

UNCORRECTED PROOF
REPORT OF PROCEEDINGS BEFORE

SELECT COMMITTEE ON THE NSW TAXI INDUSTRY

INQUIRY INTO NSW TAXI INDUSTRY

At Sydney on Wednesday 31 March 2010

The Committee met at 1.15 p.m.

PRESENT

The Hon. J. G. Ajaka (Chair)

The Hon. G. J. Donnelly

The Hon. T. J. Khan

Ms L. Rhiannon

The Hon. P. G. Sharpe

CHAIR: Welcome to the fourth public hearing of the inquiry into the New South Wales taxi industry. Before we commence I will comment on procedural matters. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee the media must take responsibility for what they publish or for the interpretation they place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available from the Committee secretariat. Committee hearings are not intended to provide a forum for people to make adverse reflections about specific individuals. The protection afforded to Committee witnesses under parliamentary privilege should not be abused during these hearings. Therefore, I request that witnesses avoid the mention of individuals unless it is essential to address the terms of reference.

I welcome everyone in attendance today at this public hearing. I remind all members of the public gallery to not attempt to participate in the hearing by way of comment or interjection during the witnesses' evidence. The Committee will have no option but to clear the public gallery if the hearing is interrupted or disrupted. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. I also remind everyone to please turn off mobile phones. Simply putting them on silence interferes with the Hansard recording equipment. I welcome our first witness, Mr Reginald Kermodé, Chairman and Chief Executive Officer of Cabcharge Australia.

REGINALD LIONEL KERMODE, Chief Executive Officer and Chairman, Cabcharge Australia Limited, 152-162 Riley Street, East Sydney, sworn and examined:

CHAIR: Mr Kermode, would you identify your job title and employer and indicate if you are appearing in the capacity of a representative of any organisation?

Mr KERMODE: I am Chairman and Chief Executive Officer of Cabcharge Australia Ltd and I am appearing in that capacity.

CHAIR: Would you like to make an opening statement before you the Committee members ask you questions?

Mr KERMODE: Yes, I would appreciate that opportunity, Mr Chairman and your fellow members of the Committee. I would like to have the opportunity to state publicly that at no time have I rejected the offer that you made to me to appear before this Committee. I had some difficulties with it, which I wrote to you prior to getting any legal advice. I wrote myself personally to you as Chairman of the Committee my views concerning my thoughts about appearing before the Committee given that I had some issues with some other legal matters. I have a great respect for the parliamentary system and the committee system involved in this hearing. As a matter of fact, I have been looking forward to appearing before the Committee to put a number of misconceptions about myself and about the industry hopefully to bed once and for all. There have been a lot of misrepresentations made about me, which are being dealt with before the Supreme Court. I have some other matters between our company and the ACCC [Australian Competition and Consumer Commission] that are before the Federal Court at the present time.

I am obviously privy to all the documents in regard to those matters. I have given an undertaking to the Federal Court of confidentiality in regard to those issues and I have to ask you to expect me to respect that undertaking that I have given to the Federal Court in regard to the confidentiality of those particular matters. I also ask you to recognise the fact that my matters that are currently before the Supreme Court of New South Wales in regard to defamation proceedings and aggravated damages against the *Sydney Morning Herald* and Mr Linton Besser and consideration of others are still under consideration and that I do not wish to prejudice any of those matters by this hearing. I also wish to apologise for my voice. I have had a virus and if I do not project myself very clearly I ask the Committee to understand that. I think I am a normal human being and I think I have a generally gentle approach to life and would hope that I could be of some help to the Committee in the spirit of the inquiry.

CHAIR: Thank you very much. In relation to one of the matters you raised in regard to questions, I will deal with that as and when questions have been asked of you, if it is necessary to make a ruling. It has been determined that the Opposition will ask questions, then the crossbench and then the Government, initially at intervals of 20 minutes.

The Hon. TREVOR KHAN: Mr Kermode, you have referred to the undertaking you have given to the Federal Court. Was that given orally or in writing?

Mr KERMODE: I have signed agreements to the Federal Court.

The Hon. TREVOR KHAN: Do I take it that the undertaking you gave was a written document agreed between your lawyers, Pigott Stinson, and lawyers acting on behalf of the ACCC?

Mr KERMODE: Yes.

The Hon. TREVOR KHAN: Are you able to provide us with a copy of that undertaking?

Mr KERMODE: I would have to get my legal advisers to comment on whether I am able to or not. I am not in a position to make a judgement on that.

The Hon. TREVOR KHAN: You are aware, are you not, that regarding some matters relating to the proceedings between Cabcharge and the ACCC a statement of issues dealing with the matter broadly is available on the internet?

Mr KERMODE: I am, yes.

The Hon. TREVOR KHAN: At least as far as your undertaking is concerned, I take it that you are not prevented from dealing with the substance of the claims made by the ACCC as opposed to the specific evidence upon which it relies?

Mr KERMODE: I do not think I have any difficulty answering any questions. I may be a little slow in thinking about giving a response to a particular question.

The Hon. TREVOR KHAN: That is a different issue. I take it that your undertaking relates to the myriad affidavits—many dozens—that have been filed by the ACCC?

Mr KERMODE: Yes, it is quite interesting in that they are still flowing in. I saw the latest one yesterday with the full expectations of the Federal Court that we were to receive the last affidavit on 18 December 2009.

The Hon. TREVOR KHAN: These things happen. You have until a date in June or July by which to respond to those, is that right?

Mr KERMODE: Yes. We are getting a rather compressed time frame for our response.

The Hon. TREVOR KHAN: The answer is "Yes" that it is June or July that your response has to be in by, is that right?

Mr KERMODE: As we stand at this point of time.

The Hon. TREVOR KHAN: Do I take it that Cabcharge essentially derives its income from the service fee it charges on the Cabcharge EFTPOS Fareway System?

Mr KERMODE: The large proportion of it would be in relation to the charges associated with that, but it has other sources of revenue at the same time, various streams of revenue, which are disclosed in the annual accounts of Cabcharge.

The Hon. TREVOR KHAN: But the real substance of Cabcharge's income comes from the 10 per cent charge on its EFTPOS Fareway System, is that right?

Mr KERMODE: Well, not necessarily on its EFTPOS system. There are two systems. There is the electronic payment system and there is a manual payment system as well. So, it is not just all electronic. Electronic is only a more recent innovation. For the record, prior to the commencement of Cabcharge all taxi groups had their own systems and always charged 10 per cent. That was prior to Cabcharge. That was not an innovation of Cabcharge or myself.

The Hon. TREVOR KHAN: Mr Kermode, I do not want to restrict you from answering, but do not presume where I am going; we will get there slowly. The system that you or your company operated some years ago was the blue Cabcharge docket system, was it not?

Mr KERMODE: My company operated, yes. It was a financial service provider to the whole of the taxi industry across Australia, not just particularly for our company.

The Hon. TREVOR KHAN: That is right. A company would set up an account with you and the employees of that company would jump into a taxi and produce a blue Cabcharge docket, which would be filled out and presented to the driver at the end of the trip. That was how it used to work, was it not?

Mr KERMODE: That is correct, yes.

The Hon. TREVOR KHAN: In due course the blue docket was returned to your company, entered into the books and at the end of the month or the following month the company would receive a bill of the amount of the taxi fares, charges and the like plus 10 per cent?

Mr KERMODE: Not always. That goes back to when Cabcharge started. It was a reciprocity arrangement between the States. New South Wales started it and we utilised reciprocity facilities with Victoria, South Australia and Queensland at that particular time. They were responsible for their own operations, not Cabcharge. Only as things grew and evolved did the present system arise.

The Hon. TREVOR KHAN: The 10 per cent charged essentially was a service or financing charge that was applied by Cabcharge for the provision of the credit facility, was it not?

Mr KERMODE: You keep referring to Cabcharge, and I respect that. The service fee of 10 per cent has always been charged by the taxi industry and to this day there are taxi companies that run account systems quite separate to Cabcharge under which I understand they still charge the 10 per cent. So, it is not just something that is restricted to Cabcharge. That is a misstatement of you.

The Hon. TREVOR KHAN: Mr Kermode, with respect, the 10 per cent was a service fee charged for the provision of a credit facility on the presentation of the chit or Cabcharge docket, was it not? It is a simple question?

Mr KERMODE: The answer is yes to that, but with the proviso I made.

The Hon. TREVOR KHAN: In due course you moved from the system of the chit or docket to an electronic payment system, is that right?

Mr KERMODE: That is correct.

The Hon. TREVOR KHAN: When were the first EFTPOS machines installed in taxis in New South Wales?

Mr KERMODE: I think late 1999/2000.

The Hon. TREVOR KHAN: Were those EFTPOS machines installed all at the one time or were they rolled out over a period of time?

Mr KERMODE: Rolled out over a period of time.

The Hon. TREVOR KHAN: Were they rolled out to particular networks at the same time or one after another?

Mr KERMODE: No. At that point in time there were about 15,000 cabs in the system and I think there was a progressive roll out across Australia.

The Hon. TREVOR KHAN: We are talking about New South Wales and that is where my question was directed. Did you roll them out first to, for instance, Combined Taxis?

Mr KERMODE: No, I think they were rolled out initially to the people involved with Cabcharge. The electronic system was rolled out to all the cabs in Sydney that were part of the Cabcharge system. Originally there were two account systems in Sydney: Cabcharge and Taxi Credit. Taxi Credit eventually folded into Cabcharge. All of the taxi companies—certainly those in the metropolitan area of Sydney—would have had the EFTPOS system rolled out to them more or less on a simultaneous basis.

The Hon. TREVOR KHAN: Do I take it when you talk about the other company that provided a credit facility that Cabcharge bought it out?

Mr KERMODE: We bought its ledgers because that was part of the arrangement we entered into.

The Hon. TREVOR KHAN: When was that?

Mr KERMODE: It occurred progressively over a great number of years. At one time prior to our going public, I think we had about 18 people on the board of Cabcharge, all of whom represented various taxi companies across Australia.

The Hon. TREVOR KHAN: Do I take it that once you rolled out the EFTPOS machines into the cabs you moved from a position whereby instead of simply providing a credit facility to companies you then had people jumping into taxis and producing their debit and credit cards to be used in those machines?

Mr KERMODE: They were always able to do that under the old system. When we had a manual system, we entered into our first arrangement with a third party card issuer in 1980. That issuer asked to be part of the Cabcharge system. They wanted their credit cards available to their customers to be used in taxis. That company accepted the fact of the 10 per cent surcharge, which was unusual for them at that time. However, they wanted to provide that service to their customer base. Subsequent to that, we had the other credit cards. MasterCard was first, and then Visa. Subsequently Visa withdrew and came back again after a period of time. Customers were always able to use the old click-clack machines, as we called them. That involved a different form of docket. It was known in the industry as the "green docket".

The Hon. TREVOR KHAN: Visa was resistant, was it not, to the 10 per cent surcharge, describing it as unusual throughout the world?

Mr KERMODE: Yes. It goes back to the Reserve Bank of Australia/Australian Competition and Consumer Commission review into surcharging. The draft report came out in about 2000. I recall the finding was that surcharging was in fact a good thing and it was of value to the community. It was seen to be in the public interest for surcharges to apply.

The Hon. TREVOR KHAN: Let us be frank, it is a bit different from charging 1 per cent or 2 per cent on the operation of a card, as happens in a restaurant or shop, and 10 per cent when you jump into a taxi. That is the bottom line.

Mr KERMODE: I think you are in a different environment and you are trying to compare apples with oranges.

The Hon. TREVOR KHAN: That is very true. Yours is a controlled industry and you are essentially the only supplier of the credit facility.

Mr KERMODE: We also have a regulated fare structure. We do not have the right to increase our fares beyond the regulated service fee set by the Government or the regulator from time to time.

The Hon. TREVOR KHAN: You are mixing two things: your role as a provider of taxis and your role as the provider an EFTPOS machine that skims 10 per cent off the passenger who produces a plastic card. That is two different issues.

Mr KERMODE: With respect, I think you are mixing things more than we are. From our perspective, only a percentage of fares are charged to credit cards in any case. That is obviously an increasing percentage.

The Hon. TREVOR KHAN: Between one-third and one-half.

Mr KERMODE: It is certainly not the percentage referred to in a program broadcast by ABC on Wednesday night by some theorist, professor or whatever he was in regard to what he considered to be the fares charged. It was certainly not to that level. People have always had the right and still have the right to pay cash. That is the customer's choice. We always sought clearance and everything we did was subject to review by the Australian Competition and Consumer Commission [ACCC]. Every merchant service agreement was approved and run by the ACCC. It was clear that what we were doing was cleared by them. We make no apology for that. You are talking about a totally different environment from some fixed unit in a store or restaurant as compared to the taxi environment, which is a pretty harsh environment spread the length and breadth of Australia. There are a heck of a lot of costs associated with the maintenance and what not of that equipment.

The Hon. TREVOR KHAN: Sure.

Mr KERMODE: I also think you are generally unaware of and are taking for granted the range of fees and the costs associated with that. First of all, there are communication fee costs, transaction fee costs and obviously the bank and operational costs associated with it. It is not all the honey and bees people like to think it is.

The Hon. TREVOR KHAN: How many other EFTPOS providers have you allowed to use their cards in your machines?

Mr KERMODE: None. Our system does not provide—

The Hon. TREVOR KHAN: None.

Mr KERMODE: Are you going to give me the chance to answer?

The Hon. TREVOR KHAN: Yes.

Mr KERMODE: The answer is that none can use the Cabcharge machine, but any cab owner can install any type of machine they want in their cab. We have no means of preventing that competition. There is a lot of competition at the moment.

The Hon. TREVOR KHAN: Is that fair dinkum? The problem is that because of the exclusiveness of the Cabcharge card and its use by companies, cab owners must have a Cabcharge EFTPOS machine if they are to make a quid. That is right, is it not?

Mr KERMODE: If that is what you believe.

The Hon. TREVOR KHAN: That is the case, is it not, Mr Kermode?

Mr KERMODE: I do not believe so.

The Hon. TREVOR KHAN: Right.

Mr KERMODE: You happen to believe that.

The Hon. TREVOR KHAN: The answer is that if they want to accept Cabcharge they have to have the EFTPOS machine, and if they want to use some other system they must have two EFTPOS machines with the associated costs.

Mr KERMODE: But Cabcharge represents only a small percentage of the overall fares that the driver is involved in. We do not have a huge base like Visa or other people do. We do not have a card base as big as that by any stretch of the imagination.

The Hon. TREVOR KHAN: Sure. But yours is an exclusive card used in taxis. It is not like a Visa card; it is an exclusive-use card.

Mr KERMODE: Yes. It is a great idea. It is unique and it has been a tremendous advantage to many people.

The Hon. TREVOR KHAN: Particularly to shareholders of Cabcharge, I suggest.

Mr KERMODE: That is an unfair question, but nevertheless—

The Hon. TREVOR KHAN: It was a suggestion as opposed to a question.

Mr KERMODE: I think the uniqueness of the Cabcharge system has been something that has played to the advantage of a lot of people and I shudder to think that if you removed Cabcharge tomorrow out of the taxi industry of just how people would operate their businesses at all, that is people who utilise taxis because one of the unique features of Cabcharge has been that it can be used only for taxi travel and cannot be misused for other purposes. That has been demonstrated to us very clearly over the years, that people who watch their money very carefully prefer the Cabcharge system because it can only be used for travel and cannot be misused

for other purposes, as I have stated. If that is an impediment in the public interest, I make no apologies for it because it has been a tremendous advantage to the community in general.

The Hon. TREVOR KHAN: Well in the public interest, two final questions: will you allow the Cabcharge cards and system to be used in third-party EFTPOS machines and if not, why not?

Mr KERMODE: We would allow, I would imagine in a proper approach, but it would be very expensive technology to have to be developed for that and I am not so sure that those people would be prepared, but if they are prepared to pay the fees that we would be entitled to receive for all the research and what not that we have done over the years and the development costs, certainly, why not.

CHAIR: We will now go to Ms Lee Rhiannon.

Ms LEE RHIANNON: Did you talk to the former transport Minister, Mr Brian Langton, about the transfer of nexus plates and the changes with regard to how that was handled?

Mr KERMODE: No, I did not.

Ms LEE RHIANNON: Did you meet with Mr Langton at the time this was happening?

Mr KERMODE: No, I did not.

Ms LEE RHIANNON: Could you inform the Committee about your involvement with regard to allowing nexus plates to be traded?

Mr KERMODE: My involvement came about as a result of the failure of a very important group of people operating cabs in Sydney called the RSL group that found themselves in financial trouble in about 1991 and they were having severe financial difficulties. We helped them out as much as we could, given our resources were then co-operatively based. They were a cooperative but in the spirit of the taxi industry, the whole of the taxi industry tended to try to support RSL in their moment of problem.

What went on between the administration of RSL Cabs and the then Minister of Transport, which I think was the Hon. Bruce Baird prior to Mr Langton, I was unaware of. That was their private discussions with him. I have seen a document where RSL approached the Ministry of Transport at that time or the Department of Transport as it was known at that particular time and the application by RSL Cabs for the transfer of nexus plates was rejected by the then Minister.

Subsequently to that an administrator was appointed to RSL Cabs, Mr Bob Corben, who must have had some negotiations, so I think you have me confused with perhaps Mr Corben having some discussions with Mr Langton. I had no discussions with Mr Langton. All I know is that we received advice from the ministry or the department in 1995—that was advice to the industry—that the Minister had approved the transfer of nexus licences under some very specific conditions and those conditions were provided to the taxi industry generally through the New South Wales Taxi Council and made known to the industry throughout Sydney and Mr Corben at that point of time offered for sale, after he had received the obvious approval—and I do not know what went on; it was nothing to do with me in regard to his negotiations with the Government and Mr Langton; all I know is that we received advice that those plates could be transferable between networks and all the networks were made aware of that—

Ms LEE RHIANNON: So you said there were specific conditions. Is it true that those specific conditions were quite quickly broken and at some point were there not supposed to be a number of wheelchair accessible taxis on the road, but not as many of them have been on the road, out there being used, and can you explain why that happened?

Mr KERMODE: That had nothing to do with the particular point that you were raising in regard to the transfer of nexus plates. I think they were paired at that point of time. I think that was one of the provisions, that the ministry said that they had to be transferred as a pair, the nexus licences, which was an unrestricted licence, what was known as a wheelchair accessible taxi licence at that point of time, that they were paired and they were transferred on that basis and offered to the industry on that basis. When the transfers did occur the ministry or the department—I keep on saying "ministry"—the department applied some pretty heavy transfer taxes on

those units at that point in time. And, no, I was not involved in all of the negotiations that everybody seems to think that I manipulated the Government for, either Labor or Liberal, or any other party.

Ms LEE RHIANNON: Could you explain your association with Mr Jim Glasson?

Mr KERMODE: He is the former Director General of Transport in New South Wales. I heard you on ABC radio, I believe, recently and you referred to him as being the new head of CDC, am I correct?

Ms LEE RHIANNON: No, I do not think so.

Mr KERMODE: I have a record of that, and you were asked that question, with due respect.

Ms LEE RHIANNON: I am just asking you the question: Can you explain what your working relationship with Mr Jim Glasson has been?

Mr KERMODE: Mr Jim Glasson was the Director General of Transport for three or four years. Because I had moved away in 2001 from the Taxi Council—I was sitting on the Taxi Council and I purposely did not get myself involved with any issues involving the Taxi Council from then until now and into the future because I did not think it was appropriate. I saw Jim Glasson less—

Ms LEE RHIANNON: I am exploring when Mr Glasson leaves working for the Government, did you encourage him to come and work for the taxi industry? What discussions were going on at that point?

Mr KERMODE: He does not work for the taxi industry, Ms Rhiannon.

Ms LEE RHIANNON: I am interested in your discussions with Mr Glasson with regard to his leaving working for the department.

Mr KERMODE: I did not have any discussions with him, Ms Rhiannon. The people who employed him are a foreign company—that interviewed him and employed him—to my knowledge.

Ms LEE RHIANNON: Could you explain why you make donations to Labor and the Coalition parties? What is your judgement of why you donate the money that you hand over?

Mr KERMODE: I think in my lifetime in the taxi industry and through the Taxi Council we have always made donations to both political—or most political parties, I would say. I—

Ms LEE RHIANNON: Did you expect anything in return?

CHAIR: Order! I think you should allow the witness to answer the question, Ms Rhiannon.

Ms LEE RHIANNON: I am conscious of the time, Mr Chair. Did you expect anything in return?

Mr KERMODE: It is not my nature, under any circumstances—despite some of the rubbish that is written—to expect anything in return for anything I do. That is quite foreign to me. I have spent too much time in my lifetime protecting the major asset that I have, Ms Rhiannon.

Ms LEE RHIANNON: When you say you did not expect anything in return, is it true that with regard to the licensing staff in the transport department, at Christmas time you would give the women presents of chocolates and the men whiskey? Is that part of how are you did business?

Mr KERMODE: Heavens above—

The Hon. GREG DONNELLY: I give my secretary a box of chocolates at Christmas.

Ms LEE RHIANNON: It just needs an answer.

Mr KERMODE: Ms Rhiannon, if you do not mind, I will stay on the footpath.

Ms LEE RHIANNON: Would you prefer not to answer that? Is that what you are saying?

Mr KERMODE: In past years it was recognised that you gave a box of chocolates, or whatever. But since there have been issues of probity, I would not give anybody anything. And I have never expected anything for what I have given to anybody in my lifetime. I do not give to receive.

Ms LEE RHIANNON: Could you explain to the Committee your relationship with the current Leader of the Opposition, Mr O'Farrell? For example, have you been to his place for dinner? What has been your relationship with Mr O'Farrell?

Mr KERMODE: No, I have never been to Mr O'Farrell's place for dinner. I originally met Mr O'Farrell when he was an adviser to the then Minister of Transport, Mr Baird; he was a political adviser. I perhaps knew his wife, Rosemary, better than I knew Mr O'Farrell, and I happen to have received an invitation to attend their wedding in Taree. But quite apart from that, any relationship I have with Mr O'Farrell or his wife, Rosemary, is purely social. I have no desires—no matter how much the minds of some people operate—I do not operate in a ring of expectations of some political benefits from either party, or from anybody.

Ms LEE RHIANNON: In the context of the social relationship between yourself and Mr O'Farrell and his wife, have they come to your place for dinner?

Mr KERMODE: No.

Ms LEE RHIANNON: A 2007 review of Sydney's taxis discovered that the networks were breaching the conditions of the special class of taxi licence which the Government had issued for free, and this allowed the networks to profit from the revenues that were meant to subsidise wheelchair-accessible taxi services. Do you think it was appropriate for those profits to be made, considering it was a breach of the conditions?

Mr KERMODE: I think that if you had been down the full path of this—which I have been involved in—prior to the introduction of the wheelchair-accessible licences I had been interested in disabled people in my previous life and was probably more involved in the United Kingdom experiment than in Australia. When the Government in New South Wales decided to go down the path that they did in 1980 in regard to this issue, I think that we in New South Wales proudly set a benchmark for the rest of the world, a benchmark that has been followed. I was involved in the early introduction of the disability discrimination Act in America and I saw the mess they made of things there. I think that in Australia it is something we should be very proud of, and that information has been very helpful to the United Kingdom Government in what they did. I only wish that we had been in a position in Australia to do the same thing as they did in the United Kingdom. But we did not have the critical mass available to us in Australia to be able to do the things that they did in the United Kingdom.

In answer to your specific question, the costs involved and the costs that were borne by the taxi industry to provide this essential service to the community were absolutely astronomical. I do not know how some of them survived—and some of them did not survive—as a result of the burden of those costs. Offsetting it with the advent of the wheelchair-accessible licences was only a fair recognition of the Government for a service that has been very well provided, and provided an essential service to the community.

Ms LEE RHIANNON: When you say it was offset, are you saying that profits were not made? Multi-million-dollar profits have been made.

Mr KERMODE: I think you would take a long time playing catch-up football in regard to that, if you started to do an analysis of the past costs involved with it over some 30 years now. If you want to tread back over that path, I am very happy to walk right back through the path with you on the costings of it and the heartache that we went through. Everything that I had done in my life, and also my fellow directors—we had personal guarantees to the bank to support ourselves right through until 1999, so I make no apologies for anything we did for the disabled community in New South Wales.

Ms LEE RHIANNON: Are you saying that profits were not made, or that the profits that were made would justify that system?

Mr KERMODE: I am not in a position to make judgements on a network by network—

Ms LEE RHIANNON: I am just asking with regard to your business, the profits you have made—

Mr KERMODE: When you refer to my business, are you referring to me as Cabcharge or to me as something else? Everybody seems to think I own every taxi in Sydney.

Ms LEE RHIANNON: No. You are here giving evidence, so you obviously know what you own, and the question was clear. Do you believe that the profits of the companies you are associated with, that you have shares in, that you own—which were considerable—were justified?

Mr KERMODE: I think they are perfectly justified. I do not believe there is any sin in making a profit, Ms Rhiannon.

Ms LEE RHIANNON: In October last year the Government announced—and you would obviously be aware of it—that no further tradable taxi licences would be issued and that renewable plates would be available to lease from the transport department for an annual fee. There was then some discussion about how that fee would be set. Could you explain to the Committee whether you were involved in any discussions with department or ministry people with regard to the setting of those fees?

Mr KERMODE: No, I was not involved, because, as I said earlier, I had not been involved, nor do I get myself involved, in the New South Wales Taxi Council's business and their dealings with the Government on it. I certainly would have done things differently had I had the power and what-not that everybody seems to assume that I had. I think they have made an administrative nightmare for themselves for the future, but that is the way they see it. I do not.

Ms LEE RHIANNON: Considering that the taxi networks are required to operate the licences themselves, how is it that the review undertaken by Deloitte found that every one of the 49 Nexus licences owned by Combined Communications Network, one of your subsidiaries, were leased out to other operators for a fee?

Mr KERMODE: I am sorry. If you would—

Ms LEE RHIANNON: I am still referring to the Deloitte report. They go into the fact that the taxi networks are required to operate the licences themselves. You would be aware of that, so how is it that this review undertaken by Deloitte found that every one of the 49 nexus licences owned by CCN was leased out to other operators for a fee?

Mr KERMODE: I think you would find that is generally the case with every network. It is impossible for—

Ms LEE RHIANNON: That is not my question. It is not about other networks. That is not supposed to happen; it does happen. Why do you do it and how do you get away with it?

Mr KERMODE: If you had networks none of them would be out on the road if they were not operated in the manner in which they operate at the present time.

Ms LEE RHIANNON: Are you saying it is necessary to break the rules?

Mr KERMODE: There are no rules broken to my—

Ms LEE RHIANNON: To go through it again, Deloitte have set out—

Mr KERMODE: What report are you referring to? Are you referring to the 2007 report of Deloitte or the 2009 report or some other report that you have?

Ms LEE RHIANNON: No, I am referring to the Deloitte report and I understand—

Mr KERMODE: There are two of those that I am aware of.

Ms LEE RHIANNON: The 2009 report.

Mr KERMODE: The 2009 one? I did not see anything terribly mysterious in that.

Ms LEE RHIANNON: No, I am not saying it is mysterious, I think it is really clear because they are setting out the conditions under which the taxi networks are required to operate the licences themselves, but you lease them out and I am trying to understand why CCN does it and how it gets away with breaking the rules.

Mr KERMODE: I do not believe CCN is breaking any rule. As a member of Parliament you have available to you, I presume, all the legislation and whatnot that is available to me. Could you point out to me where we are breaching any rule that you know of—legislation or regulation? Would you mind telling me what we are doing particularly?

Ms LEE RHIANNON: The question related to—and I have said it three times—the taxi networks being required to operate the licences themselves. Are you saying that that is not the requirement? Are you saying that Deloitte got it wrong and that that is not the requirement under which you operate?

Mr KERMODE: My understanding is that the department—the Ministry as it is now—approves the operators for wheelchair accessible licences, we do not. If they give approval for someone to operate those licences they can operate those licences. I do not see where you are leading to, to be quite honest.

CHAIR: Government members will ask questions now.

The Hon. PENNY SHARPE: In your view is there a sufficient supply of wheelchair taxis to meet the demand in Sydney?

Mr KERMODE: Pardon me?

The Hon. PENNY SHARPE: Do you believe there is a sufficient supply of wheelchair accessible taxis in Sydney to meet the demand and need particularly of those people in wheelchairs?

Mr KERMODE: I believe that we are getting there. It has been a horribly slow and difficult road for a lot of people to come to grips with because of the enormous costs that are involved.

The Hon. PENNY SHARPE: Could you outline to the Committee what are the additional costs in running a wheelchair accessible taxi?

Mr KERMODE: Firstly, there is the particular type of vehicle that you need to meet the specifications laid down under the Act for a wheelchair accessible licence, and there is some dispute about that, which I am not privy to at the moment because as I said I have been out of that part of the operations for 10 years. The cost of fitment of a vehicle for a normal taxi is probably \$30,000 compared to \$80,000 to \$90,000 for a vehicle for a wheelchair accessible purpose. Admittedly they are given a life of 10 years—that is my latest recollection—as against six and a half years for a normal taxi. That was to try to amortise the cost of those vehicles over that longer period. When we introduced the system in the 1980s we had a very unfortunate reaction from the public and everybody. The industry set out with government to do something for the disabled community. It was done under great difficulties by the industry with a cooperative basis as we all were at that point of time. Vehicles were out on the road. The disabled community had been disadvantaged for centuries and all of a sudden there was a system that had been developed for them by the industry working in cohesion with the Government to provide that door-to-door transport service for them. I was certainly involved on the committee that was set up by the Government initially to look into the best ways to provide this service to the community, and we did that. There was an unfortunate reaction from certain sections of the public in the way they treated them and the name "spazzy taxis" was used, which is a terrible thing to raise. People would not ride in them because they thought it was not healthy to ride in the vehicle. We had to overcome a lot of difficulties over many years working on this project. I think the industry should be applauded rather than criticised for what they have done in regard to that and the services we have attempted to provide.

The Hon. PENNY SHARPE: Is it your view there is passenger resistance from the non-disability community to using wheelchair accessible taxis?

Mr KERMODE: There was but over the years I think we have all become a little bit more adult, if I can throw in the only word that comes into my mind at the moment. The type of vehicle we now use is a little bit more acceptable to the community generally. It was just an unfortunate reaction by some sections of the community, which escalated, and it is one of the occurrences in life I guess I would not like to go through again.

The Hon. PENNY SHARPE: We have had a lot of evidence before this Committee and there has been a suggestion that, as operates in some parts of the world—Edinburgh has been given as an example—there should be a universal fleet of taxis, which means they are accessible for all. What is your view in relation to the introduction of a universally accessible taxi across the entire fleet?

Mr KERMODE: In answer to one of the questions that Ms Rhiannon raised I touched on that. Way back when we introduced the system in Australia the Minister of the day was the late Peter Cox. He assisted the industry a lot in negotiations to get some assistance at Federal Government level and also with the Ford Motor Company and GMH to design a special vehicle for the disabled. As I said earlier, I was very deeply involved in the United Kingdom scene and over a period of time, by 1987, rules were introduced in the United Kingdom, certainly for the London taxis, some 16,000 of them, that gave them a period of 14 years for every vehicle to be wheelchair accessible. That is what I would have liked to occur in Australia had we been able to develop a vehicle that was suitable and met all purposes. Unfortunately, and it still exists to this day, I do not think we have the critical mass for somebody to mass produce that vehicle for the Australian market. The Government would have to set out a long period of time for introduction of that if somebody is brave enough to make that move, but I think it would have to be on a national basis rather than on a State basis.

The Hon. PENNY SHARPE: But it is your view, reading into your answer, that the idea has some merit in relation to expanding accessibility?

Mr KERMODE: I think it is an essential responsibility that we have to the community that they should have the same level of service that everybody else does.

The Hon. PENNY SHARPE: While we are contemplating the idea of a universal fleet, in the meantime we have had a lot of evidence also about driver resistance in relation to driving wheelchair-accessible taxis and to some issues around incentives and what works. What, in your view, can we do to expand the number of wheelchair-accessible taxis and, in particular, the number of drivers on the road willing and able to take on this work?

Mr KERMODE: I think the Government has moved towards a system now that seems to be producing better outcomes and better results. I think the improvement in services has followed the introduction of a lift fee, which was belatedly introduced in New South Wales. My understanding of that—and please do not ask me to recall when it began; again, I am not involved in that part—but there was a lifting fee involved and that started to give the driver a reasonable return for his efforts, so I think we got a better response then. Since then I think there has been an increase in the lifting fee, but the methodology of how that is applied and how it is collected has become quite a nightmare. But that is another issue for another place at another time, I guess.

The Hon. PENNY SHARPE: Could I also ask you a couple of more general questions? There have been many reports into the New South Wales taxi industry and whenever anyone mentions it on radio the board lights up in relation to passenger experiences. One of the key issues that is constantly raised and does not seem to have been able to be overcome is the issue of the 3.00 p.m. changeover. I am wondering what your thoughts are on how we actually get a real reform where people seem to stop complaining about that particular issue?

Mr KERMODE: I think the industry quite seriously set out to address that issue many, many moons ago—certainly back in a time when I was still on the Taxi Council—and we thought the introduction initially of the night licences would have some impact on that. Then the Government changed the times of operation, changed the hours of operation of whose wheelchair taxis but it did nothing to fix the problems adequately. Most of the problems that occurred were in the CBD, of course, and I recall discussions that were held with the ministry at that particular time and we introduced some ranks into the city at selected points in the city that people could walk to with a degree of confidence that they would get a cab and in the hope of alleviating this problem.

But the changeover time in Sydney has been three o'clock. In Melbourne I do not know how they get by: they have a changeover period of five o'clock rather than three o'clock. I do not think there is any simple solution to it. I think it is a matter of government and industry working hard at providing a better balance between available vehicles and, hopefully, a different work pattern for drivers instead of having the fixed mentality of 3.00 p.m. to 3.00 a.m. that we have in our industry generally.

The Hon. PENNY SHARPE: Do you think there is enough of a supply of taxis in Sydney generally?

Mr KERMODE: No, I do not, and I go back to when we won the Olympics in 1993, and I was fortunate enough to be part of that. The first thing I did when I came back to Sydney after that was to talk to the Taxi Council about a way forward to meet our responsibilities both in the availability of taxis but, more particularly, wheelchair-accessible taxis. Obviously we were all year 2000 focused at that point of time and we in the Taxi Council developed a program which we put to the government of the day in regard to what we thought was a fair and equitable system of the issue of licences every 12 months of X number of unrestricted licences and Y number of wheelchair-accessible licences, which we believed at that point in time—because, strange enough, my background has been in forecasting and development and future planning—

The Hon. PENNY SHARPE: So you think we need more taxis?

Mr KERMODE: Yes. It has always been my view we needed more taxis. If they are not issued in a sensible, progressive manner you create more problems than you solve, and that has always been our argument, that licences should be issued—if I was issuing them I would be issuing them on a month-by-month basis rather than on an annualised basis. But I am not a regulator.

The Hon. PENNY SHARPE: New South Wales Transport and Infrastructure advised the committee that they are looking at re-establishing a taxi advisory committee, which was previously operated. Do you support the establishment of such a committee?

Mr KERMODE: I sat on it originally for a number of years under the old system that was in those years—and it goes way back to the late 1970s, early eighties I sat on it, so it would be foolish of me to say it does not have an important role—

The Hon. PENNY SHARPE: Who do you think should be the people on that committee?

Mr KERMODE: In the days that I sat on it, it seemed to be an effective committee and they had a representative of what was the Department of Motor Transport in those years and was chaired by the Commission of Motor Transport; it had a representative from the police—it was always high-level representation—a representative from the New South Wales Police; the New South Wales Transport Workers Union, who represent taxi drivers throughout New South Wales, and they are the only group that I have ever looked upon and dealt with in regard to dealing with taxi drivers—

The Hon. PENNY SHARPE: If I could just interrupt to you. Just specifically on that issue, we have had numerous submissions from different groups in relation to taxi drivers. Is it your view that the TWU is the only legitimate group that covers taxi drivers?

Mr KERMODE: That is my view, yes, and it was always an effective relationship. I think it was basically between the TWU and the industry that struck the deal for taxi drivers that has not been achieved anywhere else in Australia in regard to some conditions for taxi drivers. I have always been a strong supporter of taxi drivers. As a matter of fact, I am on record in one of the most recent reports as being one of the drivers—other people do not agree with me but I am still entitled to my personal view on it and my experience in the industry, and I have always believed in the seniority of what I developed in my mind and also made representations to one of the inquiries, which was on the back of what I loosely call a weighted seniority register.

If we wanted to lift the image of the industry and give some advantage or some inducement for good people to come into the industry and have a career path in the industry we had to do something for them. Unfortunately, other people have different views about that. I am a great believer in a seniority register for drivers, but I am often criticised for being the one that knocked that system. But you did ask me a question that I did not finish answering.

The Hon. PENNY SHARPE: Who should be on that committee?

Mr KERMODE: There was the Taxi Council, Taxi Industry Association, Police, the Transport Workers Union, a member of the public appointed by the government of the day or a joint sitting or whatever—it was Dorothy Isaksen, I remember, when I sat on the committee—a representative of the Department of Transport as it was in those years and also a member of the ministry staff who sat as an adviser or observer. It seemed to work very effectively.

The Hon. GREG DONNELLY: Are you aware that a few months ago the New South Wales Transport and Infrastructure issued through an initial tender process 100 new unrestricted annual taxi licences?

Mr KERMODE: Yes, I am aware. I do not think the details of those have been announced to my knowledge at this stage.

The Hon. GREG DONNELLY: No.

Mr KERMODE: I think the people have been advised that 100 are to come onto the road and I understand a yet undisclosed number is to be announced very shortly by the director general in regard to the 2010-11 year over the next 12 months.

The Hon. GREG DONNELLY: You are aware of the initial tender process. With respect to that process, has Cabcharge or any of its associated taxi businesses been successful in the process?

Mr KERMODE: Cabcharge?

The Hon. GREG DONNELLY: Has Cabcharge or any taxi business with which it is associated been successful in that tender process?

Mr KERMODE: Yes. First of all, way back in time when we talked about any issues of the licences, and the recommendation that I talked about earlier I said that there should always be a restriction placed on the number of licences available to any particular group which was a percentage that should have been set by the regulator in regard to that. The regulator set a maximum of 10 per cent of any number of licences on this most recent lot of licences. The answer to your question is that CCN I understand received 10 licences out of the current 100.

The Hon. GREG DONNELLY: Out of the 100 new unrestricted annual licences, which will come on-stream, you say that Cabcharge or any of its associated entities or businesses only received 10?

Mr KERMODE: Yes, because I think the regulation was quite strong in regard to that; you nor a member of the family, shareholder or anybody associated with the company could do it. I think the regulations spell it out very clearly that I as Reg Kermode, while CCN could apply I, could not apply for any. I did not either, by the way.

The Hon. GREG DONNELLY: Only 10 out of 100?

Mr KERMODE: Yes. If I may rudely interrupt, I have just been reminded that I may have inadvertently confused a question asked by Ms Rhiannon. May I clear that up?

CHAIR: Certainly. Ms Lee Rhiannon will clear that up in her allotted time.

The Hon. TREVOR KHAN: Earlier in answer to a question you referred to an ABC program that had been televised last Friday during which a professor had made certain comments with regards to the level of usage of debit or credit cards in taxis. Is that right?

Mr KERMODE: Yes, that was on Friday night on Quentin Dempster program. Professor Abelson is the person you are talking about. He mentioned a figure and the basis of his information is entirely incorrect. He said 50 per cent of fares were paid for by credit which is absolutely incorrect.

The Hon. TREVOR KHAN: Obviously you either had a transcript of the *Stateline* from last Friday or, alternatively, you watched it? Do I take it one of the two?

Mr KERMODE: I saw it.

The Hon. TREVOR KHAN: That was a story entitled "Cab Monopoly". Is that right?

Mr KERMODE: I do not know what the title was.

The Hon. TREVOR KHAN: Do you accept from me that the story appeared on Friday 26 March 2010 headed "Cab Monopoly" in which Professor Abelson gave his opinion?

Mr KERMODE: I must say I did not see the beginning of the program. I had only got back from the interstate late on Friday evening and I just got in on time and I got a phone call to say there was something on the television. I flicked it on and caught half the program. I have not bothered to follow up on it.

Transcript of *Stateline* 26 March 2010 tabled without objection.

The Hon. TREVOR KHAN: When you came in you were alive, in a sense, to the allegation made by Professor Abelson as to the level of use of card facilities in taxis. Is that right? You saw the report? You knew what Professor Abelson said?

Mr KERMODE: Yes.

The Hon. TREVOR KHAN: Up until this point, whilst you have refuted what Professor Abelson said, that is, you say it is wrong, you have not volunteered anything as to what you say is the level of usage of cards in taxis. I give you that opportunity now.

Mr KERMODE: To the best of my knowledge and from the information that we have available we believe it is somewhere between 27 and 30 per cent is paid for by credit.

The Hon. TREVOR KHAN: Is that figure of 27 and 30 per cent as at today's date?

Mr KERMODE: As of today 31 March 2010.

The Hon. TREVOR KHAN: That has not been a static figure over the period of time since EFTPOS machines were introduced into taxis, has it?

Mr KERMODE: No, it has been gradually moving as more people use them. If you look over the years at the annual returns of Cabcharge you will see that there has been a huge move towards bank-issued cards rather than any other cards. I think that really followed Visa coming back into the scheme because of the huge base of cards that Visa have out there in the marketplace.

The Hon. TREVOR KHAN: Sure, but it is not just Visa card coming back in the market. For instance, at the chairman's address at the annual general meeting on 18 November 2009, you noted that in the previous year there had been a 10 per cent growth in the value of bank issued card transactions for the year?

Mr KERMODE: Yes, that is correct.

The Hon. TREVOR KHAN: Are you on that basis able to provide the committee—you can take this question on notice if you wish—with a breakdown year on year in the growth of the income that Cabcharge has received from bank issued car transactions?

Mr KERMODE: It is available already to you—

The Hon. TREVOR KHAN: That is not what I asked. I asked you are you on notice able to provide us with that?

Mr KERMODE: In answer to your question I obviously would think I would be able to provide it to you, but I do not see why I should be requested to do that when it is already available on the whats-a-name. I think that is an imposition when something is already available on the ASX site and also on the Cabcharge website.

The Hon. TREVOR KHAN: Do I take it that that is a grudging yes. Is that right, Mr Kermode?

Mr KERMODE: Yes, if that suits your actions.

The Hon. TREVOR KHAN: It does. It does suit me. In addition to the growth in income from the use of a bank-issued card facilities, are you able to show us over the same period of time the growth or otherwise in Cabcharge-branded transactions—that is, the Cabcharge cards?

Mr KERMODE: Yes. Quite obviously, one has been going down that way and the other has been going up that way.

The Hon. TREVOR KHAN: Right. As time has gone by, what we have seen is that as the percentage of income coming in as Cabcharge cards decreases, but there is, I think to use your word, a huge increase or a huge growth in the income coming from bank-issued cards.

Mr KERMODE: That is quite obviously going to be the case, is it not, because the bank-issued cards are available and are in worldwide usage. Businesses in Australia are not necessarily going to have a Cabcharge card; they are more likely to have an overseas card, or an American Express card, or a Diners card, or whatever cards are available to them internationally. So you are not talking about the localised market. You are talking about an international market rather than the localised one.

The Hon. TREVOR KHAN: You see, it is not just the use of the cards that is the issue, is it? It is the change in customer behaviour in increasingly using plastic cards instead of cash.

Mr KERMODE: Well, anybody would be a fool to deny that there is a change in customer behaviour because, you know, we all know how difficult it is to get your hands on cash these days.

The Hon. TREVOR KHAN: Sure. Indeed, it is the case, is it not, that you seek to facilitate or encourage the use of cards as opposed to cash.

Mr KERMODE: That would be—I think that we would see cash as our major competitor.

The Hon. TREVOR KHAN: Indeed I think you have described cash as your enemy. Would that be the general idea?

Mr KERMODE: I do not know that I would use the word "enemy". I do not have any enemies in life. I might be creating a few, but I do not have any.

The Hon. TREVOR KHAN: Yes. The bottom line becomes this, does it not: as time goes by, with this huge increase in the usage of cards, the EFTPOS machines that are in the taxis significantly increase the amount of income you are receiving because of a change in customer behaviour or passenger behaviour.

Mr KERMODE: Yes, but at the same time there are more and more of the machines becoming available that are not necessarily Cabcharge machines out there in the marketplace—what we would loosely call handheld devices. We do not have any—everybody seems to think we have a monopoly on the market. I can assure you we do not.

The Hon. TREVOR KHAN: Is that right?

Mr KERMODE: That is right, yes.

The Hon. TREVOR KHAN: You have come in for criticism from more than Professor Abelson, have you not, in terms of what is alleged to be your Cabcharge's monopoly in the industry.

Mr KERMODE: I have not studied Professor Abelson, particularly. I have been only able to make a judgement on what I saw on Friday night in regard to his ideas. I think I would be embarrassed, if that was the best knowledge I had of the industry, to present myself as an expert.

The Hon. TREVOR KHAN: All right, let us go to another one, who is perhaps an expert, or perhaps you would disagree. Professor Allan Fels has made some comments with regards to Cabcharge, has he not?

Mr KERMODE: Oh, yes. He and I had many a sparring match over many years. You know, there were quite a number of discussions, but in all of those discussions we acted appropriately with the ACCC and he respected that. As a matter of fact, I think we were a very important element in assisting the ACCC in the

introduction of the GST and some of the difficulties associated with that, and helped them to solve some of their more difficult problems in dealing with places like the taxi industry. So whilst there was a bit of jousting between ourselves and Professor Fels, he did not ever take any action against us. It is only in more recent times that that has occurred.

The Hon. TREVOR KHAN: All right. He is so complimentary of view, is he not, that on 8 February 2008 in a *Stateline* program, he said this, when referring to Macquarie Bank's attempt to get into the taxi industry:

PROFESSOR ALAN FELS: The real problems Macquarie Bank's had in entering the market show how deeply entrenched that monopoly is, how hard it is to tackle.

That is a reference to the monopoly that is created by Cabcharge, is it not—and hardly complimentary, is it?

Mr KERMODE: Well, Professor Fels has always found difficulty in making any complimentary statement about anybody or anything, I think.

The Hon. TREVOR KHAN: In that same interview—I will table the transcript in a second—you are quoted as saying, in response to a question from Nick Grimm—

Mr KERMODE: I am or he is.

The Hon. TREVOR KHAN: I will read out the question as well as the answer.

NICK GRIMM: In fact, Cabcharge has a stranglehold over the electronic payment system used in almost every taxi on the roads. In order to accept Cabcharge payments, taxi operators have little choice but to carry Cabcharge's own EFTPOS terminal.

Cabcharge then takes a 10 per cent cut of every fare, including those paid with other types of credit. It's a lucrative arrangement.

And you say, it is reported:

REG KERMODE, EXECUTIVE CHAIRMAN, CABCHARGE: Well I would have to humbly submit that at 600 per cent growth in seven short years, means that at least in terms of running taxi businesses, we are the experts.

Mr Kermode, you are more than the experts: you are the pillager of the industry, are you not?

Mr KERMODE: I find your comments quite offensive, to be quite honest. But if that is your view, I cannot change it.

CHAIR: Are you tabling the transcript?

The Hon. TREVOR KHAN: I am tabling the transcript.

Document tabled.

Ms LEE RHIANNON: Mr Kermode, in an answer to a question just then, you denied that you have a monopoly. How can you deny that Cabcharge has a monopoly? You have been the dragon slayer. You were able to knock Macquarie Bank out of the industry. Macquarie Bank is sort of a little bit like you: they get what they want, and you get what you want. But when you came up against Macquarie Bank, you beat them. You beat them largely, in terms of the evidence that is around, because of the way Cabcharge dominates the payments. How can you say you do not have a monopoly in this industry?

Mr KERMODE: Well, I do not know how you can say we have a monopoly when there are other payment systems out there.

Ms LEE RHIANNON: Do you deny that the Cabcharge payments system dominates the taxi industry in Australia?

Mr KERMODE: I cannot say that it dominates it. You know, it has been a steady growth. We were the only system available to the taxi industry, really, across Australia. There were no alternatives, but gradually there are other systems coming into the industry, so why would you not be? You would say you would be a fool

if you were not in a dominant position because we were the only ones that were providing any system. There was no such thing as a mobile data terminal or anything like that.

Ms LEE RHIANNON: But the question is about the domination of the industry. You agree that you dominate the industry? I say I think you monopolise the industry. You are saying you do not. But you would agree that you dominate the industry?

Mr KERMODE: I think we have a—no, I am not denying. I am not going to agree with you that we dominate the industry.

Ms LEE RHIANNON: Okay. We will move on: back to the nexus plates. I understand that nexus plates were released in 1990 and were due to expire in 1993. They were not returned, as we discussed earlier. I understand a similar thing happened in the 1980s when the plates first were used. I think it was to do with random breath testing at the time and they were due to expire in 1985. At that time, is it true that you asked for them to be extended? On what basis were you successful in having that extension?

Mr KERMODE: I do not recall. You keep on using the word "I". I would like to think that everything that happens in the taxi industry normally happens through the Taxi Council.

Ms LEE RHIANNON: You have had a domination on the Taxi Council. We know that; that is on the record. You cannot deny that. All I am asking is why you were successful? These plates were due to expire as set down in the conditions. What arguments did you put to the Government so that did not occur?

Mr KERMODE: In the only part of your attempt at a question, did you say that I dominated the Taxi Council?

Ms LEE RHIANNON: If you would like to answer that, I am happy to hear your answer. I would like to hear your answer to the question that I put to you with regard to the plates in the 1980s and the 1990s and why you were successful in convincing the Government for the plates not to expire, as they were due to? You have a good track record in getting your way with the Government. We are trying to understand how you achieve that?

Mr KERMODE: You must see some genius in me that I do not.

Ms LEE RHIANNON: I just want the answer to the question. I am running out of time to put my questions. Will we move on, if you are not going to answer it?

The Hon. GREG DONNELLY: It is better that you do not make statements, Ms Rhiannon, and ask questions.

Ms LEE RHIANNON: I have asked lots of questions, Mr Donnelly, as you know.

CHAIR: Is that a point of order Mr Donnelly?

The Hon. GREG DONNELLY: It is a statement of fact.

Ms LEE RHIANNON: Mr Kermode, I want to ask about Mr Neville Wran's involvement with the Cabcharge board. What were the discussions that were held with Mr Wran in terms of his joining the board? What options were put to him for his participation in the industry?

Mr KERMODE: I suggest you ask Mr Wran about that.

Ms LEE RHIANNON: Could you explain to the Committee your discussions with Mr Wran about any of these matters?

Mr KERMODE: If you are trying to tie this in with some unfortunate, misguided press reports that you have read—

Ms LEE RHIANNON: No, I am trying to get an answer so that we can clear this up. I just want an answer.

Mr KERMODE: Mr Wran was asked to join the board not in response to any rewards or anything. He was just seen by us, the board of Cabcharge, as a very astute person who was a director of a number of companies. We thought he would be a good acquisition to be invited to join the board. There was never any payback or anything in the back of our mind. There was never any payback due to Mr Wran or any expectations or anything of that nature. That would be over my dead body if there was ever anything of that nature.

Ms LEE RHIANNON: I was not suggesting that, Mr Kermode.

Mr KERMODE: Other people have.

Ms LEE RHIANNON: Thank you for explaining that. You said you saw Mr Wran as a good acquisition. Could you explain what that means? What would he be good for?

Mr KERMODE: Mr Wran was a very prominent lawyer that had a deep background in the taxi industry prior to his entry into Parliament. As a matter of fact, I knew Mr Wran well before politics. He was involved in the famous Privy Council case. He was on the opposite side to the taxi industry but he certainly had a deep knowledge of the taxi industry. I think it was section 88E of the Industrial Arbitration Act that he was involved in the appeal by the taxi industry in the Privy Council in London. Mr Wran was always seen as a very astute businessperson. We certainly were not looking to him for any political favours or anything of that nature.

Ms LEE RHIANNON: In response to an earlier question you talked about achieving a reasonable return for taxi drivers.

Mr KERMODE: Yes.

Ms LEE RHIANNON: Considering that the cost of petrol and cleaning is now the responsibility of the drivers, would you not agree that this is a financial burden on taxi drivers that has occurred when you have been dominating the industry? Could you explain your work with the TWU to shift this cost burden to taxi drivers?

The Hon. GREG DONNELLY: Point of order: I take the point of order to clarify the question. As I understand it, Ms Lee Rhiannon said shifting the burden with the TWU to the drivers, which implicates the Transport Workers Union in some exercise. If that is what you are saying, you need to clarify what you mean by that?

Ms LEE RHIANNON: Mr Kermode is here to answer the questions.

CHAIR: It was confusing. Would you ask the question again, please?

Ms LEE RHIANNON: I believe the first part of the question stands. I asked about the cost of petrol and cleaning, which I understand is now the responsibility of the drivers. I asked how Mr Kermode would see that is an advantage to the drivers.

Mr KERMODE: I have lost track really. I go back to the formation of the agreement in the 1980s, the original agreement. I have not really been involved in the Taxi Council or the running of the taxi industry, as you seem to think I dominate, pull every string every day. I am too busy protecting my investments, as I keep on saying.

Ms LEE RHIANNON: You have had a considerable involvement in the taxi industry and the Taxi Council. For the Committee to do its work we need to understand that work over a period of time. My particular question was in relation to any work that you have undertaken with other groups, such as the Transport Workers Union, on these issues. All I am trying to understand, so the committee can do its work, is what you have done in the past.

Mr KERMODE: I have never heard such a—if the taxi industry wants to have open discussions with the TWU on that, I am sure they are welcome to do so and they are more qualified than I am in the current environment. I am not down on the ground anymore in that area.

Ms LEE RHIANNON: You do not want to discuss your past work in that area?

Mr KERMODE: When I was involved, as I say, that goes back in time. We introduced in New South Wales the opportunity for drivers to drive under two systems. They could either work on a bailee system or on a fixed payment system and there were rules set down by the industrial commission and agreed to between the TWU and the industry. To my knowledge those things have not been challenged or changed since.

Ms LEE RHIANNON: Thank you, Mr Kermode. Are you aware that the Cabcharge International's website has advertised that the cost of taking a taxi from Sydney airport to the city is \$88?

Mr KERMODE: No, I am not aware of that, but I would look at it. I am not aware of it.

Ms LEE RHIANNON: Would that concern you?

Mr KERMODE: If it is on there then it will be removed. I am not aware of it.

Ms LEE RHIANNON: How do you enforce the standards within Cabcharge? It is surprising that such information is on an official website of yours.

Mr KERMODE: It surprises me. I would have to go back and say I think there has been a great move on the international front to get some ideas of the cost of transport on an international basis, the idea of the cost between the airport and the city. I am surprised if there is a figure of \$88. If you asked me what the price of a fare between the airport and the city would be I would say about \$50. I may be wrong on that. It certainly would not be \$88.

Ms LEE RHIANNON: Mr Kermode, just last week, I think 26 March 2010, Cabcharge sponsored a Countdown to Change dinner, which was a big fundraiser for the Liberals on the South Coast. The New South Wales Taxi Council comes in as one of the key sponsors. Did you attend that event?

Mr KERMODE: When was this?

Ms LEE RHIANNON: It was a corporate event last week. I am fairly sure it was on 26 March. It was on the South Coast. Did you attend? It was a major fundraiser Countdown to Change dinner.

Mr KERMODE: I do not think that Cabcharge sponsored it.

Ms LEE RHIANNON: Sorry, I was mistaken; it was the New South Wales Taxi Council.

CHAIR: That is a very different issue, Ms Rhiannon.

Mr KERMODE: That is not Cabcharge.

Ms LEE RHIANNON: I do not think you need to defend the witness, Mr Chairman as I think he is doing a good job himself.

CHAIR: I was commenting on the way in which you asked your question. I think you should reword your question.

Ms LEE RHIANNON: On Friday 26 March a dinner called "Countdown to Change"—a celebration one year out before it might win—was organised by the Liberal Party. Did you attend that event?

Mr KERMODE: No, I did not. To clarify that question, originally I had intended to attend that dinner but I was interstate on Friday.

Ms LEE RHIANNON: Did you pay for your tickets? Normally, that is what you would do before you went to such a dinner.

The Hon. GREG DONNELLY: It is my time now.

Ms LEE RHIANNON: Mr Kermode is trying to expand on his answer.

The Hon. GREG DONNELLY: Yes, and you are asking a supplementary question. It is my time now.

Ms LEE RHIANNON: Did you pay?

Mr KERMODE: I would still like to clarify one issue.

The Hon. GREG DONNELLY: That is fine. You can do that in her time and not in mine. I wish to ask you about the nexus plate scheme. Has Cabcharge, or any of the taxi businesses associated with it, purchased any additional nexus scheme licences since the acquisition of the licences when RSL Cabs was purchased?

Mr KERMODE: Yes. Subsequently, with the approval of the Australian Competition and Consumer Commission [ACCC], when we took over ABC Taxis and South Western Cabs, there were licences involved in that, yes.

The Hon. GREG DONNELLY: I refer to the licences that came with those transactions or purchases that you just described. Are all those licences currently operational?

Mr KERMODE: To my knowledge, yes.

The Hon. GREG DONNELLY: I move on to the question of the Cabcharge electronic payment system and to the running of that system. Could you inform the Committee what you understand as being the running costs of the electronic payment system for Cabcharge? What does it cost to run that system?

Mr KERMODE: With all respect to your question, do you have a week to spare?

The Hon. GREG DONNELLY: Try to keep it as precise as you can.

Mr KERMODE: In answer to your question, I cannot get down to specifics relating to the cost of running the Cabcharge system. I would have to get people to pull out tickets right, left and centre. I can assure you that it is a very expensive operation having about 19,000 units spread across Australia that require maintenance and what not. Those units have to come back to Sydney for repair and for keeping up with the spares and what not that are required because various States have contracts with Cabcharge. We have to ensure that the system is up and running all the time.

The Hon. GREG DONNELLY: To make it easier could you look only at New South Wales?

Mr KERMODE: You are asking a very difficult question, Mr Donnelly.

The Hon. GREG DONNELLY: Let us look at the specific position with respect to New South Wales. Are we able to establish what are the running costs of the system for the operation of taxis in New South Wales—taxis that are associated with Cabcharge?

Mr KERMODE: I would have to think that one through very carefully to determine whether it is possible because so many variables are associated with it. All the various merchants have different fees associated with them. It is not something that is very simple. The third party card issue has a certain merchant fee on it. Bank fees, communication costs and locality costs are associated with it. These units are spread across most rural and regional centres throughout New South Wales. Obviously the cost in Sydney is different from—

The Hon. GREG DONNELLY: Are you saying, therefore, that it is not possible to establish the approximate cost for operating this system in New South Wales?

Mr KERMODE: I would want a fair sum of money to compensate for the effort involved in producing that kind of work.

The Hon. GREG DONNELLY: Are you saying that there is no way of producing an approximate cost?

Mr KERMODE: I suppose that there is a way of getting an approximate cost. However, that would come at an enormous cost to my staff, and I do not have the resources to do it.

The Hon. GREG DONNELLY: Surely as a professionally run organisation you would know what would be your business costs?

Mr KERMODE: Nationally, yes.

The Hon. GREG DONNELLY: As a successful business surely you would know what were the costs in your regions, areas, or States?

Mr KERMODE: I do not know whether that detail is there. If it is there I will make it available to you.

The Hon. GREG DONNELLY: That question can be taken on notice. What are the approximate costs of running your electronic system in New South Wales?

CHAIR: You can take that question on notice.

Mr KERMODE: Yes.

The Hon. GREG DONNELLY: I move on to the question of the 10 per cent surcharge, which received some coverage this afternoon. Can you help us to understand where the figure of 10 per cent originally came from?

Mr KERMODE: It was before my time. When I left my previous employment, purchased my first licence and came into the industry in 1965, I had nothing to do with the administration of the industry. There was a 10 per cent fee. I do not know the history of that fee. Everybody that I knew applied it and they provided a credit facility to customers. I do not know the magic of that 10 per cent.

The Hon. GREG DONNELLY: Are you able to inform the Committee of the approximate value of the revenue generated for Cabcharge annually by the surcharge that you charge?

Mr KERMODE: Yes. It is available in our annual report.

The Hon. GREG DONNELLY: Is the value of the surcharge listed separately in the accounts or in the report?

The Hon. TREVOR KHAN: No.

The Hon. GREG DONNELLY: I will repeat the question, which is quite specific: What is the approximate value—once again I am not looking for the last cent—of the revenue generated for Cabcharge annually by the 10 per cent surcharge?

Mr KERMODE: In order that I do not mislead the Committee in any way, which I would not want to do, I will take that question on notice and provide it to you.

The Hon. GREG DONNELLY: I move on to a question relating to the collection of data by Cabcharge, as an organisation, in regard to occupational health and safety matters that occur in the industry. I am thinking specifically of events or incidents involving violence or threats towards taxidriviers. Does Cabcharge collect data relating to incidents that occur inside taxis associated with Cabcharge?

Mr KERMODE: No. The networks collect most of that data.

The Hon. GREG DONNELLY: Cabcharge does not perform that function? It does not collect information?

Mr KERMODE: No.

The Hon. GREG DONNELLY: At a previous hearing it was alleged by another witness that the contract that operators sign to join a taxi network is quite long—that the contract document might be 60 or 70 pages long.

Mr KERMODE: Sixty or 70 pages long?

The Hon. GREG DONNELLY: That is what was said in evidence by one of the witnesses that appeared before the Committee. The document, which is a rather large document, lays down a lot of rules about things that operators can and cannot do. Are you familiar with a large document that people sign when they commence as taxidrivers in New South Wales and, in particular, in Sydney?

Mr KERMODE: No. If you are asking me what the drivers sign I would have to say that it is a three-page or four-page document, or something of that nature. I am unaware of any large or voluminous document. As I said, every document that we have produced has been carefully run past the regulatory authorities to obtain clearance on it.

A lot of these documents were drawn up in the days when Allan Asher was, I think, deputy chairman to Professor Fels, the Australian. He gave us a lot of guidance or made his officers give us a lot of guidance in regard to doing this in accordance with ACCC policy.

The Hon. GREG DONNELLY: In regard to taxi networks operating in Sydney, you are not aware of drivers signing up to a rather large document in which you loosely record contractual arrangements?

Mr KERMODE: I am not aware of. I am not saying that there are not some networks that have that. I would be surprised if any networks that Cabcharge is associated with have some large document that drivers or whatnot sign up. I do not know.

The Hon. GREG DONNELLY: Is there any way of checking if anyone within your organisation who is now involved in the operational work more than yourself these days can confirm whether such a document exists?

Mr KERMODE: Yes. I will give a yes or no answer on that.

The Hon. GREG DONNELLY: If it is established that such a document exists and you or the organisation has a copy of it, could you provide it to the Committee?

Mr KERMODE: Certainly.

CHAIR: Mr Kermode, that concludes questions from Committee members. You wanted to clarify an earlier question. Would you please take this opportunity to do so now?

Mr KERMODE: Yes. Ms Rhiannon asked a specific question in regard to Mr Glasson and I answered in terms of the foreign company. There seemed to be some confusion in an interview I heard between you and the ABC some weeks ago. You were asked what CDC was. Your answer to that question was, "That's a new name for Cabcharge," if my memory serves me correctly. For the Committee's benefit, CDC is an organisation, which is 51 per cent owned by Comfort DelGro, which is based in Singapore and is the second-largest land transport company in the world, and the other 49 per cent is owned by Cabcharge Australia. Jim Glasson was employed by CDC; nothing to do whatsoever with Cabcharge or any of our wholly-owned subsidiaries at all. Therefore, he was interviewed by the chairman and chief executive officer of Comfort DelGro, not by me, in regard to the position that was created by Mr Eckford leaving the organisation.

Ms LEE RHIANNON: When you say "interviewed", did you mean they interviewed him for the job and you did not? Is that what you mean?

Mr KERMODE: No, I did not do it.

Ms LEE RHIANNON: Yes.

Mr KERMODE: I said they did it; I did not.

Ms LEE RHIANNON: Thank you.

Mr KERMODE: I did not want to mislead you in any way.

Ms LEE RHIANNON: No, thank you.

CHAIR: Thank you for appearing today to assist the Committee in its inquiry. You have taken a number of questions on notice. The secretariat may send you some further questions on notice that had been prepared by Committee members. The Committee has resolved that answers to questions on notice be returned within 21 days. The Committee staff will be in contact with you in relation to those questions you have taken on notice. Again, thank you for appearing today.

Mr KERMODE: Thank you Mr Chairman and fellow Committee members.

(The witness withdrew)

(Short adjournment)

PETER JOHN RAMSHAW, Chief Executive Officer, New South Wales Taxi Council, on former oath:

CHAIR: I will not repeat the earlier comments as I note you were present. But I want at least to remind you of the fact that Committee hearings are not intended to provide a forum for people to make adverse reflections about specific individuals, and the protection afforded to Committee witnesses under parliamentary privilege should not be abused during these hearings. I request that you avoid the mention of individuals unless it is essential to address the terms of reference. Would you like to make a brief statement before questions commence?

Mr RAMSHAW: Yes. I thank you once again for inviting me back to present information to the Committee. We will do our best to try and help you improve your understanding where we can in terms of issues affecting the taxi industry. Since my last appearance I have tried to keep abreast of the information that has been presented to the Committee. There has been quite a large volume of submissions and responses to questions and supplementary submissions and what have you. But I mainly tried to look at people who had responded to things that we have presented and we made a supplementary submission to try to address some of those issues in a broader sense. There were far too many small details to be able to cover them one by one in terms of things that we either disagree with or do not think are correct that have been presented, so I have tried to bundle those, if you like, into some broader areas.

In my view I think that a lot of the responses to the recommendations that we put in our original submission have acknowledged the validity of the reasoning for our recommendations, which I am pleased about. I have been a little bit frustrated perhaps by some of the criticisms which I think have been focussed a lot more on the mechanism of delivering the outcomes, rather than what we are trying to achieve, particularly on the basis of perceived indirect benefits that might accrue to certain suppliers, for example, and things of that nature which I think are not pertinent because as far as I am concerned I believe that all the recommendations that we have made, or certainly the way they are intended, they can be implemented in a way that does not confer any unfair advantage for any player or disadvantage to others. But as a result of that it looks a bit like the public interest objectives, if you like, or the customer benefits have been submerged under this in terms of the focus of the criticism. I just urge the Committee to try to bring that back to light, if you like, and keep that at the forefront of your minds.

The technical details of how these things can be achieved in terms of the tolls and the meters and the receipts and what have you can be sorted out, I am sure. I am no technical expert but I am sure the Government has the wherewithal to be able to do these things without conferring any particular advantage or unfair advantage. I would use the example in New York; in the last recent years they have, for example, been able to mandate EFTPOS machines that are affixed to their cabs. Again, they are many, many years behind us in terms of having the technology in cabs, but they have mandated them now fixed in cabs and again there is a panel of approved suppliers of that equipment. So I think there is clear demonstration that those things can be done. Getting back to my other point, the customers in my view do not care where the equipment comes from or how it works or why but they do, in my view, want receipts. They want accountability, traceability of their transactions and certainly secure transactions. I would like to remind you that customers' confidence in cashless payment systems is a very important aspect of driver safety. Reducing cash in cabs is certainly a high priority for the industry and this applies around the world in justifying moves to encourage electronic payment systems. So that is really my summing up, if you like, of where we have got to so far.

Ms LEE RHIANNON: Thank you for attending. You have sat through many of the hearings and I imagine you have read most of the transcripts. Considering the complexity of the industry, which I think is something that you acknowledged in your opening remarks when you said that you would help us try to understand things, what form of transparency do you think is needed in the industry so the public have a greater understanding and politicians can understand it? I think it is widely recognised that transparency is very important both in terms of the public's right to know but so one can be fully informed in making decisions in how to improve any system and take it forward.

Mr RAMSHAW: I think that is a very good question. I agree that transparency is important. I think that on one level at least there is transparency. I mean, the regulations governing the industry, the structure of the industry, these things are all prescribed by regulation and legislation, which is obviously transparent. I suppose the difficulty is in how that information is promulgated, if you like, or advertised to the public. I think the difficulty is in trying to have the public understand the structure of the industry and how the industry works because it is, as I mentioned last time, unique and there is nothing really else like it. Despite the fact that

everybody uses cabs and many people use them very frequently, they know very little about what goes on in terms of the industry that happens behind what they see on the road.

Ms LEE RHIANNON: Let us get down to some specifics with regard to transparency. How the plates are allocated, how the fee structure is set—do you believe that that information needs to be more clearly set out and, say, available on public websites, for instance?

Mr RAMSHAW: Fares are available on a public website. We are in the process at the very moment of going through the annual fare review. IPART publishes, it has—

Ms LEE RHIANNON: I did not actually mention the word "fares"; I mentioned the word "fees" and it was with regard to this complexity around plates and ownership and how those decisions are made. It is that information that many people have difficulty understanding. My question was: do you think how that is determined and who the players are should be set out on a government website and even hopefully yours?

Mr RAMSHAW: In terms of who currently owns plates? Is that what you are talking about?

Ms LEE RHIANNON: Owns the plates, how the decisions are made with regard to the leases, why the decision was taken not to terminate the leases, all those issues that we are trying to grapple with, that information is not readily accessible anywhere. Do you think it should be?

Mr RAMSHAW: I do not think it is necessary for people to have their personal details published about who owns current licences—there are privacy issues surrounding that. I think Mr Wielinga might have mentioned that during his hearing. I do understand with the current arrangements now the new licences are being put out to tender, which is obviously a very open process in terms of how the fees are set—it is by a public bid or tender process—and it is transparent. I understand that in participating in the tender people are being notified that the details will be published. So my understanding is that going forward that information for licences that are put on the market from now on will be in fact published.

Ms LEE RHIANNON: So you think the present system is okay and we do not need to be providing—

Mr RAMSHAW: I think it helps to address your question in terms of it being transparent as to the value of the licences, or what the fees for licences are, because they will be published and there will be another list of people who were successful in the tenders—that is my understanding.

Ms LEE RHIANNON: Do you have any knowledge of whether this information is maintained anywhere; namely, whether there is a register of complaints from drivers as to how they are treated by the networks and any concerns they might raise?

Mr RAMSHAW: I am not aware of any central register of that. It depends who they lodged the complaint with I expect as to where that might be recorded or kept.

Ms LEE RHIANNON: Is there anywhere that drivers can lodge complaints?

Mr RAMSHAW: The normal circumstance in our industry—as with anywhere—is that the first port of call is the organisational person or body that you have a complaint against. Organisations have their own complaint resolution protocols and processes in place. Really the first place I would recommend anybody with a complaint is to take it up with the person who they are complaining about in the first instance.

Ms LEE RHIANNON: Considering the complexity of the industry and the nature of taxi driving, would the taxi council see a role in improving taxi services by providing some means by which a register of complaints could be lodged and dealt with?

Mr RAMSHAW: As far as drivers are concerned if it is an issue with the operator they can take it up with the operator. If they are not happy with the outcome of that, there is always the option to go to the network or they can choose to go and drive for another operator.

Ms LEE RHIANNON: No, my last question was just about the council and if you saw there was a role there for the council?

Mr RAMSHAW: Usually in the case where drivers come to us directly we will refer them back to the network, if the complaint is about the network for example, to have the matter resolved hopefully at that stage. We do not get too many complaints that go further than that that come to mind.

Ms LEE RHIANNON: So you do not see there is a central role for the council?

Mr RAMSHAW: We act as the representative across the board so, yes, we can try and help resolve matters but we do not have any regulatory role or any authority to direct networks or operators or drivers or anyone else to do anything in particular.

Ms LEE RHIANNON: You said that drivers do come to you. What are the issues that they come to you about? Also, what are the issues that you perceive as impacting on drivers to make their working conditions difficult and therefore may impact on the service that customers receive?

Mr RAMSHAW: Yes I can, certainly. By far and away the biggest issue that drivers come to us about is the lack of legal places to pick up and set down passengers. That would outnumber any other form of complaint manifold, and that happens on a regular basis. In that instance we try and take the matter up—well, we take it up in a whole range of ways but if it is in relation to a particular location we will see if we can work with the local council to try and resolve the problems they are having. In many cases these types of complaints we deal with in terms of trying to take the matter up ourselves. As we have mentioned in previous submissions, we try and deal with issues on a whole range of levels including, in fact, before this very Committee.

Ms LEE RHIANNON: Do you think you are getting anywhere on this issue?

Mr RAMSHAW: We are making better progress in some areas than in others. I think there are some systemic changes that could be made to the planning laws that would force the issues to be addressed at the development control stages and building approval stages. We have been told that the Planning Act—forgive me for not knowing the exact terminology—does require local councils, for example, to take into account the transport impacts of developments and the need for public transport access, but in practice it seems to rarely happen or happens on an ad hoc basis perhaps for major developments. As a result you have major commercial buildings constructed that are a source of a steady stream of taxi passengers wanting to be picked up or dropped off at these buildings but there is no provision for legal access for taxis to stop and service the people coming and going from those buildings. I suggest there is a systemic problem where these things arise.

In other cases it is often an issue of conflict between competing interests for valuable curb space. Many local councils place a very high priority on providing on-street parking for their residents and constituents, often at the behest of local business interests in many suburban areas. It is very difficult to get them to forego parking space, and presumably parking meter revenue in other areas, in order to make provision for public transport provided by taxis. So there are conflicting interests there, and it is a constant battle to have the public transport nature of our role acknowledged and recognised.

Ms LEE RHIANNON: I would like to ask you now about authorised taxi inspection station schemes. Do some taxi networks have a financial interest in some of these stations?

Mr RAMSHAW: Not to my knowledge but I am not sure. I do not think so anymore, no. Sorry, yes, there is at least one network that does have an authorised inspection station.

Ms LEE RHIANNON: Which one is that?

Mr RAMSHAW: I know that CCN operates an inspection station.

Ms LEE RHIANNON: So CCN does?

Mr RAMSHAW: Yes.

Ms LEE RHIANNON: Which inspection station do they operate?

Mr RAMSHAW: It is in Alexandria at their base.

Ms LEE RHIANNON: Do you see it as a conflict of interest that the taxi inspection station that has the job of checking the safety of taxis is run by one of the networks that has a financial interest in keeping its taxis on the road, and obviously minimising costs and maximising profits?

Mr RAMSHAW: No, I think the contrary is the case. There is no conflict of interest because the network is not operating the taxis themselves. What the authorising taxi inspection station is doing is checking the compliance regime of the operator of the taxi.

Ms LEE RHIANNON: Will you just explain that a bit more to me because I actually thought they checked the roadworthiness of the taxis?

Mr RAMSHAW: They do, but the roadworthiness of the taxi is the responsibility of the taxi operator primarily.

Ms LEE RHIANNON: So when you said "compliance" that is what you meant?

Mr RAMSHAW: That is right.

Ms LEE RHIANNON: Why do you say that is not a conflict of interest? I am not allowed to determine that my car can be registered; I have to go off to somebody who is authorised to do that.

Mr RAMSHAW: That is right, you would have a conflict of interest in that case. And if the operator of the cabs was allowed to inspect their own cabs there is also clearly a conflict of interest, but because the network is not the operator of the cab then they are a third party if you like.

Ms LEE RHIANNON: But would you not agree the network has an interest in the operator and how all that functions? Our Premier likes to use the term "at arm's length" but it is barely even at arm's length this one?

Mr RAMSHAW: The network is also held accountable for the cabs in its network. It is in its interests to ensure that its compliance obligations are also being met.

Ms LEE RHIANNON: I am trying to understand this issue of safety with regard to vehicles. Is it true that most depot vehicles start life as a second-hand vehicle?

Mr RAMSHAW: Many taxis on the road would have been purchased second-hand.

Ms LEE RHIANNON: Is that check again undertaken at one of those inspection stations when vehicles are put into service as a taxi?

Mr RAMSHAW: That is correct.

Ms LEE RHIANNON: And you are thoroughly satisfied?

Mr RAMSHAW: In terms of the roadworthiness aspects, the inspection station is accredited by the Roads and Traffic Authority [RTA]. Authorised taxi inspection stations [ATIS] must be general authorised inspection stations; that is, they also do the pink slip inspections that you would be familiar with. They fall under the RTA regime in terms of the same roadworthiness aspects as other vehicles. The difference with a taxi is that they have another range of inspection standards they must meet based on the requirements of the Passenger Transport Act.

Ms LEE RHIANNON: Would you expect the mechanics to be licensed?

Mr RAMSHAW: The examiners need to be authorised by two government bodies—by the RTA as an AIS examiner and by NSW Transport and Infrastructure as an authorised taxi examiner.

Ms LEE RHIANNON: Is there only one inspection station at Alexandria?

Mr RAMSHAW: There is a number of inspection stations in the suburb or in the vicinity.

Ms LEE RHIANNON: Are you aware of the one run by Kismet Ventures Pty Limited?

Mr RAMSHAW: That could be the case. I do not remember off the top of my head.

Ms LEE RHIANNON: I have received information that most of the mechanics there are unlicensed. How are standards maintained given that the RTA might sign off on these inspection stations initially but they continue to operate and to employ people? How do you ensure that the taxis on the road are safe?

Mr RAMSHAW: The authorised inspection stations do the regular inspection regime. Sydney taxis must be inspected every four months at an authorised taxi inspection station. An inspection station may have a workshop and mechanics who do not conduct the inspections. I am not sure whether that is the issue that has caused confusion in this case. The taxis are also subject to random on-road inspections. In addition, the ATISs are subject to our own Taxi Council audit regime. They are audited twice a year by our inspector. That is based on two types of audit: a scheduled audit that they know is happening and a random audit at least once a year.

We also conduct follow-up audits in response to the outcomes of the regular audits. That involves, for example, checking their recordkeeping, documentation and the fact that their examiner is properly authorised. Those things are done as a matter of course. We also recall recently inspected vehicles for inspection by our examiner to check that the vehicle does in fact comply and that the records are accurate.

We also refer taxis that have been picked up on the road by the networks' own on-road enforcement officers or our quality liaison officers. For example, if we see a taxi that looks as though it has deficiencies we will go back through the records to establish when it was last inspected. If it was relatively recently that would prompt an audit of the ATIS. That is a good example of the type of things we are able to achieve by having solid regulations in the industry that do not apply in some other jurisdictions. It is only because of this that we can maintain the high standard of taxi services we have.

The Hon. GREG DONNELLY: Thank you for coming along today. Are the taxi networks affiliated to Taxi Council's organisations?

Mr RAMSHAW: Yes.

The Hon. GREG DONNELLY: Do they affiliate according to the number of drivers operating in the network or on some other basis?

Mr RAMSHAW: The Taxi Council is the operating arm of the two industry associations—the Taxi Industry Association and the Country Taxi Industry Association. Their members are the owners and operators of the cabs. There is a deed with the Taxi Council and the council acts as the operating arm for those associations. The council's membership comprises the taxi networks you have just referred to, the directors of the industry associations and representatives from the country operators association.

The Hon. GREG DONNELLY: In your role in the organisation would you have quite regular contact with senior people inside the networks?

Mr RAMSHAW: Yes.

The Hon. GREG DONNELLY: It has been explained to the committee by a witness on another occasion that there is a de facto requirement or understanding that they will sign a large document loosely called some kind of contract or arrangement that sets out a range of does and don'ts expected of them as taxidrivens. Have you heard of such a document?

Mr RAMSHAW: No. Obviously operators sign a contract. The evidence we heard earlier suggested that that may comprise two or three pages. I do not know, but I suspect that that is probably the case.

The Hon. GREG DONNELLY: Are you saying that in your role within the organisation you do not know whether they sign contracts?

Mr RAMSHAW: No, I know that they sign contracts, but I do not know how many pages they cover. You talked about a voluminous document. It sounds unlikely to me that the contract would be like that.

The Hon. GREG DONNELLY: What does the contract look like that you are familiar with?

Mr RAMSHAW: I am not familiar with the contracts.

The Hon. GREG DONNELLY: You are not familiar with the contracts?

Mr RAMSHAW: It is a matter for the network and its members.

The Hon. GREG DONNELLY: As a peak body—if I can described it that way—you do not have any copies of the contracts that drivers sign?

Mr RAMSHAW: Not that I am aware of; I have never had cause to.

The Hon. GREG DONNELLY: You do not have a copy of any contract?

Mr RAMSHAW: Not that I am aware of; I do not remember seeing one.

The Hon. GREG DONNELLY: You do not remember seeing a copy of a contract that a taxidriver in New South Wales signs?

Mr RAMSHAW: The driver or the operator?

The Hon. GREG DONNELLY: The operator.

Mr RAMSHAW: Not that I recall.

The Hon. GREG DONNELLY: Would other people in your organisation have some familiarity with these documents?

Mr RAMSHAW: They may have. People work for the Taxi Council who at various times have worked with taxi networks so they may be more familiar than I am.

The Hon. GREG DONNELLY: Can you establish whether copies are available and if they are provide them to the committee?

Mr RAMSHAW: I can.

The Hon. GREG DONNELLY: With respect to the surcharge of 10 per cent that has been the subject of a fair bit of questioning both today and on other occasions, does the Taxi Council as an organisation have a view about the level of surcharge that would be considered appropriate on top of the basic charge for the ride?

Mr RAMSHAW: Are you talking about for use of electronic payment transactions?

The Hon. GREG DONNELLY: Yes?

Mr RAMSHAW: No, I am not aware of any policy that the council has ever adopted on the matter, so no.

The Hon. GREG DONNELLY: Do you preside over the board meetings that occur for the organisation?

Mr RAMSHAW: I attend the board meetings. The chairman presides.

The Hon. GREG DONNELLY: And this matter does not get raised or has not been raised in the past?

Mr RAMSHAW: Not at any board meeting that I can recall attending, no.

The Hon. GREG DONNELLY: No discussion whatsoever about the surcharge?

Mr RAMSHAW: Well, no, it is not something that I am aware of as having been raised.

The Hon. GREG DONNELLY: Just out of interest, for how long have you been going along to meetings?

Mr RAMSHAW: About 7½ years.

The Hon. GREG DONNELLY: And it has never been raised once, to your recollection?

Mr RAMSHAW: Not that I can recall.

The Hon. GREG DONNELLY: Moving on to another issue, the question of acts of violence or threats towards taxidriver; in other words, they could be threats that actually do not ultimately then manifest in a physical attack but then you have the worst ones where there could be an attack or some act of violence towards a taxidriver, how, if at all, is this information recorded inside the industry on a systematic basis?

Mr RAMSHAW: It depends again on what the driver does in response, I suppose. If the issue is reported to the police, there is actually a transport industry or taxi industry reporting form that they are supposed to record.

The Hon. GREG DONNELLY: What about the Taxi Council's position in terms of its concern? You said at your last appearance that you do see a role for the council to represent or oversee the interests of taxidriver to some degree—they are my words not yours?

Mr RAMSHAW: Yes.

The Hon. GREG DONNELLY: Does the Taxi Council mandate, require or direct networks in any way to maintain data about violent acts or incidents to taxidriver?

Mr RAMSHAW: We do not require them to report that information to us. What they record would be a matter for themselves.

The Hon. GREG DONNELLY: Are you aware that any of the networks in fact collect data on such matters?

Mr RAMSHAW: Again, it would depend on the severity of the incident, I would imagine, but I do not know the specifics of how and when and under what circumstances that happens.

The Hon. GREG DONNELLY: Given that taxidriver are pretty vulnerable out there by themselves, do you not think that it is pretty strange that an organisation which claims it has the interests of driver at heart, namely your organisation, does not appear to be actively involved in trying to oversee the maintenance or show interest in the maintenance of records associated with violent incidents towards taxidriver that might involve threats?

Mr RAMSHAW: Reporting of incidents is problematic, largely because driver tend to be very reluctant to do so and that is again a function of the nature of the industry in that a taxidriver only earns money while he is transporting a fare-paying passenger, so driver tend to be very reluctant to report incidents because it means taking time out of their otherwise working time to report.

The Hon. GREG DONNELLY: Why would that be so?

Mr RAMSHAW: Because it takes time to report incidents, attend anywhere to do it or fill out forms and things of that nature.

The Hon. GREG DONNELLY: Is it something that could be done at the end of a shift?

Mr RAMSHAW: It may well be but again they are very reluctant to do it. We have put a lot of effort, for example—and we have a very good recent example of this with the issue of fare evasion and we worked very hard with the police to try and make it as easy as possible for taxidriver to report fare evasion because we have very limited information or hard data, if you like, about the extent of the problem. We have put into place

in recent times or the last 12 months, I would guess, arrangements where drivers can report these via the police assistance line.

We had to get changes in the protocols for the police assistance line because they do not normally accept reports of crime; it is more an intelligence-gathering exercise and because fare evasion is an offence, they would not normally accept that information, but we have arranged to get that changed, so we can now start, hopefully, to gather more information. But the actual incidence of drivers even phoning the police assistance line to report an incident is still very few and they are still largely underreported, I believe. So even when you make it as simple as that, it is extremely hard to obtain the real information.

The Hon. GREG DONNELLY: But there is no effort on your part to drive some cultural change?

Mr RAMSHAW: Well, we are. We put information in our magazines, every edition, for the last probably 12 months advertising the police assistance line, advertising the fact that drivers can report fare evasion via this means and actively encouraging them to do so. We have made a lot of effort in that regard.

The Hon. GREG DONNELLY: What, just in the last 12 months?

Mr RAMSHAW: Well, ever since it has become available to us to do it.

The Hon. PENNY SHARPE: Going back to the surcharge issue, you have given the Committee some supplementary information about EFTPOS. Do you know why the surcharge is set at 10 per cent?

Mr RAMSHAW: My understanding, which I learnt today really, was that it is something that was given in evidence earlier on that it was something that obviously has a very long history and appears to have been adopted by taxi networks when they ran accounts.

The Hon. PENNY SHARPE: So you are not aware of any reporting or research done to get a breakdown of why the surcharge is 10 per cent and perhaps what costs it endeavours to cover?

Mr RAMSHAW: No. Again, it is not something that the Taxi Council or the members that it represents are directly involved in.

The Hon. PENNY SHARPE: I know that Cabcharge is one provider and I am aware that there are other providers of the EFTPOS machines. Are you aware of any surcharges that are being used by any companies to reinvest in terms of the taxi industry, using any of those funds to do so?

Mr RAMSHAW: To reinvest?

The Hon. PENNY SHARPE: Yes.

Mr RAMSHAW: I am not sure what you mean.

The Hon. PENNY SHARPE: Okay. There is 10 per cent taken off the top. What portion of that is going back into the industry via the drivers or via other means? Is it funding any other activities, for example, the protection of drivers?

Mr RAMSHAW: I believe from information that at least some of the providers publish that some of them do pay commissions, if you like, but again I do not know any of the facts of the matter really.

The Hon. PENNY SHARPE: So it is just commissions to the drivers?

Mr RAMSHAW: Yes. There may be other arrangements for operators. I really do not know too much about it.

The Hon. PENNY SHARPE: Can I ask about the re-establishment of the Taxi Advisory Committee by the department? What is the Taxi Council's views about that?

Mr RAMSHAW: We would support—we have been members of the Taxi Advisory Committee and we are happy to participate.

The Hon. PENNY SHARPE: Do you have a view about who should be on that?

Mr RAMSHAW: We do. We think that the Transport Workers Union, being the registered body with the Industrial Commission representing drivers, should be represented; the Government in various forms needs to be represented.

The Hon. PENNY SHARPE: Which parts of the Government?

Mr RAMSHAW: At least Transport and Infrastructure, and the industry association, the Country Operators Association should also be represented.

The Hon. PENNY SHARPE: Do you think there is a role for some specialised input from consumers?

Mr RAMSHAW: There probably is a valid role for input from representatives, true representatives, if you like, of customer groups.

CHAIR: Did you indicate that your council should also be on the committee?

Mr RAMSHAW: Yes.

CHAIR: I missed that part.

Mr RAMSHAW: I meant to, if I did not.

The Hon. PENNY SHARPE: The universal accessible taxi is an issue that has been raised. Your submission is less positive than Mr Kermode's evidence to the inquiry—for example, with regard to the problems with additional driver training and accessible vehicles. Could you outline a little more to the Committee what your concerns about that are?

Mr RAMSHAW: Yes, I am happy to do that. There are a number of issues that surround this. Again, I think the objective is a good one. I do not disagree with what is trying to be achieved in terms of providing a service, but there are practical difficulties—and I think Mr Kermode mentioned this as well—in terms of trying to find a vehicle that is economically viable. Given the scale of the industry in New South Wales, it has been difficult.

It really gets down to a couple of things. There is certainly the matter of cost, which really boils down to the question of who is expected to pay or who is willing to pay, and this is supported by the information provided to the commission as attachments to my documents via studies overseas of the fact that it costs more to provide the service. But there are some more subtle issues as well, as I mentioned in my submission. We have started to see a little bit of that coming through now, interestingly enough. We have addressed to a large extent the problem of drivers with wheelchair-accessible taxis avoiding picking up passengers in wheelchairs, by enforcement of licence conditions and ongoing monitoring of their activities, which I have spoken about before. But what that has now started to bring up is that you get a slightly different set of issues arising. You may find that the drivers who were successfully avoiding the work in the past, who were not so willing to do the work, are now being forced to do the work, and they are not as well practised—is probably the best way to describe it.

I think there is certainly an advantage in having a group of drivers who are more dedicated to this type of work and who are doing it on a regular basis, do the work. If you are only coming across a passenger with these particular needs once every two months or something like that, you tend to forget the skills: how to load, how to deal with the passenger, and how to secure the device in the taxi. So there is a balance between—

The Hon. PENNY SHARPE: Do you say that there are drivers who are driving wheelchair-accessible taxis who are picking up a person in a wheelchair only once every two months?

Mr RAMSHAW: If every taxi were wheelchair accessible I am sure that would be the case, and probably even less often.

The Hon. PENNY SHARPE: I am talking about now.

Mr RAMSHAW: No, I am not saying now.

The Hon. PENNY SHARPE: You are saying, if we went to a universal fleet?

Mr RAMSHAW: Yes. I meant: If, for example.

The Hon. PENNY SHARPE: Do you think there are any benefits to the introduction of a universal accessible taxi?

Mr RAMSHAW: Obviously, yes, there would be a benefit, and that is that the service would be equivalent in terms of availability. The closest available cab would be suitable for the job—at least to the extent that the person's mobility device can fit in the standard taxi, which again is another slightly separate issue.

The Hon. PENNY SHARPE: Again with regard to the universal taxi, the evidence we heard earlier today was that in the past there has not been an acceptable vehicle. Obviously wheelchair-accessible vehicles have developed a lot over the last decade and there are a number of different types of vehicles on the roads in New South Wales. Do you think there are currently models that could be used as part of a universal fleet, or do you think it would need more work on the design?

Mr RAMSHAW: Again, it gets back to the issue of cost. It has not been possible in the past—and I still do not think it would be possible because of the economics—to develop a purpose-built taxi. That really would be the ideal: a vehicle that is designed to meet the whole range of different needs that apply to a taxi. Given that situation, we are forced to deal with whatever is currently on the market as being available as a general vehicle. There will then always be the conversion costs, and I have provided information to the Committee about those. That really gets down to the crux of the issue.

The Hon. TREVOR KHAN: Mr Ramshaw, you are aware, are you not, that not one representative of the major taxi networks in Sydney has been prepared to come before this inquiry to give evidence?

Mr RAMSHAW: I am aware.

The Hon. TREVOR KHAN: Indeed, do I take it that you are aware that representatives of all the major networks declined to give evidence before you lodged your original submission?

Mr RAMSHAW: I was not aware of that.

The Hon. TREVOR KHAN: You were not?

Mr RAMSHAW: I do not know who you have written to, or who has replied, or—

The Hon. TREVOR KHAN: You know who the major networks are?

Mr RAMSHAW: Yes.

The Hon. TREVOR KHAN: Do I take it that in terms of those major networks, you consulted them in the preparation of your original submission?

Mr RAMSHAW: Various members of various networks, yes.

The Hon. TREVOR KHAN: You consulted Premier, did you?

Mr RAMSHAW: Yes, I probably did.

The Hon. TREVOR KHAN: Peter Hyer of Premier?

Mr RAMSHAW: Yes, I did speak to him.

The Hon. TREVOR KHAN: What about Combined? Who did you consult there?

Mr RAMSHAW: I probably spoke to Fred Lukabyo, and there may have been others in the organisation.

The Hon. TREVOR KHAN: Did you consult with anyone from RSL?

Mr RAMSHAW: I am really not sure. I cannot remember; it is a few months ago. When you say "consult", your question was about whether or not I was aware that they had declined invitations from the Committee. To be honest, I do not know; I did not ask them whether they received invitations or what their reply had been. Certainly a representative from Lime taxis has appeared before the Committee and—

The Hon. TREVOR KHAN: You are not suggesting that Lime is a major network in this town, are you?

Mr RAMSHAW: They are an authorised taxi network.

The Hon. TREVOR KHAN: With regard to your supplementary submission, who did you consult in the preparation of that?

Mr RAMSHAW: I compiled it largely from my own information on my own records. It may have been distributed to the directors, perhaps, of the Taxi Council.

The Hon. TREVOR KHAN: May, or was?

Mr RAMSHAW: I cannot actually remember who I sent it to at the time.

The Hon. TREVOR KHAN: Did you consult with either Mr Kermode or anyone in Mr Kermode's office, including his in-house legal representative, with regard to your supplementary submission?

Mr RAMSHAW: No.

The Hon. TREVOR KHAN: Are you sure about that?

Mr RAMSHAW: I do not think I did.

The Hon. TREVOR KHAN: With greatest respect, Mr Kermode is not somebody you would forget. Did you consult with him, or not?

Mr RAMSHAW: In preparing the supplementary submission?

The Hon. TREVOR KHAN: Yes?

Mr RAMSHAW: No, I do not remember talking to him about it. But again, there may have been something. But I do not remember doing it.

The Hon. TREVOR KHAN: There are gaps in your knowledge of the industry, could I suggest? For instance, you are not aware, from questions that the Hon. Greg Donnelly has asked you, of the nature or style of agreements between the networks and the operators. Is that right?

Mr RAMSHAW: I have not seen the actual contract document—that I remember seeing anyway, no.

The Hon. TREVOR KHAN: And you are not aware of the history of the 10 per cent?

Mr RAMSHAW: No, because I understand that goes back many decades.

The Hon. TREVOR KHAN: And you have not sought to determine the circumstances surrounding how this 10 per cent figure has been arrived at?

Mr RAMSHAW: I do not really see that it is of relevance to me.

The Hon. TREVOR KHAN: You might not, but we might. You have not seen the relevance of it?

Mr RAMSHAW: No.

The Hon. TREVOR KHAN: Notwithstanding the lacunae in your knowledge, the gaps and the holes in your evidence, do I take it that in your supplementary submission you take some little time to look into Professor Abelson with some enthusiasm? Would that be fair?

Mr RAMSHAW: Dr Abelson?

The Hon. TREVOR KHAN: Yes?

Mr RAMSHAW: Yes, I have made some comments in response to his submissions.

The Hon. TREVOR KHAN: That is, that he is ignorant on various matters around the taxi industry?

Mr RAMSHAW: In particular, issues that he has made comment on.

The Hon. TREVOR KHAN: I suppose I am going through that because you were asked questions, and you do not know the answers, about basic things like network contracts. I put to you that it is the pot calling the kettle black: You come in here as a representative of the taxi industry and you do not know—

Mr RAMSHAW: Do you want me to respond to that?

The Hon. TREVOR KHAN: Yes, I do.

Mr RAMSHAW: Okay. I think there is a very clear distinction, with respect. I have not written submissions or included information in submissions that I know nothing about or know very little about. The questions that I have been asked here that I have not been able to give information about to your satisfaction have been things that were raised by others as opposed to things that I have volunteered off my own bat.

The Hon. TREVOR KHAN: Let us go to the top paragraph on page 3 of your submission, which says "It is not clear why Cabcharge's 10 per cent fee on EFTPOS has been singled out for attention when to the best of our knowledge"—I take it that is "to the best of my knowledge"—all other providers of EFTPOS equipment in taxis in Sydney charge passengers at least this amount. This includes the system introduced by Macquarie Bank." As you have made that statement will you tell us who are the other providers of EFTPOS equipment in taxis in the Sydney market?

Mr RAMSHAW: Off the top of my head there is Live Payments, I understand, and I think GM Cabs provides a system. There is a range of others. I do not know who they all are.

The Hon. TREVOR KHAN: Alright. Seeing it is not a memory contest, do I take it that you can go away and identify those other providers of EFTPOS equipment in taxis?

Mr RAMSHAW: I may or may not be able to.

The Hon. TREVOR KHAN: But you will do your best.

Mr RAMSHAW: I will do my best.

The Hon. TREVOR KHAN: Excellent. And will you be able to identify whether those other providers of equipment—other EFTPOS machines—are capable of billing on a Cabcharge card?

Mr RAMSHAW: Again, I do not really understand why you are asking me that question because I do not know why I would have access to that information or how I would go about obtaining it. I think you would need to ask that question of the providers themselves.

The Hon. TREVOR KHAN: Let us go on. Are you aware whether any of the networks have at any stage tendered for the provision of EFTPOS machines for the operators of their networks?

Mr RAMSHAW: I am not aware of that, no.

The Hon. TREVOR KHAN: Would it be the case that no networks have entered into a competitive tender process for the provision of EFTPOS equipment for the taxis?

Mr RAMSHAW: Again, I am not sure what role the networks would be playing in that. It is really a matter for the operator I would have thought.

The Hon. TREVOR KHAN: Why would you think it is a matter for the operator?

Mr RAMSHAW: The equipment in the taxi is the responsibility of the operator.

The Hon. TREVOR KHAN: Can you tell us the arrangement that exists with regard to the costs of provision of the EFTPOS machines by Cabcharge?

Mr RAMSHAW: I understand from evidence that was presented to the Committee by another witness that the operator is not charged anything.

The Hon. TREVOR KHAN: What is the arrangement with regard to the maintenance?

Mr RAMSHAW: Again, I do not believe the operators are charged anything, but it is not something that I am directly involved in.

The Hon. TREVOR KHAN: With regard to the 10 per cent, I think you are reliant on the evidence given by Mr Kermode today for your knowledge of how it came about. Is that the case?

Mr RAMSHAW: Yes. It did remind me that I have heard the same thing previously but, again, it is more something that I have picked up in passing rather than anything I have inquired about.

The Hon. TREVOR KHAN: I take it from the preliminary comments that you made that your essential point is that we are becoming in a sense distracted by this issue of the 10 per cent charge on cards.

Mr RAMSHAW: No, I have not accused you of anything. I have commented on other submissions or responses that were put to the Committee by other witnesses and respondents to the recommendations that we put in our original submission. A lot of that seemed to be focused on this issue of who was going to be the supplier of the equipment. In my preliminary comments I tried to explain that my belief is that these things can be achieved without conferring any unfair influence, if you like, over who supplies what by setting a standard. The same thing applies for many things at the moment. Camera standards apply to taxis. The fact that you have a standard that suppliers have to meet does not mean—you can write a standard that does not confer an advantage to any particular supplier.

The Hon. TREVOR KHAN: Yes, but would you agree with me, Mr Ramshaw, that if any player in the market has a degree of market dominance and then further requirements are placed that make it even more difficult to operate in an industry, you can in a sense reinforce the market dominance of the existing player?

Mr RAMSHAW: If someone has a position in a market there is not much you can do about that by introducing a new requirement or a new standard. Everybody has to meet the same standard. I do not think you are actually changing the situation, and I do not think it is a government's role to try to engineer an outcome in that respect. It should be an open process where anyone who complies with the standard is able to supply the equipment. I gave the example—

The Hon. TREVOR KHAN: I just want to understand you in that regard. You do not see it as the role of government to engineer a particular outcome. Is that what you are saying?

Mr RAMSHAW: No, engineering it in a direction toward or against any particular supplier is what I meant. My suggestion is that the Government's role would be, as it does in other areas, to set a specification or a standard to produce a certain outcome for the customer and for the industry, and suppliers who want to participate in that market are free to do so.

The Hon. TREVOR KHAN: You make that assertion in the knowledge that it would be defying belief to accept that Cabcharge does not have a position of dominance in the market.

Mr RAMSHAW: They have a market share.

The Hon. TREVOR KHAN: What is it, 95 per cent?

Mr RAMSHAW: I do not know what their market share is. I really do not see the point of the question and I fail to understand the issue. What we are proposing is not setting out to reinforce their share of the market or anyone else's. It is to provide something that I think the public wants.

The Hon. TREVOR KHAN: Do you think the public wants to pay 10 per cent on a piece of plastic for catching a taxi? You are not suggesting that are you?

Mr RAMSHAW: I do not know where that comes into it at all. Nothing in my recommendations or submission refers to anything to do with who gets charged what. All I am asking for is a receipt and for the amount that has accrued in tolls to be displayed on the meter and on the receipt. How they pay, whether by card or by cash, I do not care.

The Hon. TREVOR KHAN: The Australian Competition and Consumer Commission on 25 February 2008 published a statement of issues with regard to Cabcharge and a certain matter, and in that statement at paragraph 11 they say, "Cabcharge has publicly stated that approximately 400 taxi companies across Australia accept Cabcharge branded charge cards, dockets and e-tickets, representing approximately 14,500 taxis from the national fleet. Cabcharge estimates that the Cabcharge EFTPOS freeway system is offered in 96 per cent of all taxis in Australia." Are you not aware of that level of apparent market dominance—96 per cent of taxis?

Mr RAMSHAW: I am now. Thank you.

The Hon. TREVOR KHAN: When you talk about all these other players—EFTPOS providers in the market—if Cabcharge apparently is supplying their EFTPOS machines into 96 per cent, these other ones that you talk about in your submission at the top of page 3 apparently account for 4 per cent of the market.

Mr RAMSHAW: You had evidence, I believe, from a previous witness who said that a number of drivers or cabs have more than one EFTPOS machine in their cab. So I suspect your inference is probably not correct.

The Hon. TREVOR KHAN: Are you saying that what you say there is a fair representation of the evidence given by that witness with regards to operating two machines? It was in that context, was it not, essentially that operating two machines is decidedly disadvantageous—you do not want to be operating two EFTPOS machines in a taxi? That is the tenor of the evidence that we have received, is it not?

Mr RAMSHAW: I do not know.

The Hon. TREVOR KHAN: You do not know?

Mr RAMSHAW: I was answering your question about whether or not because 96 per cent—if you said that is what it was—of cabs had EFTPOS machines that they have 96 per cent of the market. I suspect that that is not necessarily true because all that proves is that they are in the cab. Whether people are using them or using something else I do not know.

The Hon. TREVOR KHAN: To be fair, you are being picked up on this line of questioning because it is contained in your supplementary submission. I am inviting you to, in a sense, bolster your own supplementary submission by expanding upon it. I am putting to you material from other sources that suggest that contrary to your suggestion that there is an availability of competition, as far as Cabcharge are concerned they have 96 per cent of the market and are grossly dominant in the market in providing EFTPOS services. I do not want you to feel that I am simply plucking this; it comes from what you have sought to assert in contradistinction to what other witnesses have put. Do you understand me?

Mr RAMSHAW: I do. The reason that it is in my submission is because a lot of the responses and information that was put to the inquiry in response to our submission seem to pick up on this issue. From my point of view what I have said is I do not understand the relevance of it in terms of what we have put to you.

Apparently, it has prompted this line of questioning, as you suggest, but what I was trying to achieve is to question the relevance of it in terms of what our recommendations have been to the committee.

The Hon. TREVOR KHAN: If what happens is that between perhaps a third and a half of people jumping into taxis pay with plastic and if when they go over the bridge and get a toll or do whatever they find at the end of the journey that they get 10 per cent on their fare, 10 per cent on the flag fall, 10 per cent on the tolls, and, as best as I can tell, 10 per cent on the GST, you do not think it is relevant to this inquiry to say that is a bit rich?

Mr RAMSHAW: I did not say it is not relevant to the inquiry. You can determine what is relevant to the inquiry. I said it is not relevant to the recommendations that we made in our submission.

CHAIR: Thank you, Mr Ramshaw. You have taken some questions on notice, I believe, and there may be some other questions that committee members may want to forward to you on notice. The committee has resolved that answers to questions on notice be returned within 21 days. The committee staff will be in contact with you in relation to any questions you have taken on notice. I thank you again for appearing before us a second time to assist the committee.

(The witness withdrew)

LESLIE ROBERT WIELINGA, Director General, New South Wales Transport and Infrastructure, Sydney, on former oath:

CHAIR: Thank you for appearing before us for a second time. Did you want to make an opening statement?

Mr WIELINGA: No, I will go straight to the questions.

The Hon. TREVOR KHAN: I think it is now a considerable time since you were last before the committee and, in a sense, I think that you were starting to settle into the role when you were last before the committee. Do I take it you have had the opportunity to look at the various submissions that have been made and the evidence given since the last time you were here?

Mr WIELINGA: We have been looking at that, but we have also been concentrating on implementing the requirements out of the legislation that was put through late last year, with a focus on the administration of the new nexus licence, or the confirmation of those nexus pairs with the WATs. We have been working on the new 100 licences that were put out initially. We have been working on a determination for the new batch of licences—the requirement for that decision to be made by the end of March. That has been a focus for us.

The Hon. TREVOR KHAN: I will take you to part of that answer, and that is the 100 licences that were issued, the new plates. Could I just ask you to briefly identify what the criteria for the tender process was?

Mr WIELINGA: Basically it was a competitive tender process that went out to the market. All were invited to respond to that tender. Price was the significant issue. There is a requirement to get taxis on the road as quickly as possible, but there are natural commercial drivers for that to happen. In fact, over 40 of those new licences are already out there with their taxis and up and running. They are going very quickly. We got a very good response to it—about 800 submissions. The outcomes were basically what we expected.

The Hon. TREVOR KHAN: The outcomes were basically what were expected? What were the expected outcomes?

Mr WIELINGA: We expected that there would be a strong demand for new licences because it was clear to us that there was a demand for additional taxis to go out there. We expected people that knew the industry to respond that way because they knew the opportunity would be there for the additional licences.

The Hon. TREVOR KHAN: I suppose that raises this issue: Of the 100 plates that were issued how many of them were individual plate issues?

Mr WIELINGA: About 60 per cent of the submissions were from individual drivers.

The Hon. TREVOR KHAN: That means 60 plates were issued to individual drivers?

Mr WIELINGA: Sixty per cent of the submissions we received. There was a limit set that any one individual or company could have a maximum of 10. I do not have the detailed stats with me today about who got what licences; they will be going up on our website in the near future. But if you want me to give you the full details of that we are happy to come back with them.

The Hon. TREVOR KHAN: Do I take it that the answer is that you will take it on notice as to where they went?

Mr WIELINGA: Absolutely.

The Hon. TREVOR KHAN: Some of the evidence that we have received would seem to indicate that there has been a concentration in ownership of plates over a period of time. Would you be of that understanding, that that is the nature of the evidence that we have received?

Mr WIELINGA: I do have some stats here with me. About 84 per cent of the licence holders are individuals. About 60 per cent of the licences are with mum and dad types out there at the moment. I think the biggest holder has got about 10 per cent of those licences out there. But, again, we can confirm those stats for you.

The Hon. TREVOR KHAN: Are you able, without identifying names, to identify the size of individual parcels that are held in the market?

Mr WIELINGA: As I said, 10 per cent. There are 3,666 licences in Sydney. So I think it is around 300, 350. We will come back to you with those details.

The Hon. TREVOR KHAN: That is 350 are held by one operator or one owner?

Mr WIELINGA: One network. I will need to come back to you and confirm those numbers. I have not looked at that in detail; it has not been an issue. Up until now we have concentrated on the process of issuing the new licences and, as I said, we have concentrated on the process of administering the nexus arrangements.

The Hon. TREVOR KHAN: If it sounds like I am telling you how to suck eggs, I am not trying to. Can you understand that there is potentially an issue that if a few operators had significant holdings in the market they may well be able through those holdings to control a number of major networks in Sydney?

Mr WIELINGA: I understand market dynamics. I understand the law of supply and demand. If you are saying to me if somebody has got a dominant share in the market will they have a significant influence on it? You can ask any basic economist that and the answer is yes.

The Hon. TREVOR KHAN: Again, I did not want to teach you how to suck eggs. If it seems to be an issue that perhaps has arisen in this inquiry, is it not an appropriate matter for an arm of government to determine in fact whether there are anti-competitive elements that are controlling the market?

Mr WIELINGA: I think you will find that Parliament put its mind to this question when the updated legislation went through Parliament late last year. They have given me the authority as Director General to look at this issue as part of issuing new licences. We can, for example, make a determination to issue a number of those licences to individual drivers.

The Hon. TREVOR KHAN: If it were the case that 10 of the plates went to an entity associated with Mr Kermode, could it not be the case that what your organisation has done is reinforce the market dominance of one of the players? You have given 10 per cent of the available plates to perhaps a player who already has 10 per cent of the market.

Mr WIELINGA: My response to that question is 60 per cent of small people, mums and dads, put submissions in to get licences last time. That is not a judgement they appear to be making.

The Hon. TREVOR KHAN: I am not asking who put in the submissions but who got the plates. Was it 60 per cent mums and dads, as you describe them, who got the plates or was it a much smaller percentage of mums and dads who got the plates, taking into account the criteria you applied, which is money?

Mr WIELINGA: I do not believe that is the case. But I want to give you the exact numbers and the way they were distributed and you can see that for yourself.

The Hon. TREVOR KHAN: Are you aware from media reports at least over some two years, perhaps longer, and in more recent times in the context of this inquiry that the issue of the 10 per cent surcharge on the electronic payment method is an issue in the community?

Mr WIELINGA: I have seen a few media articles on it, yes, and they have generally been associated with the litigation that is going on federally at the moment.

The Hon. TREVOR KHAN: Could I suggest, for instance, that Professor Allan Fels was talking about this publicly, including in the media, in February 2008?

Mr WIELINGA: Sure.

The Hon. TREVOR KHAN: Indeed, that would suggest that it has not simply been in the context of the current ACCC proceedings, but there has been a concern with regards to the level of service fees charged on electronic transactions in the taxi industry.

Mr WIELINGA: Given you have suggested that, I am sure you are aware also the court case has been going on for some time and it is due to sit again in October this year.

The Hon. TREVOR KHAN: That is the ACCC's proceedings?

Mr WIELINGA: Correct.

The Hon. TREVOR KHAN: Do you see any role for your organisation in investigating whether there are appropriate standards in place with respect to the provision of EFTPOS machines in the industry?

Mr WIELINGA: What I can talk about is what the law requires at the moment in these circumstances. As far as the New South Wales transport regulations are concerned, there is a requirement of taxis to put a meter in their taxis, the customers need to be able to see the prices that are being charged, and they need to see the total fares. If you are dealing with issues about regulation of legal tender and so forth, that is a Federal issue. If you are dealing with the regulation of consumer credit, that is also a matter for the Commonwealth Government through the Australian Securities and Investments Commission. Allegations of breaches of the Trade Practices Act are a Commonwealth Act as well. Any abuses of monopoly power are a matter for the ACCC.

The Hon. TREVOR KHAN: So no role?

Mr WIELINGA: They define how these things are administered in the Australian jurisdiction.

The Hon. TREVOR KHAN: No role as you perceive for the primary regulator of the taxi industry in New South Wales?

Mr WIELINGA: There is a requirement. People can use cash to pay for taxis at the time, but at the end of the day those issues are dealt with at a national level so that there is a consistent approach around Australia when you are dealing with consumer credit and monopoly powers. You can understand why that needs to be standard around Australia—so that there is an administration process, there are agencies put in place to deal with that, and there is a consistent approach nationally.

The Hon. TREVOR KHAN: I have no further questions.

CHAIR: We will move to the crossbench.

Ms LEE RHIANNON: Thank you for coming to the inquiry, Mr Wielinga. Mr Ramshaw, who gave evidence before you, in response to my question, I think, talked about random road inspections. He said that on the road an enforcement officer can look at a taxi. I have just been given an example. I am trying to understand the Roads and Traffic Authority's [RTA] involvement with ensuring that taxis are roadworthy. This example concerns a Silver Service taxi. The driver stopped at traffic lights and was pulled over by an RTA inspector in this case, not an inspector from one of the taxi inspection stations. I assume they were concerned about the taxi but I am not sure. It may have been a spot check. I have here the vehicle defect notice listing 16 defects. This taxi was driving around taking fares with a handbrake that was not working, three leaks were identified—a fluid leak from the brakes, an LPG leak and the engine oil leaking—and also insufficient thread on some of the tyres. If you would like to look at it in more detail I can show it to you. Could you explain to us the role of the RTA in inspecting taxis? Then I would like to go onto the role of the RTA in authorising the taxi inspection stations.

Mr WIELINGA: The RTA administers the vehicle inspections for all vehicles on the road network in New South Wales. They do that through a group of authorised inspection stations. They have three or four different types of inspection stations. Some deal with heavy vehicles, some deal with taxis, some deal with ordinary motor vehicles. There are some requirements in the regulations for getting inspections done on those vehicles. Taxis are a part of that process for actually getting the vehicle registered. New South Wales Transport deals with taxi licences, taxi networks, the accredited operators and authorising drivers for taxis. A vehicle's mechanical suitability is a matter for the Roads and Traffic Authority.

Ms LEE RHIANNON: Until I was given this information today I had understood that inspections were undertaken under the Authorised Inspection Stations Scheme. Considering this is an RTA defect notice, what is the direct role between the RTA and the inspection of taxis? Is this just a one-off or are RTA people on the road keeping a lookout for taxis that they may be concerned about?

Mr WIELINGA: I will have to come back to you with the details on that. I would not mind some details of the particular case and I can find out what the circumstances are behind it, who or why it was done at the particular time. It surprises me that somebody got pulled up at a set of traffic lights to do this. Normally these things are done at a garage location or a parking area where those inspections can be done safely. It does surprise me that someone got pulled up at a set of traffic lights.

Ms LEE RHIANNON: Your answer suggests that there are not random road inspections, as Mr Ramshaw suggested.

Mr WIELINGA: The RTA does have vehicle inspectors that go out on the road.

Ms LEE RHIANNON: You do.

Mr WIELINGA: They are mobile, but they are mainly concentrated around the heavy vehicle industry. Those people do have powers to inspect other vehicles, but I have said I will get you some more detail on that, and you and I will.

Ms LEE RHIANNON: Thank you. Could you explain to the Committee about authorised taxi inspection stations? How are they set up? How many are there? How regularly does the RTA interact with those inspection stations to ensure high standards?

Mr WIELINGA: They go through an application process and they are assessed as being suitable. There is an audit program that the RTA has that goes around those inspection stations. When RTA inspectors find a problem with a vehicle, they generally inspect which inspection station it was inspected at, and they go and address it with that particular inspection station. But if you want hard statistics about numbers and so forth, again I will have to come back to you with the details.

Ms LEE RHIANNON: Thank you. Please take that on notice. Once one of these inspection stations is set up, how often is it inspected by the RTA?

Mr WIELINGA: I have to come back to you with that detail.

Ms LEE RHIANNON: Could you also supply us as a response to a question on notice what form that follow-up inspection takes with regard to checking on the qualifications of the mechanics who work there and the inspectors who are undertaking the checks on the taxis?

Mr WIELINGA: Yes—happy to do that.

Ms LEE RHIANNON: Thank you very much. When we were together last, which was at the beginning of February—something like two months ago—we explored a few issues, one of which was the taxi advisory committee. You said to the Committee, "We will be putting it in place and making it function this year." Could you tell us where that is up to, please?

Mr WIELINGA: Yes. We have identified roughly what the composition of it is going to be. I have had several meetings with key industry stakeholders. I said to you I would be assessing their interests to be a part of that. Most of them have said that they are interested in playing a role. We have had a number of interactions with those key stakeholders in dealing with the three issues that I mentioned earlier to Mr Khan, so we will be getting going with it soon. I am not going to give you a definite commitment to it now. But I said it would be this year, and it will be.

CHAIR: Please turn off that mobile phone. I remind everyone to please turn off your phones.

Ms LEE RHIANNON: The other matter we explored in relationship to this was the fact that the taxi task force had recommended to the Government that this body be wound up.

Mr WIELINGA: Yes. My memory of the question and the interaction that we had last time about this was that I thought, or my view was, that interaction with the key stakeholders and the taxi industry was important. We needed to do that in an environment where all of those parties came together in the same room to address issues. I think that sort of consultation is important. My position stays the same.

Ms LEE RHIANNON: I do not think anybody had disputed the need for the consultation, but there had been a clear recommendation that that particular body should not continue, apparently because of the problems that seemed to have become fairly entrenched in that body.

Mr WIELINGA: Yes.

Ms LEE RHIANNON: It was a recommendation to the Government. Could you explain why that recommendation was not followed, and why that particular body has been allowed to continue?

Mr WIELINGA: Yes. I think I said last time I did not know. I still do not know. I said also my understanding was that there were some personality issues that were causing some difficulty. I also think I said that I did not think personalities were relevant; that people needed to get into the room and talk about issues, despite those difficulties.

Ms LEE RHIANNON: With all due respect, Mr Wielinga, that is still not explaining why you have allowed the taxi advisory committee to continue, considering you always say to us how you abide by government policy. Here there has been a clear recommendation that was not followed through.

Mr WIELINGA: Yes.

Ms LEE RHIANNON: Is there any other advice that supersedes the advice from the taxi task force with regard to that committee?

Mr WIELINGA: Look, I am sorry that you misunderstood. I thought I said that I thought it was important to have consultation; that I thought it was important to bring the key stakeholders together so that we can deal with issues around the taxi industry. I still think that is important. I am not aware that that is not government policy.

Ms LEE RHIANNON: No, but the recommendation was to replace it with another body. That is what has not happened.

Mr WIELINGA: Are you talking about what we call it, or something like that? I just do not understand.

Ms LEE RHIANNON: I understood from that it was not just the name of it, but its terms of reference, how it functions, and how the different stakeholders interact.

Mr WIELINGA: We are producing new terms of reference and we are talking to relevant stakeholders and all that sort of thing. It is a fresh start.

Ms LEE RHIANNON: Okay I also want to go to the issue about the data that is collected. When we were together last, you said that you supported disaggregated data going on the website.

Mr WIELINGA: I do.

Ms LEE RHIANNON: Where is that up to, please?

Mr WIELINGA: We are still having some interesting discussions with key stakeholders in the place. That data will be going up onto the website.

Ms LEE RHIANNON: Could you explain what "interesting discussions" means?

Mr WIELINGA: Whenever you are collecting data and it is a relatively new process, there are differences of opinion about what it means and what it is telling you. We want those systems to be robust. We want to make sure that the data is independently verified. Sometimes people feel uncomfortable about this sort of information going onto websites.

Ms LEE RHIANNON: Has this data not been collected for a number of years? I did not think it was that recent.

Mr WIELINGA: There are systems that have been in place for a number of years. A lot of elements of that have been self-reporting. We have been spending a lot of time trying to make that a little bit more independently assessed, as I said a couple of minutes ago, and in making sure that it is robust. It takes a little bit of time to develop these. We have been putting collective overview data in. We just want to become a little bit more specific about it, and that is the direction in which we are heading.

Ms LEE RHIANNON: When you say that there have been "interesting discussions", do you mean that there is a reluctance from some industry players to have this information go public?

Mr WIELINGA: You know that is true, and these things happen all the time. On any aspect, at the end of the day it is about the information being put on the website, and that is what we intend to do.

Ms LEE RHIANNON: Considering that you have acknowledged that some of the industry players are reluctant for it to go public, how are you progressing this? Are you setting a deadline for when this disaggregated data will go up?

Mr WIELINGA: I have not set a deadline yet. If it gets to that, I believe that we can deal with this cooperatively with the industry players. The signs are good at the moment but that is going to be the case. They have agreed with the final outcomes that we are heading for, but I cannot take it is going to be next week or next month.

Ms LEE RHIANNON: Thank you for explaining that. It appears from your answers that there has been considerable work done on it. Could you outline what form the disaggregated data will take? To what degree has been separated out? I guess that that could be one of the points of contention. Could you tell us what the end product is that you are aiming for?

Mr WIELINGA: Yes. It is individual data against individual taxi networks.

Ms LEE RHIANNON: For each locality?

Mr WIELINGA: Yes. The networks have generally got an area. That is what we are talking about coming yes.

Ms LEE RHIANNON: There are some networks that cover extensive areas. If you wanted to look at what is going on in Newcastle for whoever covers Newcastle, you could do that?

Mr WIELINGA: Years. The reason we are doing this is that under the current legislation we have the framework there. Networks play a sort of co-regulatory role in administering the taxi industry. They look after operators over drivers, and networks over operators and drivers. I think that is the right level at which to put out this specific information. That is my thinking on it. That is where we are trying to head.

Ms LEE RHIANNON: Thank you. Obviously you have been in the job for quite a while now. You have been following the controversy?

Mr WIELINGA: If you think nine months is a long time, it probably does feel like nine years.

Ms LEE RHIANNON: What I am trying to explore here is regulation within the industry. Often when people ask me to give a quick summary of what I do on this Committee, it seems to come down to the controversy around regulation and what form that takes.

Mr WIELINGA: Yes.

Ms LEE RHIANNON: Would you agree that the regulation we have so far has been developed, firstly, with little transparency; secondly, with only a small number of industry players; and thirdly, that the monitoring of regulations has been outsourced by the networks?

Mr WIELINGA: Yes. The simple answer is I do not know if that is true. I can talk about what we have been doing in recent months and late last year and what direction we are trying to go in. I think I mentioned last time that when we put the 100 licences out we told the people who were putting in submissions

to that invitation that we would be going public with their information. I think that is the most significant element of transparency around this, putting that information on to our website. We are going in that direction. We are going to be putting this specific information on to our website.

Ms LEE RHIANNON: That is transparency and you feel we are heading the right direction.

Mr WIELINGA: Yes. I said last time we are going to do this.

Ms LEE RHIANNON: But the problem seems to be that we do not have a timeframe. It sounds as though you are saying we have just got to live with that and keep watching the website. Is that the advice?

Mr WIELINGA: What worries me is if I give you a day and month now, when I come back here next time you are going to thump the hell out of me for missing it by a couple of days or something like that.

Ms LEE RHIANNON: We have never done that yet, Mr Wielinga. You give us fair answers, but considering this is such a big part, would you give an approximation in months or years?

Mr WIELINGA: I said this year, and we are going to do that.

Ms LEE RHIANNON: Another criticism about the regulation is, yes, there is regulation but it has only involved a small number of players. Do you agree with that? Are you trying to change that?

Mr WIELINGA: When you look at the way these things unfold, if you have an environment where you are getting input from all of the key players and you have an agency, if it is operating effectively, it puts up policy options to government but at the end of the day government and Parliament make those policy decisions. If you make that process work effectively, and people can clearly see it happening, the problems that you are talking about evaporate.

CHAIR: You indicated that 60 per cent of people who put in submissions were mum and dads for the licences. Will you indicate how many submissions were made?

Mr WIELINGA: Yes, I mentioned earlier about 800.

CHAIR: There were 800 tenders for only 100 plates. What is your opinion if, in future, leaving aside what has already occurred, the allocation to allow one person, one network, one corporation to purchase 10 per cent of the total number of plates is inappropriate? Should it be limited to one plate, one person, one corporation to give 60 per cent of the 800, who are mums and dads, roughly 500, an opportunity to acquire the plate instead of one organisation or person acquiring 10?

Mr WIELINGA: A number of factors are to be considered in doing that. I said earlier that the regulations allow us to consider factors like this. I think one of the important contributing factors is to provide opportunities for long-term serving drivers in the taxi industry, for example. That is an important factor in determining where the licences go. It provides a career progression for them. They have been in the industry for a long time. They have generally prior good service. They know the industry. They are there for the long haul. This recent determination we have done in the past few days gives the lion's share of those licences to existing taxi drivers.

CHAIR: Would you agree with me that if you heard that 800 tenders were lodged and you learn that Mr Kermode's associated entity acquires 10 per cent of the 100, it would leave an uncomfortable taste with people. They think, "Why is he acquiring any plates at all?" Why would your department accept any tender from him if another 799 tenders are out there, 500 of whom are mums and dads?

Mr WIELINGA: The environment has now changed in what we are trying to do. We are getting independent economic advice about what the demand is out there. We have got a demand model that has been created looking at the number of licences that the market requires to deal with those demand issues. We have got a competitive environment where everybody gets a go, as well as that we have put some rules around it so that we get a reasonable distribution of those licences to different entities. And all of those details finish up going on our website. There needs to be a little bit of flexibility around these sorts of things but more importantly the decisions need to be made independently and based on good advice and people need to see how it was done.

CHAIR: I could clearly understand if 100 plates were out for tender with only 60 applicants that the department would be ecstatic if one, two or three applied for 10 each and would give serious consideration to it because clearly it would not want to be left with 30 or 40 plates. But with all of the assertions that are currently being made in relation to the network and to allow the one big player to recently get 10 out of the 100 plates and deny the balance of 799 applicants I struggle with that. Why does your department permit that?

Mr WIELINGA: I understand what you are saying but I am assuming that Parliament took into account these issues when the legislation went through Parliament last year. It set up the framework that needs to be done to make these determinations. I am implementing that framework.

CHAIR: Serious complaints have been made about taxi drivers who have no choice but to stop in a no-stopping zone to let out a passenger. Suddenly they receive a very substantial fine in the mail because someone was around the corner and took a photograph. How do you balance out that for taxi drivers? How can we put them in a position where they are not placed between the lesser of two evils, if can I use that expression, being abused by a passenger and not obeying a direction of a passenger, and at the same time not obeying one of your regulations and being fined?

Mr WIELINGA: It is horses for courses. In 2004 or 2005 another 15 or 16 stopping areas were added into the central business district where the biggest problem is. There are some parts of road networks where it is just inappropriate for taxis to pull up, particularly close to intersections that can be particularly dangerous for pedestrians. We do not like to let them stop in bus lanes because there is concern from bus drivers and others about the safety in those circumstances with people being caught from buses. When you have a look at buses, when you have a look at intersection locations, when you have a look at side vision issues, the opportunities in the central business district area of Sydney are quite difficult. I can give you some detailed information about the zoning requirements. There are 18 zones where taxis can pull up.

CHAIR: You are talking about 18 places in the entire central business district of Sydney.

Mr WIELINGA: Yes, and another five or six secure taxi ranks and those sorts of things. I know it is difficult but we have got a lot of bus lanes in the central business district, there are a lot of loading zones, we have got places where you have got post office facilities, and those sorts of things and safety issues, where people cannot pull up. But we are always happy to have a look at this. We are doing another exercise at the moment to try to find some more spots. The taxi industry people have been in my office in the past month making it very clear to me how frustrated they are about this particular issue and they want me to do something about it. We will have another go to see if we can find a few more. As the city develops and things change we will look for opportunities to improve that situation.

I will not come to this Committee and whinge, but this is tough stuff, acting as a broker between different needs on the road network. It needs to be done sensibly.

CHAIR: Do you have anything further that you wish to add by way of a statement?

Mr WIELINGA: No.

CHAIR: You have taken some questions on notice. Committee members might send you further questions through the secretariat. The Committee has resolved that answers to questions on notice be returned within a period of 21 days. Committee staff will be in contact with you in relation to any questions that you have taken on notice. Again, we thank you for coming along to assist the Committee. We acknowledge that this is the second occasion on which you have appeared before the Committee.

Mr WIELINGA: I am happy to help, Mr Chairman.

(The witness withdrew.)

(Committee adjourned at 5.10 p.m.)