

3rd October 2013

Ref: ESC Review of Taxi Fares – Call for Ideas

Dear Sir/Madam,

Current Technology:

It may surprise you that a significant number of taximeters in use are up to 20 years old. Fortunately meters even this old are microprocessor controlled and capable of quite complex fare structures.

A typical meter has three main components to each Rate(Tariff).

a. **Flagfall**, b. **Distance Rate** and c. **Time Rate**.

1. A Taximeter never runs at less than the dollar/cents per hour Time Rate.
2. Distance rate only comes into play when the cars current speed and dollars/cents per Km Rate calculates higher than the dollars/cents per hour Rate. The point that time changes to distance and distance to time is called the crossover speed.
3. Most meters can handle up to 9 different Rates.
4. Rates can be made automatically time switchable with a calibrated, regularly date/time synced clock built in to all meters.
5. Day + time switchable rate is possible although some older meters have limited ability to do this.
6. The meters first drop after the flagfall can be sped up or delayed.
7. A meter rate can be made to change to another rate after a certain number of Kms.

Addressing Current Issues:

I believe there is a need to increase the Fare intake by at least 10% this year.

Failure to properly pay the driver usually results in poor service, low driver numbers, driver theft from owner and cheating of customers.

Failure to properly remunerate the operator often leads to a lower standard of driver, poor service, poorly maintained and older vehicles, under or uninsured vehicles.

(A taxi operator presently takes 50% of the fare take –soon to be reduced. This money pays for license and vehicle purchase/lease, all fuel costs, depot fees, vehicle and equipment maintenance, registration, accounting, compliance and insurance costs. If there is any money left over the operator pays themselves)

The problem now is, after 5 years of no increase in fares, to properly redress the remuneration by suitably increasing the fares could result in a backlash in patronage by passengers that may believe an increase this size is excessive, when in fact it is a catch up.

It is essential that the following fare increases are small, at least yearly and ideally mostly linked to CPI like Trains, Trams and Buses. It would also be preferable to set a day, during a quieter period, for implementation like July 1 the same date as Buses, Trams and Trains.

There are three main issues that if you tweak the fares accordingly could immediately address inequities in service delivery and decent driver/operator remuneration for metropolitan, outer suburban and urban areas.

- Short Fare Refusal
- Undersupply of cabs in peak periods
- Undersupply of work in quieter periods

(Country have slightly different issues see further below for country specific ideas)

### SHORT FARE REFUSAL:

Short Fare Refusal is a huge problem and is probably the number one taxi issue at the moment. This has come about by not adjusting the fares frequently enough nor regulators recognizing the true minimum cost of providing a door to door service. It is even probable, based on the current fare structure, that a driver/operator could easily lose money on a short fare dispatched by a radio operator. This is also problematic for urban and suburban areas where a driver may need to drive many kilometers to get to a radio booking.

Proposed solution:

Increase the Flagfall to around \$7.80 with a \$3.00 Radio Booking fee, 20 cent drops and make the first drop at 2Km. This means the \$7.80 is inclusive of the first 2kms of the trip. Without increasing the time or distance rate at all you have given the driver a guaranteed \$7.80 fare which is a minimum 17.7% increase in short fare income that progressively dilutes for longer fares. I don't believe reducing either time or distance rate is desirable however maybe by reducing the distance rate slightly (from \$1.61 to \$1.57-1.60) and increasing the time rate (the minimum rate the meter runs) to a more acceptable \$45-50/hr may give the industry and the TSC a Public Relations advantage without the driver losing a significant amount of income. The 20 cent drop size gives the impression of the meter running much slower.

The 50% High occupancy surcharge for 5-11 passengers should remain.

### UNDERSUPPLY OF CABS IN PEAK PERIODS

The problem of undersupply of cabs in peak periods is a hard one to solve and may reduce with the release of new licenses over the coming years. The Taxi Directorate tried with some success to solve this by a surcharge of 20% from midnight to 5am Monday to Sunday with the entire surcharge going to the driver only.

### Proposed Solution:

The previously mentioned solution of the \$7.80 flagfall and the \$3.00 Radio booking will have considerable effect in helping to fix this problem. However the best way to solve this is to adjust the 20% surcharge to operate from 9PM to 9AM and cover all peak periods (early morning and late night) with the higher rate. This would also have the effect of giving both day and night driver a more equitable share of the extra income and more incentive to have cabs running during these peaks which also cover the hours considered to be the most dangerous . I don't believe this will result in any significant reduction in passenger numbers during this period but should definitely increase availability of taxis during all peak periods.

NOTE: Given that the TSC has flagged an adjusted share of income to 55% driver and 45% operator, I believe it will be necessary to remove the requirement that the drivers get all of the extra 20%.

### UNDERSUPPLY OF WORK IN QUIETER PERIODS

No one solution is able to increase the amount of work for taxis in quieter hours.

### Proposed Solution:

Increase the cost free distance from \$7.80 flagfall 2KM inclusive charge to a say \$7.80 flagfall 3KM inclusive Rate when taking customers from a shopping center, train station or hospital rank. The rate only becomes manually selectable during non-peak times (9am-9pm) and only available from specially designated Taxi Ranks. Properly promoted this could be a very popular way cabs keep busy during quiet periods.

### Country Taxis:

Country taxis have several different issues and surprisingly short fares refusal isn't usually one of them. Very often a driver has to pick up or drop off well outside of town which means that longer fares are often avoided. It also means one less cab in town to service existing local jobs and the driver is forced to drive many more unpaid kms than their city counterparts. At the same time taxis are also an indispensable service and affordability has to come into the equation. Late night country service in my experience has been atrocious at best although I believe alot of that is due to lack of drivers.

### Proposed Solution:

- Increase the Flagfall to \$5.00 and radio booking fee to \$3.00 with 1 Km inclusive before the first Drop (also 20cents).
- Ideally keep the distance and time rates as they are.
- Any job greater than say 6-10kms (assumes out of town pickup or dropoff) automatically change to 2<sup>nd</sup> rate that is 30-50% higher time and distance rate. (this compensates the driver for the dead kms either getting to the job or returning back to town from the job and is in fact done successfully in country NSW and has been in place for some 20 years)
- Impose a 9pm to 6am surcharge of 20% to keep cabs available during night peak.
- High occupancy Taxis have a \$10-12 flagfall (or a \$5-7 extras surcharge) when carrying 5 or more passengers.  
(not desirable to apply the 50% surcharge on top of the other surcharges)

NOTE: Given that the TSC has flagged an adjusted share of income to 55% driver and 45% operator, I believe it will be necessary to remove the requirement that the drivers get all of the 20% surcharge.

It should be noted all of these suggestions I believe are well within the current capabilities of all existing taximeters although manufacturers should be given some 5-8 weeks notice to enable them to change their software where necessary and test changes.