



VICTORIAN
TAXI
ASSOCIATION

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Taxi Fare Review
Essential Services Commission
Level 2/35 Spring Street
MELBOURNE VIC 3000

16 June 2008

Dear ESC Reviewer,

**VTA INTERIM SUBMISSION
DRAFT REPOPT – TAXI FARE REVIEW 2007-08**

Please find enclosed the interim submission of the Victorian Taxi Association (VTA) in response to the ESC Draft Report – Taxi Fare Review 2007- 08.

This VTA submission has been prepared in consultation with VTA members and associated taxi operators.

Should you or the Commission wish to discuss the matters raised in the submission, please contact David Samuel, Executive Officer – Policy, at the VTA.

Yours faithfully

NEIL SACH
Chief Executive Officer



VTA INTERIM SUBMISSION – VTA OPERATOR SURVEY

1. PURPOSE OF THE SURVEY

This interim submission reveals the results of a survey of 35 large fleet metropolitan taxi operators. The Victorian Taxi Association (VTA) will be presenting another submission that addresses many of the issues raised by the Essential Services Commission (ESC) in the Draft Report – Taxi Fare Review 2007-08. This submission responds only to issues concerning the industries cost structure and the results of the VTA's operator survey.

The VTA has, on numerous occasions, expressed our grave concerns regarding aspects of the ESC's Taxi Fare Review 2007-08. In particular, the VTA has pointed out dramatic errors in Price Waterhouse Cooper's (PwC) *Review of Victorian Taxi Costs* found in appendix C of the ESC Interim Report. In particular, we believe table 3, *Profile of a Median Taxi in 2007 and 2004*, is both wrong and misleading.

The VTA have been quick to point out that this not the fault of PwC. The nature of the respondents (and lack of metropolitan respondents) to their operator survey, that was used to construct table 3, was heavily skewed and flawed data because it was derived from a disproportionate number of particular types of taxi operators – single car operators and country operators. The effect of this is to produce costs that are not representative of the industry as a whole.

In response to this situation the VTA conducted our own survey of large fleet metropolitan operators. Included in this submission is a list their recorded costs in comparison to the PwC data. As the VTA expected the numbers were vastly different in certain areas, justifying our concerns with the PwC data.

2. SURVEY PROCESS

Prior to the release of the Draft Report the VTA commissioned its own survey of 35 metropolitan taxi operators. Of the 35 surveys, the VTA received 15 responses (42%). The 15 respondents operated approximately 700 taxis and bailed approximately 2650 taxi drivers.

Attached for your analysis are copies of:

- The Individual surveys received (**see attached CD**);
- The data spreadsheet (**see attached CD**);
- A comparison of the VTA results and PwC results; and
- A copy of the survey sent by the VTA to metropolitan operators.

The survey itself was based on the document used by PwC. Some small changes were made where inappropriate or confusing terminology had been used by PwC (for example the term Green Slip was removed because it refers to a NSW, not Victorian, registration requirement).

The VTA are more than happy to discuss any aspects of this information or the process for gathering it with the ESC or their associates. For commercial reasons the names of the individual respondents have been removed from the survey, however if the ESC have particular questions regarding a survey result the VTA would be happy to act in an intermediary capacity on behalf of the ESC and contact the operator concerned.

VTA CONTACT:

David Samuel

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Fax: 03 9676 2643

Mobile: 0400995015.



MEDIAN TAXI PROFILE – VTA/PWC COSTS

COST ITEM	VTA 2008 PROFILE (P.A.)*	ESC/PWC 2007 PROFILE
Driver Payments	\$80,600 (4 drivers to every cab)	\$71,411
Lease Vehicle funding payments	\$6,840	\$6,653
Licence assignment fee	\$27,000	\$23,418
LPG/fuel cost	\$20,352	12,314
Network costs	\$6,245	\$6,739
Repairs maintenance	\$13,000	\$3,311 incl. cleaning
Cleaning costs	\$1,300	-
Tyre costs	\$1,757	\$1,130
Insurance and rego costs	8,156	\$4,274
Office costs	\$4,168	\$2,521
Workcover	3,062	\$840(?)
Total cost per Median Taxi	\$172,480	\$132,611
Cost per km		
Cost paid per km		
Estimated total revenue	\$161,200	\$142,823
Margin	-6.5% (CAGR)	8%

Comment [d1]: Based on average figure of 159,000 km per year. Provided by operators subsequent to receiving their returns.

Note – some maintenance costs may be exaggerated slightly because PwC asked for Labour cost and major and minor service info separately. So double counting sometimes is possible. However when saying this it must be remembered that repairs and maintenance includes purchase of replacement vehicle parts.

* The VTA commissioned its own survey of 35 metropolitan taxi operators to complete this -table. Of the 35 surveys, the VTA received 15 responses (42%).



VTA Metropolitan Taxi Operator Survey

Please return completed survey to VTA PO Box 5111 Garden City 3207 by Monday 2 June 2008.

Please tick most appropriate answer. **ALL COSTS SHOULD INCLUDE GST.**
Should you need any help completing this survey, please call David Samuel at the VTA - 03 9676 2635

OPTIONAL

Company name :

Contact Person :

Contact phone number :

Name of network:

Are you happy to discuss this survey? YES NO

1) Number and type of taxis operated.	Standard sedan or station wagon <input type="checkbox"/>	Number operated _____
	Wheelchair Accessible Taxi (WAT) <input type="checkbox"/>	Number operated _____
	Peak / Green Top <input type="checkbox"/>	Number operated _____
	WAT (HOV) <input type="checkbox"/>	Number operated _____
2) Operator status.	Operator only <input type="checkbox"/> Operator & Driver <input type="checkbox"/>	
3) Number of drivers.	_____ number of bailee drivers	
4) Average licence assignment fee per vehicle per year.	\$ _____,000	
5) Network fees per vehicle per year.	\$ _____ per vehicle.	
6) Price paid for the most recent addition to the fleet (on-road including GST) EXCLUDING taxi fit-out costs (e.g. meter, camera, LPG conversion, accessibility conversion costs).	\$ _____,000 Paid _____ years ago. Vehicle type : _____ OR If you bought your vehicle with fit-outs included, what was the price paid? \$ _____,000 Paid _____ years ago. Vehicle type : _____	
7) Average vehicle age when purchased.	New <input type="checkbox"/> 1year <input type="checkbox"/> 2years <input type="checkbox"/> 3years <input type="checkbox"/> 4years <input type="checkbox"/> more than 5 years <input type="checkbox"/>	

<p>8) Other vehicle item costs not covered above.</p>	<p><input type="checkbox"/> LPG Conversion at \$ _____ per vehicle</p> <p><input type="checkbox"/> Wheelchair Accessible Taxi (WAT Accessibility fit out (e.g lift, additional meters) at \$ _____ per vehicle</p> <p><input type="checkbox"/> Dome light, signage, livery, meter, camera & /or screens at \$ _____ per vehicle</p> <p><input type="checkbox"/> other (please specify) _____ at \$ _____ per vehicle <input type="checkbox"/> or per year <input type="checkbox"/></p> <p>_____ at \$ _____ per vehicle <input type="checkbox"/> or per year <input type="checkbox"/></p> <p>_____ at \$ _____ per vehicle <input type="checkbox"/> or per year <input type="checkbox"/></p> <p>_____ at \$ _____ per vehicle <input type="checkbox"/> or per year <input type="checkbox"/></p> <p>Total \$ _____ per year</p>
<p>9) Usual current funding/loan details for taxi vehicles (if relevant).</p>	<p>Funding term _____ years Interest rate _____% Residual _____% Deposit paid \$ _____,000</p> <p>Total monthly repayment \$ _____</p>
<p>10) Average kilometers vehicle travel per taxi per week.</p>	<p>less than 1,000km <input type="checkbox"/> 1,000-1,499km <input type="checkbox"/> 1,500-1,999km <input type="checkbox"/> 2,000-2,499km <input type="checkbox"/> 2,500-2,999km <input type="checkbox"/></p> <p>3,000 – 4,000km <input type="checkbox"/> more than 4,000km <input type="checkbox"/></p>
<p>11) Average number of shifts operated per taxi per week.</p>	<p>0-6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 <input type="checkbox"/> 11 <input type="checkbox"/> 12 <input type="checkbox"/> 13 <input type="checkbox"/> 14 <input type="checkbox"/></p>
<p>12) Average hours worked per taxi per shift. (Friday & Saturday).</p>	<p>Less than 5 hours <input type="checkbox"/> 6 hours <input type="checkbox"/> 7 hours <input type="checkbox"/> 8 hours <input type="checkbox"/> 9 hours <input type="checkbox"/> 10 hours <input type="checkbox"/></p> <p>11 hours <input type="checkbox"/> 12 hours <input type="checkbox"/> 13 hours <input type="checkbox"/> 14 hours <input type="checkbox"/> 15 hours <input type="checkbox"/></p> <p>More than 15 hours <input type="checkbox"/></p>
<p>13) Average hours worked per taxi per shift. (Sunday – Thursday).</p>	<p>Less than 5 hours <input type="checkbox"/> 6 hours <input type="checkbox"/> 7 hours <input type="checkbox"/> 8 hours <input type="checkbox"/> 9 hours <input type="checkbox"/> 10 hours <input type="checkbox"/></p> <p>11 hours <input type="checkbox"/> 12 hours <input type="checkbox"/> 13 hours <input type="checkbox"/> 14 hours <input type="checkbox"/> 15 hours <input type="checkbox"/></p> <p>More than 15 hours <input type="checkbox"/></p>
<p>14) Maintenance provider.</p>	<p>Self maintenance <input type="checkbox"/> Fleet garage <input type="checkbox"/> Mainly small garage <input type="checkbox"/> Mainly Franchise (e.g. Ultratune) <input type="checkbox"/></p> <p>Dealer workshop (e.g. Ford dealer) <input type="checkbox"/> Other <input type="checkbox"/> (Please specify)</p>
<p>15) Maintenance strategy.</p>	<p>Regular minor services only <input type="checkbox"/> Regular minor & major services <input type="checkbox"/></p> <p>Reactive (only to fix a breakdown) <input type="checkbox"/></p>

16) Maintenance labour.	<p>Cost per hour</p> <p>My time <input type="checkbox"/> less than \$30 <input type="checkbox"/> \$30-\$34 <input type="checkbox"/> \$35-\$39 <input type="checkbox"/> \$40-\$44 <input type="checkbox"/> \$45-\$49 <input type="checkbox"/> \$50-\$54 <input type="checkbox"/> \$55-\$59 <input type="checkbox"/> \$60-\$64 <input type="checkbox"/> \$65-\$69 <input type="checkbox"/> \$70 + <input type="checkbox"/></p> <p>Average number of hours spent on maintenance per taxi per month</p> <p>Less than 5 <input type="checkbox"/> 5-9 <input type="checkbox"/> 10-15 <input type="checkbox"/> 16-20 <input type="checkbox"/> 21-24 <input type="checkbox"/> 25-30 <input type="checkbox"/> 31-35 <input type="checkbox"/> 36-40 <input type="checkbox"/> More than 41 <input type="checkbox"/></p>
17) Total cost of last minor service.	<p>\$ _____</p> <p>Number of minor services per year _____</p>
18) Total cost of last major service.	<p>\$ _____</p> <p>Number of major services per year _____</p>
19) Average kms per tyre replacement.	<p>30,000km <input type="checkbox"/> 35,000km <input type="checkbox"/> 40,000km <input type="checkbox"/> 45,000km <input type="checkbox"/> 50,000km <input type="checkbox"/> More than 50,000km <input type="checkbox"/></p>
20) Cost per tyre.	<p>\$ _____ (including balance/alignment)</p>
21) Average operator time per week spent on admin, shift changeover, rostering etc over your whole fleet.	<p>Less than 5 hours <input type="checkbox"/> 5-9hours <input type="checkbox"/> 10-14 hours <input type="checkbox"/> 15-19 hours <input type="checkbox"/> 20-24 hours <input type="checkbox"/> 25-29 hours <input type="checkbox"/> 30-34 hours <input type="checkbox"/> 35-39hours <input type="checkbox"/> 40-44 hours <input type="checkbox"/> 45-49 hours <input type="checkbox"/> more than 49 hours <input type="checkbox"/></p>
22) Office / miscellaneous expenses (phone, electricity, accountant fees, admin staff and maintenance staff wages, rent, computers, legal fees etc).	<p>\$ _____ per month</p>
23) Average cost of driver uniforms per driver (if you pay for uniforms)	<p>Don't pay <input type="checkbox"/> Less than \$150 <input type="checkbox"/> \$150-\$400 <input type="checkbox"/> \$401-\$650 <input type="checkbox"/> \$651-\$900 <input type="checkbox"/> \$901-\$1,400 <input type="checkbox"/> \$1400-\$1900 <input type="checkbox"/> \$1901-\$2,500 <input type="checkbox"/> More than \$2500 <input type="checkbox"/></p>
24) Type of payment/bailment arrangement with drivers.	<p>% of fare revenue <input type="checkbox"/> What % do drivers retain? _____%</p> <p>OR</p> <p>Fixed pay-in <input type="checkbox"/> What is average shift the pay-in rate? \$ _____</p>
25) Total average revenue collected per taxi per shift.	<p>Total revenue per week \$ _____</p>

26) Operating costs.	<table border="0"> <thead> <tr> <th data-bbox="403 320 638 342">Cost Item</th> <th data-bbox="675 320 754 342">Amount</th> <th data-bbox="938 320 1046 342">Who pays?</th> </tr> </thead> <tbody> <tr> <td data-bbox="403 365 608 387">Basic wash / vacuum</td> <td data-bbox="675 365 866 387">\$ _____ per week</td> <td data-bbox="938 365 1238 387">Driver <input type="checkbox"/> OR Operator <input type="checkbox"/></td> </tr> <tr> <td data-bbox="403 409 448 432">Fuel</td> <td data-bbox="675 409 866 432">\$ _____ per week</td> <td data-bbox="938 409 1238 432">Driver <input type="checkbox"/> OR Operator <input type="checkbox"/></td> </tr> <tr> <td data-bbox="403 454 635 477">Other _____</td> <td data-bbox="675 454 866 477">\$ _____ per week</td> <td data-bbox="938 454 1031 477">Operator</td> </tr> <tr> <td data-bbox="403 499 635 521">Other _____</td> <td data-bbox="675 499 866 521">\$ _____ per week</td> <td data-bbox="938 499 1002 521">Driver</td> </tr> </tbody> </table>	Cost Item	Amount	Who pays?	Basic wash / vacuum	\$ _____ per week	Driver <input type="checkbox"/> OR Operator <input type="checkbox"/>	Fuel	\$ _____ per week	Driver <input type="checkbox"/> OR Operator <input type="checkbox"/>	Other _____	\$ _____ per week	Operator	Other _____	\$ _____ per week	Driver
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Other _____	\$ _____ per week	Operator														
Other _____	\$ _____ per week	Driver														
27) Washing & Cleaning frequency.	Daily <input type="checkbox"/> Twice weekly <input type="checkbox"/> 3 Times per week <input type="checkbox"/>															
28) Fuel type & cost.	Fuel type: LPG <input type="checkbox"/> Diesel <input type="checkbox"/> Unleaded <input type="checkbox"/> Last price paid \$ _____ / litre _____ litres per 100km obtained															
29) Insurance / accident cover.	comprehensive cover <input type="checkbox"/> third party property <input type="checkbox"/> self insurance <input type="checkbox"/> taxi club/association fees <input type="checkbox"/> Average policy cost per taxi for \$ _____ per year Accident excess: \$ _____ No claim bonus : 20 <input type="checkbox"/> 40 <input type="checkbox"/> 60 <input type="checkbox"/>															
30) Other cover.	3 rd party injury (TAC) <input type="checkbox"/> Average policy cost per taxi \$ _____ p.a Registration <input type="checkbox"/> Average policy cost per taxi \$ _____ p.a Workers cover <input type="checkbox"/> Average policy cost per taxi \$ _____ p.a Public liability <input type="checkbox"/> Average policy cost per taxi \$ _____ p.a Excess: \$ _____															