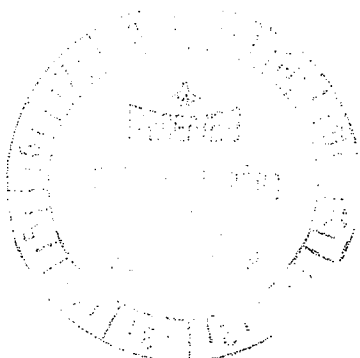
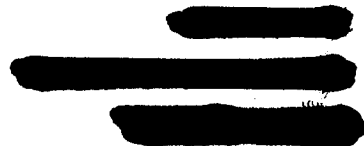


The Essential Services Commission Draft Report Taxi Fare Review 2007/08,  
June 2008.



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While acknowledging that Victorian taxi drivers are poorly paid relative to other jurisdictions, the Essential Services Commission of Victoria (ESC) is nonetheless recommending some changes which will further reduce revenue flows to taxi drivers and licence operators.

Plans, however, to improve waiting times and service standards for disabled passengers, with an additional 330 Wheel Chair Accessible Taxis (WATS), can be achieved within the current capacity of existing fleet numbers in the metropolitan areas; without releasing additional taxi licences. Options are available for addressing the needs of WATS passengers.

Releasing a further 330 metropolitan taxi licences is not commercially sound. The market for taxis has been significantly impacted upon by the current "credit squeeze", the growth in public patronage for trams and trains, the rising price of fuel and consumer goods, reduced road capacity and traffic congestion around the CBD and some inner suburbs and increased competition from strong growth in the sales of private motor vehicles. The CBD is often dominated by the sight of many empty cabs at night.

### WATS and Disabled Passengers

There are currently 600 Peak Service Taxi licences in Melbourne. The annual licence leasing fee to the state government is \$6,100.00 approximately, adjusted annually for the CPI. Very few are WATS cabs, possibly only one or two in the entire 600 fleet. In WA the state government charges significantly cheaper leasing fees for WATS vehicles. For example, a 24 hour WATS taxi can be leased for \$100.00 per week and a Peak Service Wheelchair Accessible van leased for only \$40.00 per week. In Victoria, the government charges almost \$120.00 per week for a Peak Service taxi vehicle, either van or sedan, which operates up to 16 hours per day.

Up to half of the existing Peak Service taxi fleet should be offered the option of cheaper annual licence leasing fees if they choose to switch from a sedan to a WAT van. The state government has a similar option open for Peak Service taxi licence operators if they purchase hybrid, environmentally friendly, fuel-efficient motor vehicles. The same concept could be applied for increasing the supply of WATS vehicles: licence operators who move to wheelchair accessible vans could pay an annual fee of \$1,000.00 instead of \$6,100.00.

### Deregulation of taxi fares in Higher Occupation Passenger Vans (HOVS)

Purchasing a HOV or WATS taxi is significantly more expensive than buying a sedan or wagon to operate a taxi licence. Financial outlays are double the costs of purchasing a standard vehicle (at least \$60,000.00). Driving and operating a HOV or WATS taxi can be more demanding on the driver compared to operating a sedan, both physically and emotionally. Both driver and licence operator work hard for the higher distance rate per kilometre that can apply for group travel. No other taxi jurisdiction in Australia has recommended, for any type of taxi vehicle HOVs, WATS or otherwise, the deregulation of taxi fares through negotiation of fares between passengers as has the ESC in its draft report.

### Technical Issues

The ESC has not tested its assumptions about waiting times for WATS or standard taxi vehicles. Unless technical and booking issues are tested and addressed increasing the supply of WATS taxis in the metropolitan fleet will have little impact on perceptions about long waiting times. Exactly where and when are the problems occurring? Can service levels and performance be improved by providing WATS vehicle operators with priority bookings for disabled passengers with the exclusion of any other bookings until WATS have been cleared? How can WATS vehicles attend to the needs of disabled passengers if they are waiting on corporate fares at city ranks for work? Do the WATS booking systems offered by Black Cabs Combined and Silver Top Taxi Services have sufficient capacity or can they be improved with better software and operator functions?

The work of the ESC has ignored these questions and operational aspects of taxi work; possibly because their recommendations are more influenced by deregulation ideologies than independent investigative capacity. The ESC has not offered any evidence that it even visited a taxi depot, network or WATS booking centre to carry out research or investigations relevant to their recommendations.

### Flagfall and booking changes

Included in the ESC's recommendations are also ideas that have not been investigated in relation to restructuring taxi tariffs. The ESC wants to reduce flagfall charges from \$3.20 to \$2.60 and increase telephone booking fees from \$1.40 to \$2.60. This means a net change of \$0.60 and is based on the assumption that 50% of all taxi work flows from telephone bookings. Incorrect. For many drivers in the metropolitan area most taxi work is generated by street hails, city taxi ranks, Tullamarine airport, Crown Casino, shopping centres, street malls, city markets and hotels and motels. The telephone booking fee should remain at \$1.40 with flagfall rising to \$3.80. This would allow all taxi drivers to benefit by making short fares more rewarding than longer trips, with a higher flagfall. Melbourne taxi fares would still remain very competitive with other taxi jurisdictions. In Queensland flagfalls range from \$2.50 to \$3.80 to \$5.80. In Sydney the lower \$3.00 flagfall charge is offset by a much higher kilometre distance rate of \$1.79 for a standard taxi fare (Melbourne's rate is \$1.526 per kilometre). In Perth, flagfall varies from \$3.30 to \$4.80 with an ultrapeak charge applicable on Friday and Saturday nights.

### Taxi drivers as Bailees

Most taxi drivers are signatories to bailment agreements (contracts). In many cases this means they earn 50% of their taxi fares at the end of the shift. Some licence owners and taxi depots may charge a daily fee for insurance. Taxi drivers are not paid sick leave, holiday pay or superannuation – even though they are “employees” of the taxi licence owner or taxi depot. In other words, using the word “bailee” and calling cab drivers “self-employed” does not change the fact that they are in a power relationship that is no different to that of an employer and employee except that they are not guaranteed regular work and can be dismissed without notice and normal employee benefits. Calling taxi drivers self-employed when their work is largely controlled by taxi depots, licence owners and operators is a pretext for the exploitation of labour. The fact that the taxi industry is based on exploitation shows that the inflated value of taxi licences in Melbourne has been achieved by the use of slave labour. Taxi drivers often earn less than award wages. One way of addressing this would be for the state government to regulate that all bailment agreements should be 60/40 in favour of the taxi driver. That is, at the end of a shift the driver received 60% of the income from fares after operating and fuel expenses are deducted. Alternatively, driver incomes could be aligned similarly to the Transport Workers Award under which local carriers are paid \$15.03 per hour, for permanent positions, and 25% higher for casual work.

### Recommendations for reform

1. The state government should offer 50% of the current Peak Service taxi fleet significantly reduced annual licence fees in return for converting their cabs from sedans or wagons to WATS vehicles.
2. An inquiry should be undertaken by a taxi industry based committee to investigate the existing WATS telephone booking system to test its efficiency and whether existing technologies can be improved.

3. The state government must intervene to stop the exploitation of taxi drivers by regulating bailment agreements (which are at present thinly disguised contracts for slave labour) in favour of taxi drivers or by regulating that cab drivers are entitled to similar rights and conditions which apply to the Transport Workers Award and the courier industry.
4. More not less regulation by the state government is required. Deregulation of taxi fares and licencing will further erode driver incomes that for many are already below award rates. Taxi drivers have been exploited because the government has failed to act.

The Victorian Taxi industry needs to be competitive and offer high levels of service to the community. But this should not be achieved by developing an industry on slave labour. Drivers and operators are entitled to receive competitive incomes and rewards for their labour. The Essential Services Commission of Victoria must move away from its narrow ideological approach to competition and bias in favour of deregulation. The state must intervene to regulate bailment agreements and ensure that the present metropolitan fleet can meet the needs of disabled passengers – without introducing more taxi licences – at a time when the economy is facing a downturn due to a credit squeeze, higher interest rates, rising prices and a growth in the market for trams, trains, buses and private cars.

The City of Melbourne and the inner suburbs are being redesigned to reduce road capacity with mega-tram and bus stops. Red light cycles at intersections have been increased to give priority to trams, bicycles and pedestrians and reduced time for cars. Private cars and taxis are now faced with bottlenecks and congestion during peak times. Due to traffic turning restrictions and congestion it is difficult to service taxi ranks and parts of the city during peak times. It is unrealistic for the ESC to expect these developments not to have impacted on waiting times for taxi services. The fact that these changes have not been factored in or considered by the ESC shows their econometric models to be flawed. Another 330 cabs will contribute to more traffic congestion in the CBD at a time when the City of Melbourne is dominated by a changing environment that is trying to deal with global warming, health and public transport concerns.