

Commercial passenger vehicle review 2018

Submission received through Engage Victoria

Date submitted: 3 March 2018

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From 28 February 2018, we began accepting submissions on our 2018 commercial passenger vehicle review via Engage Victoria (www.engage.vic.gov.au). On this website, people were given the opportunity to send us a response to a set of questions we provided.

1. Fares for commercial passenger vehicles should be:

the same as they are now

2. How could the maximum fare structure for unbooked services be improved?

According to the RACV vehicle costs are around 67 cents per kilometre for a medium size car, such as a Camry, commonly used as a taxi. Taxi owners aim for 50% paid kilometres or \$1 per kilometre. Taxi fares are \$1.89 kilometre but you have to factor in "dead" kilometres too and from a journey. Recent changes in Victoria by flooding the market with unrestricted number of taxis will mean a deterioration of efficiency. Cabs can expect to do more dead kilometres. If it cost 67 cents per kilometre (RACV) then taxis are remarkably efficient to be able to include a wage (driver) and expenses (owner) and management fees (owner), all on \$1.00 per kilometre less the driver's 55% giving the owner 45 cents a kilometre. (Reference <https://www.racv.com.au/membership/member-benefits/royalauto/motoring/information-and-advice/car-running-costs.html>) It is against all logic that doctrinaire economists can expect fares to be lower. Indeed the "disruptor" Uber is only competitive because authorities are letting them drive private vehicles on private registration and insurance, without a raft of other costs for the legal taxi industry. In other words a legal professional industry is being made to compete with people who break the law. Indeed Uber also profits from a new and innovative way of getting people to work for less than the minimum wage and with no benefits deemed normal for any other job. An MIT study found: "Results indicate that profit from ride-hail driving are very low. A Median driver generates \$0.59 per mile of driving, and incurs costs of \$0.30 per mile. 30% of drivers incur expenses exceeding their revenue, or lose money for every mile they drive. (Figure 1) On an hourly basis, the median profit is \$3.37 per hour and 74% of drivers earn less than the minimum wage in the state where they operate" (<http://ceep.mit.edu/files/papers/2018-005-Brief.pdf>) The effect is that legitimate taxi drivers who work at rates set as low as possible by the Government are forced to compete with

effective third world conditions created by the GIG economy. The ride hailers exploit their drivers who have no say in rates charged, don't know how to work out their costs, and when they do leave to be replaced by another. The average Uber driver works for less than one year, only 4% more than one year. (<https://www.cnbc.com/2017/04/20/only-4-percent-of-uber-drivers-remain-after-a-year-says-report.html>) Uber drivers are being found to work excessive hours and so a system of logging them out has been created, which doesn't include all the time they work, eg it excludes airport waiting time. (<https://slate.com/technology/2018/03/uber-may-have-imposed-12-hour-driving-limits-but-its-still-pushing-drivers-in-other-troubling-ways.html>) Uber is also taking money out of the economy, processing cards overseas to avoid tax, and subsidising their lower fares to the extent that they record massive losses, last year this jumped 60% to \$4.5 billion underwritten by big investors, and completely illegal form of business, run at a loss until your competitors go out of business. (<https://www.cnbc.com/2018/02/13/ubers-loss-jumped-61-percent-to-4-point-5-billion-in-2017.html>)

3. Given existing metering technology, how should maximum fares be calculated?

It ought to be possible to gauge paid kilometres, dead kilometres, waiting time not paid for, by running programmes on Silver Tops and 13 CABS computers. Taxi drivers need a living wage. Business must be viable. As mentioned above dead kilometres to paid kilometres will worsen as a result of excessive numbers of vehicles. The result is that fares will need to go up. Unfortunately until wages go up in general in the community, and pensioners benefits, it will be very hard to increase taxi fares, and so if Uber can't be made to play by the rules, the Taxi industry needs relief from charges imposed on it.

4. How could maximum fares change to help unbooked services compete more effectively with booked services?

What needs to be understood is that taxis do not compete with Uber. Uber abuses the taxi system by charging less than taxis in low times, and then ambushing customers with up to 7 times their normal fares when peak times occur. Uber has no commitment to the customer, the pensioner or young girl that needs to get home. It is pure exploitation of our system. Uber needs to pay all standard business costs such as commercial registration and insurance, workcover etc. Uber needs to pay tax in Australia on services delivered here. Uber workers need basic conditions.

5. Should maximum fares for unbooked services in Melbourne be different to fares in Ballarat, Bendigo, and Geelong? Why?

6. What are your views on our assessment approach for maximum fares?

- 7. Which of the following items is most important in relation to setting maximum fares for unbooked commercial passenger vehicles?**

- 8. What other matters should we consider in setting maximum fares for unbooked commercial passenger vehicles?**

- 9. Upload submission**
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