

30th September 2013

Submissions to Taxi Review
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne 3000
At: Andrew Chow (Director Transport)

Dear Andrew

We believe that open and transparent communication will form the basis of a qualified fare review.

As Industry Stakeholders our focus is on a sustainable and viable industry that encompasses innovation to deliver value to the customer.

We believe the focus should be on the customer and delivering value to the customer.

Taxis are very different to our current public transport system. The service is not subsidised and is considered a premium service as it provides door to door service.

We have examined many aspects of the reforms and believe that innovation and change can definitely be used to enhance occupancy rates.

This can be achieved with establishing the quieter periods of the day, and utilising technology we can increase our occupancy rates.

For example: If you want to book a Taxi from Bentleigh to the city at 1:00am and we have 10 vacant Taxis in Bentleigh we can discount the maximum fare to promote Taxi patronage.

If there are no Taxis available in Bentleigh then the customer will need to pay the maximum fare to book a cab.

Another alternative that could be examined would be a different rate if the customer wanted to book the Taxi from its current location.

For example if the nearest Taxi to Bentleigh is Carnegie than the customer would be able to engage the Taxi from that location (Carnegie) and the Taxi would make its way to Bentleigh and deliver the customer to his destination.

This system would be provided at a discount to the maximum fare and could create additional patronage, guaranteed service and more revenue to the driver.

When setting fares the ESC should also be focused on providing a simple system that the customer can understand and one that the current technology can cope with.

As operators we are also faced with non-metered fares (the driver does not put on the meter and keeps the entire fare). This practice has become wide spread and even more so in the evenings with the pre-paid fares.

As operators we are limited as what we can do as the shortage of drivers places the driver in a more powerful position.

Most operators would prefer that the driver rob them rather than having their Taxi idle.

When setting fares the ESC will also need to consider the new revenue split of 55% Driver- 45% operator as opposed to the current 50-50 split.

The ESC should also consider that in order for the driver to take advantage of discounting fares a relationship needs to be agreed to by the operator, i.e. the operator will need to know how the split is calculated on discounted fares, which fares were discounted etc.

The only way I see this working is with a fixed shift pay in, this way the driver is not restricted in any way and can take advantage of the discounted fare model.

I respectfully recommend this is highlighted to the TSC and the Government and an action plan can develop.

Another approach for the ESC is to consider an immediate easier taxi fare model, with a more innovative and adaptive model to be delivered by the next review in line with the technology that will to change.

One simple approach could be an increased flag call which covers the first 1.0KM example:

\$5.50 and a booking fee of \$4.50, this would reward the driver for a short fare booking.

The distance should also be changed to reflect the additional costs that we have incurred over the last 5 years.

I would recommend 2 tariffs:

Tariff 1 from 6:00am- 8:00pm Monday- Friday (\$1.85 per Km)

Tariff 2 from 8:00pm- 6:00am Monday-Thursday and between 8:00pm Friday to 6:00am Monday. (\$2.05 per Km)

An additional fuel service charge needs to be developed that can be added onto a fare when the fuel trigger is hit. For example if the price of LPG hits x per month the fuel surcharge is added and this can be reviewed monthly.

The fluctuation in LP gas is a major concern for all operators. Similar surcharge options could be looked at for future abnormalities as they develop.

One of the questions that is highlighted in the ESC discussion paper relates to engaging sufficient drivers for our Taxi fleet.

Taxi driving is one of the few professions that has the same rate charge for new entrants as well as experienced drivers.

Maybe the ESC can examine an alternative to the current model in which the more experienced driver is able to charge the customer more.

This could create an incentive for drivers to view Taxi driving as a career and could eventually lead to a more professional workforce as opposed to a transient workforce that is supported by International Students.

There is no doubt your department has been presented with a massive challenge; as industry participants we welcome the opportunity in working with you and your team to deliver a sustainable and viable service focused on the customer.