

SUBMISSION IN RESPONSE TO ESC 2016 TAXI FARE REVIEW DRAFT DECISION

The draft decision as proposed in the ESC's 2016 review is disappointing as whilst it acknowledges the impact of illegal taxi services (Uber-X) on the regulated industry, the proposals outlined do not take into account the impact of the government's failure to force the illegal services to comply with the existing regulatory framework.

The review has failed to address the need for greater flexibility for the loosening of existing maximum taxi fare regulation so as to allow the taxi industry to respond to compete with these illegal services on a somewhat level playing field.

It is as clear as day turning into night that complete deregulation of all pre booked pricing is required to allow taxi services to also provide dynamic pricing in line with the prevailing supply/demand for taxi services. This needs to be done in conjunction with the stripping back of regulatory costs imposed on the taxi industry, including the repeal of the implied conditions and knowledge test framework as a result of the failure of the Fel's Taxi Industry Inquiry Reform.

The tariff structure proposal appears to be fair and reasonable for rank and hail work, however pre booked fares require the complete removal of a cap. This should include charging customers prices based on demand and cancellation fees for a 'no-show' on a pre booked fare. Only then can the taxi industry fairly compete with the current crop of illegal pre booked service providers.

As drivers in the taxi industry are not offered the protection of penalty rates as other workers across other industries, the tariff 3 rate should therefore apply all day every Sunday and public holidays to better reflect community expectations and standards for workers with the greater provision of services during these undesirable times.

The \$10 maximum peak booking charge proposal is sound in principle where a cap on pre booked fares exists. However, we advocate a complete removal of the cap on pre booked fares. A better proposal would be to empower the consumer with the ability to bid up a fare to attract a taxi to accept that fare. With the current technology available, this service of connecting a passenger with driver can easily be provided.

As previously submitted, short fare refusal is still an issue, despite higher flagfalls being used. This is especially the case due to low occupancy rates. Some short fares in the outer suburbs are just uneconomic to service. Not even the illegal taxis are prepared to service these areas, choosing to cherry pick the low hanging fruit in the inner suburbs. Removal of caps for pre booked fares by allowing a customer to bid up the fare to entice a driver to cover the work is a sensible solution within the context of the current uncertain regulatory environment. This then ensures the economic recovery of the fare to cover the cost of the driver's labour and vehicle for providing the service.

Empowering the consumer to bid up a fare if a taxi has to travel longer distances to pick up is a fairer way to charge rather than imposing an arbitrary peak charge on the consumer. This facility of consumer empowerment needs to be provided at any time a taxi is pre booked, not just at peak periods. Obviously if there are multiple taxis in any particular area, the consumer would not be required to bid up the price for the taxi as the taxis in the area compete for the one consumer. It makes sense that when a driver is in the immediate area, they will respond to the lowest minimum fare without the consumer bidding up the price to attract the pre booked taxi. Drivers refuse to travel long distances to cover shorter pre booked fares where the economic cost outweighs any potential economic gain.

A guarantee of minimum payment could and should ensure a guarantee of service. A willingness to pay for a service can be easily matched by a willingness to sell that same service. The current fare structure does not provide this platform and changes are required in the context of the current regulatory uncertainty.

It is disappointing that the government has been unable to deal with the introduction of a competitor in our industry that refuses to comply with existing regulations. The government's failure to enforce the existing regulatory framework does indicate a flawed regulatory system that includes the current fare structures imposed on the industry.

Any changes need to be made in conjunction with necessary regulatory changes. The immediate removal of caps on pre booked fares can provide the required flexibility the industry currently requires. By empowering the consumer to set the price they are willing to pay would then demonstrate genuine potential for improved consumer outcomes.

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Spiros Dendrinou, Taxicorp Pty Ltd, Metropolitan Taxi Operator