



MINISTRY OF TRANSPORT

Ms Isabelle Arnaud
Director Adjudication
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

25/08/04

Dear Ms Arnaud

I refer to your letter requesting information in regard to the review of Authorisations granted in the taxi industry following our meeting on 29 June 2004. The delay in response is regretted.

I have attached the NSW Ministry's of Transport's response to your specific questions. If you require any further information please contact Arthur Rogers, General Manager Policy & Procedures on 9689-8884.

Yours sincerely


Roy Wakelin-King
Director
Transport Operations Division

AUST. COMPETITION &
CONSUMER COMMISSION
CANBERRA

6 SEP 2004

MINISTRY OF TRANSPORT COMMENT ON AUSTRALIAN COMPETITION & CONSUMER DIVISION REVIEW OF TAXI AUTHORISATIONS

SUSPENSION FROM RADIO BOOKING SERVICE

Section 29A of the Passenger Transport Act (the Act) provides the following definitions:

Accredited taxi-cab operator – a person accredited under Division 3 for the purpose of carrying on a taxi-cab service.

Affiliation – the affiliation of accredited taxi-cab operators with authorised taxi-cab networks.

Taxi-cab booking service – the service of:

- a) Accepting bookings for taxi-cabs from members of the public, and
 - b) Transmitting messages to taxi-cab drivers by telecommunication to appropriate receivers with which the taxi-cabs are fitted,
- in order to facilitate the provision of taxi-cab services.

Taxi-cab network – a facility provided for the delivery of taxi-cab services involving affiliated accredited taxi-cab operators, including a taxi-cab booking service.

Taxi-cab service – a public passenger service carried on by means of one or more taxi-cabs.

- *Whether a taxi-cab booking service must be provided by an authorised taxi-cab network.*

The authorised taxi-cab network may provide the service or contract with a third party to provide this service for the network. At all times the authorised taxi-cab network is responsible for the radio service that is provided. A taxi-cab operator is required under section 31G of the Act to ensure that at all times while a taxi-cab is being used for the purposes of the operator's taxi-cab service arrangements are in force with a taxi-cab network for the provision of a taxi-cab booking service.

- *Whether a taxi-cab operator and driver must be affiliated with a taxi-cab network.*

While there is no specific section of the Act, a taxi-cab operator does need to be affiliated with a taxi-cab network. Section 34E of the Act provides that the accredited taxi-cab network provider must have arrangements in place for the affiliation of accredited taxi-cab operators with the taxi-cab network. A taxi-cab operator is required under section 31G of the Act to ensure that at all times while a taxi-cab is being used for the purposes of the operator's taxi-cab service arrangements are in force with a taxi-cab network for the provision of a taxi-cab booking service. A driver is not required to have any affiliation with a taxi-cab network but is required to comply with the network's by-laws when driving the taxi.

- *Whether a taxi-cab operator and driver must be provided with a taxi-cab booking*

service.

A taxi-cab operator who is affiliated with a taxi-cab network must be provided with a taxi-cab booking service. Section 31G of the Act requires that an accredited taxi-cab operator must ensure that at all times while a taxi-cab is being used for the purposes of the operator's taxi-cab service arrangements are in force with a taxi-cab network for the provision of a taxi-cab booking service.

- *Whether a taxi operator could retain their accreditation if not provided with a taxi-cab booking service.*

Under section 31G of the Act the Director General may exempt an accredited operator from the requirement to be linked to a network booking service. This would be on a case by case basis and is not common. In practical terms this usually occurs in rural areas where a radio booking service was not available because of the location or the number of taxis could not sustain the cost the technology.

- *Whether a taxi driver could retain their authorisation if not provided with a taxi-cab booking service.*

A taxi driver's authority does not rely on access to a taxi-cab booking service.

Taxi Transport Subsidy Scheme

The Taxi Transport Subsidy Scheme was introduced in 1981 to assist residents of NSW who are unable to use public transport because of a qualifying severe and permanent disability. The Scheme subsidises the travel cost of TTSS participants allowing them to travel by taxis at half fare. The maximum subsidy that can be claimed is \$30 per trip. The Scheme is currently docket based which are completed similar to a Cabcharge docket. At this stage, the Scheme would not be affected by any amendment to the ACCC authorisations. Further analysis of the removal of the authorisation would be required to determine the impact on the Scheme should the Scheme become automated.

Clause 55 of the Regulation provides that the driver of a taxicab that is available for hire must accept a hiring immediately when offered. Certain exemptions are provided in the Regulation and are listed at Tab A. There is no legislation that specifically states that drivers must accept TTSS dockets for payment of a taxi journey however, the Ministry has not received any complaints in recent years concerning the refusal of a TTSS docket.

In late August 2004 a trial of an electronic card system will be undertaken in Wagga, Coffs Harbour and the Sydney metropolitan area for selected participants. Cabcharge will provide the services for the trial only under contract with the Ministry of Transport. At the conclusion of the trial a report will be prepared for the Minister for Transport Services with appropriate recommendations for the future of the Scheme.

Increase in Taxi Fares

There is no legislative provision which stops taxi networks requesting from customers their method of payment. The process, which **may** lead to increased taxi fares, would be if the taxi networks increased their network fees for taxi operators. This could have

an impact on the current cost model used by IPART to determine taxi fares.

The Independent Pricing and Regulatory Tribunal (IPART) in its 2004 'Review of Fares for Taxis in NSW in 2004' found that from 1 July 2003 to March 2004 urban network fees have risen by 3.95% to \$6,812. IPART was not able to satisfy itself that actual network costs are efficient or that the services that networks are required to provide are meeting the needs of their clients (taxi operators and drivers). The current Inquiry into the NSW Taxi Industry is considering this issue as per its terms of reference.

Section 60A of the Passenger Transport Act provides that the Director General may from time to time, determine fares (including maximum fares) or approve other arrangements for remuneration in connection with taxi-cab services.

In November 2002, the then Minister for Transport requested IPART investigate and report annually on recommended maximum fares for taxis regulated under the Passenger Transport Act 1990. The request applies to each year up to and including 2007/08. In conducting these investigations, the Tribunal is required to consider submissions from key stakeholders and the general community. IPART's recommendations are considered by the Director General of the Ministry of Transport in his consideration of a possible increase for taxi fares.

IPART uses a cost index approach to fare setting. This is a common approach to adjusting transport fares particularly where there is a lack of historical and current data on revenue and efficient costs incurred by an industry. The taxi cost index uses taxi operator and driver expenses. Included in the operator expenses are network fees. The Ministry has no role in the setting of network fees. This is a commercial decision for the individual network. A copy of the 2003 IPART Report is attached for your information.

Statistics

There are 6117 taxicabs in NSW of these 4853 are metro (Sydney), 971 Country N.S.W., 159 Newcastle/Lake Macquarie and 134 Wollongong. Of these 6117 licences, 3,989 are on managed (leased out). There are currently 5284 taxi operators and 18,967 authorised drivers in Sydney/Newcastle/Wollongong and 3,765 drivers in country N.S.W.

Details are not available as to the number of licence holders who are operators or drivers as licences can be held in multiple names, company names or individuals.

The Ministry has calculated potential revenue for taxis based on the IPART average fare of \$15.72 and details from the 2002 and 2004 Taxi Customer Survey. The amount of revenue generated by urban taxis is estimated at \$1.08 billion (86.12 million taxi trips x \$15.72 IPART average fare). This can be attributed to private use (64%, \$693 million), work use (15%, \$162.4 million) and tourist travel (10%, \$108.3 million). These are estimates only and are subject to further detailed analysis.

The percentage of phone, rank, and hail hirings in the metropolitan and country districts*:

Type	Metropolitan %	Country %
Phone bookings	20	64

Hail	57	25
Rank	22	5

* 2002 and 2004 Taxi Customer Survey.

The market share of taxi networks in the metropolitan area*:

Network	Taxi Nos: (3 August 2004)	\$ Million
RSL	171	35.8
Legion	510	106.7
ABC (owned by Cabcharge)	116	24.3
Premier	882	184.6
South Western	104	21.8
St George	220	46.0
TCS (owned by Cabcharge)	2625	549.3
Manly Cabs	172	36.0
Wollongong	128	26.8
Newcastle	158	33.1
Central Coast	89	18.7
Total	5175	\$1,082,933,333

- Ministry of Transport internal estimates only and subject to further detailed analysis and not confirmed with individual taxi networks.

Passenger Transport (Taxi-cab Services) Regulation 2001

Clause 55 Driver of taxi-cab to accept hiring

- (a) Subject to this clause, the driver of a taxi-cab that is available for hire must accept a hiring immediately when offered.
- (b) The driver of a taxi-cab may refuse to accept a hiring;
- (c) If acceptance of the hiring would result in the number of passengers in the taxi-cab exceeding the maximum number of passengers that may be carried in the taxi-cab, or
- (d) If acceptance of the hiring would cause the driver to contravene the provisions of clause 41 (Carriage of goods and animals), or
- (e) In the case of a taxi-cab that is displaying a sign in accordance with clause 51 (Display of destination sign on taxi-cab at end of driving shift), if the intending passenger indicates that he or she wishes to be taken to a location that is not on the way to the destination displayed by the sign, or
- (f) If the intending passenger indicates that he or she wishes to be taken to a location that is outside the taxi-cab's area of operation, or
- (g) If the intending passenger is smoking, eating or drinking and refuses to stop doing so, or
- (h) If the intending passenger is a person referred to in clause 74 (luggage and soiled clothing) or 75 (Passengers who are causing nuisance), or
- (i) If one of the intending passengers is under the age of 1 year and neither the driver of the taxi-cab nor any other intending passenger is carrying a child restraint, or
- (j) If the intending passenger cannot, on request, satisfy the driver that the person is able to pay the estimated fare.

**Review of Fares for Taxis in
New South Wales in 2003**

From 31 August 2003

**Report to the
NSW Minister For
Transport Services**

August 2003

The Tribunal members for this review are:

**Dr Thomas G Parry, Chairman
Mr James Cox, Full Time Member
Ms Cristina Cifuentes, Part Time Member**

Inquiries regarding this review should be directed to:

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1 SUMMARY AND RECOMMENDATIONS

The Tribunal has conducted its 2003 review of prices for NSW taxis. As part of the review process, the Tribunal undertook public consultation by publishing an Issues Paper in April, inviting submissions and holding a public workshop in June.

It engaged Booz Allen Hamilton (Australia) to provide expert analysis and advice on the responsiveness of demand for taxi services to changes in fares and individual fare components. The consultant also investigated how fare components might be tied to the costs of operating a taxi in NSW.

1.1 Recommendation on fare levels

The Tribunal recommends that:

1. urban taxi fares be increased by 4.73 per cent and
2. country fares be increased by 5.06 per cent.

Both fare increases should come into effect from 31 August in step with public agency rail, bus and ferry fare determinations.

1.2 Recommendations on fare structures

The Tribunal recommends that:

1. the fare structure remain broadly the same as at present, but consistent with the recommended higher average fares (this accounts for minor variation between costs and fare rises) and practical meter-setting considerations (this accounts for the reduced radio booking fee).
2. drivers be permitted to round toll charges to the nearest multiple of 50 cents for metering purposes.

Table 1.1 Current and recommended fare structures

Current Fare Structure		Recommended Fare Structure		
Urban				% change
Flagfall	\$ 2.55	Flagfall	\$ 2.65	3.92
Distance (per km)	\$ 1.45	Distance (per km)	\$ 1.53	5.52
Radio	\$ 1.25	Radio	\$ 1.00	-20.00
Waiting time (per hour)	\$ 37.35	Waiting time (per hour)	\$ 40.00	7.10
Average fare	\$ 14.98	Average fare	\$ 15.69	4.73
Country				% change
Flagfall	\$ 3.05	Flagfall	\$ 3.15	3.28
Distance (per km)	\$ 1.51	Distance (per km)	\$ 1.59	5.30
Radio	\$ 0.75	Radio	\$ 0.80	6.67
Waiting time (per hour)	\$ 37.35	Waiting time (per hour)	\$ 40.00	7.10
Average fare	\$ 9.82	Average fare	\$ 10.32	5.06

- Note: 1.The calculation of the average urban fare is based on a distance per trip of 7kms, one third radio bookings and 3 minutes waiting time per trip.
 2.The average country fare is based on 3kms, one half radio bookings and 3 minutes waiting time.
 3.The country distance rate specified above relates to the first 12 km. The Tribunal recommends that the existing rate of \$2.11 per km for travel in excess of 12km be increased to \$2.22 per km.

The Tribunal found little evidence for the relationship between fare structure components and patronage. An attempt to link fare components to the cost of specific services was unsuccessful because there are too many non-specific costs in the taxi industry to be able to allocate costs to fare components in a meaningful way.

1.3 What are the recommendations' impacts on customers, the environment and participants?

Customers

The overall impact of the Tribunal's fare recommendations on NSW citizens and interstate tourists is likely to be small because urban transport fares make up less than one per cent of an average Australian household's spending. For users of taxis, the proportion would be higher. The impact is diverse because taxi customers' incomes vary greatly.

Environment

The environmental impact of the fare recommendations, as far as pollution and congestion goes, is likely to be minimal. The state's taxi fleet of 6,000 is insignificant beside NSW's stock of over three million passenger motor vehicles.

Financial impact

The financial impact of the fare recommendations on the industry will be positive because the rises are in line with operating cost increases and ahead of inflation. The fares recommended should prevent a decline in profitability generated by lower profit margins.

In making its fare recommendations, the Tribunal focused on the industry's operators, drivers and customers rather than ancillary services and providers.

1.4 Recommendations on industry revenue and costs

The Tribunal remains unable to evaluate the financial viability and likely capital requirements of the taxi industry without reliable revenue and cost estimates.

To obtain reliable revenue and cost estimates for future reviews, the Tribunal recommends that a major survey of the urban taxi industry be considered, along the lines of one carried out every two years for the Adelaide taxi industry, supplemented by a study on operating costs.

1.5 Other recommendations

Other recommendations are:

1. that the Ministry of Transport investigates a possible redefining of fringe areas with the Sydney Transport District to avoid passenger negotiations on fares for short trips
2. that the Ministry of Transport (MoT) enforces the performance requirements expected of taxi operators/networks in relation to standard and wheelchair accessible taxis
3. that the MoT ensures that network quarterly reports are lodged with the THCB and that the collection of annual audited financial statements from networks be reinstated
4. that the MoT widens its complaints systems to encompass drivers' responses to complaints about their performance. Such a widening would be part of its monitoring and reporting functions related to service quality.

2 INTRODUCTION AND REVIEW PROCESS

In November 2002, the then Minister for Transport requested that the Tribunal investigate and report annually on **recommended maximum fares** for taxis, private buses and private ferries regulated under the *Passenger Transport Act 1990*. The request applies to each year up to and including 2007/08.

In conducting these investigations, the Tribunal is required to consider submissions from key stakeholders and the general community. This year the Tribunal included a greater level of public consultation in the process via a taxi workshop held on 6 June 2003.

2.1 Structure of report

This report explains the Tribunal's recommendations in detail, including why it reached its decisions and what those decisions mean for operators, drivers and customers. It is structured as follows:

- Chapter 3 provides an overview of the submissions.
- Chapter 4 presents and assesses the taxi cost indices item by item and the Tribunal's amendments to the indices.
- Chapter 5 presents the Tribunal's recommendations on fare structure.
- Chapter 6 discusses service quality issues and proposals to lift service quality.
- Chapter 7 considers social, environmental and other issues.
- Chapter 8 considers criticisms of the taxi cost index related to specific weightings of items in the index and suggests how those weightings might be altered at the next review.

The Tribunal members who undertook this review were Dr Thomas Parry (Chairman), Mr James Cox (Full-time Member), and Ms Cristina Cifuentes (Member).

2.2 The Tribunal review process

The Tribunal has made its price recommendations for NSW taxi fares in accordance with section 9(1)b of the *Independent Pricing and Regulatory Tribunal Act, 1992* (the IPART Act).

The Tribunal's review included its own investigation and public consultation.

The Tribunal:

- released an issues paper in April 2003¹ (which included the terms of reference for the review - see Appendix 1)
- invited the Taxi Council and Transport Workers' Union to provide submissions by 2 May 2003 detailing pricing proposals and other issues raised in the issues paper

¹ IPART, *Review of fares for taxis, private buses and private ferries in NSW - Issues Paper*, DP62, April 2003.

Independent Pricing and Regulatory Tribunal

- invited other interested parties to respond to the above submissions by 30 May 2003, and received 13 written responses (see Appendix 2 for a list of respondents; most submissions were published on the Tribunal's website)
- held a public workshop on 6 June 2003 and invited some of the parties who submitted written responses to present their submissions at this hearing (see Appendix 3 for a list of roundtable participants)
- engaged Booz Allen Hamilton (Australia) to conduct a review of the international and interstate evidence on the responsiveness of demand to changes in taxi fares and the various fare components (flagfall, distance rate, radio booking fee, etc). Booz Allen Hamilton's final report is available on the Tribunal's website.

In addition, the Tribunal explicitly considered all the matters outlined in the terms of reference from the Premier and the Minister for Transport who also asked the Tribunal to:

1. assess the cost items in the cost index model submitted by the Taxi Council as a basis for establishing taxi fares, and
2. make recommendations regarding the specific changes to components of the fare structure (flagfall, distance, waiting time and radio booking fee) and the relationship to patronage.

The Tribunal's consideration of all the above matters is discussed throughout the report. Appendix 1 provides an index of section references for each matter discussed.

3 SUBMISSIONS FROM INDUSTRY AND GENERAL PUBLIC

3.1 NSW Taxi Council

The Taxi Council's submission dated 2 May 2003 used a taxi cost index to measure cost changes over time. Separate models covered urban and country areas. The proposed urban cost index contained 18 different cost elements (16 for the country model) which, according to the Taxi Council, represent all material costs of operating a taxi in NSW.²

Cost increases based on taxi cost index

The Taxi Council presented cost increases for both urban and country taxi operators for the period March quarter 2002 to March quarter 2003. Urban areas include Sydney, Wollongong, Newcastle and the Central Coast. To simplify the process of evaluating cost movements for country areas, a representative sample of cost data from six country centres was used.

Based on the taxi cost index, the Taxi Council requested an urban fare increase of 5.31 per cent, and a country taxi fare increase of 6.97 per cent.

Analysis of cost index

Tables 3.1 and 3.2 show the cost elements in the Taxi Council's cost index, the index weights and the annual percentage change in cost items between March quarter 2002 and March quarter 2003. The choice of March-to-March as a measure of the annual rise in costs was dictated by the absence of June quarter data when the Taxi Council made its submission.

Those changes have been applied, item-by-item, to the IPART June 2002 cost base to derive a weighted average change for the year ended June 2003. The June 2002 cost base refers to the costs included in the Tribunal's report last year. The costs were updated for June quarter data as the data, or best estimates of them, became available.

Taxi Council's requests

Addressing the issue of fare structure, the Taxi Council requested that:

- the recommended fare rise be applied equally across all fare components
- the night surcharge be extended to all components of the fare.

The Council did not call for a Wheelchair Accessible Taxi (WAT) lift fee, preferring drivers be given the option of charging unlimited loading time.

The Taxi Council submission maintained that the current quality of service is adequate and is improving. It cites the decrease in the number of complaints made annually to the Ministry of Transport. The Taxi Council has a five year plan which it believes will improve service quality for WATs.

² Consultants PricewaterhouseCoopers were originally engaged in 1998 by the Taxi Council to develop the cost index.

Table 3.1 Urban Taxi Cost Index as submitted by NSW Taxi Council

Urban Operator Expenses	Mar-02	Mar-03	Index Change	IPART June 2002	New Cost	1999 Index Weight	Contribution to total fare change
Fixed Costs							
Vehicle Lease payments	\$8,213	\$8,904	8.42%	\$8,281	\$8,978	4.76%	0.40%
Insurance	\$12,737	\$13,371	4.98%	\$12,737	\$13,371	6.19%	0.31%
Govt Charges	\$739	\$772	4.47%	\$739	\$772	0.45%	0.02%
Network Fees	\$6,488	\$6,553	1.00%	\$6,436	\$6,500	3.40%	0.03%
Plate Lease cost	\$19,500	\$21,146	8.44%	\$19,500	\$21,146	14.09%	1.19%
Annualised Establishment Costs	\$1,640	\$1,751	6.72%	\$1,399	\$1,493	0.59%	0.04%
Variable Costs							
Maintenance							
Labour	\$6,854	\$6,727	-1.85%	\$6,854	\$6,727	4.06%	-0.08%
Vehicle Parts & Panels	\$10,944	\$11,075	1.20%	\$10,944	\$11,075	5.17%	0.06%
Cleaning	\$360	\$393	9.17%	\$360	\$393	0.22%	0.02%
Tyres	\$2,800	\$3,057	9.17%	\$2,800	\$3,057	1.60%	0.15%
Operator's Superannuation	\$1,002	\$1,188	18.57%	\$1,002	\$1,188	0.51%	0.09%
Operator Salary Equivalent	\$12,525	\$13,201	5.40%	\$12,525	\$13,201	7.25%	0.39%
Driver entitlements	\$3,731	\$3,871	3.75%	\$3,731	\$3,871	2.16%	0.08%
Uniforms	\$2,400	\$2,405	0.20%	\$2,400	\$2,405	1.49%	0.00%
Other	\$3,484	\$3,599	3.30%	\$3,484	\$3,599	2.02%	0.07%
Driver Expenses							
LPG Fuel	\$15,750	\$16,553	5.10%	\$15,774	\$16,578	8.30%	0.42%
Notional Driver's Wages	\$62,135	\$65,489	5.40%	\$62,135	\$65,489	35.96%	1.94%
Cleaning	\$2,860	\$3,122	9.17%	\$2,860	\$3,122	1.76%	0.16%
Total*	\$174,161	\$183,175		\$173,961	\$182,965	100.00%	5.31%
Operator Component							
Driver Component	\$93,416	\$98,011		\$93,192	\$97,776	53.97%	2.78%
Driver Component	\$80,745	\$85,164		\$80,769	\$85,189	46.03%	2.53%
Total*	\$174,161	\$183,175		\$173,961	\$182,965	100.00%	5.31%

* Percentage change does not apply to the totals due to the differences between the 'index' weights and actual cost 'weights'.

3.2 Transport Workers' Union

The Transport Workers' Union (TWU) argued for a 17.8 per cent increase in fares for urban taxis, based on its view that urban drivers are receiving very low payment for their bailment services. The TWU noted that a cost index approach locks the parties into their existing economic positions.

Table 3.2 Country Taxi Cost Index as submitted by NSW Taxi Council

Country Operator Expenses	Mar-02	Mar-03	Index Change	IPART June 2002	New Cost	1999 Index Weight	Contribution to total fare change
Fixed Costs							
Vehicle Lease payments	\$7,703	\$8,381	8.80%	\$7,703	\$8,381	5.84%	0.51%
Insurance	\$7,290	\$7,721	5.91%	\$6,858	\$7,263	4.90%	0.29%
Govt Charges	\$739	\$772	4.47%	\$739	\$772	0.59%	0.03%
Network Fees	\$9,683	\$10,692	10.42%	\$9,660	\$10,667	6.92%	0.72%
Plate Lease cost	\$10,575	\$12,719	20.27%	\$10,575	\$12,719	10.08%	2.04%
Annualised Establishment Costs	\$700	\$747	6.72%	\$700	\$747	0.48%	0.03%
Variable Costs							
Maintenance Labour	\$6,057	\$6,445	6.40%	\$6,057	\$6,445	4.06%	0.26%
Vehicle Parts & Panels	\$5,692	\$5,761	1.20%	\$5,692	\$5,760	3.00%	0.04%
Cleaning	\$2,945	\$2,292	-22.18%	\$2,944	\$2,291	2.38%	-0.53%
Tyres	\$2,000	\$2,183	9.17%	\$2,001	\$2,184	1.48%	0.14%
Operator's Superannuation	\$1,002	\$1,188	18.57%	\$1,002	\$1,188	0.66%	0.12%
Operator Salary Equivalent	\$12,525	\$13,201	5.40%	\$12,525	\$13,201	9.40%	0.51%
Uniforms	\$2,400	\$2,405	0.20%	\$2,400	\$2,405	1.94%	0.00%
Other	\$3,216	\$3,325	3.40%	\$3,216	\$3,325	2.42%	0.08%
LPG Fuel	\$13,168	\$14,233	8.09%	\$13,171	\$14,236	9.06%	0.73%
Driver Expenses							
Notional Driver's Wages	\$48,957	\$51,599	5.40%	\$48,957	\$51,599	36.79%	1.99%
Total*	\$134,651	\$143,662		\$134,200	\$143,184	100.00%	6.97%
Operator Component							
	\$85,694	\$92,063		\$85,243	\$91,585	63.21%	4.98%
Driver Component							
	\$48,957	\$51,599		\$48,957	\$51,599	36.79%	1.99%
Total*	\$134,651	\$143,662		\$134,200	\$143,184	100.00%	6.97%

* Percentage change does not apply to the totals due to the differences between the 'index' weights and actual cost 'weights'.

Since the TWU believes its drivers are barely earning \$9 an hour, it asked the Tribunal to alter the backward-looking cost index approach and to adopt a fare structure that would provide drivers with an average hourly rate equivalent to the national minimum wage of around \$12 an hour.

The TWU also submitted analyses of driver costs and revenue streams based on assumptions about trip numbers per shift and the number of weekly shifts.

3.3 NSW Cabbie Welfare Association

The Association supported the TWU call to consider the social consequences of drivers' low incomes. It also supported the payment of driver entitlements and urged the Tribunal to make maximum use of the April 2003 survey of 107 taxi drivers.

3.4 Physical Disability Council of New South Wales

The Physical Disability Council of NSW (PDCN) is the peak body representing people with physical disabilities in NSW. As such, PDCN focussed its submission on issues relating to wheelchair accessible taxi (WAT) services. PDCN argued that the upper limit on waiting time for WATs be retained, and rejected proposals to introduce a lift fee for wheelchair passengers using WATs. It cited anecdotal evidence to demonstrate that service quality for WATs was sub-standard and called for the introduction of performance standards.

3.5 NCOSS

The Council of Social Services of NSW (NCOSS) is the peak body for the social and community services sector. NCOSS expressed concern about the cost index approach because it excluded social considerations and service standards. NCOSS asked the Tribunal to explicitly consider users' capacity to pay, especially those on low incomes. NCOSS also advocated maintaining the current system for WATs, with more emphasis on increased awareness and skills of drivers to minimise waiting times and hence charges. NCOSS favoured a lift fee subsidised by the Ministry of Transport and tied to performance.

3.6 NSW Committee on Ageing

The NSW Committee on Ageing was concerned about the social impact of fare increases on older users of taxis. It cited ABS figures to indicate that more than 20 per cent of older people do not drive or have regular access to a car driven by someone else. They rely heavily on public transport. In country areas, taxis may be the only available form of transport. The Committee requested the Tribunal to recommend the ceiling on the Taxi Transport Subsidy Scheme be lifted by at least the same proportion as any taxi fare rises.

3.7 Other submissions

Mr P. Stanfield presented a petition from 545 drivers expressing concern at the growth of a two-tier taxi service - 'VIP cabs' and standard cabs. VIP cabs offer a premium service but without charging a premium price (unless by private arrangement). The petition requested the Tribunal to consider the case for a second type of fare related to service quality of the VIP cabs.

Mr M. Bristow suggested a trial in which fares should be lowered in off-peak periods to increase demand for taxi services. Mr Bristow also lamented the high price of taxi plates, saying "There is not another industry in the country that handicaps itself in such a manner".

Mr E. Russell opposed a fare increase on the grounds that past fare increases have covered the higher price of LPG. Annual kilometres travelled by taxis have fallen in recent years and making plates more affordable would be a better response.

4 TRIBUNAL ASSESSMENT OF TAXI COST INDICES

In this chapter, the Tribunal assesses the cost index items in the order they appear in the Taxi Cost Index and explains any amendments.

The Tribunal's approach has been to consider whether the change in the cost of each item has been:

1. *consistent* with previous years' item descriptions
2. *representative* of the class of costs for which the items were selected, and
3. *verifiable* as to the size of the change.

The Tribunal has made its own enquiries on many cost items but has not conducted a detailed examination of all them.

The Tribunal relied primarily on quotes provided, often in writing, to the Taxi Council for such items as vehicle lease rates, insurance, network fees, plate lease costs and establishment costs.

4.1 Vehicle lease costs

The taxi cost index model incorporates a notional lease charge that reflects the capital cost of operating a taxi. This annual vehicle lease charge is based on the following assumptions:

- the vehicle cost is taken to be the average cost of Ford Falcon Forte and Futura vehicles
- in urban areas 50 per cent of vehicles are assumed to be new vehicles, the remainder are taken to be two year old second hand vehicles; in country areas all vehicles are assumed to be second hand
- the purchase is financed at market vehicle lease rates
- the term of the lease is 5 years for new vehicles and 4 years for second-hand vehicles
- there is a residual value of 10 per cent.

Tribunal assessment

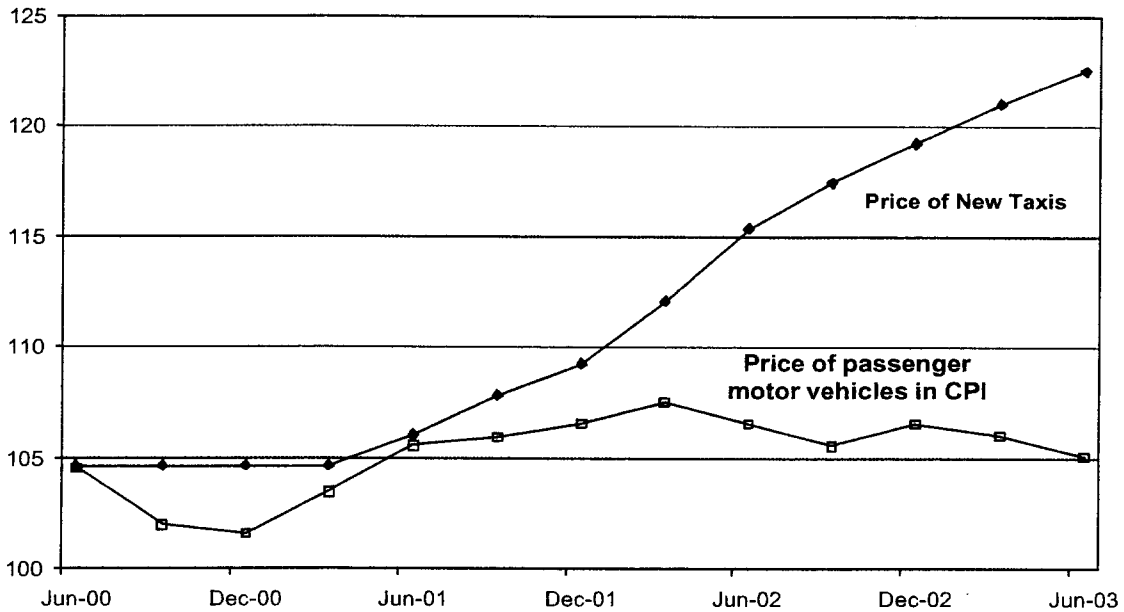
Vehicle lease costs

The Taxi Council's calculation of vehicle lease costs is consistent with previous Tribunal reviews and the above assumptions. The cost of new and used vehicles has been updated in line with quotes provided to the Taxi Council by Ford: new vehicles have increased by 6 per cent; two year old vehicles have increased by 7 per cent.

It is difficult to reconcile the strong uptrend in the prices of new taxis. It is in sharp contrast to the prices of passenger motor vehicles (PMVs) in general (Figure 4.1). Since mid-2001, new taxi prices have risen 15.5 per cent while the price of PMVs has *fallen* 0.5 per cent. In the year to June, the percentage changes have been +6.2 per cent and -1.4 per cent respectively.

Having checked with Ford, the Tribunal asked the Taxi Council for corroborating evidence on motor vehicle price rises. Quotes for 'dealer advertised' prices from Glass's Guide support the figures for second-hand cars provided by the Taxi Council. Lower prices are also quoted by Glass's but these are allegedly for vehicles of lesser quality (albeit the same make and vintage) and sold in a 'private sales' category.

Figure 4.1 Quoted prices of new taxis and prices of PMVs in the CPI



Sources: NSW Taxi Council submissions to IPART, various; Australian Bureau of Statistics. The taxi price series has been scaled to the index for PMV prices in the CPI.

Competitive pressures on vehicle prices

Given the fall in the prices of passenger motor vehicles bought by Australian households in general over the past two years, the Tribunal expects competitive pressures to show up quite markedly in Ford vehicle prices in 2003/04.

Interest rate assumptions

In calculating vehicle lease costs, the Taxi Council's modelling assumes an interest rate of 9.00 per cent (8.25 per cent in 2002). The Tribunal accepts that most new taxi leases are now being financed under commercial hire purchase agreements rather than GST-disadvantaged vehicle leases. It also accepts that the interest rates on the two different financial instruments are comparable in the absence of any evidence to the contrary.

But the 0.75 percentage point rise in the rate put forward in this year's index is much larger than, and in a direction opposite to, the movement in most other published interest rates (Table 4.1).

At the 6 June workshop, the Tribunal accepted that the closest, most readily-available, published equivalent to the likely movement in the hire purchase rate was the *variable rate on secured personal loans of banks*. That rate had risen 0.60 percentage points between end-March 2002 and April 2003.

Since the workshop, the Reserve Bank has stopped publishing banks' personal loan rates. As a result, the Tribunal has substituted the variable rate on revolving loans secured by residential property - shown as 'home equity' loans in Table 4.1.

Table 4.1 Changes in selected interest rates since March 2002

	Reserve Bank cash rate	90 day bank bills	Corp bonds A' grade 2-4 yrs to maturity	Finance company debentures 3 years	Banks' personal loans				
					Term loans (unsecured)		Revolving credit		
					Variable	Fixed	Credit cards	Home equity	Margin loans
31-Mar-02	4.25	4.46	6.45	5.65	12.05	11.85	15.50	6.20	7.00
30-Jun-03	4.75	4.67	5.15	4.20	11.30	11.65	16.00	6.70	7.50
Chge since Mar-02	0.50	0.21	-1.30	-1.45	-0.75	-0.20	0.50	0.50	0.50

Source: Reserve Bank of Australia, various Bulletins.

In the absence of better information, the Tribunal accepts the rise in vehicle lease rates in line with the increase in this home equity rate, that is, 0.50 per cent to 8.75 per cent.

4.2 Insurance costs

The taxi cost index separates urban insurance costs into Sydney, Wollongong, Newcastle and Central Coast. For each of these areas insurance costs are given for comprehensive, third party property, green slip and workers' compensation. The insurance cost included in the index is then weighted by the number of taxis in each of the areas. It is assumed that 50 per cent of urban operators take out comprehensive insurance and the remainder third party property. The country index assumes that all taxis have comprehensive insurance, for which the Taxi Council contends there is a fixed premium throughout country NSW.

Tribunal assessment

The Taxi Council has provided insurance quotations from TransGuard, an offshoot of Premier Cabs which functions as an insurance broker. The Tribunal requested the Taxi Council to provide a second set of quotes which were not forthcoming.

Comprehensive insurance

Comprehensive insurance premiums have increased by 6.8 per cent in Sydney and third party property insurance by 5 per cent. This is driving a 5 per cent overall increase in the insurance cost category of the taxi cost index.

Greenslips

Zurich is the only insurer offering taxi greenslips; their policies are on sold via brokers, including those owned by each network. Taxi greenslip costs have decreased over the past 12 months from \$4,719 in 2002 to \$4,565 in 2003. This figure is approximately 10 times higher than the greenslip for a standard vehicle.

Third party premiums

The Taxi Council submission assumed that the third party property premiums for Sydney can be used for Newcastle, Wollongong and the Central Coast, as has been the case in previous years. The Tribunal expects to incorporate a weighted average premium for these four areas from next year as sufficient data will then be available. In the meantime the Tribunal has applied the rise in Sydney premiums to these areas, consistent with the approach taken in previous reviews.

4.3 Government charges

These include the cost of vehicle registration and taxi operator licences. Taxi operator licences are issued by the Taxi and Hire Car Bureau (THCB), a department of the Ministry of Transport. Licence costs remained unchanged from March 2001 at \$260; RTA Vehicle registration increased from \$479 to \$512 or 6.9 per cent over the past 12 months.

Tribunal assessment

The taxi operator licence cost figure represents the cost of taxi operator accreditation. It is the renewal figure per annum per taxi, verified by the Taxi and Hire Car Bureau (THCB). The NSW Roads and Traffic Authority has confirmed that taxi vehicle registration is \$512. This 6.9 per cent increase in vehicle registration results in a 4.5 per cent rise in the cost item.

4.4 Network fees

The Taxi Council submission provides quotations of network fees for eight Sydney networks, and one network in each of Newcastle, Wollongong and the Central Coast. The quotations also specify whether the fee is monthly or per 4 weeks.

The Taxi Council also submitted quotations of network fees for a sample of country towns including Albury, Armidale, Bathurst, Coffs Harbour, Tamworth and Wagga Wagga. The cost in the index is a weighted average of the rise in network fees (weighted by network taxi numbers).

Tribunal assessment

The Tribunal contacted network operators to verify the network costs quoted by the Taxi Council, and is satisfied with their accuracy. Urban network fees have increased by an average of 1.0 per cent over the past 12 months, to a weighted average of \$6,553 per annum.

Long-standing concerns

The Tribunal has some long-standing concerns with network costs. In particular, except for Sydney, all NSW network services are provided by a monopoly. Further, regulations *require* each taxi to be a member of a network. The Tribunal cannot be satisfied that the actual network costs charged are efficient network costs since annual audited financial statements are not available. Many operators and drivers have *de facto* booking facilities (so-called trunk networks), suggesting concerted attempts to circumvent the registered networks.

Concerns about annual financial reporting

Annual audited financial statements are required under the September 1993 Interim Standards for Authorised Taxi-Cab Radio Communications Networks. The Taxi and Hire Car Bureau (THCB) has informed the Tribunal that this and other standards have been replaced by the *Passenger Transport (Taxi-cab Services) Regulation 2001*. The requirement to submit audited annual reports was omitted because the THCB believed they served no purpose.

Tribunal recommendation

Unless the THCB is able to provide data on network costs from other reliable, audited sources, *the Tribunal recommends that the Director-General of the Ministry of Transport recommence the collection of annual audited financial statements immediately and that the networks provide back copies of prior years.*

4.5 Plate lease fees

The Taxi Cost Index includes an indicative plate lease fee based on average plate values and an assumed 8.3 per cent yield. The Taxi Council retained the 8.3 per cent yield in its submission and increased the average *urban* plate value in line with data provided by the THCB up to 1 April 2003 for Sydney, Central Coast, Newcastle and Wollongong. The result is an 8.44 per cent rise in urban plate lease costs; 20.27 per cent for country areas.

Tribunal assessment

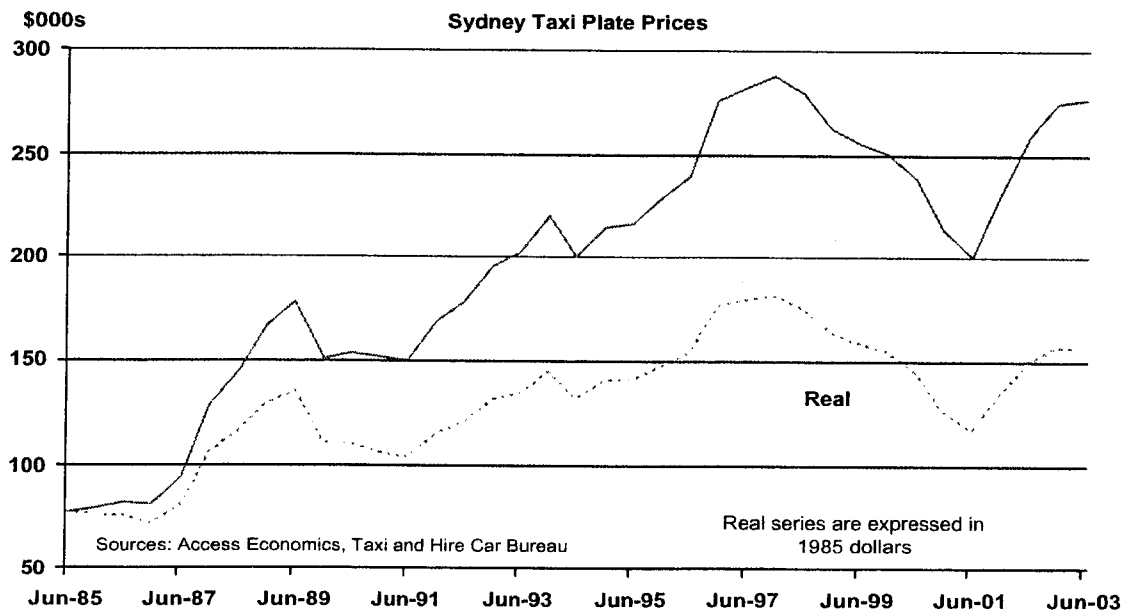
In order to verify the average plate value submitted by the Taxi Council, the Tribunal obtained plate transfer values from the THCB database to end-June 2003. Around 240 buy and sell transactions took place in 2002/03. The THCB was unable to state if there were multiple sales of the same plates.

Sydney data

Only data for Sydney have been provided. The Tribunal was unable to obtain from the THCB plate transfer values for the remainder of the financial year for any of the other areas in the urban taxi cost index.

As a result, the plate transfer values used in the calculation of the weighted average rise for the year involve Sydney prices to end-June and other area prices to 1 April. The weights are based on taxi numbers as at 1 April 2003. The Tribunal was unable to obtain non-Sydney taxi numbers at end-June 2003 from the THCB. The rise in plate values was 12.37 per cent, measured as the rise from the value shown at June 2002 to the June quarter average price of \$276,900 (Figure 4.2).

Figure 4.2 Sydney plate transfer values



Country data

The THCB provided the Taxi Council with taxi plate values for Albury, Bathurst and Wagga Wagga. Previously, data from six country areas were provided. The annual average change in prices to 1 April 2003 was 67 per cent Albury, -8 per cent Bathurst and 2 per cent Wagga Wagga. The Taxi Council has taken a simple average of these three changes to infer that plate values in the country have increased by 20 per cent.

Tribunal concerns and decisions

The Tribunal is not satisfied with an average of just three changes, especially given their high divergence. The Tribunal was unable to obtain the complete listing of country area plate transfer values provided to it by the THCB in the past. In light of the lack of data, the Tribunal has decided to apply the rise in urban plate lease costs to the country model.

The Taxi Council has assumed that the yield of 8.3 per cent calculated by the Tribunal in the 2001 review, and used in the 2002 review is still appropriate. Independent checking with Arab Bank, a major lender to taxi plate buyers, in May 2003 confirmed that its interest rate for loans secured by taxi plates was 8.2 per cent. Since rates have been largely unchanged throughout the financial year, the Tribunal has adopted an 8.2 per cent rate in calculating vehicle lease costs.

4.6 Establishment costs

The annualised establishment cost category of the taxi cost index comprises LPG conversion, meter, roof sign, radio and camera. Figures for each of these elements are provided for each of Sydney, Newcastle, Wollongong and the Central Coast. The installation cost of EFTPOS and an alarm are also included for the Sydney area.

For urban areas, the Taxi Council submitted that establishment costs have increased by 6.7 per cent. This is largely due to a 21 per cent increase in the reported cost of LPG conversion.

For country areas, costs have been increased by the same percentage because the Taxi Council could not provide data on actual costs incurred in country areas.

Tribunal assessment

The total figure for establishment costs is obtained by summing a number of smaller costs that comprise establishment expenses. The annualised establishment costs are calculated by spreading the total establishment costs over a 4-year period. The Taxi Council has provided a number of current quotations for each cost item, but in many cases was unable to provide quotations supporting the 2002 prices. One item where this was the case is LPG conversion. Since this item has exhibited the greatest increase over the past 12 months, in the absence of supporting data the Tribunal has reduced its rise to be in line with the average rise in the Sydney CPI of 3.23 per cent for the 15 months to June quarter 2003 compared to the 12 months to March 2002. This lowers the proposed 6.70 per cent rise for the cost item to 1.87 per cent.

4.7 Maintenance labour

The maintenance labour cost items are determined by the number of major services, the hours of labour per service, the hours of maintenance required outside of services and

labour cost per hour. These were sourced from a combination of Ford and other vehicle repairers.

Assumptions

The cost index assumes major services occur every 10,000 km, which equates to up to 18 per year or *one every three weeks* under the model's mileage assumptions. Each service takes three and one-third hours. Additionally, 4 hours a month of additional servicing is required. The Taxi Council used Ford's hourly wage rate. It varied from place to place but the weighted average wage rate in urban areas fell from \$64 in 2002 to \$63, and in country areas rose from \$65 in 2002 to \$69, both as at March 2003.

Tribunal assessment

The Taxi Council has retained the maintenance labour assumptions applied in the model in previous years, adjusting only the wage rate. The gradual fall in the average distance of a taxi trip as recorded in the TDC's Household Travel Surveys casts doubt on the assumption of unchanged mileage and thus on the frequency of services. In the absence of a review of the weights involving this cost item in the cost index approach, the assumption is retained.

Hourly rates for maintenance labour have been quoted by Ford, as in previous years. The Tribunal has verified these quotes with Ford. As the labour cost has fallen, the maintenance labour cost item has decreased in cost by 1.85 per cent in urban areas.

4.8 Vehicle parts and panels

The Taxi Council applied the movement in the motor vehicle parts and accessories component of the CPI to this cost item, consistent with the Tribunal's recommendation in 2002. In the year to March 2003 the rise in this item was 1.20 per cent.

Tribunal assessment

The Tribunal is satisfied with the approach used by the Taxi Council. However, it prefers to use the average rise in the national CPI sub-component 'Motor vehicle parts and accessories' and has updated it for June quarter data for a rise of 1.70 per cent.

4.9 Cleaning

Operator funded cleaning costs comprise a vehicle detail each time the vehicle is inspected. This is assumed to be three times per annum for urban areas.

Tribunal assessment

The Taxi Council has provided two quotes for car detailing in urban areas; at \$130 and \$132. The average is an increase of 9 per cent from 2002, where the cost was \$120 per detail.

4.10 Tyres

Annual taxi tyre costs depend on the cost of tyres, the life of each tyre, and the distance travelled by the representative taxi each year. The price of the tyres was sourced from Beaurepaires, and is for new tyres. The life of each tyre was assumed to be 30,000km, sourced from Ford. Urban taxis were assumed to travel 175,000km per annum, and country taxis 125,000km per annum. The Taxi Council submission altered only the tyre price. The

quote from Beaurepaires was for a Dunlop Monza tyre, as used in the 2002 review. This has increased in price from \$120 in 2002 to \$131 as at March 2003.

Tribunal assessment

The Tribunal contacted Beaurepaires to verify the current price of tyres; the quoted \$131 is the recommended retail price as at 30 June 2003. Anecdotal evidence suggests less expensive re-treads are extensively used, but the Tribunal has no documentary evidence available to it that might lead it to alter the present approach.

4.11 Operator's superannuation

Operator superannuation is based on the figure for operator's salary equivalent. To derive superannuation, the compulsory employer contribution rate is applied to the calculated operator's salary equivalent. The rate rose to 9 per cent from 8 per cent from 1 July 2002.

Tribunal assessment

After the 6 June workshop, the Tribunal considered the case put by the TWU for including driver superannuation in the cost index and sought Taxi Council and the Ministry of Transport's views.

The Taxi Council replied by making the following observations:

It is inappropriate for superannuation to be included in the cost items for drivers because drivers are self-employed sole traders and consequently are not faced with superannuation costs. There is no requirement under existing industrial or superannuation legislation for superannuation to be paid on earnings made by drivers.

Operators are required to pay superannuation when they are paid as Directors and/or employees of proprietary limited companies. In these circumstances the company is required to pay superannuation. In this case there is a clearly defined, measurable and unavoidable cost obligation. The cost clearly exists and is paid by the operators' companies.

Whilst the superannuation cost does exist for some operators, it does not for others. In evaluating the options available we strongly believe that the model would more closely reflect reality if superannuation for operators were removed, than if superannuation for drivers were added.³

The Ministry of Transport expressed no view on the matter.

Tribunal decision

Without evidence of the proportion of operators running businesses under a company structure requiring superannuation to be provided for directors and employees, the Tribunal decided to remove operator superannuation from the cost index on the grounds that it is not a cost that is *representative* of the industry.

³ Letter to Tribunal from NSW Taxi Council dated 22 July 2003.

4.12 Operator's salary equivalent

The Taxi Council's model included a figure for operator salary equivalent to recognise the cost of labour dedicated to the business of operating a taxi. The figure is based on labour time involved in operating a taxi - tasks such as changeovers, rostering, organising maintenance, banking - and the consequent change in weekly earnings.

The Taxi Council estimated labour time at 10 hours per week per cab, common across the state. That assumption remains unchanged in the Taxi Council's current submission.

Tribunal assessment

Reservations

As was the case in previous years, the Tribunal has reservations about the Taxi Council approach and has not endorsed the size of operator's salary as a legitimate cost item.

The Australian Bureau of Statistics (ABS) suggested users replace average weekly earnings (AWE) data with the wage cost index (WCI) as a better measure of wage cost movements (Appendix 4). AWE is affected by changes in the composition of the work force and not just movements in wage rates, a distortion the WCI avoids.

In August 2001, the Taxi Council pointed out "As requested by the Department of Transport during the design of the model, the Council's cost index used the ABS Wage Cost Index for escalation purposes ... and not average weekly earnings... The only use of average weekly earnings was to estimate a reasonable starting point for the hourly rate applicable to operator labour."

In practice, in previous reviews, the Tribunal adopted as reasonable the labour adjustment requested by the Taxi Council. In this review, it explicitly adopts the rise in the wage cost index as the most representative economy-wide measure of wage cost movements.

The annual average rise in the WCI for NSW workers to March 2003 was 3.36 per cent. Updated for the June quarter rise of 0.4 per cent, the average rise in the NSW WCI since March quarter 2002 is 3.80 per cent. The Tribunal has increased both operator salary and drivers' notional wages by this percentage.

4.13 Driver entitlements

This cost item refers to an allowance for driver entitlements which are available to permanent bailee drivers. Such drivers are able to receive 5 weeks annual leave and 8 days of sick leave per annum as agreed in the contract determination.

Tribunal assessment

To date, driver entitlements have been included in the Taxi cost index. However, in its 1999 review, the Tribunal noted that few Sydney taxi drivers are paid them. Discussions with taxi drivers indicate that the situation has not changed.

The Tribunal accepts that this cost item has increased by 3.75 per cent in line with the Contract Determination of the Industrial Relations Commission as at October 2002.

4.14 Uniforms

Uniforms comprise 1.5 per cent of total costs in urban areas in the cost index. While the Taxi Council has provided quotes from the networks containing *current* uniform costs, the lack of comparable 2002 data means that the cost index has been adjusted on the basis of movements in the clothing component of the CPI.

Tribunal assessment

The 'Clothing and footwear' component of the Sydney CPI has recorded an average rise of 1.69 per cent in the 15 months to June 2003. The Tribunal has substituted this in place of the 0.20 per cent estimate submitted by the Taxi Council based on earlier data.

4.15 Other operator costs

In its submission, the Taxi Council states that the costs that fall into the 'other' category include office equipment, telephone, professional services and training costs. These costs comprise around 2 per cent of total costs, and have been adjusted by the Sydney CPI.

Tribunal assessment

That this cost item has been increased at the pace of the Sydney CPI appears reasonable. The Tribunal has increased this cost category by the average rise in the Sydney CPI in the 15 months to June 2003, namely 3.23 per cent.

4.16 LPG fuel

LPG costs constitute around 8 per cent of total costs, making fuel one of the largest cost components in the index. LPG cost per annum is derived from three parameters: LPG price per litre at the pump, the average distance travelled per year and the fuel consumption rate.

The Taxi Council has adjusted the LPG price for prices sampled every second weekday from April 2002, leaving the other assumptions unchanged. To March 2003, the average LPG price had increased by 5.1 per cent in urban areas and 8.1 per cent in country areas.

Tribunal assessment

Since its submission, the Taxi Council has provided the Tribunal with LPG price data from Gogas to end-June. LPG fuel prices fell 20 per cent in the June quarter as world oil prices fell about 10 per cent and the currency appreciated about 10 per cent.

As a result, the average LPG fuel price in urban areas for the 12 months to June was 45.70 cents per litre, up just 1.54 per cent on the 45 cents used at June 2002. Based on the same data source, the average LPG fuel price in country areas was 55.61 cents per litre, up 5.61 per cent on the June 2002 price of 52.67 cents a litre.

4.17 Drivers' notional wages

At 36 per cent of the cost index, drivers' notional wages (formerly driver bailment fees) are its largest component. They represent the equivalent of 'wages' for taxi drivers to induce them to drive taxis rather than leave the industry. The Taxi Council has applied an increase in line with average weekly earnings to this cost item.

Tribunal assessment

As noted earlier in section 4.12, the Tribunal, heeding the general advice of the Australian Statistician to use the Wage Cost Index in place of Average Weekly Earnings data, has increased drivers' notional wages in line with the average rise of 3.80 per cent in the NSW Wage Cost Index in the 15 months to June 2003.

4.18 Cleaning

For urban taxis, driver-funded cleaning costs constitute a daily vehicle wash, in line with Ministry of Transport regulations. The Taxi Council has not provided quotations for daily car washes, and has instead applied the increase in vehicle detail costs to this cost item. As such, driver-funded cleaning costs have risen by 9.2 per cent, identical to operator funded cleaning costs.

Tribunal assessment

The Tribunal cannot be satisfied with this approach because no cleaning quotes are provided. Since the Tribunal has no means of determining car wash cost changes, it has adopted the average rise in the Sydney CPI in the 15 months to June 2003, 3.23 per cent.

4.19 Summary of Tribunal Amendments to the Cost Indices

The net result of the Tribunal's amendments is to reduce the rise in the urban cost index from 5.31 per cent to 4.69 per cent and the country index from 6.97 per cent to 5.10 per cent. The amendments are:

- *Vehicle lease cost* - reduce finance lease rate to 8.75 per cent from the Taxi Council's proposed 9.0 per cent.
- *Plate lease costs* - increase rise from 8.44 per cent to 12.37 per cent based on higher June quarter urban plate values. The Tribunal applied the same rise to country cost index rather than the 20.27 per cent increase proposed. The plate lease interest rate was revised to 8.2 per cent from 8.3 per cent.
- *Establishment costs* - reduced LPG conversion costs to a Sydney CPI increase of 3.23 per cent in place of an unsubstantiated 21 per cent.
- *Vehicle parts and panels* - increased in line with the average rise in the 'Motor vehicle parts and accessories' sub-component of the national CPI for in 15 months to June 2003.
- *Operator's superannuation* - removed from the index.
- *Operator salary equivalent* - reduced in line with the rise of 3.80 per cent in the NSW wage cost index.
- *Uniforms* - adjusted to be in line with 1.69 per cent average rise in the clothing and footwear component of the Sydney CPI.
- *Other costs* - adjusted to be in line with the 3.23 per cent rise in the Sydney CPI.
- *LPG Fuel* - reduced to a 1.54 per cent rise in the urban index and a 5.61 per cent rise in the country index, both after adjusting for June quarter data.