

19 February 2014
Our ref: C/14/2301

ESC TAXI FARE REVIEW – INDUSTRY UPDATE

Dear Colleagues

Since I wrote to you last November, we have been completely focussed on finalising our review into taxi fares.

As you are aware, the Minister for Public Transport, Terry Mulder has directed the Essential Services Commission to bring forward its new taxi fare determination and provide a final report to him by end of March 2014 instead of late May 2014 (*see update on fare determination <http://www.taxi.vic.gov.au/about-us/news>*). This necessarily means that a lot of work needs to be completed within a short period of time.

In December 2013, we issued an operator survey and a driver survey. Both surveys were aimed at gathering information on the costs and revenues associated with running a taxi service, and gaining a better understanding of how decisions are made in terms of providing services to customers.

By end of January 2014, we received 275 responses from operators and 132 responses from drivers. We thank all those who have participated in these surveys. This information, which you have provided, is being used as an input into understanding the costs associated with providing a taxi service. We intend to speak to a number of operators by the end of February to verify further the range of reported costs before moving to finalise our analysis.

At the same time, we have continued to receive and analyse taxi industry trip data provided via the Taxi Services Commission. While the quality of this data is satisfactory, it has nonetheless required extensive effort to correct for omissions and duplication in the database. We will be using this updated data to inform our analysis for current and future taxi fare reviews.

In February we have also continued building a model of the taxi industry which will help us take into account the dynamic nature of demand and supply for taxi services. It will facilitate analysis of industry outcomes including how fare changes impact on consumer waiting times, demand for trips and vehicle supply. As with all such models, the findings will be used to inform – not determine – our final decision on taxi fares.

Although we are now in the final weeks of our review, should you wish to talk to us, we would be pleased to hear from you. We want to ensure that our work is informed by the best possible understanding of the relevant matters to our review. Please contact us on 9032 1300 or email us at taxifares@esc.vic.gov.au.

Yours sincerely

Dr Ron-Ben David
Chairperson