

SUBMISSION TO THE ESC TAXI FARE REVIEW

Thank you for the opportunity to make my submission.

Introduction:

My name is Greg Gilliver and I have been involved in the taxi industry for the past 10 years as a full-time day shift driver and in more recent years as an owner/operator. I am at the "coalface" every day dealing with the diverse issues of my profession.

I rely totally on fare box revenue to conduct my small business and to meet everyday costs of living. I am no different to the thousands of my fellow Victorians that are solely reliant on the taxi industry for their livelihood.

In this 10 year period we have been granted a fare increase of 1.1% in 2008 and an alleged increase of 12.5% in 2014. This latest so-called increase was skewed towards night drivers with little effect on the incomes of day drivers. Owner/operators were then required to pay all drivers a further 5% of the fare box as part of the Fels Review. (I see in today's media that this esteemed gentleman has now joined Uber Technologies as a member of its' new global advisory board on public policy – talk about playing on both sides of the fence).

Therefore, in the past 10 years, I have apparently received a net improvement in my income of the princely amount of 8.6% or .86% per annum. (I'm not the only one that can quote statistics ad nauseam).

In this same period, according to the latest TSC review of taxi regulations, CPI has increased by 10% in their obtuse reference to the cost of uniforms:

"An average cost per driver uniform of \$120 is employed. This estimate was arrived at by applying CPI-based indexation to the figure of \$109 used in the 2008 RIS in respect of the current regulations. It is assumed that each active driver requires one uniform per year on average."

All drivers must have 1 shirt, 1 pair of trousers, 1 jumper and 1 pair of shoes. No wonder some of them look scruffy!

I have read your report in full and you do not make any reference to CPI. Your fixation, and therefore your ultimate recommendation, is based solely on the costs of operating a taxi. Apparently all those Victorians that participate in the taxi industry are somehow exempt from the effects of CPI!?!

In reality, the Bureau of Statistics reveals that total CPI has increased by 25% approximately for the same 10 year period. I am therefore 16.4% worse off than employed Australians who enjoy wage and salary increases on an annual basis. My only source of a pay increase is from the ESC, as it is you and you alone, that determines what I can charge for my service. Your recommendation of no change to taxi fares is simply unacceptable.

I find the following comments from your report most amusing:

'The sum impact of these reforms means that it is now futile for taxi fare regulation to tightly control the revenue and profits of the taxi industry. Consequently, the costs of a typical operator play a much less significant role in fare regulation.

In the competitive market, it is the responsibility of taxi service providers (rather than the regulator) to respond to these circumstances by discounting fares, improving the services on offer, or both.

Our approach places responsibility in the hands of taxi service providers. It provides taxi service providers with the opportunity to respond flexibly in terms of their price and service offerings."

What you are in effect saying is that it is my sole responsibility to run my business with diminishing revenue without the possibility of any relief or assistance from the regulator And that I should discount my fares! What a joke!

On service delivery:.

"According to the data we have available, which is summarised in Figure 3.7, customer satisfaction with taxi services has improved since our last fare review in May 2014 and since the implementation of industry reforms in June 2014.

As presented in Section 3.6, there are some signs that taxi service quality has improved since the fare increase and reforms. This is evident in higher levels of customer satisfaction, fewer taxi complaints and shorter customer wait times”.

In your own words, the taxi industry has improved its' service delivery. All we need to do now is discount our fares and everything will be sweetness and light.

On taxi costs:

“Our finding is that, on average, there has been a material fall in the costs of taxi operators since we last estimated costs as part of our 2014 fare review. Using our cost index for the period March 2014 to December 2015, we estimate this fall as 7.9 per cent.

The key contribution to the estimated cost fall is changes in the price of fuel, and in particular automotive LPG. LPG prices alone have fallen by 27 per cent in the Melbourne area since March 2014 when we last developed our cost profile.”

What seems to have missed your attention is the fact that LPG powered vehicles (like Falcons and Commodores) are being replaced with hybrid petrol and diesel vehicles. Petrol and diesel are more expensive than LPG but are more efficient and reliable. The net effect on fuel costs is minimal. But, as you have stated, “the costs of a typical operator play a much less significant role in fare regulation”.

I have fixed costs of \$4000 per month that cannot be avoided – that’s about 140 trips that I have to perform before I start to earn any money for myself. Sounds like fun doesn’t it?

On proposed fare changes:

1. No change to the current level of maximum fares outside peak tariff periods. **Unacceptable – tariffs should be increased by at least CPI for the past 2 years.**
2. Peak tariff rates would apply as maximum fares from 7pm on Friday and Saturday nights until 4am the following mornings (instead of from 10pm to 4am currently). **Acceptable**
3. Peak tariff rates would apply as maximum fares from 7pm on the evenings prior to all public holidays until 4am on the following mornings. **Acceptable**
4. Peak tariff rates would continue to apply as maximum fares all day Christmas Day and Boxing Day, from 6pm on New Year’s Eve and all day New Year’s Day (but not after 4am on other public holidays). **Peak tariff rates should apply to ALL public holidays**
5. There would be no change to current maximum charges for existing peak tariff fare components (flagfall, distance rate, waiting time rate, booking fee or other extras). **Acceptable**
6. A new ‘peak booking charge’, capped at a maximum of \$10, could be charged subject to the following conditions:
 - a. only for booked taxi trips commencing during times when peak tariff rates apply as maximum fares
 - b. at the time of booking, passengers must be informed of a peak booking charge, given the choice to accept or withdraw the booking, and given confirmation of any charge accepted.**Both of these are not acceptable – I do not want to aggravate passengers even more, especially at night time when many of them are absolutely feral. The media has already seized on this charge as yet another way to alienate the public against taxis when in reality, it is none of our doing. Forget this totally.**

Once again, thanks for the opportunity to make my submission. It has been written in the hope that fairness will prevail for all those that work in the taxi industry.

Greg Gilliver