

Response to Questions on Notice
to the
NSW Legislative Council Select Committee
Inquiry into the NSW Taxi Industry

NSW Taxi Council

24 February 2010

Table of Contents

1	Introduction	1
2	Questions raised during the hearing on Tuesday 2 nd February 2010	1
2.1	From The Hon. Trevor Khan.....	1
2.1.1	Copy and date of submission to NSW T&I regarding Toll-Meter Interface.	1
2.2	From Ms. Lee Rhiannon.....	1
2.2.1	Changes in benchmarks and KPI (pick-up time) calculation between 1993 Interim Standards for Authorised Taxi-Cab Radio Communications Networks and the 2008 Network Services Standards.	1
2.3	From The Hon. Penny Sharpe	2
2.3.1	Types of Complaints made about Wheelchair Accessible Taxis	2
3	Additional Questions on Notice	3
3.1	From Mr. John Ajaka MLC.....	3
3.1.1	Standards for rural and regional taxi networks	3
3.1.2	Response to customer concerns regarding WAT bookings	3
3.1.3	Benefits of a Taxi Industry Safety Taskforce	4
3.1.4	Propensity of WAT passengers to book directly with drivers.....	4
3.2	From Mr. Trevor Khan MLC	4
3.2.1	Response to Mr Ernie Mollenhauer's statements regarding connection of EFTPOS to taxi-cab.	4
3.2.2	Response to Mr Mollenhauer's comments on Toll Meter Interface.....	5
3.2.3	Response to Mr Mollenhaur's comments on compulsory printed receipts.....	5
3.2.4	Premium Fares	6
3.2.5	NSW TDA Recommendation that Customers bid for fares.....	7
3.2.6	What is the cost of an average new taxi?	7
3.2.7	What is the type and style of Wheelchair Accessible Taxi's?	7
3.2.8	What is the cost of the vehicle of the various types and styles of wheelchair accessible taxis?	7
3.2.9	What is the conversion costs of the various types of and styles of wheelchair accessible taxis?	8
3.2.10	Can you identify what increase in fares would be required to compensate operators of moving to owning and operating wheel chair accessible taxis?.....	8
3.2.11	Would you provide details of what you say your premium fare service would entail and how that is different from the NSW Taxi Drivers Association Proposal?	8

1 Introduction

The following information is being provided in response to questions taken on notice during the hearing on 2nd February 2010 and additional questions on notice.

We have attempted to answer questions as fully as possible, but would be happy to provide further information if any queries remain, or further information is required.

2 Questions raised during the hearing on Tuesday 2nd February 2010

2.1 From The Hon. Trevor Khan

2.1.1 Copy and date of submission to NSW T&I regarding Toll-Meter Interface.

The NSW Taxi Council wrote to the Director-General of Transport on 21st April 2009 outlining the Council's support for the introduction of a toll-meter interface. A copy of that correspondence and an earlier letter relating to matters referred to are enclosed.

2.2 From Ms. Lee Rhiannon

2.2.1 Changes in benchmarks and KPI (pick-up time) calculation between 1993 Interim Standards for Authorised Taxi-Cab Radio Communications Networks and the 2008 Network Services Standards.

During the 2009 Review of Taxi Fares, IPART investigated the changes in the network standards and provided a table comparing the interim standards with the new standards. The following excerpts are taken from *The Final Report and Recommendations for the 2009 Review of Taxi Fares in NSW, June 2009* by the Independent Pricing and Regulatory Tribunal.

"Since the 2008 review was completed, Ministry of Transport has introduced new performance standards for urban networks. These standards replace the interim standards which had been in place since 1993. The new standards are largely similar to those in place previously, although some benchmarks have been changed and two new standards have been introduced.

The standards are summarised in Table 6.1.

Table 6.1 Comparison of previous and new taxi network standards

	<i>Previous standard</i>	<i>New standard</i>
<i>Call Centre</i>		
<i>Failed/ abandoned calls</i>	<i>No benchmark</i>	<i>No more than 5% of telephone calls received in a month</i>
<i>Calls answered within 1 min</i>	<i>70%</i>	<i>85%</i>
<i>Calls answered within 2 min</i>	<i>90%</i>	<i>98%</i>

Service Delivery		
<i>Pick up within 15 min</i>	85%	85%
<i>Pick up within 30 min</i>	98%	98%
<i>Pick up within 60 min</i>	100%	99%
<i>No car available (reliability)</i>	<i>No benchmark</i>	<i>No more than 3% of bookings in a month</i>

Note: Comments provided by the Ministry of Transport. Previous standards refer to the interim standards developed in 1993..”

The above table shows that the new standards introduced two new benchmarks, increased the standard for the two call centre standards and reduced the standard for pick-up times within 60 minutes from an unachievable 100% to 99%.

In relation to the basis for the pick-up time measures, IPART also responded to misleading claims made by the ATDA regarding the validity of the measures, as follows:

“In its submission, the ATDA suggested that the networks’ pick-up performance is misleading as, when measured as a percentage of bookings requested, the percentage of pick-ups within fifteen minutes is much lower than when measured as a percentage of booked pick-ups. While this is correct, the KPI is defined as a percentage of total pick-ups rather than as a percentage of bookings requested. The difference between the number of booking requests and the number of pick-ups includes cancellations, passenger no-shows, no car available and bookings offloaded. If all bookings requested are taken into account, the number of pickups which occur within fifteen minutes of a booking being made is only 64 per cent. While the ATDA suggests that the difference is a result of poor network performance, there may be a number of different factors contributing to this which may be outside of the networks’ control. For example, networks would have limited ability to reduce passenger no-shows, and bookings off-loaded may be a sign of better network performance as bookings are given to another network which may be in a better position to serve the passenger”

Source: *The Final Report and Recommendations for the 2009 Review of Taxi Fares in NSW, June 2009, IPART.*

In addition to the instances highlighted by IPART, there are other cases where no data is available, for example where temporary communication drop-outs or radio congestion prevents networks recording a pick-up time, these booking requests cannot be used to calculate an average pick-up time and it would be similarly misleading to calculate percentages on a base that includes cases where no data is available.

There have not been any changes in the way the pick-up time percentages are calculated. The service delivery standards have been strengthened through the introduction of a benchmark for bookings for which there is “no car available”.

The claims made by a number of witnesses about this issue, serve as typical examples of the way in which superficial and misleading statements, if given credence, can be used to deliberately create an impression of conspiracy or some form of subterfuge surrounding the taxi industry. We have relied on the independent analysis of IPART to support our explanation.

2.3 From The Hon. Penny Sharpe

2.3.1 Types of Complaints made about Wheelchair Accessible Taxis

Of the 31 complaints recorded in the centralised customer feedback management system (CFMS) relating to Wheelchair Accessible Taxi services in Sydney during 2009, 7 were for demanding more

than the authorised fare, 5 were for the taxi failing to arrive, 5 were for driving in an unsafe manner, 4 were for the taxi arriving late for a booking, 4 were for failing to provide reasonable assistance', 2 were for rudeness or incivility toward the passenger, 1 each were recorded for 'driver unable to understand directions', 'assault', 'refusal of hiring', 'condition of taxi'.

The above figures are based on total complaints lodged through the CFMS which includes complaints that may have been later found to be not justified.

During the same period 5 customers provided positive feedback complimenting taxi drivers for their exceptional assistance.

3 Additional Questions on Notice

3.1 From Mr. John Ajaka MLC

3.1.1 Standards for rural and regional taxi networks

The Interim Standards for Authorised Taxi-Cab Networks (February 1993) for networks in country areas currently apply to authorised networks outside the urban areas of New South Wales.

A copy of the country network standards is supplied with this response.

3.1.2 Response to customer concerns regarding WAT bookings

As indicated in our submission, the centralised booking service in Sydney (Zero200) goes to much greater lengths than other call centres in making every effort to ensure passengers who book WATs are picked up. This includes closely monitoring the progress of each booking, contacting WAT drivers directly to find drivers to accept individual bookings if problems arise, contacting the customer to keep them abreast of progress. These measures consume considerably more resources than dealing with non-WAT bookings.

Difficulties experienced by customers can also be caused by factors outside the control of the taxi industry. The type of wheelchair a customer uses can constrain the range of vehicles that can provide a service for that customer. The difficulties associated with trying to fit a very wide range of wheelchair types and sizes into the 'allocated space' defined by the Disability Standards for Accessible Public Transport were raised in our submission and acknowledged by other witnesses at the hearings, including Mr Dougie Herd. Constraints on the type of WAT that can serve a particular passenger will in many cases result in longer delays as the closest available WAT may not be suitable.

It is simply not possible to respond to customers' reports of problems regarding timely and reliable services where the customer does not provide details of when and where the alleged problem has arisen. In simple terms, Zero200 never gives up trying to obtain a WAT for any passenger that needs one. The NSW Taxi Council acknowledges that delays can occur at times, as can happen for any taxi passenger, but it would be extreme case for any WAT customer to not be picked up at all. By comparison, the network standards apply to all taxis and allow for up to 3% of bookings to have "no car available".

We refer to our original submission regarding the misnomer regarding the WAT Driver Incentive Payment. In lobbying for the payment, the NSW Taxi Council went to some lengths to explain that the payment is for work performed by WAT drivers when unloading and assisting passengers which is required by the regulations which also require the taxi meter to be stopped prior to unloading. We are unaware of any other government regulation that requires a person to work for nothing.

3.1.3 Benefits of a Taxi Industry Safety Taskforce

The Taxi Industry Safety and Security Task Force reported to the NSW Government during 2007. After investigating the safety culture and safety and security measures adopted in NSW, the Task Force acknowledged that the measures in place in NSW stood up well in comparison to any international jurisdictions.

The Task Force made a number of recommendations that essentially confirmed the course that the industry was already on and these recommendations have been or are being followed through. Further details are included in the NSW Taxi Council's submission to the inquiry.

Safety and Security are very high priority issue for the NSW Taxi Council and we welcome any objective review of the industry's safety and security initiatives. However given the industry's demonstrated history of leadership since the 1995 (confirmed by the 2007 report), we do not envisage any significant advantage in convening another task force to look into the issues involved.

3.1.4 Propensity of WAT passengers to book directly with drivers

The specific and special needs of WAT passengers are highly individual. Due to their heavy reliance on taxi services people who travel in wheelchairs often have quite regular, well-planned and predictable travel needs. This combined with a potential level of vulnerability that such customers can feel makes it attractive for passengers to find a WAT driver who works in their area, who becomes well-versed in their individual needs and preferences and who is willing to accept a regular pattern of work.

It is to be expected that WAT drivers who provide good service generate customer loyalty as happens in other industries. This is the principle reason why WAT passengers often prefer to travel with a particular driver.

3.2 From Mr. Trevor Khan MLC

3.2.1 Response to Mr Ernie Mollenhauer's statements regarding connection of EFTPOS to taxi-cab.

It appears that Mr Mollenhauer's only objections to the proposal relate to the amount of money received by taxi drivers.

Mr Mollenhauer stated: *"It would oblige us to use their equipment which...would render the Cabcharge empire all those service fees...Many drivers have their own equipment which provides some of the service fees to them"*

The proposal would require the use of equipment that is attached to the taxi-cab and which would therefore be need to be provided by the taxi operator. There would be no need for a taxi operator to choose to use Cabcharge equipment, as any supplier who met the requirements would be able to compete on equal terms. Some EFTPOS machines can now be connected to a range of different taxi-meters, so we presume there is nothing to stop other suppliers doing the same thing.

Mr Mollenhauer also objected on the basis of cost, whereas on his own admission many taxi-cabs have even more than one EFTPOS machine. So it would seem that the cost of the machines is not a deterrent to taxi drivers. Furthermore, another witness, Mr Cockburn, stated that Cabcharge does not charge for the supply of EFTPOS machines.

By reducing the amount of cash carried in taxi-cabs, the use of EFTPOS makes taxi drivers much safer and this has been a significant contributing factor in making taxi drivers in Sydney safer since the 1990s.

It is indeed very common for taxi drivers to be 'in credit' with the taxi operator at the end of the shift. Taxi operators reimburse taxi drivers in cash or by cheque at the end of the shift when the takings through the operator's EFTPOS machine are greater than the pay-in owed by the driver. Any operator who did not make such net payments at the end of the shift would be unlikely to attract drivers. It is noted that this evidence regarding the amount of takings through EFTPOS may contradict somewhat other statements made to the committee regarding drivers' earnings.

3.2.2 Reponse to Mr Mollenhauer's comments on Toll Meter Interface.

Mr Mollenhauer's comments and objections are based on the false assumption that a Toll-Meter Interface would use e-tag technology. As indicated during the hearing, we believe there are a range of reasons why an e-tag based device would not be suitable. Our submission makes no claims regarding the use of e-tags as toll-meter interface devices..

The NSW Taxi Council has obtained cost estimates for a device that has no interaction with the e-tag system and is based on GPS location of tolling points.

We are confident this would overcome all the objections raised by Mr Mollenhauer.

3.2.3 Response to Mr Mollenhaur's comments on compulsory printed receipts.

It is difficult to respond to the fact that Mr Mollenhauer and Mr Bradley apparently think that hand-written receipts that may bear little resemblance to what is displayed on the Meter and which may or may not contain the correct time and date of the journey or the correct taxi number, are sufficient to meet the expectations of customers. It is hard to believe that customers would be satisfied if major retailers adopted the same approach and provided a single figure on a receipt where they have purchased a range of goods, or if restaurants stopped providing itemised bills or if receipts did not identify the supplier of the service.

It seems this is the equivalent of what Messrs. Bradley and Mollenhauer think is acceptable.

It is true that drivers can enter extras, such as tolls, onto the taxi meter, but this rarely happens and we believe it does not overcome any doubts that passengers may have regarding the accuracy of any such charges.

Customers would benefit directly from a receipt that is guaranteed to include an accurate record of the taxi number along with the time and date of the journey as well as the other details included in our recommendation. This information will assist greatly in the recovery of lost property, and enable proper investigation of any disputes and proper allocation of customer feedback related to the journey.

It is not clear what additional expense Mr Mollenhauer is referring to, we understand that at least some service providers even provide the paper for printers in taxis free of charge.

It is unclear what substantive issues lie behind the objections.

We note that other witnesses to the Inquiry supported the recommendation including Mr Jools, a bailee taxi driver who stated:

"I do believe it is perfectly appropriate that every passenger should get a receipt that nominates the driver and the details and the fare".

And:

"I have a receipt, but I want to know which cab, which driver and what time".

3.2.4 Premium Fares

The premium service fee suggested by the NSW Taxi Council would maintain the current system of a regulated maximum fare, but would allow for two tiers of fare to be developed to allow the industry to offer, and customers to choose, a higher standard of service if desired.

The premium service fee could be applied as follows:

- Only applies to hirings booked through authorised taxi networks, so rank and hail fares for all taxis would remain the same and would not be affected.
- Customers would need to ring a separate "premium service taxi fleet" telephone number and be told about any premium charges prior to booking and be offered the opportunity to have their call transferred to a "non-premium" booking service.
- The fee would only apply to services provided by a superior type of vehicle (for example a long wheel-base vehicle) that is part of a designated premium service fleet.
- The premium fee would be regulated to a maximum (\$25 is proposed), authorised networks would be free to offer a range of service/price options below this maximum.
- The premium service fee could allow authorised networks to develop other types of premium service for example greater certainty and more information regarding pick-up times, might be able to be developed by authorised networks in response to customer preferences.
- The fee would be split between the taxi network and the taxi driver (and thence the operator) to cover additional costs of providing the service, for example: greater certainty about pick-up times and more information, monitoring of bookings, additional premium vehicle costs, additional drivers' waiting time costs etc.

3.2.5 NSW TDA Recommendation that Customers bid for fares.

This recommendation amounts to deregulation of taxi fares. Fare deregulation in other jurisdictions around the world has resulted in fare increases.

Furthermore, such a policy would result in services being provided to people on the basis of their ability and willingness to pay. This would undermine the public transport service that the taxi industry is able to provide with regulated fares.

The papers by Prof. Des Nicholls supplied with the NSW Taxi Council submission confirm that conventional economic arguments indicate that the necessary conditions for a competitive environment do not exist in the taxi rank and hail sectors for various reasons. These arguments support the regulation of fares in these markets.

For booked services, customers in NSW are already free to negotiate fares with private hire vehicles in a deregulated environment so there is nothing inhibiting the supply of such services to the public. There is no reason therefore to deregulate taxi fares in the public interest.

3.2.6 What is the cost of an average new taxi?

Most taxis in NSW are Ford Falcons.

The NSW Taxi Council has been informed by a Ford dealer in Sydney that the list price for a new Ford Falcon (including fleet discount) is \$35 190. A non-LPG model has been chosen for comparison with non-LPG WAT vehicles.

The price provides some guidance on a basic new vehicle cost. It is difficult to define "average vehicle costs" as most dealers are willing to negotiate.

Furthermore, most vehicles converted for use as taxis are purchased second-hand and are retrofitted with LPG.

3.2.7 What is the type and style of Wheelchair Accessible Taxi's?

There are a range of vehicles that can be converted to wheelchair accessible taxis, there are also a range of conversion options including capacity for between 1 and 3 wheelchairs.

The most common models currently used for wheelchair conversion in NSW are: Toyota Hiace Commuter, Toyota Tarago and Kia Carnival.

3.2.8 What is the cost of the vehicle of the various types and styles of wheelchair accessible taxis?

Vehicle costs are approximately \$47 000 for a (petrol) Tarago and \$46000 (petrol) to \$50 000 (turbo diesel) for Toyota Commuter. Kia Carnival Grand has been quoted at \$40 000.

Vehicle and conversion total cost ranges from a low of \$64 000 for a petrol Toyota Hiace, to \$91 000 for a stretched Toyota Tarago.

The above comparison only includes some of the basic start-up costs and is highly simplified to try and provide a very basic comparison. Clearly the actual cost to a taxi operator will include running costs including fuel, maintenance, repairs and down-time, which can vary very

significantly for different vehicle types. These are not accounted for the up-front costs for the different types of vehicle. Because taxis travel such long distances each year, running costs are a very significant factor.

There are additional costs to WAT taxi drivers in fuel and forgone fare revenue due to the reluctance of some passengers to use wheelchair accessible taxis and who will walk past a WAT to get into a sedan at taxi ranks.

3.2.9 What is the conversion costs of the various types of and styles of wheelchair accessible taxis?

The NSW Taxi Council asked all the major conversion companies in Sydney for quotes. The quotes provided for the most common conversions range from a minimum of \$18 000 (with additional options), to \$21 000 for a two-wheelchair capacity Toyota Hiace Commuter, \$20 000 to \$41 000 for a single-wheelchair capacity Toyota Tarago and \$22 000 for Kia Grand Carnival.

3.2.10 Can you identify what increase in fares would be required to compensate operators of moving to owning and operating wheel chair accessible taxis?

Except in areas where operators are paid on commission, all the revenue from taxi fares goes to taxi drivers.

For an operator to be compensated from increased taxi fares then pay-ins would need to increase. This would be extremely difficult to achieve in practice. Many taxi drivers would prefer not to drive a WAT because it is generally considered that these vehicles have a lower earning capacity due to passengers' preference for sedans, as well as higher fuel costs. Given these circumstances it is not clear how operators could be compensated through higher pay-ins for a vehicle that has a lower earning capacity.

The revenue impact of fare increases is also affected by the loss of passengers due to taxis becoming less cost competitive. This results in a loss of some customers to competing forms of transport such as private hire vehicles, tourist vehicles, private vehicles, and other forms of public transport.

Given the above circumstances it is difficult to see how operators could be compensated through an increase in taxi fares in moving to provide a wheelchair accessible taxi in practice.

Additional costs of owning a operating the vehicle would also need to be considered, the NSW Taxi Council does not have information to hand on the extent of these costs for different vehicle types.

3.2.11 Would you provide details of what you say your premium fare service would entail and how that is different from the NSW Taxi Drivers Association Proposal?

The premium service fee proposed by the NSW Taxi Council would maintain the current system of a regulated maximum fare, but would allow for two tiers of fare to be developed to allow the industry to offer and customers to choose a higher standard of service if desired.

The premium service fee could be applied as follows:

- Only applies to hirings booked through authorised taxi networks, so rank and hail fares for all taxis would remain the same and would not be affected.
- Customers would need to ring a separate “premium service taxi fleet” telephone number and be told about any premium charges prior to booking and be offered the opportunity to have their call transferred to a “non-premium” booking service.
- The fee would only apply to services provided by a superior type of vehicle (for example a long wheel-base vehicle) that is part of a designated premium service fleet.
- The premium fee would be regulated to a maximum (\$25 is proposed), authorised networks would be free to offer a range of service/price options below this maximum.
- Other aspects of the premium service, for example greater certainty and more information about pick-up times, could be developed by authorised networks in response to customer preferences.
- The fee would be split between the taxi network and the taxi driver (and thence the operator) to cover additional costs of providing the service, for example: greater certainty about pick-up times and more information, monitoring of bookings, additional premium vehicle costs, additional drivers’ waiting time costs etc.

It is our understanding that the NSW Taxi Drivers Association has proposed de-regulating fares which would result in all taxi services being provided to the highest bidder. This bears no relation to the scheme described above which maintains regulated maximum fares for all taxi services.