

THE EFFECT OF PRIVATISATION ON TRANSPORT  
FOR PEOPLE WITH DISABILITIES IN NEW ZEALAND

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ABSTRACT:

*Even in areas of public transport which are traditionally regarded as non-profitable and the responsibility of the "voluntary" sector, rationalisation and involvement of the private sector can drastically increase effectiveness.*

*The "Total Mobility" project of Disabled Persons Assembly (NZ) Inc has involved successful restructuring of the way transport is made available to people with disabilities in New Zealand. It has been based on a partnership of the voluntary sector represented by DPA, the private sector represented by the taxi industry, and the public sector represented by the Urban Transport Council and territorial local authorities.*

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### 1 INTRODUCTION

Since 1984 transport for people with disabilities in New Zealand has been almost completely restructured. The patchwork of uncoordinated and often ineffective charity-based systems which existed prior to 1984 has been largely replaced with a national taxi system which uses a mixture of sedans and wheelchair hoist-equipped vans. The vehicles are owned by ordinary taxi licencees and are completely integrated with existing taxi company operations.

This shift to provision of service by the private sector has enabled nationwide improvements in service levels and effectiveness. Availability of reliable and suitable transport has opened up life opportunities which were not previously accessible to many of the users, including the taking on of employment. There have been and continue to be costs involved, but a structure has been put in place which identifies all costs and shares them between local communities, central government, and users. Costs involved in the system, and the demand for travel that has emerged, have highlighted the potential for greater responsiveness to user needs in other public transport operations.

The primary motivating force behind the change has been the Disabled Persons Assembly (NZ) Inc. DPA is an umbrella organisation for representing some 450 disability related organisations, plus many individuals. Its organisational or corporate members range from the largest to the smallest of structures and networks which assist, support, or communicate between people with disabilities, including national bodies such as the Royal NZ Foundation for the Blind and Intellectually Handicapped Children Society, through to local stroke clubs, kidney societies and amputee societies.

DPA became involved in public transport issues for a purely practical reason; it was aware of the need for change, and was in a position to bring about that change. There was no initial commitment to privatisation as a philosophy, and yet as a practical response to the situation it was logical to work with the private sector.

### 2 HISTORICAL BACKGROUND

The push towards a nationally co-ordinated transport scheme for people with disabilities must be seen in the broader historical perspective of the changes in perception of disability which have occurred steadily, but increasingly rapidly, over recent years.

People with disabilities and the wider community have both experienced changes in attitude, with disability seen less and less as a reason to set people apart. Emphasis has shifted from segregation or special provision for "the disabled" to inclusion and integration of "people with disabilities "

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### Perceived needs and Voluntary Responses

During the 1970's increased awareness of the presence of people with disabilities in their communities led to a variety of community responses, and in few aspects was this more evident than in the provision of transport. Transport for people with disabilities was almost entirely provided through the Voluntary sector. That is, non-profit disability organisations or community groups organised local services in response to perceived local needs, supported by their own fundraising efforts or those of local service clubs (Rotary, Lions, etc) and charitable Trusts. Costs to users was minimal or free.

### Quality of Management

This situation was obviously better than no system at all, but it was characterised by a piecemeal approach, lack of coordination between the efforts of different organisations, crisis management by volunteers or part-time workers, and limited long-term planning. Many of these local efforts also embodied a charitable attitude which was unintentionally belittling to the users.

Development was often driven by the organisational ability of a few people, not themselves disabled. Some schemes were quite successful, but when as a consequence demand for their service grew, the lack of managerial or planning skills or of secure on-going funding led to a decline in service quality and morale, thereby decreasing the ability to obtain funding which was their lifeblood.

Always these schemes were vulnerable to vehicle breakdown, since their funding structure rarely allowed for reliable new vehicles, major maintenance, or vehicle replacement. Problems also arose when substantial donors wanted vehicles to carry acknowledgement in the form of the company or society name or logo. Some would not fund a project if another organisation was also funding it, while some would not do so unless others also provided support.

Between all this, many individuals who were involved with major organisations or successful fundraisers did receive the transport service they needed. However, many individuals also remained unnecessarily homebound.

### Institutional Responses

There was some recognition on the part of local and regional authorities of the problem. Their responses, while they were major steps forward at the time, were in retrospect characteristically institutional in nature. For example the Christchurch Transport Board adapted medium-sized buses to carry wheelchair passengers, and used them to operate a special service. However the size of the vehicles and the small number available led to a gross inflexibility of service, resulting in very high costs compared to the number of people who were able to be served.

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Auckland Regional Authority provided Urban Transport funding to a local Dial-A-Ride Trust, for expansion of its small fleet of 6 to 8-seater vehicles and for operating costs. However the segregated style of operation, trying to provide service to a proportionally small market spread over an extensive metropolitan area, using just a few vehicles, has proved to be impractical. With just a few regular bookings the vehicles become committed to being in a particular part of the Region at a particular time. They are therefore very limited in the amount of casual work they are able to undertake, and as a consequence end up sitting idle for substantial parts of the working day.

These difficulties are exemplified by the operating data from a provincial Dial-A-Ride operation, given in Appendix III. These are just two examples but there were many more. At this point just four are still in existence.

### 3 PIVOT POINTS FOR CHANGE

Two unrelated events created a situation where the change which was so necessary was able to come about. The first was the passing into law of the Urban Transport Act 1980, and the second was the 1981 International Year of Disabled Persons.

#### The Urban Transport Act 1980

The long title of this Act expressed the intention to promote "appropriate and efficient urban transport systems", while its extremely broad definition of what constituted an "urban transport service" left ample scope for the inclusion of transport for people with disabilities in both planning and financial assistance schemes.

#### International Year of Disabled Persons, 1981

The potential significance of the Urban Transport Act for the providers of transport for people with disabilities was not recognised until developments stemming from the International Year of Disabled Persons had taken place. That year a national Telethon raised over seven million dollars, and the Telethon Trust received applications from disability organisations totalling almost \$3 million for transport projects alone. These applications were mostly from a multiplicity of small local organisations, for help in covering either the capital cost of vehicle purchase, or their administration and operating costs.

It was quickly realised that even if the amount of money requested was available, distribution in this way would not be the best use of it. It was clear that many of the applicants did not have appropriate management structures, and that many planned to use volunteer drivers who are increasingly hard to find and who have high accident rates. In addition, few of the applicants had adequate fare structures, or budgets that allowed sufficient for vehicle maintenance, depreciation, and replacement.

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One of the other needs which emerged from IVDP was for a national umbrella organisation for all people with disabilities, and DPA emerged in response to that need. DPA and other interested organisations such as IHC, the Wellington Regional Council (the responsible Urban Transport Authority under the Act) Wellington City Council, and the Taxi Federation participated in a committee which commissioned a research report by Synergy Applied Research, and led to development and trials of a unified system.

It became clear that there is not the population size or density in New Zealand to support a segregated, specialised system. A 1981 Health Department Survey of the needs of people with physical disabilities in Wellington (Jack 1981) estimated that 11 people in every 1000 are precluded by a physical handicap from using (existing) public transport. Subsequent experience has tended to confirm that figure, subject to the increasing number of elderly people who have no specific disability but are effectively disabled by cumulative effects of age. The other variable is of course accessibility of the existing public transport system. For example steeper bus steps will automatically increase the proportion of people who are unable to use buses.

At any rate it clearly made economic sense not only to integrate all transport for people with disabilities into one system, but to integrate that with the larger system which already provides demand-responsive transport to the non-disabled population - the taxi industry. This decision was not based on a preference for privatisation but was a selection of the modus operandi which provided the required flexibility in combination with economies of scale. It incidentally meshed very nicely with DPA's policy of maximising integration of services for people with disabilities into the provision of services for other members of the public.

#### 4 CURRENT SITUATION

##### General Data

By 30 April 1988, 54 wheelchair hoist vehicles had been integrated into the operations of 28 taxi companies, covering most urban centres with over 20,000 population. Their distribution is shown in detail in Appendix I, as is the distribution of fare discounts and the degree to which territorial local authorities have agreed to provide support. About 40,000 passenger trips per month are made using fare discounts, about 20% being in hoist-equipped vehicles and the balance in conventional sedans. Since 1983 there has also been steady introduction of 8-seater vans (the maximum size under a taxi license) without wheelchair hoists. These have been purchased by taxi operators independent of DPA to meet increasing public demand for group travel. About two thirds of the hoist vehicles owned by individual operators, and the balance by taxi companies or societies.

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Details of purchase arrangements are given in Appendix II, and a comparison of operational data between wheelchair hoist maxi-taxis and a Dial-A-Ride operation is given in Appendix III.

### Responsibility for service quality and effectiveness

Under the charitable or voluntary approach to provision of transport for people with disabilities the needs of the individual "client" are frequently undervalued in relation to those of the providers of the service. Returns to the provider of the service are forthcoming regardless of the quality of service which the user actually receives. A notable example occurs particularly with small operations where demand for the service is not able to be fully met, attempts are made to plan a vehicle route which picks up as many people as possible, but which then results in unacceptably long travel times for the users.

By contrast a system integrated with existing taxis puts a clear responsibility for service quality onto the taxi company and the individual taxi operator. Their livelihood depends on their providing a service which is responsive to the needs of users, be they individuals or organisations. It is now well established that there is sufficient communication amongst disability organisations to bring about major boycotts and shifts of business when one taxi company displays too cavalier an attitude to the needs of its clients with disabilities.

Because the organisation which provides the service (the taxi company) is user-responsive, and the subsidy is paid only in relation to journeys made by those eligible, there is no reason for the service provider to develop a management structure larger than is already commercially necessary. Similarly there is no need for the management by fundraisers which has so often distracted volunteer groups from their original intention to provide a quality transport service.

In this sense Total Mobility has successfully simplified the transactions involved, by separating the funding mechanism from the service provision mechanism. Because the funding is channelled exclusively through the users, and they are highly sensitive to service quality and effectiveness, then the funding is automatically channelled to the supplier of the best quality and most effective service.

This of course applies in metropolitan centres where there is a choice of taxi company. In provincial centres communication between taxi companies and disabled people's organisations or support groups has been on more of a "mutual benefit" basis which has usually been very productive, provided the taxi company can accept the idea of people with disabilities as a potential market.

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These structural changes have of course led to a much more effective use of the community's "disabled transport" expenditure, with far more people receiving an on-demand service than was previously possible. Cost comparisons are given in Appendix III, and the current sharing arrangement for these costs is discussed in the next section.

### Cost sharing : the user and the community

As Appendix III shows, all the costs associated with every Total Mobility taxi trip are identified and they can therefore be apportioned. This is a marked improvement over "voluntary" fundraising regimes. Many aspects of that type of operation cannot be costed out, so there is no way of knowing what the overall cost to the community is, for comparison with the number of people carried, or for any other measurement of effectiveness.

The discretionary powers given to territorial Local or Regional Authorities under section 35 of the Urban Transport Act also enable these authorities to decide what share of the cost they will accept, and what share must be covered by the user. Appendix I shows the level of fare discounts given in each centre. It also highlights the option some authorities have taken, of not supporting the scheme at all.

Even when DPA has persuaded a local authority to support discounts, questions remain as to the source of that support; is it to be from transport funds or from social service grant monies? DPA would much rather the scheme was integrated with other forms of urban transport. Social service grants have traditionally been shaky ground, not guaranteed year-to-year and often subject to arbitrary cuts when the authority was committed to a new town hall or sewage treatment plant. Nowadays of course urban transport funding is almost as shaky, but DPA remains adamant that Total Mobility is a transport project and not a social service one. The compensation involved is for the taxi user's inability to use other cheaper transport modes, and is not related to income.

This distinction was highlighted in the early days of Total Mobility, when the Urban Transport Council at its July 1984 meeting approved the project as a transport programme eligible for matching subsidy. However UTC did recognise that there were potential savings for other government departments such as Health, Education, and Social Welfare, and recommended that the Ministry of Transport monitor and liaise with these departments and Treasury "to ensure recognition of UTC's contribution".

No compensatory agreement has even been seriously looked at, but the principle of wider savings is well recognised in Europe. A discussion of this aspect is included in a report of the European Conference of Ministers of Transport (ECMT, 1986) but the point is best summarised by Ann Frye:

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"While (transport for people with disabilities) may seem to be an expensive investment, local authorities are now beginning to recognise the need to look across departmental boundaries and budgets. This enables them to identify the savings that may accrue from giving an elderly or disabled person the means to become or to remain independently mobile, instead of having to fall back on state services. An accessible transport service can be a life-line." (Frye, 1986)

Ms Frye's article refers principally to Dial-A-Ride as it is operated in Britain, but New Zealand has neither the population size nor the population density to support that type of system. The point is just as relevant here.

### Spatial Disparities

The distribution of hoist vehicles and availability of discounts are shown in Appendix I. Variations in these can be attributed to one or more of the following:

- (i) Taxi company willingness to accept people with disabilities as a potential market, and to provide the necessary vehicle.
- (ii) Local authority willingness to accept transport for people with disabilities as a community responsibility.
- (iii) Local authority attitude to urban transport funding in general, and their decisions under the Urban Transport Act with regard to other transport modes
- (iv) Local Disabled Persons Assembly lobbying expertise.

Increasingly the success of the scheme in areas already operating has been communicated within the taxi industry, making it easier to persuade taxi companies to become involved. The Taxi Proprietors Federation have been very supportive in this regard. In the few cases which have been really stubborn DPA has resorted to making submissions to the triennial Taxi Licensing Reviews which are at present held in each centre over 20,000 population. The Licensing Authorities have also been supportive of DPA in these cases, as well as in situations where DPA has supported an individual's application for a new license to operate a hoist vehicle but the application has been opposed by other local license holders. The more conservative elements in the industry have tended to see the advent of hoist-equipped vans as taking group hires which "should" be carried in two sedans, rather than seeing the opportunities for new business which the vans create.

The really difficult situation has been where local authorities have a strong commitment to policies of not assisting urban transport and of minimal social services spending as well. This has severely restricted growth of the system in Tauranga and Rotorua where discounts have had to be supported by fundraising.



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DPA will still establish the scheme in these circumstances because at least some benefit is gained by availability of the service. However from our point of view it is frustrating to see people made unnecessarily dependent or even homebound by the lack of support for the transport which they need and which could so easily be provided

### 5 CONCLUSIONS

#### Improved service at a (shared) cost

The private sector has, albeit reluctantly at times, provided DPA with both the coordinated structure and the demand responsiveness which were required, to bring about a significant improvement in service. There is naturally a cost in making this service available, but if it is clearly identified in the fare then sharing arrangements can be worked out between the user, the territorial local authority, and central government.

Cost savings are difficult to assess where they involve quality of life, but giving personal independence is less costly to the community than social programmes such as residential care. There are also cost savings to disability organisations and to the community when a coordinated system brings economies of scale, draws on capital resources in the private sector for vehicles, and removes the indirect and inefficient practice of funding via fundraising.

#### Relevance for other urban transport modes

Provision of fare discounts has revealed a previously repressed demand for travel and led to rapid growth in use of taxis by people with disabilities. However it is clear that some of this demand could be channelled into cheaper bus and train usage if those modes provided a more "user sensitive" service (Comprehensive detail on what can be done is included in ACCWDP 1982, Swedish Board of Transport 1983, ICTA 1982 and ECMT 1986). One of the advantages of working with the private enterprise taxi industry is that it is comprised of smaller competing units, easier to work with and relate (or complain) to than a monolithic institution like a metropolitan municipal bus company.

It is regrettable that metropolitan bus operations do not have the degree of user sensitivity that has been able to be developed in the taxi industry, since they effectively discourage the elderly and partially disabled people who are a significant part of their market (ACCWDP 1982). In this sense DPA's involvement as a user-driven pressure group has created an imbalance by bringing about such dramatic improvements in the suitability of taxis that these are now seen as the preferred transport option. If similar user-driven pressure was applied to New Zealand's urban bus operations then it is probable that a similar increase in attractiveness or (perceived) suitability of the mode could be brought about.

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### Positive and negative role of legislation in providing a climate for change

While the Disabled Persons Community Welfare Act had been in place since 1975, and the Urban Transport Act since 1980, it took the social pressure and awareness of the disability sector, unified by the 1981 International Year of Disabled Persons, to actually achieve significant change. Legislation has created the means, but it has been people responding to needs, and persuading others to cooperate, which has successfully involved the private sector and local and central government.

As well as providing opportunities, there have been some instances where legislation has been used to obstruct change. The most glaring has been the use by some taxi companies of the quantitative taxi licensing regime to prevent or delay issue of new licenses to people who wish to purchase and operate wheelchair hoist-equipped vans. This has in the past involved both DPA and license applicants in considerable expense, giving evidence at licensing hearings, but fortunately market orientation and responsiveness is now becoming more prevalent.

Further change is now on the way as a result of legislative liberalisation of both the passenger transport and taxi industries. Already DPA is aware of passenger service license holders wanting to undercut taxi operations in providing service to people with disabilities. DPA will have to assess just how much it is dependent on taxi companies. If further cost savings can be made without a breakdown in the quality of service, then inclusion of non-taxi operators in the fare discount system is a possibility that must be considered.

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APPENDIX I

DISTRIBUTION OF TOTAL MOBILITY

All Centres over 20,000 population

Population 1986 Census	Hoist Vehicles	Pop per hoist	Fare Discount	Source of support
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Regional  
Authorities

Auckland	887,448	15	59,163	50%	Region/UTC
Wellington	328,163	14	23,440	50%	Region/UTC
Christchurch	348,712	5	69,742	50%	Region/UTC
Dunedin	137,393	2	68,969	50%	Region/UTC

City Councils

Hamilton	94,511	4	23,628	50%	City/Fundraising/UTC
Palmerston North	60,503	2	30,251	25%	City/UTC
Rotorua (District)	51,602	1	51,602	25%	Fundraising/UTC
Napier	49,428	1	49,428	25%	City/UTC
Invercargill	48,197	2	24,098	25%	City/UTC
Tauranga	41,611	2	20,805	25%	Fundraising/UTC
Whangarei	40,179	1	40,179	50%	City/UTC
Wanganui	38,084	-	-	-	-
Hastings	37,658	1	37,658	25%	City/UTC
New Plymouth	36,865	1	36,865	50%	City/UTC
Nelson	34,274	1	34,274	25%	Under Submission
Gisborne	30,020	1	30,020	25%	City/UTC
Whakatane	28,529	-	-	-	-
Timaru	27,757	-	-	25%	City/UTC

Hoist vehicle coverage : 67.3% of NZ population

Fare discount coverage : 68.1% of NZ population

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APPENDIX II

COMPARISON OF VEHICLE COSTS

	<u>Total Mobility Taxi</u>	<u>Voluntary Option</u>
Vehicle :	New Toyota Hiace \$28,000 Used Hiace \$22-25,000	variety \$10,000 to \$30,000
Vehicle modifications	Raised roof & headlining hoist and hydraulics plywood floor & full carpeting rear seats & seatbelts chair anchor points & straps extra interior lights & handrails tread plate on side steps roof wired for taxi signs Total contract price \$13,633 + GST	very varied standard of fittings, dependent on fundraising success

Sources of funding

Vehicle	Taxi license holder (Special interest rate with UDC Finance Ltd)	Community fundraising
Hoist & Fittings	Local authority or users, matched by Urban Transport Council	Community fundraising

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APPENDIX III

COMPARISON OF OPERATING DATA

One month's operation of:

<u>Wheelchair hoist maxi taxi *</u>	<u>Dial-A-Ride **</u>
Total hires: 1009	200 (est)
Passengers total: 2168 (2.15 per hire) Limited multiple hiring	409 Considerable multiple hiring
Wheelchairs: 388 (18% of passengers)	230 (56% of passengers)
Total Mobility vouchers: 156 (15.5% of hire)	No fare subsidy available
Van jobs; all hires which could not have been done by sedan: 483 (48%)	178 (56%)
Average fare per passenger: \$4.61 +	\$3.75 ++
Cost to user (after discount) \$2.31	\$3.75
Cost to community: \$2.30	Fundraising for major costs not covered by fare
Pre-ordering: On call except peak times	Two weeks in advance

\* Average of 3 vehicles, 2 months.  
Metropolitan centre, second  
quarter 1987.  
No Dial-A-Ride available.  
Worked 6 days/week plus  
special requests outside roster.

+ Covers vehicle maintenance and  
replacement, operating costs, taxi  
company costs, wages, license  
purchasing costs.

\*\* Average of 4 months March-June.  
Provincial centre second quarter 87  
No Total Mobility available.  
Worked 5 days/week plus  
occasionally at weekends

+ Covers basic maintenance,  
wages, some operating costs.  
Vehicle purchase and major  
maintenance from fundraising.  
Rent and telephone available  
gratis.

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References

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- 3 Frye, Ann MCIT, December 1986 : Transport and Disabled People : A New Age of Enlightenment. Transport
- 4 ICTA : International Commission on Technical Aids, Buildings and Transport : 1982 Seminar Papers, Public Surface Transportation for Disabled Persons Stockholm
- 5 Jack, Avery, et all : 1981 Physical Disability; Results of a Survey in the Wellington Hospital Board Area. Department of Health Report 59, Wellington.
- 6 The Swedish Board of Transport : 30 September 1983 Directions for Providing Facilities for the Disabled on Public Transport Vehicles Stockholm.