

Response to the Essential Services Commission Draft Report of Taxi Fares.

This response comments on the issues relevant to metropolitan taxis only as it is the writers belief that issues affecting metropolitan, country and urban taxis are quite different.

The report makes it quite apparent that the ESC still does not fully understand how the Taxi industry functions particularly in regard to fare increases and the flow on to driver earnings.

It also raises doubt about the agenda of the ESC when recommendations are made outside of the terms of reference.

The metropolitan taxi service is in a perilous financial state both for drivers and operators and whilst it is acknowledged that this cannot be addressed in isolation with fare increases the fare structure must reflect the true cost of providing the service and suitably reward the providers.

To advocate a reduction in flag fall (off set with a higher booking fee) is to even further diminish the financial returns to drivers and operators. There are more jobs taken from ranks and street hail than bookings therefore unless the booking fee is increased substantially more than the flag fall, drivers and operators will be earning less. It should also be noted that the driver waits for a considerable period of time between jobs and needs to be compensated for the time spent being available to provide the service.

In metropolitan Melbourne, apart from a small number of hours typically early Saturday and Sunday morning, time for pickup is about 7 – 10 minutes which is better than that provided by our emergency services. To provide this level of service the industry runs at about a 30% occupancy rate increasing to about just under 50% during the peak times mentioned above. To provide this level of service obviously comes at a cost, if the Commission believes this cost is too high then consideration should be given to reducing the number of taxis and extending the delivery time with the added benefit of increasing earnings.

In relation to operating costs the industry raised its concerns with the Commission following the interim report (LPG) and provided detailed costing from various well-established operators for consideration. This information seems to have been dismissed without sound reason other than because “they seemed a bit high”. The participants, who provided the relevant information, as they were then, are prepared to substantiate their claims.

There appears to be a fixation with the value of taxi licences, which in reality have not changed significantly in more than fifty years. To advocate the unbridled release of more licenses is to have no regard for the financial viability of the industry with the further dilution of the revenue over more taxis. The release of 600 peak service licenses has had little effect on the licence price and it would be reasonable to assume the same outcome in the future.

It would be more beneficial to study where delivery of the service is a problem (if any) and 'zone' licences to these areas.

The writer agrees with the Commission that we need more relevant data and the importance of developing and implementing the technology to achieve this cannot be overstated.

Until this occurs all major impacting reforms and changes should be put on hold until their true impact is understood.

Perhaps the most obvious thing to come from the report is the question "is the ESC is the most suitable forum for determining taxi fares'?"

Yours faithfully  
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