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TAXI FARE REVIEW 2013-14

SUMMARY OF INITIAL CONSULTATIONS

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Preface

There is a widespread view from industry that there are problems with the current level and structure of fares. However, there is little agreement about the most appropriate steps to remediate these problems. Indeed, often there isn't even agreement about the precise nature of 'the problem'. Moreover, while many 'solutions' were suggested, little in the way of evidence supporting those proposed solutions was presented in the submissions we received.

The Commission will soon undertake operator and driver surveys. The survey information will assist in identifying the nature and extent of industry problems, and will be central in assisting the Commission to make a fare determination as soon as possible in 2014.

The Commission looks forward to the provision of timely and accurate information from operators and drivers.

1. Introduction

The Essential Services Commission (the Commission) formally commenced its taxi fare review on 10 September 2013 with the release of a *Call for Ideas* paper.¹ We have since met extensively with stakeholders, and through the *Call for Ideas* paper, invited stakeholders to submit their ideas and views on the future development of taxi fares.

This paper presents a summary of the issues raised by stakeholders in response to the *Call for Ideas* paper.

¹ The paper is available from the Commission's website at www.esc.vic.gov.au/Taxis/Taxi-fare-review-2013-14/publications. The Commission subsequently released its Principles Paper, also available from the Commission's website.

2. Submissions received by the Commission

We received 25 submissions from stakeholders. All submissions are available on our website (www.esc.vic.gov.au). In some cases, submitters preferred to not have their name published, in which case submissions are presented on the website as being from 'anonymous'.

Submissions have been received from a range of stakeholders, including:

- network operators — e.g. Geelong Taxi Network
- fleet operators — e.g. Personalized Cabs and Ballarat Taxis
- electronic payment system suppliers / operators — e.g. CabFare
- owner drivers
- drivers
- industry associations — e.g. the Victorian Taxi Association and Australian Taxi Drivers Association and
- government agencies — i.e. Public Transport Victoria.

3. Meetings and site visits

We have also held meetings with stakeholders and undertaken site visits, including to network service providers, fleet operators, operators and drivers, and meter providers. Table 3.1 summarises the meetings and site visits undertaken by us to date. In some cases, we have met more than once with a stakeholder. We have also held informal discussions with a number of taxi drivers.

Table 3.1 Meetings and site visits

<i>Industry bodies</i>	<i>Networks</i>	<i>Licence owners</i>
Professional Drivers Assn.	13Cabs	numerous
SCOPE	Ballarat Taxis	
Victorian Taxi Association ^a	Bendigo Taxi Co op	
Victorian Taxi Families	Dandenong Taxis	
Victorian WAT Association	Geelong Taxi Network	
NSW Taxi Council	Silver Top	
<i>Fleet operators ^b</i>	<i>Other</i>	<i>Drivers</i>
B&J Personalised Taxi Services	Melbourne Airport	numerous
Cabways (Taxi Staffing Service)	Schmidt Meters	
Mauro Taxi Services	Martin Meters	
Taxilink	IPART	
Vermont Autogas		

^a The Commission's chairperson also presented at the VTA's annual conference on 10 September 2013. That presentation is available from the Commission's website.

^b Some fleet operators are also licence owners, while others lease their taxi licences.

This paper summarises the written submissions presented to the Commission.

4. Stakeholder views and issues

The following section summarises views and issues from stakeholder submissions. We are giving regard to these ideas as we undertake our 2013-14 taxi fare determination. However, we must emphasise that we are yet to form any view or decide on which options are best or the appropriate quantum for fares. Our analysis of the options is pending the receipt of data and relevant information from the industry.

Fares: level & structure

4.1 Fares should be increased immediately

A large number of submissions (and nearly all industry representatives in consultations) called for an immediate increase to fares. There were no

submissions that argued for fares to be retained at their current level, reduced or for a fare increase to be delayed.

Many stakeholders note that Victorian taxi fares have not been adjusted since 2008. For example, Brumby submits that:

we have not had a fare increase since 2008 and official inflation rates have averaged 2.5% per annum or 12.5% over 5 year period.²

The amount by which stakeholders proposed fares should rise varied. Personalized Cabs³, Parker⁴, Ballarat Taxis⁵ and anonymous submitters⁶ provided detailed fare schedules outlining suggested increases to fare components. Parker⁷ and an anonymous submitter⁸ both suggest overall fares should rise by a minimum of ten per cent, whilst Gilliver⁹ and another anonymous submitter claim that an increase of over fifteen per cent is warranted.

Effects on demand

Reference is also made to the impact a fare rise would have on demand. The Taxi Drivers Association submits:

Economic theories abound of fare cost elasticity. Many make economic sense but most lack practical proof. At best there is a short term downwards response to fare increases. At worst there is a transfer to other modes, but when required for a specific need, the average person still catches a taxi, and there is not a cost based decision.¹⁰

² Brumby, D. 2013. *Submission to Call for Ideas paper*, 8 October, p. 2.

³ Personalized Cabs 2013. *Submission to Call for Ideas paper*, 11 September, p. 1.

⁴ Parker, S. 2013. *Submission to Call for Ideas paper*, 8 October, p. 2.

⁵ Ballarat Taxi Co-op 2013, *Submission to Call for Ideas paper*, 9 October, pp. 2–3.

⁶ Anonymous 2013. *Submission to Call for Ideas paper*, 30 September, p. 2 and Anonymous submission, 3 October, pp. 2–3.

⁷ Parker submission, 8 October, p. 2.

⁸ Anonymous 2013. *Submission to Call for Ideas paper*, 8 October, p. 1.

⁹ Gilliver, G. 2013. *Submission to Call for Ideas paper*, 12 September, p. 2.

¹⁰ Australian Taxi Drivers Association 2013. *Submission to Call for Ideas paper*, 30 September, p. 2.

Ballarat Taxis was less concerned with customers being discouraged by higher prices, submitting that:

the majority of taxi clients choose this mode of transport for convenience, no matter the cost on the meter. In fact the vast majority of customers who utilise our service are sympathetic in the knowledge that we have been neglected by the government regarding fare adjustments.¹¹

These submissions indicate a broad consistency, at least from providers of taxi services, that fares should be increased. Responses are mixed, however, as to the magnitude of the increase. Views on the level of the fare increase range from 4-5 per cent to over 20 per cent.

4.2 Should peak fares be increased?

The Victorian Taxi Industry Inquiry (TII) recommended, and in its response the Victorian Government supported (with details to be referred to the Commission for advice), an increase in peak period fares on Friday and Saturday nights and a reduction in fares at other times.¹²

Some submissions, for example Personalized Cabs, put forward a late night fare structure with increased fares and an extension in the time to which late night fares apply — from 10pm to 6am rather than the current midnight to 5am.¹³ Similar views are shared by Parker¹⁴ and an anonymous submission¹⁵. Another anonymous submission suggests higher late night fares should apply during all hours on Saturday and Sunday.¹⁶ Vratisdis submits that there should be a minimum fare in peak times of \$15, which would include the first five kilometres or 15 minutes, whichever comes first.¹⁷

¹¹ Ballarat Taxis 2013. *Submission to Call for Ideas paper*, 9 October, p. 1.

¹² See Taxi Industry Inquiry 2012, *Customers first: service, safety, choice*, Final report, September, p. 30 and Victorian Government 2013, *Taxi Industry Inquiry final recommendations*, Government Response, May, p. 34.

¹³ Personalized Cabs submission, 11 September, p. 1.

¹⁴ Parker submission, 8 October, pp. 1–2.

¹⁵ Anonymous submission, 3 October, p. 3.

¹⁶ Anonymous submission, 30 September, p. 2.

¹⁷ Vratisdis, C. 2013, *Submission to Call for Ideas paper*, 6 October, p. 1.

However stakeholder comment is mixed on the issue of increasing peak period fares. The Victorian Taxi Association argues that supply would not respond to the price signal:

...late night surcharges and fees are already in place which strongly incentivise drivers to work night shifts. The VTA and other industry members have consistently argued that the reason some drivers chose not drive nights extends well beyond an economic rationale.¹⁸

Gilliver went further in arguing for one tariff applicable at all times:

The idea of having different tariffs for different days and time of day is simply outdated and unnecessarily complicated. Costs do not vary by day or time – they are fixed. The current late night tariff, in reality, provides limited extra income to drivers... Day drivers should not be required to discount fares... This is discriminatory and patently unfair.¹⁹

Opinions differ as to the relative adjustments that need to be made to peak and off peak fares. In making our fare determination, we will consider the options raised by stakeholders, and the extent to which specific fare options are consistent with the Commission pricing principles and objectives.²⁰

4.3 Simplify the fare structure

Some submissions suggest that the fare structure should be simplified. Gilliver argues for a single fare structure to be applicable at all times with no difference between peak and off peak fares, stating:

I would advocate the same fare structure, i.e. one tariff, at all times. The idea of having different tariffs for different days and time of day is simply outdated and unnecessarily complicated. Costs do not vary by day or time – they are fixed.²¹

¹⁸ Victorian Taxi Association 2013. *Submission to Call for Ideas paper*, 8 October, p. 4.

¹⁹ Gilliver submission, 12 September, p. 2.

²⁰ These matters are discussed in the Commission's Pricing Principles paper, available from the Commission's website.

²¹ Gilliver submission, 12 September, p. 2.

Other stakeholders suggest removing the high occupancy tariff (tariff 3 and 4). CabFare submits that the fee 'acts as a disincentive to making the WAT available for its primary target market'.²²

Removing the booking fee is also raised in submissions. CabFare states that the fee is outdated and its removal would complement the removal of mandatory network affiliation.²³ Parker also submits that the booking fee should be removed, but states that it should be built into the flagfall rate.²⁴

4.4 Flagfall and distance rates

The two main components of the current taxi fare structure are the flagfall (fixed) and distance (variable) rates. While some submissions call for fare increases (see section 4.1) and present new flagfall and distance rates, the issue of the relative weighting of the two components is not directly discussed.

One submission proposes that the flagfall should be raised to \$5.50, including the first kilometre, along with the booking fee to \$4.50, to reward drivers for short fare bookings. Alongside this, the distance rate should be raised to \$1.85 per kilometre on tariff 1 and \$2.05 per kilometre on tariff 2 to reflect additional costs incurred over the last five years.²⁵

Other submissions which address short fare refusals suggest a minimum fare (in effect a higher flagfall) indirectly address the issue of flagfall versus distance rates²⁶ (see section 4.5). Generally, those stakeholders who see short fare refusals as a concern suggest an increase in the flagfall and or a minimum fare.

In support of the idea of an increased flagfall with a reduced distance charge, Geelong Taxi Network argues that, beyond the potential it has in addressing short fare refusals:

It would also make the fare structure simpler and give better predictability to a number of the aged, frail and disabled who travel, knowing that in the majority of cases their fare may be covered by this initial flag fall rate. This may also have the potential to

²² CabFare submission, 27 September, p. 2.

²³ CabFare submission, 27 September, p. 2.

²⁴ Parker submission, 8 October, p. 1.

²⁵ Anonymous submission, 30 September, p. 2.

²⁶ See for example submissions from the VTA (p. 6), CabFare (pp. 2-3), Geelong Taxi Network (p. 4) and Brumby (p. 2).

*illuminate fraud or increases applied to fares, or components of fares, unnecessarily.*²⁷

On the other hand, some stakeholders are concerned that increasing the flagfall would adversely affect users that rely on taxi trips for their travel — most notably, the elderly and disabled. (See section 4.5 for further discussion.)

4.5 Short fare refusals

The TII was concerned with short fare refusals by taxi drivers. In part, this influenced the fare restructure recommendations made by the Inquiry. As part of our consultations, we have therefore looked to understand the extent and nature of short fare refusals and potential solutions.

While short fare refusals exist, we have heard that longer trips can also be refused, and alternatively that some drivers prefer shorter trips (e.g. during late night, peak demand periods).

Addressing short fare refusals

Parties that see short fare refusals as a concern generally support an increase in the flagfall to make short trips more attractive. The VTA submits that:

*One approach, which is widely supported by the industry, is the introduction of a guaranteed minimum taxi fare... A minimum fare could be managed through a significantly increased flagfall rate which includes a time and/or distance limit included.*²⁸

Similar views are presented by CabFare²⁹, Geelong Taxi Network³⁰, Brumby³¹, Smith³² and Gilliver³³.

Brumby submits that short fare refusals are 'the biggest scourge of the current operating system' and the flagfall should be a minimum of \$10 (which includes the

²⁷ Geelong Taxi Network 2013. *Submission to Call for Ideas paper*, 8 October, p. 4.

²⁸ VTA submission, 8 October, p. 6.

²⁹ CabFare submission, 27 September, pp. 2–3.

³⁰ Geelong Taxi Network submission, 8 October, p. 4.

³¹ Brumby submission, 8 October, p. 2.

³² Smith, R. 2013, *Submission to Call for Ideas paper*, 3 October, p. 1.

³³ Gilliver submission, 12 September, p. 2.

first 10 kilometres). Smith suggests a \$10 minimum including the first 2.5 kilometres or 3 minutes of the trip, before the distance rate starts.

The VTA also comments that the minimum fare may only be appropriate for some markets, including the Melbourne CBD, inner city suburbs and regional city CBDs.

Vratsidis submits that the current fare structure encourages drivers to avoid short fares and to seek fares that involve freeway travel, noting that one hour on a freeway equates to over \$160 per hour in revenue compared to the waiting time rate of around \$33 per hour. Vratsidis suggests the fare structure needs to be made more consistent by lowering the distance rate (to \$1.30 per kilometre) and increasing the waiting time rate (to \$1 per minute).³⁴

Concern for passengers

Others note that increasing the flagfall to address short fare refusals may hurt passengers who tend to travel shorter distances (e.g. the elderly). Gupta³⁵, a WAT driver, and the not-for-profit organisation, Inclusion Melbourne³⁶, note that increasing the flagfall could adversely impact upon the elderly and disabled who have a disproportionate need for shorter taxi journeys.

Clearly, the views of stakeholders on the issue of short fare refusals vary markedly. Through further consultation, we will need to understand better the extent of the problem, and how this compares to trip refusals of longer distance trips. We will then be in a position to determine whether this is primarily a matter requiring enforcement by the industry regulator or whether the fare structure can, and should, be adjusted to address short fare refusals.

Specific cost components

4.6 Introduce a specific airport fare and other airport issues

Some stakeholders submit that a minimum fare should exist for trips from Melbourne Airport. For example, the VTA notes that trips to and from Melbourne Airport represent a significant share of Melbourne taxi services, and as such deserve special attention in the fare structure. It submits:

³⁴ Vratsidis submission, 6 October, p. 1.

³⁵ Gupta, R. 2013, *Submission to Call for Ideas paper*, 13 September, p. 1.

³⁶ Inclusion Melbourne 2013, *Submission to Call for Ideas paper*, 31 October, p. 2.

It would be appropriate to consider a minimum fare when the trip originates at the airport which includes a certain time and/or distance allowance... This would provide certainty for drivers servicing the airport and customer seeking transport...³⁷

Naqvi submits that the minimum fare for trips originating at the airport should be \$25 (within a 5 kilometre radius).³⁸

Taxis queuing at the airport

The issue of an excessive number of taxis waiting at Melbourne Airport for a fare was raised by the TII.³⁹ Gilliver comments that many taxis end up at the airport in the morning, but that 'smart drivers leave and look for more work, the lazy ones stay'.⁴⁰

It was also submitted that average waiting time for taxis queuing at the airport is two hours.⁴¹

Brumby submits that the tariff structure encourages taxis, in particular WATs to queue at the airport.

WATS vehicles in increasing numbers choose to sit at airport rather than do dedicated wheelchair work. There is a tendency for some drivers to charge higher tariffs T3/4 from airport to unsuspecting passengers (as well as wheelchair clients). I believe the availability of these higher tariffs encourages drivers to make a business decision to operate at airport instead of doing wheelchair work.⁴²

In summary, there are stakeholders that believe specific airport fares are warranted whilst others feel that this approach risks exacerbating existing problems. Through information collected via our survey of drivers, we expect to further develop our understanding of airport taxi issues, and how the level and structure of fares influence driver choices.

³⁷ VTA submission, 8 October, p. 6.

³⁸ Naqvi, S. 2013, *Submission to Call for Ideas paper*, 7 October, p. 4.

³⁹ Taxi Industry Inquiry 2012, *Customers first: service, safety, choice*, May, p. 356.

⁴⁰ Gilliver submission, 12 September, p. 3.

⁴¹ Naqvi submission, 7 October, p. 4.

⁴² Brumby submission, 8 October, p. 2.

4.7 Fares to account for 'dead running'

Currently, a booking fee applies to pre-booked taxi trips. This fee is kept by the driver as compensation for 'dead running' associated with this fare, i.e. the distance travelled by the taxi from the point where the job is accepted from the network service provider to the point where the job starts.

Some submissions suggest that taxi fares should provide additional allowances for dead running. One anonymous submission states:

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.⁴³

Effectively, this submitter is suggesting that the meter would start from the point where the taxi accepted the job from the network service provider, not from the point where the passenger is picked up. The fare would therefore include what would normally be 'dead running' (under current arrangements the driver would receive the booking fee as compensation for this 'dead running'). Given the 'extra' fare paid by the taxi user, the submitter also suggests that the tariff rates to apply for this service would be set lower than the maximum rates set by the Commission.

Parker notes that regional taxi drivers face significant costs from dead running. He suggests an increase in the distance rate along with a greater allowance for dead kilometres in the appraisal of costs incurred by regional taxis to increase the viability of regional taxi businesses.⁴⁴ Further, another submission states:

Any job greater than say 6–10kms (assumes out of town pickup or dropoff) automatically change to [...] 30–50% higher time and distance rate. (This compensates the driver for the dead kms either getting to the job or returning back to town from the job and is in

⁴³ Anonymous submission, 30 September, p. 1.

⁴⁴ Parker submission, 8 October, p. 1.

*fact done successfully in country NSW and has been in place for some 20 years).*⁴⁵

These submissions suggest that dead running and its costs may be a larger issue in less densely populated areas of the state. To the extent that these issues equivalently exist in the zones in which the Commission is required to set fares, they will be considered in our fare setting review.

4.8 Adjustments for changes in fuel prices

A number of stakeholders note that fuel prices are a significant cost component and that fare adjustments should more readily account for changes in fuel costs. One submitter proposed a fare surcharge when a predetermined fuel price trigger is hit:

*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.*⁴⁶

Parker suggests that the distance rate fare component be raised by 20 per cent, half of this is to cover the rise in operating costs since the last review and the other half is to serve as a buffer for spikes in costs such as fuel.⁴⁷

4.9 A surcharge for cash fares

CabFare notes that approximately 60 per cent of taxi fares by dollar value are paid in cash. It suggests that this heavy bias towards cash payments exposes drivers to the risk of assault and raises costs to operators. CabFare suggests a risk premium should apply to fares paid in cash, with a charge of either 5 per cent of the fare or a fixed charge of \$2.⁴⁸

No other submissions were received in relation to this matter.

⁴⁵ Anonymous submission, 3 October, p. 3.

⁴⁶ Anonymous submission, 30 September, p. 2.

⁴⁷ Parker submission, 8 October, p. 1.

⁴⁸ CabFare submission, 27 September, p. 2–3.

4.10 The split of farebox revenue

A number of submissions commented on the move to a 55:45 split of farebox revenue between drivers and operators. The VTA comments that it is unnecessary, stating:

The introduction of a mandatory 45/55 split of the fare box between operators and drivers respectively will lead to unnecessarily inflated taxi fares. In practice, once implemented 45 per cent will need to cover what 50 per cent currently covers for operators, and at present the 50 per cent is insufficient. The VTA's review remains that a fair outcome can be achieved with a 50/50 split and a properly adjusted fare.⁴⁹

Geelong Taxi Network made similar comments, stating '*...the starting point for calculating [a good fare structure] must be that the 45 per cent for the operator equates to the original 50 per cent of the operational figures on today's costs*'.⁵⁰

The submission from Ballarat Taxi Co-op states the change '*is totally unfair to the operator and may see operators cutting service and vehicle standards to be sustainable*'.⁵¹

A Ballarat taxi owner operator submits that '*Ballarat operators need a minimum of a 10 per cent increase just to cover the neglect of any fare increase over the last 5 years and the introduction of the 45/55 per cent driver arrangement*'.⁵²

4.11 Arrangements for drivers

Taxi drivers are most commonly engaged under bailment arrangements. Under these arrangements, drivers are not classified as employees, and therefore do not receive employee benefits such as minimum rates of pay, superannuation, annual leave or sick leave. Some submissions raised the issue of the employment status and earnings of drivers.

⁴⁹ VTA submission, 8 October, p. 4.

⁵⁰ Geelong Taxi Network submission, 7 October, p. 2.

⁵¹ Ballarat Taxi Co-op submission, 9 October, p. 1.

⁵² Parker submission, 8 October, p. 1.

Glazebrook submits:

Central to the exploitation of taxi drivers is the concept of the "Bailee model". This model is illegal... and should be rejected by the ESC.⁵³

Clark submits that bailee drivers do not benefit from fare rises relative to other participants in the industry:

Experience has shown, and it has been widely documented, that increasing taxi fares mostly benefits those (other than bailee drivers) elsewhere in the supply chain.⁵⁴

It must be agreed that bailee taxi drivers in Victoria subsidise the taxi industry and that this subsidy amounts to nearly \$400 million dollars a year.⁵⁵

The Taxi Drivers Association comments on how taxi services can be best provided to meet demand and maintain flexibility:

There may not currently be the demand for taxi services which would require more cabs at all times, but nor is there the flexibility of meeting demand spikes as they can be predicted or as they occur. Only an "owner/driver" taxi model can provide that flexibility. The bailee model cannot. It functions on a taxi being bailed out for the full twelve hour shift and cannot meet sudden demand spikes. Logically, we need a single owner/driver model.⁵⁶

The Commission notes that the Fair Work Commission has recently considered an unfair dismissal case (*Alan Dick v James Voros*) which has implications for whether (some) drivers are considered employees or bailees (the case is subject to appeal), and that employee drivers work under conditions set in the Passenger Vehicle Transportation Award 2010. In the dismissal case, the Fair Work Commission originally determined that there was an employer-employee relationship between the taxi operator and driver. The appeal was heard on 14 November — the outcome of that appeal has not been publicly released as yet.

⁵³ Glazebrook, J. 2013. *Submission to Call for Ideas paper*, 8 October, p. 1.

⁵⁴ Clark, D. 2013. *Submission to Call for Ideas paper*, 8 October, p. 7.

⁵⁵ Clark submission, 8 October, p. 3.

⁵⁶ Australian Taxi Drivers Association submission, 30 September, p. 3.

The arrangements governing the engagement of drivers have the potential to impact significantly on our assessment of driver costs (earnings), and therefore on the assumed costs of operating a taxi.

We will monitor these developments with a view to deciding on an appropriate methodology for treating driver costs in the fare setting process.

4.12 Network affiliation

Under the Victorian Government's taxi industry reforms, mandatory network affiliation is to be removed in order to promote competition within the supply chain and allow taxi operators to develop their own booking and service delivery arrangements.

The Taxi Drivers Association submits that:

Traditional workplace devices and network despatch systems do not assist or optimise Occupancy... The newly developed "apps" can provide forward bookings, and publish job offers direct to a personal mobile smartphone at any time or place. The difference in a Monday night occupancy to a Friday night occupancy may be only 10%, but the revenue differences can easily double hourly takings.

Taxi Network Fees of \$7,000 may well have some justification, but none that has been substantiated. It appears that with the forthcoming non-mandatory network affiliation rules, there are already providers of the several services offering at half that price.⁵⁷

In response to the question of which services are supplied by network service providers to their clients, Geelong Taxi Network submits that they provide dispatch services including the supply of electronic equipment, training facilities for drivers, complaints handling, administrative and taxi management support for operators, taxi inspections and web-based booking services. They also state that Geelong work was approximately 70 per cent dispatched (i.e. booked) and 30 per cent rank and hail, and that these proportions are reversed in Melbourne.⁵⁸

No submissions were received from the metropolitan network service providers.

⁵⁷ Australian Taxi Drivers Association submission, 30 September, pp. 3 and 7.

⁵⁸ Geelong Taxi Network submission, 8 October, p. 8.

As removal of mandatory affiliation is yet to be introduced, it remains to be seen how the market will respond to the change. We shall monitor closely the development of operator-network affiliation in order to better understand the costs associated with operating a taxi.

Wheelchair accessible taxis

4.13 WAT issues

Wheelchair access taxis are those taxis specially equipped to service the transport needs of disabled passengers. During stakeholder consultation undertaken by the TII, concern was expressed that WAT service availability suffered due to the higher paying jobs commonly available from Melbourne Airport.⁵⁹

Gupta submits that:

Regarding the WAT services I feel we have more than enough taxis but the problem is that 20% [of] WAT do 80% [of the] work and 80% do only 20% [of the] work, if those 80% could be pushed to perform their share then WAT bookings are not that difficult to deliver

My suggestion for better WAT services could be

- 1. A definite incentive to driver for every WAT pick up instead of a lottery whether customer have a right card or not.*
- 2. Minimum WAT bookings per car should be 60 per month and heavy penalties to offenders.⁶⁰*

The Taxi Drivers Association submits that the lifting fee for wheelchairs should be \$20. The Association also suggests that the subsidy for disabled passengers should be arranged so that the passenger pays a maximum of \$30.⁶¹

The VTA also argues for the lifting fee to be raised to account for the time it takes drivers to load and unload passengers and the consequences of unoccupied travel time on revenue.

⁵⁹ Taxi Industry Inquiry 2012, *Customers first: service, safety, choice*, Draft report, May, pp. 79–81.

⁶⁰ Gupta submission, 13 September, p. 2.

⁶¹ Australian Taxi Drivers Association submission, 30 September, p. 4.

The VTA states:

*... WAT vehicles are often presented with short-trip bookings for people in a wheelchair which commence a significant distance from where they are at the time of the booking being made available to them. It is simply not economically viable for a driver to travel long distances to accept these jobs.*⁶²

In summary, submissions that directly address the issue of WAT issues are in favour of driver incentives being improved to ensure the service is available to those requiring a WAT. We note that the lifting fee is set by the Taxi Services Commission and is not subject to the Commission's fare setting powers.

Miscellaneous

4.14 Fare negotiation / competition

Under the Government's reforms to the taxi industry, the Commission is to determine *maximum* taxi fares. It is envisaged that as the industry becomes more competitive, discounts to the maximum fare may be offered.

On this matter the VTA comments:

A genuine desire to enable price differentiation... will require the ceiling of maximum fares to be set reasonably high...

*The VTA does not support a policy of fare negotiation. Differentiation of fare schedules offered by competing operators and networks should be managed through a process overseen by the TSC...*⁶³

Geelong Taxi Network raises concerns that negotiated fares will lead to non-metered fares, and therefore operators not being paid the appropriate revenue share under bailment arrangements. It states:

...the ability to negotiate a fare or the ability to collect a fare in advance often leads to the fare not being conducted on the meter

⁶² VTA submission, 8 October, p. 6.

⁶³ VTA submission, 8 October, pp. 5 and 7.

*which results in the driver not including those cash fare elements in their payment of bailment to the operator...*⁶⁴

4.15 The timing of reviews

According to the new legislation⁶⁵, following the 2013-14 taxi fare review by the Commission, subsequent reviews must be completed within two years of the previous one. Some suggest that our fare reviews should be more frequent than every two years.

The VTA states reviews should be no longer than 12 months apart.⁶⁶ Similar views are expressed by Gilliver⁶⁷ and the Ballarat Taxi Co-op.⁶⁸

5. Conclusion

There is a widespread view from industry that there are problems with the current level and structure of fares. However, there is little agreement about the most appropriate steps to remediate these problems. Indeed, often there isn't even agreement about the precise nature of 'the problem'.

To help identify and understand relevant problems, the Commission will soon undertake operator and driver surveys. Responses to these surveys will be central in helping the Commission come to a position on future taxi fares as soon as possible in 2014.

⁶⁴ Geelong Taxi Network submission, 7 October, p. 2.

⁶⁵ The *Transport Legislation Amendment (Foundation Taxi and Hire Car Reforms) Act 2013* received Royal Assent on 28 June 2013. This Act implements the Government's reforms to the taxi industry and amends the *Transport (Compliance and Miscellaneous) Act 1983*.

⁶⁶ VTA submission, 8 October, p. 5.

⁶⁷ Gilliver submission, 12 September, p. 2.

⁶⁸ Ballarat Taxi Co-op submission, 9 October, p. 2.