fare, but  
30 we're going to add in \$2.50". A drunk in his mind, in  
31 a befuddled state, is going to think there is something  
32 funny going on. That is the perfect - the most absolutely  
33 perfect way you could possibly organise it; that is a  
34 particularly silly way to do it.

35  
36 If you really, really want to encourage the drivers  
37 with the stated aim of trying to get more drivers late on  
38 Saturday and Friday nights, you need to make it \$5. In  
39 fact from a driver's point of view, you had really better  
40 make it \$10 because you won't get any more or less  
41 friction. The other point about it what I am saying is you  
42 need to make it a whole dollar amount to keep it really  
43 simple. Don't make it half a dollar or something like  
44 that.

45  
46 On the broader scene, if you are suggesting having an  
47 increased flat rate on a Friday/Saturday night and then as

1 a balance to cut off the rate across the week from 10pm to  
2 midnight and also 5am to 6am in the morning, that is a very  
3 bad decision for us. Please don't do it. If that is a  
4 trade-off, then we would rather not have anything on the  
5 Saturday night because it is not as important as drivers  
6 being able to make consistent money. With a night driver,  
7 what actually happens to a bailee driver is that, at about  
8 9, 9.30, maybe 10 o'clock, he breaks even. It is only on  
9 the fares he gets after that that the driver actually makes  
10 any money on those week nights. So if he can get a fare -  
11 one fare or maybe two fares after 10 o'clock - and he gets  
12 a little bit extra money and a little bit - 20 per cent is  
13 perhaps a reasonable-length fare, he goes out to Manly from  
14 the city or something, that is like 20 per cent on his  
15 actual take-home pay. That has a big effect on those  
16 drivers. So please, you don't seem to realise what you are  
17 talking about there, as well as what has been pointed out,  
18 between 5am and 6am for the day drivers, that is very  
19 important to them. It motivates them. You will get the  
20 worst response from the drivers and ultimately that is  
21 going to be worse for passengers. That is a mistake to cut  
22 that back, so please don't do it.

23  
24 As to the bridge toll, the reason for the bridge toll,  
25 again, ultimately is a service reason. I believe years  
26 ago, when it first came in, there were arguments between  
27 drivers and passengers because the drivers didn't want to  
28 go over the bridge because they would have to pay for the  
29 way coming back. To create harmony, they said, "Okay, the  
30 drivers can charge for the return fare they have to make"  
31 because originally the bridge fares were both ways, then  
32 they cut it out in either case. So they said the drivers  
33 can charge going north because what happened is the  
34 government changed it from bridge fares going both ways to  
35 one fare, which theoretically accounted for people going  
36 either way. That created harmony between the drivers and  
37 everybody accepts that. It is accepted by 99 per cent of  
38 passengers. It is understood and accepted and it is to  
39 create harmony.

40  
41 Please don't try and reinvent the wheel. It is put in  
42 for a very good reason. The underlying reason - not just  
43 to not rob the drivers - is to create harmony so there is  
44 no friction. It is another mistake to put that up. We  
45 have already said don't do that and yet it has been put up  
46 again. I'm afraid, I'm sorry, that is another mistake.  
47

1 Thank you.

2  
3 THE CHAIRMAN: Thank you very much, Trevor. Anybody  
4 else from the floor? Peter and then Mike.

5  
6 MR LOURIDAS: Thank you. Peter Louridas, owner operator.  
7

8 It was said earlier that from Sunday to Thursday night  
9 it was accepted that there could possibly be a \$10 to \$15  
10 drop in revenue on those particular nights. Now, it is my  
11 belief - and as a previous speaker said earlier - there are  
12 a lot of drivers who want to make cab driving their career  
13 and who are proud to work in the industry. Now, I think a  
14 lot of those drivers who want to take the heat on Sunday to  
15 Thursday and work for very little reward deserve as much  
16 incentive as possible to get out there and work on Friday,  
17 Saturday nights. It was said that there are less than  
18 90 per cent of cabs in Sydney working on Friday and  
19 Saturday nights and that is because a lot of the financial  
20 rewards are offset by the fact that you are putting up with  
21 people who may be less than polite towards you.  
22

23 I don't agree with changing the 10 to 6 tariff too, to  
24 make it from 12am to 5am. I think that the drivers deserve  
25 every little bit they can get on those nights and, if  
26 anything, with Friday and Saturday nights, if we go back to  
27 the customer, it is probably the one night of the week  
28 where people are least price sensitive on those nights.  
29 Anyone who's driven a cab in this room - and I'm sure  
30 there's a few - would know that you're very likely to pick  
31 people up at that time - after midnight or after 10pm - and  
32 people literally had money in every pocket and have no idea  
33 where to find their money and finding money from all parts  
34 of their body. I think that there is far less price  
35 sensitivity. I think drivers should be rewarded for  
36 working those hours.  
37

38 I also tend to agree with Michael in regards to the  
39 northbound toll. I think it was brought in at a time when  
40 the city centre was literally the heart of the city and  
41 there was very little infrastructure up in the north.  
42 I would be quite comfortable - it's a quid pro quo  
43 situation; I think we need to reward drivers for working  
44 hard but also I have a feeling that it is going to happen  
45 regardless with the northbound toll, but I think there  
46 should be a set amount paid per month by drivers because it  
47 is really something that does cause a lot of angst,

1 particularly from people who don't drive cabs very often.  
2 I'm actually willing to accept that, but other things I'm  
3 not. I just think drivers should have more incentive to  
4 work on those nights.  
5  
6 THE CHAIRMAN: Thank you very much, Peter. Mike?  
7  
8 MR BURRAGE: There is one thing I would like to say to  
9 you, sir. The introduction of your peak availability licence  
10 that you suggested, and you did admit in your report that  
11 you thought they are necessary Friday and Saturday, but you  
12 did admit that they would be an inconvenience on the rest  
13 of the week - Sunday, Monday, Tuesday, Wednesday.  
14  
15 I did also suggest to you last year that you look into  
16 the past history of the taxi industry. Did you know that  
17 we had a type of licence, called a peak available licence,  
18 which was available for Thursday, Friday, Saturday? Were  
19 you aware of that - years ago? I don't know if the  
20 department knows. We had a series of licences that were  
21 available, they called them peak available licences for  
22 Thursday, Friday and Saturday.  
23  
24 MR SEVDALIS: The 8,000s.  
25  
26 MR BURRAGE: Okay. Now, they for some reason over the  
27 years have been taken off. They were made unrestricted.  
28  
29 MR SEVDALIS: No, they have been made night plates,  
30 9,300s.  
31  
32 MR BURRAGE: They were made something else.  
33  
34 MR SEVDALIS: Yes.  
35  
36 MR BURRAGE: But we had in our possession what you  
37 suggested that we should have - peak available licences  
38 just for the weekend. We had them, but the government  
39 department took them off, made them something else.  
40 I don't know why, but were you aware that we had that?  
41  
42 THE CHAIRMAN: Just to clarify, we don't invent the  
43 licences or design the licences. Just to clarify, the  
44 licences are put out by the department. The department is  
45 the one who created the peak availability licences, okay,  
46 not IPART.  
47

1 MR BURRAGE: What I am trying to say is that that is  
2 precisely, I think, that you wanted - you wanted a licence  
3 for a Friday and Saturday or a Thursday, Friday and  
4 Saturday, which we did have but for some reason they were  
5 disbanded, obviously by the government department because  
6 they didn't think that they were economical or they  
7 didn't think --  
8  
9 MS F TOWERS: We have a history of all the different  
10 licences.  
11  
12 MR BURRAGE: Well, you have, yes.  
13  
14 MS TOWERS: We are aware of that.  
15  
16 MR BURRAGE: We had them, but they disbanded so they  
17 couldn't have worked before, so, you know.  
18  
19 MS TOWERS: We weren't designing the actual licence.  
20  
21 MR BURRAGE: Yes.  
22  
23 The other thing, just a humorous point of view, as far  
24 as the north bridge is concerned, I suggest all the drivers  
25 do what I do. When I go north, I tell the passenger he's  
26 got to pay the taxi fare - got to pay the return bridge  
27 toll - but I take their name and address. If I get a  
28 return fare I return the bridge toll to them, that's the  
29 60 per cent.  
30  
31 MR POLIMOS: Gee, you're a good bloke.  
32  
33 MR BURRAGE: I mean, it works. Perhaps we should all do  
34 that.  
35  
36 MR POLIMOS: In Manly Cabs on a radio booking, we don't  
37 charge the bridge toll if we're taking you back to the  
38 Northern Beaches.  
39  
40 THE CHAIRMAN: Would you like to say something, Greg?  
41 Greg, do you want to say something?  
42  
43 MR POLIMOS: I have plenty to say, but I will spare you  
44 this time. What I wanted to say - just one point - at  
45 these public meetings, these meetings that we had today and  
46 in the past, why doesn't the industry know about them?  
47 I talk to drivers and I say, "There is a meeting on today"

1 and they said, "What meeting? What are you talking about?"  
2 and having it at 2 o'clock, you want us to keep our cabs on  
3 the road at 2 o'clock at peak changeover time. I just  
4 parked my cab to be here. Last time I paid \$59; today  
5 I came prepared. Why aren't people finding out about these  
6 meetings? I'm sure if the industry found out, you'd have  
7 6,000, not six people here that drive cabs.

8 THE CHAIRMAN: Okay, thanks Greg. Up the back.

9 MR HIRSCH: Thank you. Ted Hirsch, taxi driver New South  
10 Wales association member.

11 Dr Boxall, last year you published dramatic findings  
12 from the CIE consultants, namely, that taxi drivers earn on  
13 average less than the minimum wage and that operators earn  
14 very little; and, thirdly, that the large bulk of IPART's  
15 fare increases over past years have been diverted into  
16 these costs. Astounding, dramatic findings - scandalous  
17 findings - the latter of which would suggest very strongly  
18 that the IPART fare review system is broken, has failed,  
19 completely almost. That is last year's report from IPART,  
20 but to date we have not heard anything about any of those  
21 three matters. My question is - why not? Because they are  
22 fundamental.

23 I compliment you on very interesting lively  
24 proceedings on all sorts of interesting things from  
25 Jennifer, Ineke, Fiona, and so on. I won't comment in  
26 detail, but, as has been remarked from a few quarters, what  
27 are the broad objectives? What, over the next five years,  
28 are the follow-ons and impacts? We are talking about more  
29 taxis and reduced taxi fares, et cetera, and reduced  
30 incomes, et cetera, but again within what context? For  
31 what reasons?

32 With those three critical dramatic findings from last  
33 year, based on the CIE consultant surveys, together -  
34 namely, less than minimum earnings for drivers, little  
35 earnings for operators and a diversion of the fare review  
36 increases into licence - if to that is added a  
37 clause concerning customers, prices and service, then  
38 I think, Dr Boxall, you would have an almost complete set  
39 of the context within which one can start to look at new  
40 ways, new structures for the taxi industry. At the moment  
41 I don't think that the discussions today, lively as they  
42 were and interesting - and with many of which comments

1 I totally agree - are in any form of context. We are  
2 floundering around, with interesting bits and pieces.  
3 My question, Dr Boxall, is: why have last years critical  
4 findings not been addressed?

5 SPEAKER FROM THE FLOOR: Hear, hear.

6 MR HIRSCH: Thank you.

7 THE CHAIRMAN: Thank you, Ted. Anybody else? Roy?

8 MR WAKELIN-KING: Thanks, Mr Chairman, I want to make  
9 a quick, if you like, point of clarification. We have twice  
10 here heard the term "scandalous". I want to ask those  
11 people, if they feel there is a need to bring inappropriate  
12 conduct to the attention of the appropriate jurisdiction,  
13 that needs to go to the body which is known as ICAC. The  
14 implication is that the government is enabling an industry  
15 to be scandalous. We clearly reject that, Mr Chairman, and  
16 we invite anyone, if they have any evidence on that, that  
17 they take it, they take it to that jurisdiction, they put up or  
18 they shut up. Thank you.

19 THE CHAIRMAN: Thank you, Roy. Does anybody else wish  
20 to make any further comments? Trevor?

21 MR BRADLEY: There is one other point that I would like to  
22 mention before we finish up. In straightforward terms,  
23 I believe that most taxi drivers and the TDA would support  
24 continuing with the taxi cost index as the basis. One  
25 thing we would wish IPART to do, which we believe they  
26 should have done - and it is what we wish them to do from  
27 now on in - is calculate the taxi cost index, but then  
28 please make the declaration that 50 per cent of that taxi  
29 cost index is reserved for drivers and, therefore, 50 per  
30 cent of the taxi cost index is the amount for the pay-in  
31 increase. Please make those sorts of statements. It is  
32 implied in the index modelling that was previously made and  
33 it's also that fifty-fifty is the basis of the contract  
34 determination. If you would just make that one change, it  
35 doesn't cost any money. There is no hassle about fares up  
36 and down, if you could just make that thing, that would be  
37 a significant adjustment if you were to do that, please.  
38 Thank you.

39 THE CHAIRMAN: Thanks, Trevor. We will have one last  
40 comment. We are just right at the finish time.

1  
2 MR RIDGE: Thank you very much.  
3  
4 I want to make one little comment about Kings Cross.  
5 A lot of the thrust of these policies is about solving the  
6 problem of too many people at Kings Cross at a bad time.  
7 I would make the comment that that is a social problem. It  
8 is not a transport problem. It doesn't matter what you do  
9 there, nobody will be happy. There are just too many  
10 people. They are too drunk. The normal crowd, if there's  
11 a big crowd at the football, is happy to queue up and buy  
12 their ice-creams and they just wait their turn to get it.  
13 Somehow, if people are up at Kings Cross and they have had  
14 too much to drink, they can't wait. If they were to use  
15 the normal parameters and behave like normal people, that  
16 problem could be overcome.

17  
18 In conclusion, I thank IPART for their integrity and  
19 for the opportunity to come here and say our piece. Thank  
20 you so much.

21  
22 THE CHAIRMAN: Thank you very much, Brian.

23  
24 Closing Remarks

25  
26 THE CHAIRMAN: May I thank you all of you for your  
27 comments today and for the discussion. We will consider  
28 what you have said today and we will take on board the  
29 other information on submissions which will be coming in,  
30 including from many of you.

31  
32 The submissions are due by 31 May. I remind you that  
33 we may not accept late submissions, so please try and get  
34 your submission in; otherwise we may not accept it - we may  
35 not be able to accept it.

36  
37 A written transcript of today's proceedings will be  
38 available on the tribunal's website within the week.

39  
40 Once again, thank you all for coming and I have no  
41 doubt we will see many of you next time. Thank you.

42  
43 AT 4.40PM, THE TRIBUNAL WAS ADJOURNED  
44 ACCORDINGLY

45  
46  
47