



**Transport &  
Infrastructure**

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The Hon John Ajaka MLC  
Committee Chair  
Select Committee Inquiry into the NSW Taxi Industry  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Ajaka

**Responses to Questions on Notice**

I refer to the Select Committee's email dated 7 April 2010, requesting responses to questions taken on notice from the 31 March 2010 hearing of the Select Committee of Inquiry into the NSW Taxi Industry. NSW Transport and Infrastructure's response is attached.

As invited, I have also taken the opportunity to provide some additional information which may assist the Committee with its Inquiry.

I have no corrections to make to the transcript.

Yours sincerely

**Les Wielinga  
Director General**

28.04.10

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## **Select Committee Inquiry into the NSW Taxi Industry**

### **Additional questions taken on notice: 31 March 2010**

From Mr Ajaka:

1. *The Committee notes that under the recent changes to the Passenger Transport Act 1990, the Director General must, by 31 March 2010, determine the number of annual taxi licences (except for WAT licences) to be released in Sydney for the year commencing 1 July 2010. Are you able to update the Committee on the progress of this year's licence release?*

**A:** On 30 March 2010, the Director-General determined that 167 "growth" licences would be issued for the period 1 July 2010 to 30 June 2011, along with 149 licences to replace licences that will expire in that 12 month period. Replacement licences will be like for like. For example, a time-restricted peak availability licences will be replaced by another peak availability licence.

Of the 167 growth licences, 90 will be available only to drivers who are (or have applied to become) operators. This is based on the number of drivers who applied as part of the initial release of 100 licences and who bid prices in a competitive (rather than opportunistic) bid range.

The remaining licences will be available to all applicants, including taxi drivers. This decision was based on PricewaterhouseCoopers' (PwC) advice that, given that 90 of the "growth" licences would be available to drivers only, there was no need to further restrict the numbers of licences for which an applicant – or related applicant – could bid, and that market forces should be allowed to operate.

The determination was informed by analysis undertaken by PwC of the range of factors the Act requires to be taken into consideration, including demand for services and industry sustainability. A copy of the determination and the PwC report is available on the NSW Transport and Infrastructure website.

In accordance with the changes passed by Parliament in November 2009 – and which took effect from mid-December 2009 – prices for these licences will be set by the market.

The process for the release of these licences will be announced shortly. In this regard, it is worth noting that, under the changes to the Act, new licences cannot be issued before 1 July each year, but may be issued after that date.

2. *In regards to the Nexus scheme licences:*

- a) *Are the Nexus licences (meaning both the standard and WAT licences) perpetual licences, or is their operational status assessed at certain times? If the licences are not perpetual, what are the*

***timeframes for the assessment of the operational status of the standard and WAT licences?***

**A:** The 80 "nexus" and WAT licences issued in the 1980s are perpetual licences and the 12 pairs of nexus and WAT licences issued in October and November 1990 are ordinary licences under the *Passenger Transport Act 1990*. This means that the ordinary licences may be renewed, subject to having met all conditions of the licence, on payment of any administrative charge authorised by the Regulation.

***b) Has NSW Transport and Infrastructure considered requiring that the recipients of the Nexus licences return those licences to NSW Transport and Infrastructure for re-issue through a competitive process?***

**A:** As discussed in the Deloitte Touche Tohmatsu (Deloitte) report of February 2007, an option for future cancellation of the "Nexus Scheme" by removal of nexus licences presented a number of issues, including:

- impacts on the continued provision of standard taxi and WAT taxi services for passengers;
- impacts on lessee operators and drivers;
- equity concerns, particularly those which paid to buy nexus licences when transferred.

The follow-up Deloitte report of 2009 further examined options for future management of these licences, taking into account legal advice received from the Crown Solicitor's Office. Options considered included converting all nexus and associated WAT licences to non-transferable licences and rescinding the licences.

In balancing the range of issues identified in Deloitte's report, the Government also took into consideration the fact that:

- The issue of these licences in the 1980s and 1990 was a legitimate policy response available to the Government of the day to support the provision of WAT services.
- Because of (possibly unintended) consequences of the introduction of the *Passenger Transport Act 1990*, conditions of licences prohibiting transfer were overridden by the legislation and any "windfall gain" realised by licence holders was, thus, sanctioned by law and a refusal to permit transfers would have been beyond power.
- There was no public benefit in removing these licences from operation, given that one of the key objectives of licence reform was to improve services to passengers (including WAT passengers). In particular, WAT operators and drivers tend to build a clientele of regular passengers and these passengers would have been especially disadvantaged if an existing WAT licence was removed from operation.

On this basis, the Government brought a proposed approach to dealing with nexus licences to Parliament in October 2009 and those changes took effect on 14 December 2009.

***c) Has NSW Transport and Infrastructure considered requiring the recipients of the Nexus licences to retrospectively pay for the licences, or provide financial compensation to the Government for their use?***

**A:** NSWTI obtained Deloitte's advice on options for future management of the licences, taking into account legal advice received from the Crown Solicitor's Office. This included the question as to whether any compensation or "back taxes" are owed by licence holders. Deloitte concluded, having reviewed the legal advice, that no compensation or back fees are owed.

Parliament would need to grant specific powers for NSWTI to be able to require existing licence holders to pay for these licences.

As noted previously, the Government's proposed approach to dealing with nexus licences was contained in the licence reform Bill introduced to Parliament and these measures were supported by the Parliament in their original form.

***3. Several submissions have suggested that a universally accessible taxi should be introduced in NSW to ensure parity in services for wheelchair and non-wheelchair users. Has NSW Transport and Infrastructure considered the introduction of a universally accessible fleet?***

**A:** The NSW Government supports the provision of WAT services in many ways including:

- Making low cost (\$1,000 per annum) WAT licences available in metropolitan areas and at no charge in country areas;
- Providing interest free loans for WAT vehicles in country areas;
- Covering the cost of WAT driver training and the WAT driver incentive payment scheme from operator accreditation renewal fees; and
- Establishing stringent compliance requirements for operating a WAT in accordance with the licence conditions.

These actions have contributed to continuing strong growth in the WAT fleet in NSW, with 512 WATs now in Sydney and 743 WAT taxis in NSW. Since July 2005, the number of WATs has increased by 76% in Sydney and by 56% across NSW. In the last year alone, the number has increased by 10% in Sydney and by 8% in NSW. As a result, NSW has one of the largest WAT fleets in Australia.

Increased availability of WATs, combined with strong compliance action, has resulted in continued improvements in the average response times for WATs. The NSWTI submission to this Inquiry details the improvements that have been achieved in recent times.

The feasibility of introducing a universally accessible taxi fleet was specifically considered during the work of the WAT Taskforce and the issues considered are set out in the Taskforce's reports, which are available on the NSWTI website ([www.transport.nsw.gov.au/taxi/reports](http://www.transport.nsw.gov.au/taxi/reports)).

Existing demand for WAT services does not demonstrate the need for a fully accessible taxi fleet at this time.

The cost of introducing a universally accessible fleet is conservatively estimated to be over \$174 million for the current fleet, at an additional cost of \$30,000 per taxi. This substantial cost must ultimately be borne by all taxi passengers through increased fares or by the NSW Government. Recognising that this cost is not economically efficient to require a universally accessible taxi fleet, the Commonwealth's *Disability Standards for Accessible Public Transport 2002* do not require a fully accessible fleet or a percentage of fleet, as it did for other fixed route transport modes, but set a performance outcome of equal response times.

**4. Several submissions have noted that the current value of the subsidy provided to permanently disabled passengers by the Taxi Transport Subsidy Scheme does not adequately cover the increasing costs of taxi transport. Has NSW Transport and Infrastructure considered increasing the value of the subsidy?**

**A:** Under the Taxi Transport Subsidy Scheme (TTSS), the subsidy paid is half (50%) of the fare charged, up to a cap of \$30 per trip. The subsidy rate is paid at 50% of the fare regardless of changes in taxi fares and, while capped at \$30, the cap is rarely exceeded.

The average subsidy paid for all TTSS trips is currently \$11.76 (less than half of the \$30 subsidy cap), which indicates that the average fare being subsidised is \$23.52.

The equivalent figure for M50 users (those participants who require a wheelchair accessible taxi) is an average subsidy payment of \$14.90, equating to an average fare of \$29.80. Again, this is just under half the \$30 maximum which can be claimed. For "M40" users – those participants who can use a standard taxi – the average subsidy per trip is \$10.63.

These figures suggest that the Scheme provides an adequate level of subsidy for the taxi transport costs of the majority of participants. It should also be noted that NSW is one of the few States which does not place a limit on the total number or value of trips which can be subsidised.

**5. In regards to the proposal to develop a card-based system for the Taxi Transport Subsidy Scheme:**

**a) Are you aware if similar card-based systems operate in other States or Territories? If yes, where? Which company provides the technology for these systems?**

**A:** Victoria, Queensland and, most recently, the Northern Territory, have implemented a card-based system. Cabcharge provides the core communications and data processing technology for these services, in each case. NSWTI understands that, in Victoria, there is a non-exclusive contract, which enables the Government to engage other service providers to deliver card based subsidy payments. Also, in Victoria, the supply and distribution of the cards is provided to the Government by Giesecke & Devrient Australasia Pty Ltd.

**b) Has consideration been given to enabling the cards issued in NSW to be used in other States or Territories?**

**A:** Interstate compatibility is something that has been considered by NSW Transport and Infrastructure. It should be noted that the card-based systems in the other States are not compatible with each other, despite all being provided by Cabcharge. In conducting the previous process – and in entering into any fresh process for a electronic payment system – NSW Transport and Infrastructure's focus is on procuring a workable solution to meet NSW's particular requirements, taking into account the lessons learnt in other jurisdictions.

To include interstate compatibility as a requirement for any procurement process for a TTSS smartcard system would introduce significant additional complexity and render this project dependent upon external factors outside NSW's direct control.

Currently, all the States and Territories honour each others' equivalent taxi transport subsidy schemes by providing interstate travel vouchers, on request, for their residents when visiting interstate. These arrangements will continue to operate for the foreseeable future.

**c) Some inquiry participants have raised concerns that if Cabcharge is the successful tenderer to provide the card-based system, the use of the cards will be restricted to Cabcharge EFTPOS terminals. Is it intended that it will be possible to use the card in all EFTPOS terminals, similar to a Visa or MasterCard?**

**A:** NSWTI notes these concerns and is in the process of considering options for the procurement of a new system. As previously noted, these options include publishing a fresh Request for Tender.

## **Additional information:**

### **1. Nexus Licences**

In evidence before the Committee on 3 February, Mr Michael Jools indicated that he believed that there may have been corrupt conduct in the administration of nexus licences.

NSWTI believes that this issue has been properly investigated and notes that no evidence of corrupt conduct was found. I have, however, written to the Independent Commission Against Corruption to bring the Commissioner's attention to Mr Jools' statement, as well as action taken to investigate and resolve this issue.

### **2. How Network Standards are Measured**

In evidence, it was suggested that the new taxi network authorisation standards, which took effect from 1 July 2008, set lower benchmarks than the interim standards previously in place. The new standards are, however, set at the same or a higher standard of performance, with two new measures (being "Failed or abandoned booking calls" and "No cars available").

<b>Comparison of previous and new Taxi Network Standards</b>			
	<b>Previous Standard</b>	<b>New Standard</b>	<b>Comment</b>
<b>Call Centre:</b>			
Failed/abandoned calls	No benchmark	No more than 5% of bookings/month	New standard
Calls answered within 1 min	70%	85%	Higher standard
Calls answered within 2 min	90%	98%	Higher standard
<b>Service Delivery:</b>			
Pickup within 15 min	85%	85%	No change
Pickup within 30 min	98%	98%	No change
Pickup within 60 min	100%	99%	More realistic
No Car Available (reliability)	No benchmark	No more than 3% of bookings/month	New standard

These standards were set at levels which were considered, following audits of networks' KPI reports, to be realistic and attainable - while requiring improved performance by some networks in some KPI measures. Definitions for each of the Key Performance Indicators are published in the network standards on the NSWTI website.

In addition, the standards now cover the Central Coast Local Government Areas of Gosford and Wyong, which were not previously covered by the Metropolitan network standards.

### **3. Shift Changeover Arrangements for WATs**

In evidence, some concerns were raised about conditions of WAT licences that impact on changeover.

Licence conditions for WAT taxis require the licence holder to ensure that the cab is available for hire between the hours of 12 midday and 5pm on any day and provides that driver changeover is not permitted within this time.

WAT drivers may changeover anytime before or after these hours but may not change shifts during this period due to the high demand for WAT services at this time of day. Some of this demand relates to transporting school children with disabilities under the Department of Education and Training's School Student Special Transport Scheme. Reduced availability of WATs at this time would impact significantly on other WAT passengers.

This licence condition is an example of how NSWTI seeks to maximise the availability and activity of each of the growing numbers of WATs in the taxi fleet – in return for the significantly discounted annual licence fee of \$1,000. Ensuring that shifts are changed only before or after the peak afternoon period is considered a reasonable requirement for meeting WAT passenger needs.

### **4. Recent Licence Tender and Access by Drivers**

A suggestion was made in evidence that the process for tendering the initial release of 100 new annual licences for the Sydney Metropolitan Transport District was not transparent.

The tender process followed NSW Government Tendering Guidelines and a probity advisor was used throughout the process. All tender documents will be open to the usual audit practices.

### **5. Compliance With Disability Standards**

In evidence, it was suggested that NSWTI may not be complying with the Commonwealth's *Disability Standards for Accessible Public Transport 2002*. These standards place responsibility for compliance with the taxi standards on the taxi industry via networks and cooperatives.

However, the NSW Government has implemented a range of initiatives – outlined previously – which are aimed at helping the industry to meet its responsibilities.

It should be noted that the Allen Consulting Group's draft January 2008 report of the review of the Disability Standards reviewed the supply of WAT taxis and their response times across jurisdictions. While noting that the NSW Government's submission reported longer average response time for WATs than for a standard



taxi services in March 2007, the Allen's report also noted that NSW was the only state able to provide response time data for both standard and WAT services.

The draft Allen report also noted that the number of WATs available will be a key factor impacting on response times and that in 2007, there were 407 WATs in Sydney and 622 in NSW.

As noted previously, strong growth in the WAT fleet and other initiatives have contribute to significant improvements in response times.

## **6. WATs' Compliance With Vehicle Standards**

In evidence, it was suggested that WAT vehicles licensed by NSWTI may not meet the requirements of the Commonwealth's *Disability Standards for Accessible Public Transport 2002*.

The Commonwealth's Standards include requirements in relation to footprint and headroom requirements, doorway dimensions and boarding ramps.

The Wheelchair Accessible Taxi Measurement Protocol published by NSWTI in December 2008 is in line with these Standards. An engineer's certificate of compliance with the Commonwealth Standards is required and has been provided in relation to all WATs licensed by NSWTI.

However, NSWTI appreciates that the Standards need to be reviewed and updated from time to time. In this regard, NSWTI notes that the 2002 Standards are currently the subject of a 5 year review currently being undertaken by the Commonwealth.