



Physical Disability Council
New South Wales

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18 November 1998

Mr. Alex McMillan
Independent Pricing and Regulatory Tribunal of NSW
Level 2, 44 Market St.
Sydney NSW 2000

Dear Mr. McMillan,

IPART REVIEW OF THE TAXI CAB AND HIRE CAR INDUSTRIES

The Physical Disability Council of NSW (PDCN) is the major peak organisation in NSW representing people with physical disabilities. PDCN provides the communication link between people with a physical disability and decision makers in government, business and the local community.

We have attempted to be constructive in our approach to the Review, addressing issues which are to some extent of secondary significance to people with disabilities. We have not addressed any issues relating to the hire car industry, but reserve the right to do so at a later date after informing ourselves more fully on the issues raised for people with physical disabilities.

It is obvious that people with physical disabilities are particularly interested in the direction of the Taxi industry because for many, it is the only means of transport, and as such is the only lifeline to employment, recreation, education and community involvement. We are particularly concerned that an overly zealous deregulatory thrust would undermine the progress that has been made in regard to taxi transport over recent years by means of the regulatory system.

We note that many of our problems would be allayed if there were:

- ◆ a universal accessible taxi across the whole taxi fleet;
- ◆ meaningful incentives to drivers who pick up wheelchair users and penalties where drivers fail continually to fulfill assigned calls; and
- ◆ a more equitable system of taxi transport subsidies.

We are skeptical about both:

- ◆ the release of 400 additional WAT license plates because of the design limitations of the Maxi-Taxis which are being used as the new WATs; and
- ◆ the new obligations imposed on WATs because of the inadequacy of compliance and monitoring protocols, and the lack of meaningful incentives and disincentives.

We are heartened by the new WAT driver training obligations, but believe that there could be improvements by requiring more competency-based training, development of a “buddy” system for trainee drivers, including on road training with an experience WAT driver.

We have been advised on the Economics of the issues raised in our submission by Dr. Jack Frisch.

Should you wish to discuss any aspect of this response please feel free to call me on (02) 9629 9110 or 0412 539 100.

Yours sincerely,

John Moxon

(President)

RESPONSE TO

**Independent Pricing and
Regulatory Tribunal**

**REVIEW OF THE
TAXI CAB
AND HIRE CAR INDUSTRIES**

**Physical Disability Council of New South Wales
November 1998**

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Introduction

In regular consultations with people with physical disabilities in NSW over the last two years, the feedback from our members has been that:

- ◆ the cost to wheelchair users of catching taxis is exorbitant despite the Taxi Transport Subsidy Scheme;
- ◆ the quality of service in terms of response times, safety and comfort is still below the standards of the ordinary fleet;
- ◆ the industry discriminates explicitly and implicitly against people with physical disabilities in that people with disabilities;
 - ◆ pay more for the same distance traveled than do taxi commuters who do not have disabilities because the meter begins to tick as soon as the driver arrives outside the passenger's pick-up point;
 - ◆ have a less safe and less comfortable trip than do taxi commuters who do not have disabilities;
 - ◆ experience longer waiting and response times and have fewer choices in transport options than do taxi commuters who do not have disabilities.

The documentation for the above is in the Report on the Taxi Industry by the Disability Council of NSW (which we understand is before the IPART), and in a complaint brought before the Human Rights and Equal Opportunity Commission by one of our members - (Appendix A).

We recognise that there is a good deal of hostility in the community to the taxi industry because of a perception of poor service, inadequate choice and low value for service, but the PDCN believes the **extent of the inadequacy of value for service to the general community pales into insignificance when compared to the poor service, high costs and lack of choice faced by people with disabilities.**

Recent initiatives are welcome but need to be monitored because the PDCN does not believe that their effect will be more than marginal. Thus:

- ◆ although the progressive issue of 400 WAT licenses may reduce response times for people with disabilities, there is a high probability that so long as they are the Maxi-Taxi design style:
 - ◆ they will be used by large groups and tourists instead of people with disabilities,
 - ◆ the WAT licenses will not be taken up because they are unpopular with the public, people with disabilities and therefore drivers and there is insufficient incentive for drivers to drive them;
- ◆ although the revamped disability awareness training that WAT drivers must undertake may improve the quality of service to people with disabilities, it will be marginal if there is insufficient and/or inadequate training, and if the training is not complemented with monitoring and an independent complaints mechanism;
- ◆ although the Accessible Public Transport Standards will ensure that there will be sufficient headroom and sufficiently wide doors to accessible taxis in 20 years time, these are only two factors which determine the comfort and safety of passengers. (See 4.3.1e, p. 9).

- ◆ although there is a Taxi Transport Subsidy Scheme, the value of the scheme has been eroded because the \$25 subsidy cap has remained the same since 1984 despite a rise in the CPI of 70% during that period, and despite the growth in the size of the metropolitan area and therefore the distances that are traveled.

Transport Standards

Reference has been made to the draft Accessible Public Transport Standard which State Transport Ministers have recommended for adoption by the Commonwealth Attorney-General during the life of the current Parliament. With respect to accessible taxis, the Standard requires, *inter alia* that:

- ◆ within five years the response times of accessible taxis booked by a person with a disability be the same as the response time of “ordinary” taxis;
- ◆ within ten years the headroom and width of doors for inaccessible taxis be 1500mm;
- ◆ service, equivalent access, and direct help be given appropriately.

2.2.1/2 Customer Service

As outlined above, the quality of service for people with disabilities in terms of response times, safety and comfort is still below the standards of the ordinary fleet.

Although response times might fall as a result of the introduction of 400 WAT licenses, this is by no means assured so long as they are the Maxi-Taxi design style. They are likely to be used by large groups and tourists instead of people with disabilities, and are likely not to be taken up by because they are not popular with either drivers or passengers and there is not enough incentive for operators to take them up.

Further improvements also depend on the booking and dispatch systems where significant improvements in management, technology and customer service training are needed together with stronger enforcement procedures of performance standards.

2.2.4 Taxi Networks

a. Number

We are largely neutral on the optimal number of networks so long as:

- ◆ there is a well managed accountable **centralised disability** taxi booking service;
- ◆ until such time as there is a universal WAT fleet, **each company, co-operative and network have a minimum proportion** of their fleet as WATs e.g. 10% by the year 2000, 25% by the year 2005;
- ◆ information on network performance is made available to enable the public to be informed in choosing between networks, companies and co-operatives;
- ◆ information is made available to enable people with disabilities to monitor the response times that are being achieved by WATs as compared to other taxis.

b Informal Networks

We understand that informal networks provide a mechanism for a greater level of service to many regular consumers (including consumers who use wheelchairs) as well as to drivers and we do not believe that this could or should be disallowed. We note however that informal networks would be unnecessary from the passenger's perspective if the system was more responsive and improved its general performance. We do not however believe that the informal networks ought to be encouraged in the form of lower costs resulting from withdrawal from the network system.

We support continuation of the requirement to belong to a network because the elimination of this requirement would create a two-class system in which "problem clients" (i.e. people with disabilities who cannot afford to tip or who are irregular users, and those who are "more demanding") would be relegated to the higher cost networked taxis.

Nor do we believe that dropping the network requirement for non-WATS while maintaining it for WATs has merit because:

- ◆ low income people with ambulant disabilities who do not use wheelchairs but who cannot use the public transport system would clearly be relegated to the "second-class" system - as would many other people with disabilities including those with intellectual disabilities and acquired brain injury;
- ◆ a large informal network will make it more difficult to monitor the response times of the non-WAT fleet.

2.2.7 Drivers

We acknowledge that many people believe that trainee taxi drivers do not remain in the industry because incomes are too low relative to job satisfaction and risks, and that this is because fares are too low.

While fares to the public might be too low, we believe that the fares paid by people with disabilities who do not have access to buses, trains and alternative forms of transport are too high.

3. Objectives of Regulation

a Public Interest of Restricting Supply

We do not see any public interest in restricting the supply of licence plates. We believe that the principal effect of restricting supply is to maintain the capital prices of taxis.

We believe fair compensation should be made to owner-drivers for the fall in licence values following a substantial increase the supply of taxi licenses, but we do not believe that non-driving investors warrant the same level of compensation where their purchases were undertaken in the face of regulatory risk. We certainly do not believe that \$1.3 billion of government funds should be spent on compensation. (See 5.1, p. 12).

b. Likely service and fares if no regulations

We believe that total deregulation of the taxi cab industry would lead to a three class system in which people with disabilities would be excluded completely. The classes would be:

- ◆ 1st class - made up of wealthy and high-income regular “good” customers who will pay more to be better serviced by secure long-time drivers who will earn more;
- ◆ 2nd class - the irregular and “ordinary” commuters who will receive irregular uncertain service at the hands of irregular, trainee and short-term lowly paid drivers; and
- ◆ 3rd class - people with disabilities and other “problem” clients who will be serviced by nobody and who will have to wheel, walk, hitch-hike, borrow or stay at home.

c. What Do People with Disabilities Want

People with disabilities have the right to equitable service and comfort when making a trip, equity in the number of transport trips made, and equity in the expenditure on transport.

We recognise that “equity” is a somewhat overused, sometimes distorted and often vague concept but we believe that in the present taxi cab context, with a social justice perspective:

- ◆ equitable service means the same levels of response times, comfort and safety as the rest of the population;
- ◆ equity in the number of trips means being able to afford to take the same number of trips (whether by car, train, bus, or ferry) and spending the same amount of time (after adjusting for the additional time taken to get in and out of vehicles) on average as other people in the same socio-eco-demographic class living in the same geographical area;
- ◆ equity in expenditure on transport means spending on average the same proportion of income on transport as others in the same socio-eco-demo-geographic class.

We believe that such equitable service can be best achieved by a fully accessible public transport system. In the absence of such a system, people with physical disabilities are heavily dependent on the taxi industry.

Equitable service in the taxi industry is best achieved by a **universal WAT across the taxi fleet**, combined with an **improved taxi transport subsidy scheme** and **incentives to drivers to pick up people with physical disabilities**.

In the absence of a universal WAT across the taxi fleet, equitable service is best achieved by:

- ◆ priority quotas for each WAT to ensure that there are more than the current average 1-wheelchair user per day picked up;
- ◆ **incentives such as a \$6 bonus** (as in Victoria) for drivers who pick up wheelchair using passengers;
- ◆ management protocols relating to a meaningful guarantee of effective service delivery;
- ◆ accountable, transparent performance criteria at the company and network level;

- ◆ upgraded technologies and management procedures for improved direction of drivers and improved co-ordination of drivers and passengers from the Central Booking Service;
- ◆ an independent WAT passenger complaints policy complemented by procedures which are widely publicised, accessible, transparent, accountable, and consultative;
- ◆ locality restrictions on plates so that wheelchair users in the outlying parts of Sydney are well serviced;
- ◆ round-the-clock 7-day service by WATs; and
- ◆ an improved taxi transport subsidy scheme.

d. Current Regulations

Although the system as it stands has failed people with disabilities, we believe that the **current regulatory system has the potential** to improve service delivery to people with disabilities. As a corollary, we believe **deregulation will undermine this potential** and the improvements that have recently been put in place.

We believe the system has failed people with disabilities in the past because **there has not been enough regulation:**

- ◆ there have not been sufficient WAT licences issued;
- ◆ **there has not been and is not a suitable vehicle;**
- ◆ disability training required of drivers has been inadequate and has not been linked to competency-based (hands-on) assessment;
- ◆ licence requirements on WATs have not been adequately monitored and enforced;
- ◆ there has not been an adequate and independent complaints mechanism.

We believe deregulation would lead to a loss of control of taxi design regulations, driver training accreditation and training, and universal access. We believe the only way people with disabilities will be equitably serviced in a deregulated system will be for the government to take on the headache of operating a separate disability taxi service (which would be unlawful under the Disability Discrimination Act). We do not believe there is anywhere in the world where a deregulated market caters for people with disabilities.

4.1.1 The Taxi Industry

a. Plate numbers and Multiple Hiring

We believe the restriction on plate numbers is an unnecessary regulation whose sole purpose is to regulate the rate of return on a taxi investment.

The main problem with multiple hiring for people with disabilities occurs when there is further delay on already-delayed services. We believe multiple hiring should require the permission of the first passenger and be only at the behest of the booking service, with the final fare of all parties to be negotiated and recorded in advance by the driver. The booking service should be aware of the delay already experienced by all parties, and should request multiple hiring only when the first booking has not experienced a delay longer than 10 minutes and the second booking has already experience a delay longer than 10 minutes.

b. Private vs public benefits of License restrictions

We do not believe it is up to Government to restrict the supply of taxi licenses simply for the purpose of maintaining the value of investments which were made in the face of regulatory and other risks. We recognise it would be unfair to undermine the value of such investments which have been more in the way of “buying a job” than earning a rate of return, but we believe there are other ways this can be managed than restricting the supply of licences.

While we see no benefit in restricting the number of licences, we believe there is a great deal of benefit in requiring minimum taxi design and comfort standards and minimum standard requirement on taxi drivers. We therefore believe a taxi licencing system enforcing minimum standards should be continued.

We further believe that the minimum taxi design standard for all taxis should incorporate universal accessibility requirements.

c. Regions

We believe over and under-cabbing results from both restrictions on the issue of license plates, and the inability to rationalise this by region and that the problem would be improved if plate restrictions concentrated on

- ◆ maintaining minimum standards; and
- ◆ insuring each company, co-operative and network has a minimum proportion of their fleet as WATs

rather than the price of taxi plates

d. Restricted Licenses to Alleviate Service Deficiencies

We are not aware of service deficiencies other than those which related to people with disabilities, regions and periods of excess demand.

4.3 Price Controls and Diversification

We support the notion of a publicly recognised maximum fare structure instead of negotiated fares as occurs in some countries - much to the aggravation of tourists, irregular taxi commuters, and people with poor negotiations skills relative to taxi drivers.

We recognise that a tiered system of fares might lead to increased diversity of product but we believe that there should be **no more than four tiers** - two tiers relating to waiting times (e.g. “short” waiting versus “long” waiting) and two tiers relating to peak/off peak pricing. We believe that more than four tiers would make it easier to exploit people with disabilities by pretending to be offering greater “service” and we also believe it would merely lead to an increased capacity for spurious and misleading marketing drives as opposed to improved service delivery.

We strongly object to people with disabilities being required to pay higher fares because they involve a greater “service” component and note that to do so would be unlawful under the Disability Discrimination Act.

We re-iterate that we believe a deregulated system would set up a three-class system (with “problem” clients being in the third “excluded” class) in much the same way that deregulation of banking has led to retail clients, “private” clients and non-clients,

and deregulation of communications has led to “basic” consumer clients, “high use” consumer clients and business clients.

We believe that a good deal of the diversification which would be marketed in the taxi industry would be spurious as companies/networks/co-operatives seek to market marginal and insignificant differences in products. We believe that where there is product differentiation, it should be within the constraints of maximum prices - as occurs under the current system.

4.3.1 Performance Standards - Taxi Industry

a. Maxi-Taxis

It is too early to determine whether the issue of additional WAT licenses will provide better service to people with a disability, but:

- ◆ given the design of the Maxi-Taxis which are currently being introduced by Taxis Combines Services as the additional WATs, and
- ◆ given the inadequacy of incentives to take up the WATs

we do not believe that service will improve significantly.

b. Inadequate WAT monitoring and enforcement

We acknowledge that under new regulations

- ◆ WATs must be on the road for 20 hours per day for 7 days;
- ◆ 50% of WAT work must involve wheelchair users;
- ◆ WATs must give priority to M50 passengers; and
- ◆ restrictions on changeovers by WAT drivers between 12-5pm.

We are concerned about the lack of **means of monitoring or enforcement** of these conditions. Thus:

- ◆ there is no way of showing whether a WAT is vacant, off duty or “within area” at the time of a call;
- ◆ there is no clear definition of work to enable enforcement of the 50% work regulation i.e. 50% of calls, 50% of total revenues, 50% of trips, or 50% of kilometrage etc?;
- ◆ there are no mechanisms to monitor trips, revenues, or kilometers involving wheelchair users and the general public.

Therefore there is **no way of determining whether or not the driver has fulfilled his/her obligation.**

We acknowledge that an additional 400 taxis might make monitoring and enforcement unnecessary, but given the slow take-up rate of the new accessible plates, we believe **enforcement and monitoring, together with incentives and bonuses is essential.**

Appropriate non-prescriptive methods for improvement in effectiveness may be my means of incentives such as a bonus for picking up a person with a disability card (as in Victoria); a bonus or decreased buy-in rate for superior performance; and penalties for poor performance, particularly for not picking up an assigned job. (We understand that although there are many instances of failure by drivers to fulfill assigned pickups, there have been few, if any, instances of WAT drivers being put off the air for extended periods).

c. Central Booking and Dispatch

Given that it is impractical or impossible for most wheelchair users to call taxis spontaneously off the street, the performance of the **system as a whole depends critically on the performance of the booking and dispatching service**. As documented in the Disability Council submission and Appendix A, the management policies, the technology and the training of the staff of the Central Booking Service need to be reviewed and overhauled to enable accountability, improved co-ordination and increased training of staff in relation to both disability-awareness and the WAT system.

d. Effect of Deregulation

Without regulatory constraints which include disability-oriented performance standards, people with disabilities in general and wheelchair users in particular:

- ◆ will not be accommodated and will not be able to access the only form of public transport that currently has a modicum of accessibility;
- ◆ will be extremely restricted in all activities - employment, education, leisure, health care, shopping, etc. and would be forced to stay at home.

(This was the case before the International Year of Disabled People in 1981 and is generally the case in 1998 where there are inadequate or no regulations regarding disability. Although the 18% of the population who have disabilities is potentially a large market, the wide variation in disabilities, the diffuse geographical dispersion of people with disabilities, and the relatively low incomes of people with disabilities means that an **unregulated market will not accommodate** the needs of people with disabilities, and will compound the existing problems).

We believe the community does not want people with disabilities to be isolated and segregated or reduced to poverty as a result of the high cost to people with disabilities of participating as citizens in the community. With taxis as the only means of accessible transport currently available, we therefore believe that the benefits of performance standards which improve access to people with disabilities far outweighs the costs of monitoring and enforcement.

Because it is impossible to measure the benefits of accessibility of separate parts of the community infrastructure, we cannot comment on the costs and benefits of taxi industry performance standards, but the PDCN has begun research on the benefits of a totally accessible environment (of which an accessible taxi industry is part). Our own preliminary estimates show that the **benefits of an accessible environment and transport system are at least \$1.02 Billion per year**. We believe that regulation of the taxi industry needs to be put into this social cost/benefit context as well as a social justice context. (See Appendix B)

e. Taxi Design Issues

Maxi-Taxis have been slow to be taken up because they have been identified as “disabled taxis” and therefore considered unacceptable by the public, with a consequent inadequate return to drivers, operators and investors.

Although “coupled” (friends, husband-wife) wheelchair users have found Maxi-Taxis useful, most wheelchair users have found the Maxi-Taxis wanting. In general wheelchair users receive nowhere near the same level of service from Maxi-Taxis as do passengers in sedan-style vehicles which give a comfortable ride, with air-conditioning and heating, safety, and a clear vision on all sides. The Maxi-Taxis by contrast:

- ◆ are uncomfortable for wheelchair passengers because the suspension is designed as a commercial vehicle rather than a passenger vehicle;
- ◆ cause significant discomfort for many people with spinal cord injury who may develop poikilothermia due to the lack of heating in the rear of the vehicle;
- ◆ are unsafe insofar as the seat-belt configuration does not provide torso support to people who need such support more than others – the lap-sash not conforming to the AS2942 standards, and not being properly adjustable over the shoulder;
- ◆ do not provide clear vision on all sides with resultant headache, tiredness, and dizziness to passengers who are sitting in a wheelchair;
- ◆ isolate wheelchair users from the driver and other passengers; and
- ◆ continue to re-enforce a negative stigmatising stereotype of people with disabilities as different, needy, and unfortunate.

Nor do the other WATs currently servicing NSW provide satisfactory safety and comfort. Thus:

- ◆ Flashcabs present excess risk from a rear collision and are extremely uncomfortable because of the slope at the rear, the placement of the disability seat, and the poor air circulation; and securing the seat involves undignified and inappropriate contact between driver and passenger, and indignity and difficulty in the way drivers must secure the wheelchair.
- ◆ Metrocabs are uncomfortable because of the convex floor, the need to face the back of the vehicle, the low headroom, and a size which does not meet the wheelchair footprint of 1300 x 800; are dangerous because of the lack of air conditioning and absorptive heating qualities; and are incapable of taking more than one wheelchair user at a time.

A universal taxi is the only guarantee that wheelchair users are not segregated into a demeaning inferior taxi service. We have copious amounts of anecdotal experiences where the average member of the public refuses to travel in WATs except under duress. This not only has a stigmatising effect on people with disabilities, but the unpopularity of the vans to the general public affects driver morale and thereby on how drivers service people with disabilities. Nor do we believe that a television advertising campaign will change attitudes to make the maxi taxis acceptable.

While still problematic, we believe that the Chrysler Voyager Activan is at this point in time the preferred vehicle type suitable for the WAT fleet and that in due course the **only way to provide equitable access to people with disabilities would be to gradually implement a universal WAT across the whole taxi fleet.**

We further believe the Minister for Transport should liaise with other State Transport Ministers and the Federal Transport Minister to jointly fund a **research project** with a major automotive manufacturer to design and develop a multi-function universal taxi able to transport all persons wishing to hire a taxi and providing equal standards of comfort and safety for all passengers. Such a vehicle should as a minimum:

- ◆ provide sedan-style passenger comfort and safety to all passengers;
- ◆ accommodate up to two wheelchairs;
- ◆ provide side-ramp access rather than rear access;
- ◆ provide clear vision for people sitting in wheelchairs; and
- ◆ allow wheelchair users to sit in the middle of the vehicle rather than in the luggage compartment.

We believe a major research project to design a universal taxi could lead to dividends not only to wheelchair users in Australia, but could with careful planning and management lead to export dividends as well.

We acknowledge that a universal accessible taxi is more expensive than an ordinary sedan, and that license holders will need some incentive to take up the universal taxi. We believe that such **encouragement could be provided by providing a one-off government rebate** for purchasers of taxi plates for wheelchair accessible vehicles on a scale, such as:

- ◆ \$25,000-\$35,000 where there is capacity for one-two wheelchair(s) on a new vehicle, or an amount not greater than the cost of modifications e.g. hoist and restraint systems etc., whichever is the lesser;
- ◆ pro rata amounts for second hand vehicles or vehicles with quick release seating that are not always used for M50 work e.g. the Premier Mini Vans.

Although we believe such a scheme ought to be financed from general revenue because the benefits of an accessible environment to the community as a whole are greater than the costs, we believe a complementary means of finance could be by way of the profit made by the Department of Transport from selling taxi licence plates at the frozen price and being in the market to buy them back over the next few years at a discount. (See 5.1, p.12)

f. Response Times

We recognise the importance of increasing the supply of WATs as a necessary first step to providing equal service to wheelchair users, but we believe further steps need to be taken to decrease waiting times. Without changes in management techniques and the imposition of conditions on WAT licenses, we do not expect any significant improvement in service delivery - particularly if drivers find it more profitable to use the maxi-taxis as “multiple-hire” and “tourist” taxis rather than WATs.

Although WAT drivers are obliged to give priority to M50 calls, there is no way of showing whether the WAT was vacant or “within area” at the time of the call, and therefore no way of determining whether or not the driver fulfilled his/her obligation. We believe WATs should be **required to average a prescribed minimum number of wheelchair using passengers in a specified period**, where the prescribed minimum number could be determined by analysing demand/supply/queue relationships. We furthermore believe the requirement should be imposed to ensure

that access in terms of response times is available on an equal basis across all hours over 7 days.

Clearly these restrictions will constrain driver and operator income, but in our view this can be managed by appropriate bonuses and subsidies. e.g. bonuses for achieving performance, penalties for non-performance, subsidies for “disability effects” such as loading and unloading times.

The current system with neither penalties nor bonuses is haphazard and will not necessarily lead to decreased response times - particularly if the Maxi Taxi licences are not taken up.

g. Adequacy of Performance Standards

On paper current performance standards may appear to be adequate, but due to the lack of enforcement, monitoring, incentives and disincentives, the performance standards are in practice quite inadequate.

h. Non-Disclosure

We strongly support non-disclosure with respect to destination and optional disclosure with respect to special needs because it would make it impossible to discriminate against people with disabilities. We note that optional disclosure with regard to special needs would require a fully accessible WAT taxi fleet, and at least 2 days’ disability training to all trainee taxi drivers.

i. Improved Service

We are neutral as to whether or not uniforms enhance the level of customer service, but suggest that other ways to encourage higher levels of service may include independently monitored customer satisfaction/dissatisfaction forms with reply paid envelopes, meaningful prizes for driver of the week/month/year, etc.

4.4 Compliance- Independence

We disagree with the Issues Paper view that co-regulation involves lower costs than independent regulation because we believe that the costs of co-regulation are born in a different form - namely in terms of poor response times and poor service. While an independent regulatory system might involve higher dollar costs to networks, this would in due course be passed on to consumers in the form of higher fares, and would not necessarily be born by drivers and networks as suggested in the Issues Paper.

Because a more accountable and transparent system of regulation would result in an increase in the value of service greater than the increase in fares, we believe an independent regulatory system ought to replace the current system of co-regulation.

For efficiency, such monitoring should be outsourced by the Department of Transport rather than undertaken within the Department, with the terms of the monitoring and the outsourcing contract to be subject to periodic review. This would maintain the independence and efficiency of the regulatory body.

4.5 Administrative Arrangements

From the estimated value of licences of \$1.3 Billion (p20), the estimated rate of return of 6.7% (p19), and assuming net profits to be 30% of turnover (p11), we can deduce that turnover in the taxi industry is about \$290 million per year. With 1% of turnover as a benchmark proportion of the amount spent on quality control by large major manufacturing, retailing and service organisations, we believe it would **not be unreasonable to spend \$2.9 million on quality control** - so long as the regulatory regime and the compliance and monitoring procedures and inspection staff were effective.

We therefore question the IPART's view on page 25 that the dollar amount spent on regulating the taxi industry is excessive. If the cost of regulations is excessive, it is because of the ineffectiveness of the current regulatory and monitoring systems - not because of the amount spent. We believe that an efficient system probably requires about \$2.9 million expenditure on quality control - with an accountable and transparent governance system.

5.1 Plate Licensing

a. Reform

We believe the licensing of taxi cabs should continue in order to ensure minimum standards, but we do not believe the number of plates should be restricted in order to guarantee capital gains to owners or to maintain capital values.

We believe an equitable system would be to manage the increases in licences in a manner which freezes the **price of licences at current levels** while:

- ◆ offering owner-drivers the option of converting the value of the licences into a superannuation fund managed by the NSW Government - thus ensuring reasonable equity to owner/drivers while minimising the immediate cash-flow obligations of the Government;
- ◆ offering investors the option of selling licences back to the Government at a discount to the frozen market price of 10% for recent investors and 20% for investors who have had licenses for more than 8 years, with the discount rate falling over time. This would minimise immediate cash obligations of the Government, be reasonably fair to investors who have been more than aware of regulatory risk for at least 10 years, minimise the capital losses of recent investors, and discourage early exercise of the option to sell.

b. Market Forces

We do not believe competition from peripheral markets is a justification for deregulating the taxi industry. Competition and constraints are facts of life for every business and every employee, as are attempts by industry to expand the market and seek Government assistance in this expansion. Government is under no obligation to assist in such growth.

We believe there is growth potential in the core taxi business, and it would be more rational for Government to assist in increasing the demand for taxis by ensuring that user-pays principles are applied to private automobile transport (including proper accounting for pollution costs, congestion costs, and space) and by ensuring the value of service provided by taxis is higher than the fare.

5.2 Operator accreditation

Our main concern with operator accreditation is to ensure that performance standards are achieved, and we believe this can be achieved by a variety of positive incentives and punitive disincentives including all those raised on pp 26-27 of the Issues Paper.

We do not see the difference between licensing based on prescribed minimum standards and registration requiring minimum performance standards, but agree with the Issues Paper view that absolute prescriptions discourage improvement.

We do not support co-regulation because of the high probability of the regulated industry “capturing” the regulator.

5.3 Driver accreditation

We support an improved system of competency-assessed driver accreditation for WATs whereby drivers must undertake at least two days of disability training. In addition to ensuring that WAT driver training includes hand-on training in the use of straps and wheelchairs with a variety of wheelchair types, and with wheelchair users as “demonstrators”, we believe:

- ◆ WAT driver training should be at the Government’s expense instead of at the driver’s expense
- ◆ WAT trainee drivers should spend 40 hours with other WAT drivers at the Government’s expense before being granted a WAT driving certificate
- ◆ WAT trainee drivers should be linked up to another WAT driver in a “buddy” system arrangement.

We believe the five-year experience requirement may be unnecessarily restrictive since from our point of view, sensitivity and understanding of disability is significantly more important than taxi driving experience - especially since disability driving requires a different manner of driving than ordinary taxi driving.

6. Taxi Transport Subsidy Scheme (TTSS)

Reference has been made a number of times in this submission to the high cost of taxis. We note that wheelchair users spend a substantially higher percentage of their income on public transport than does the rest of the population because given the general inaccessibility of buses and train stations, people with physical disabilities are dependent on the most expensive form of public transport - taxis.

In this context we note that people with physical disabilities who use taxis are disadvantaged as a result of their disability in that they have extra costs because they

- ◆ cannot call from the street and must incur a booking fee
- ◆ have additional telephone costs (often from mobiles) to keep abreast of the status of delayed jobs - the incidence of which is substantially greater than is the case for people who do not have disabilities, and the impact of which is also often substantially more serious
- ◆ must incur the cost of securing the wheelchair and assisting with seat belts.

We also note that people with physical disabilities who use taxis have born a substantial increase in the cost of using taxis in recent times as a result of:

- ◆ the \$25 cap on the subsidy to the Taxi Transport Subsidy Scheme which has been in place since 1984, despite an increase of 70% in the Consumer Price Increase Index over that period;
- ◆ the increase in distances travelled due to the the increase in the size of the metropolitan area;
- ◆ the increase in the number of trips as people with disabilities have increasingly integrated themselves into the community;
- ◆ the increase in the flag fall which has not been accompanied by any increase in service to TTSS users.

We believe that:

- ◆ **the subsidy cap should be eliminated or at least increased in line with CPI increases to \$ 42.50;**
- ◆ **the subsidy rate should be increased to 75% from the totally inadequate 50%**
- ◆ **the booking fee on WATs should be eliminated, as is the case for holders of the Senior Citizens card for some companies**
- ◆ **the meter should only be turned on when the wheelchair user gets into the taxi, and that drivers be compensated for any additional time taken by wheelchair users by means of the Subsidy scheme.**