

VICTORIAN
TAXI
ASSOCIATION

PO Box 5111, Garden City, Victoria 3207
Suite 2, 85 Salmon Street, Port Melbourne
Telephone (03) 9676 2635 Facsimile (03) 9676 2643
www.victaxi.com.au

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VICTORIA 3000

Wednesday 7 November 2012

Dear Dr Ben-David

SHARE-RIDE TAXI PILOT - SUBMISSION

The Victorian Taxi Association (VTA) appreciates the opportunity to provide a submission in response to the Essential Services Commission's (ESC) issues paper on the late night, share-ride taxi pilot program.

In August 2012, the VTA proposed a flat fare share ride scheme to be trialled from the Queen Street Mega Rank (QSMR). The intention of the trial was to facilitate the egress of passengers from the Melbourne CBD, during the peak periods of Saturday and Sunday mornings from midnight to 3am. The VTA commends the work of the ESC, in preparing a review of taxi fares for the Minister for Public Transport, in the short timeframe available.

The VTA initiative involves a six month trial of pre-selected high occupancy vehicles (HOV taxis) taking a minimum of seven passengers at \$30 per person, in groups according to a common geographic direction. Keeping the trial simple is vital. A set price of \$30 per passenger removes any possibility of negotiating, haggling or bargaining, which may lead to confusion or conflict.

The VTA reserves the right to re-consider its involvement in, and support for, the flat fare share ride scheme if the ESC's findings alter the proposal in a way that the VTA considers it will not be operationally or financially viable.

One of the key reasons the VTA is keen to trial this initiative is to measure the community's response to a flat fare share ride scheme. To date, no real empirical measure has been taken. The VTA will attempt to gather demographic data to help inform decision makers in the future. Personal information will not be recorded. It will also allow the industry and government to better understand community attitudes to the scheme.

The VTA states unequivocally that if the safety of taxi drivers is compromised in anyway the initiative will be suspended immediately, or until such a time that the issue can be addressed.

The VTA flat fare share ride scheme is not designed to replace or substitute public transport, but rather complement it. While the initiative will undoubtedly ensure people have access to transport in a more timely fashion at the busiest times, it should not be seen as a complete solution to the problem of transporting people at peak times. Taxis are not a mass transit resource. The VTA remain of the view that during the busiest times of the year more extensive public transport operating hours should be considered.

The VTA proposal is designed to be cost neutral and self funding, and as a result, a move away from the VTA's \$30 flat fare could seriously jeopardise the viability of the initiative. The \$30 flat fare is based on an amount that will be attractive and fair to taxi drivers and also offers a significant discount to the travelling public. It is important to note that similar schemes in other jurisdictions, such as Brisbane, receive government subsidies.

The VTA does not support the introduction of a "zoned system" as raised in the ESC discussion paper. The introduction of such a system would compromise the operational viability of the flat fare share ride scheme.

The VTA's flat fares project proposal is attached. The document outlines the aim of the trial. The City of Melbourne has provided valuable input into the planning. These operational discussions are ongoing. In the proposal, the VTA envisaged running the trial. The ESC's issues paper suggests the Victorian Taxi Directorate is to implement the pilot¹. The VTA are not aware of any plan by State Government to resource or implement a share ride scheme. If such a plan was to exist the VTA would be more than happy to hand the operational responsibilities to the nominated government agency, or work in collaboration with them.

Rank marshals with taxi industry experience are key to the success of the share ride scheme. The marshals will be paid from a levy collected by the drivers. It is proposed that \$2 from each passenger's \$30 fare will be set aside and collected. The security staff at the QSMR do a good job maintaining order and managing large crowds. However, the VTA is of the view that without specific taxi rank marshals who understand how taxis operate, have a thorough knowledge of Melbourne suburbs and an ability to deal with intoxicated passengers, the success of the trial will be compromised.

One of the aims of this trial is for it to be transferrable. In time, other local authorities may choose to establish a share ride scheme in their municipality. This transferability needs to be front of mind and any issues addressed early.

¹ Essential Services Commission *Late night, share-ride taxis - a pilot program* Issues paper, October 2012, p. 15

Attached are the VTA's responses to the question posed by the ESC. Broadly, the VTA envisages this scheme as a simple new way of helping to address the issue of large volumes of people requiring transport. By encouraging people to share vehicles that are already on the road, greater numbers of people can be delivered home more quickly. Having taxi industry specialists as rank marshals who are able to explain how this new scheme works and advise passengers on the best option for their circumstance including explaining that until a minimum number of passengers is reached the HOV taxi will not depart the QSMR, are all key elements to its success.

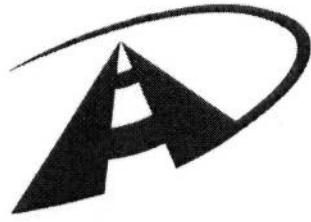
The VTA is grateful for the work of the ESC and continues to be available to clarify or provide further details regarding any aspect of the proposal. Please do not hesitate to contact me if any further information is required. I look forward to seeing a new model of last night taxi transport begin soon in Melbourne.

Your sincerely,

David Samuel
Acting Chief Executive Officer

Attachment 1: Victorian Taxi Association: Flat fares project plan.

Attachment 2: Victorian Taxi Association's responses to the question posed by the ESC.



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Flat fares project plan. Draft, August 2012.

PROPOSAL

The Victorian taxi industry plans to run a six month trial of High Occupancy Vehicles (HOV), travelling along predetermined routes (variable according to passenger mix) for a fixed price per passenger, departing from the Queen Street Mega Rank (QSMR). Rank marshals with industry experience will be key during the trial. The vehicles and passengers will have a separate departure area within the vicinity of the QSMR.

BASIC LOGISTICS:

1. Broad outline
2. Location at QSMR
3. Marshals
4. Payment
5. Directions of trips
6. Times of departures
7. Minimum number of passengers for viability
8. Promotion
9. Maps/engineering
10. Transferability
11. Driver selection
12. Designation of vehicles

1. Broad outline

Initially 12 – 3am, every half hour, four directions if there is passenger demand.

12.00am		12.30am	
	1. West		5. West
	2. North		6. North
	3. East		7. East
	4. South		8. South
1.00am		1.30am	
	9. West		13. West
	10. North		14. North
	11. East		15. East
	12. South		16. South
2.00am		2.30am	
	17. West		21. West
	18. North		22. North
	19. East		23. East
	20. South		24. South
3.00am			
	25. West		
	26. North		
	27. East		
	28. South		

Four trips, every half hour, 12.00am – 3.00am = 28 trips.

Either 28 vehicles or a pool of 15-20 HOVs on call.

2. Location at QSMR

On advice from security and traffic controllers working at the QSMR, there are two options:

1. Designated HOVs enter from Bourke Street, travelling South, to a rank appointed on the East side of Queen Street (directly opposite the current QSMR). Leave by turning West at Little Collins St, or East or West at Collins Street; or
2. Designated HOVs enter from Collins Street into Queen Street. At Little Collins, they enter the East side of Queen Street (travelling contra-flow). Leave either West, North or East at Bourke St.

The location of the rank will be confirmed with engineering at the City of Melbourne, along with security and traffic controllers on site. The rank needs to be safe and easy for passengers and vehicles to access.

3. Marshals

- Taxi industry knowledge required.

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- They will work closely with existing QSMR staff.
 - They will require the skills to manage groups of people and have an excellent understanding of Melbourne suburbs.
 - They will present the drivers with a group of passengers ready to travel and a list of the destinations.
 - They will be briefed on where the participating cabs will and won't go (see Appendix 1).
 - They will ensure each passenger has \$30 cash to pay for the trip.

4. Payment - from passenger

\$30.00 per passenger. No discount for shorter fares. No negotiation. The fare is paid directly to the driver at the beginning of the journey. To facilitate quick movement from the taxi rank, passengers will be required to pay cash. Credit cards and eftpos will not be accepted.

4(a). Payment - of driver and operator

The driver will put the meter on at the start of the trip and pay the operator as per the individual bailment agreement, based on the metered fare.

4(b). Payment - of levy for marshal

The levy for the marshal will be collected by the operator and transferred to the City of Melbourne.

5. Directions of trips

Broadly West, North, East and South. See Appendix 1 for general routes. The marshal will make the decision based on the passenger mix at the time. It will be flexible and reflexive, not restrictive. Drivers will be required to take passengers as directed by the marshal.

6. Times of departures

Initially four trips, every half hour from 12.00am to 3.00am. Depending on demand.

7. Minimum number of passengers for viability

A minimum number of seven passengers will need to be in a vehicle before it departs QSMR.

8. Promotion

Start date: November 2012, prior to the peak Christmas period.

Before this marketing and education of public and drivers needs to occur. Along with training of marshals and existing QSMR staff.

9. Maps/engineering

For internal use (not for passengers), including:

- what the rank will look like at Queen Street;
- where passengers wait for the HOV taxis;
- what infrastructure is required;
- location of marshal, QSMR security and traffic controllers.

10. Transferability

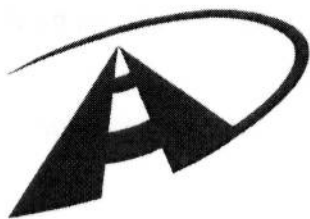
The Flat Fare project is intended to be transferrable. Once the QSMR trail is complete, this will be a blueprint that can be rolled out to the Spring Racing carnival, festivals, regional event at a minimum.

11. Driver selection

Drivers and Operators of HOVs that are on the road at the times of the trial (Saturday 12.00am - 3.00am and Sunday 12.00am - 3.00am) will be invited to apply to the VTA to participate in the flat fares trial project. The drivers will be screened for appropriate attitude and capability to handle a new initiative to service the people of Melbourne early in the morning and periods of high demand. After selection, they will be briefed and supported by the VTA.

12. Designation of vehicles

Vehicles will be branded (with a laminated, removable sign on the dashboard) in line with marketing design and collateral. Only vehicles in the trial can join the rank and take passengers in the flat fare trial project.



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Attachment 2

SHARE-RIDE TAXI PILOT - Victorian Taxi Association's responses to the questions posed by the Essential Services Commission issues paper.

Question 1. Should a fare structure based on multiple zones be developed for the share-ride taxi pilot? If so, how many zones should be established?

No. The key to the trial is simplicity. This will also make it easier to transfer around the state in the future.

Question 2. On what basis should fare zones (if they are introduced) be established, e.g. based on suburb boundaries?

The Victorian Taxi Association (VTA) does not support the introduction of fare zones in the flat fare trial. By having one fixed price of \$30 passengers will be able to assess the value for their individual trip. During the trial, the regular Queen Street Mega Rank (QSMR) will be operating so the option not to participate in the flat fare scheme is available to passengers.

Question 3. Is the Commission's proposed methodology, i.e. its approach to meeting the pricing principles, reasonable to set a fare for the share-ride taxi pilot?

The VTA agrees with the four principles¹ in the Essential Services Commission's (ESC) proposed methodology.

Question 4. Are there other pricing principles that the Commission should consider as part of its approach to developing the fare structure?

¹ Principle 1: The driver should receive payment equal to or greater than the comparable taxi fare calculated by a taximeter according to time and distance.

Principle 2: The service should present a viable alternative to taxi users who individually may seek a lower cost taxi trip than hiring a taxi exclusively for their own use.

Principle 3: The pilot service is to apply to the Metropolitan and Outer Suburban taxi zones.

Principle 4: Each share-ride taxi leaving the rank will be carrying the appropriate passenger numbers to ensure the service is both viable for the taxi industry and attractive to taxi users.

From: Essential Services Commission *Late night, share-ride taxis - a pilot program* Issues paper, October 2012, pp. 23-25

Not that the VTA are aware of. Simplicity and legality should be the key considerations.

Question 5. Should the taxi pilot include fare options in addition to a single fare, e.g. a double fare and a group fare?

No. The key to the trial is simplicity. If two or more people are travelling together as a group, they can use either a regular taxi at the QSMR or wait for a high occupancy vehicle (HOV) that can take them from the regular rank. In some cases it may be a viable option for a group to utilise the share ride taxi. The rank marshal, with industry expertise, will be able to assist groups in choosing the best option.

Question 6. If a group fare is offered, what is a reasonable group size?

The VTA does not believe a group fare is an appropriate option. The QSMR is frequented by HOV taxis on duty and groups travelling together will continue to be accommodated.

Question 7. Should discounting of fares be allowed, either by agreement of both the marshal and driver, or by reference to the metered fare at the drop-off destination?

The VTA is of the view that every passenger pays a \$30 fare which is significant discount. At this time the VTA does not support discounting the rate further. Participating passengers will need to have it explained that the taxi meter is obligated by law to be running.

Question 8. How should the Commission balance supply and passenger incentives?

The VTA believes a set price of \$30 sufficiently addresses and balances supply and passenger incentives.

Question 9. What are appropriate comparators when considering share-ride farebox revenue, e.g. the standard fare or HOV fare, and over what distance?

Given this proposal is new, the VTA used the fare for "taxi carrying 5-11 passengers, or non-wheelchair hiring where the hirer specifically requests a larger than standard taxi regardless of the number of passengers carried"² with the late night fee as prescribed by the Victorian Taxi Directorate. Given the vehicles involved would be charging this fare, we believe driver and operators need to at least make this as a minimum amount for each trip undertaken in the trial.

² <http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares>