

Submission
to the
Essential Services Commission
on the
Taxi Fare Review Draft Report 07 – 08
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Drivers are contractors

I am yet to be convinced that a driver must take any fare. As common carriers drivers must only accept consignment which falls within the routing decision of the driver. If the distinction between a private carrier and a common carrier rests solely on the drivers capacity to say No then it would seem that the regulated capacity to say No vests in the driver recognition as a private carrier. Further, the demand that drivers must undertake medical transfers when required is spurious. We are not trained medical transport specialists, we should not have to expose ourselves and potentially other passengers to the hazards associated with bodily fluids.

This regulatory requirement seems only to serve the function of cost reduction. As usual, the costs associated with these cost savings measures are borne by the drivers, for the operators the kilometre cost is factored into the fare.

Driver Income

There are high expectations placed on drivers. As an experienced driver working premium shifts I average hourly revenue of \$26.15 for the period October 07 through June 08 (mysteriously November's figures are missing); this is consistent with the claim of David Griffiths and the information in figure 2.5. Figure 2.5 indicates that a day shift driver working a 60 hour week earn a per shift revenue of \$240 (\$20/hr). Annualised over 260 shifts this equates to \$62,400. Plus tips, estimated between 1 and 5%, lets say 3% \$1,872. Total \$64,272.

No allowance has been made for training and professional development, however an allocation of \$2,000 a year does not seem unreasonable. Drivers are self employed contractors, as the VTA is so keen to point out.

Meter Revenue + tips

\$64,272

GST

\$(5,673)

Gross revenue

\$58,599

Expenses

Bailment @ 50%	\$(28,364)
Insurance premium @ \$2/shift	\$(520) anecdotally as high as \$5/shift
Car wash \$6/shift	\$(1,560)
Uniform	\$(130) ¹
Telephone \$80 month	\$(960) ²
Subscription for voice guidance	\$(100) ³
Office equipment and stationary	\$(3,000)
Compliance, quarterly BAS @ \$70	\$(280)
Washing of uniform \$5/week	\$(260)
Tolls (not charged)	\$(520)
Travel	\$(10,400) ⁴
Car deodoriser @ \$3.95 per week	\$(205)
Melways	\$(40)
Superannuation	\$(5000) ⁵
Total Expenses	\$(51,339)

Revenue	\$58,599	
Expenses	\$(51,339)	
Assessable Income		\$7,260

It's a poverty trap!!! \$140 per week (for a 60 hour week) to house, cloth, feed, educate and insure ourselves, forget holidays, do not get sick, public holidays, what are they? Frankly I have no idea why there isn't a que of experienced, competent drivers banging down the doors of depots begging for the opportunity to build a career in this business

A responsible, qualified and endorsed driver driving 260 12 hour days a year, meeting all requirements receives \$2.33 for each hour of toil. This would

¹ seems incredibly low; 1 shirt 1 jumper 1, 1 pair of pants for 260 12 hour shifts per year

² in my case a Nokia n95, with satellite navigation, global positioning, instant messaging (IM), email, internet access, call management software, video calling, multimedia messaging (MMX), one touch dialling ((000) for security), Voip (voice over internet protocol), in fact more facilities than the current dispatch system (\$7,000 p.a, no wonder they tried to lobby to disallow, by regulation the attachment of this hardware in the car)

³ Nokia maps

⁴ to and from the depot for changeover, lets say a median taxi fare \$20 10 times per week

⁵ because we are self employed contractors we must self fund our superannuation, not that it will secure retirement and we will still require government transfer payments upon our belated retirement lets stick with, for the responsible driver, a contribution of \$5,000 per annum

qualify each driver for a full Centrelink transfer payment and probably entitle them, on the grounds of financial hardship, to the benefits of the MPTP subsidy program.

I fail to see why the steps necessary to achieve a living wage for drivers are untenable, bring on the mandated bailment agreement (as an experienced driver

Opportunity cost

Something that has not been considered within the draft report, or elsewhere to my knowledge is the opportunity cost to drivers to leave a high revenue area and return to the outer suburbs to service low revenue fares. This is a reflection of the sprawling metropolitan zone and can only be averted through an innovative method of re-establishing a zoning system. None the less, the fully costed allocation of \$2.33 per booking, in exclusion of the driver's opportunity cost is misleading.

The implication that a booking exists at all in the absence of an acceptance by a bailment contractor of the contract. The booking system is merely an agents proposal to attempt to facilitate contract negotiations with a bailment contractor.

Fleet diversification

There exists an erroneous assumption that a 'taxi' is a ubiquitous mode of transport capable of meeting the needs of all users.

- a. Research is needed to identify, precisely, the movement of people by the taxi network. Trip averaging is inadequate to identify these patterns, detailed information about the origin of the journey, its destination, time and distance travelled, purpose of journey and number of passengers is required. This data, with the exception of purpose, should be available from within the cabcharge databases.
 - i. This research should lead to the most efficient allocation of resources within the industry.
 - ii. It would seem likely that this research will lead to the conclusion that the fleet should diversify. By that I mean a 4.1

litre falcon does not represent the optimal allocation for the majority of journeys.

iii. Nor should it be surprising to find that there is a need to deter people from frivolous, environmentally unsound trips by taxi when more environmentally friendly modes of bulk transport may be substituted.

b. Equally interesting is the fact that at no point has the discussion broached the implications of 'peak oil' for the cost structure of the industry.

Busses and taxis

According to my 'Macquarie' the key point of difference between a bus and a taxi is the 'scheduling' of a bus service and the 'on demand' availability of taxi's. The blurring of these lines is dangerous, as I'm sure representatives of the bus drivers union will attest. The desire of taxi operators to begin scheduled services is understandable. No demand for the service, no driver cost and no driver income, that would have to help the bottom line of all but the drivers to whom it represents only a marginal loss of income from the established \$2.33/hr.

Network Services

As mentioned above, my Nokia n95 represents best practice communications. It reinforces the relationship between passenger and driver. It operates within the framework of the World Wide Web (www). The network services on offer today hark from a time before the sophisticated communications networks available today were established. It seems there only reason for continuance is to prop up an income transfer to the incumbent network operators. Anti competitive practices are entrenched in regulation by way of demands that 'emerging' secondary networks must present in cars carrying the livery of the incumbents and drivers must present in the regalia of the incumbents. Failure to do so in either case results in regulatory sanctions against either the driver or operator.

Depots

It is important to distinguish between the role of the taxi 'depot' and the role of network service providers (redundant though they may be). A depot serves as a driver facility, with amenities for the drivers. It provides garaging for the cars, service and maintenance facilities and breakdown services. Further the depot provides the necessary administrative support to facilitate the drivers administrative functions.

The network service attempts to link drivers and passengers by means of a queuing system. This could be facilitated from Bangladesh for what its worth, although there is a fair argument that familiarity between those seeking passage and their agents provides a degree of efficacy