

Taxi Fare Methodology Inquiry

I wish to submit the following thoughts regarding the Taxi Fare Methodology Inquiry.

I am a Taxi Licence Lessee, and taxi operator in the Burnie Wynyard licence area. I have approx. 7 years experience as a taxi driver with 6 of those 7 years as a lessee and operator. Prior to taxi driving I operated my own small business in the nursery industry for 8 years preceded by 25 years in the Commonwealth Public Service up to middle management level. I am a Director (Treasurer) of the Burnie Hire Cars Co-Operative Society Ltd however I submit my thoughts as an individual operator rather than on behalf of the Co-Op. My experience in the taxi industry is limited to the Burnie/Wynyard taxi area.

My views on items in the consolidated list are as follows:

1. I agree with the objectives, once I worked out what was meant by "efficient cost".
2. I don't think maintaining the value of taxi plates or lease payments should be an objective in setting taxi fares. However maintaining a viable taxi industry definitely should be an objective. The investor takes a risk when investing and the value of the asset should be determined solely by market forces.
3. Not in this licence area.
4. No. Last fare rise a fairly ad hoc survey showed that average jobs in this licence area were about half the distance of those in Hobart. That meant that for once we received a reasonable benefit from the fare rise. I think the level is about right for now.
5. Don't support a booking fee. Not worth the cost of administering and with about 80% of jobs coming through the taxi base a more efficient response would be to incorporate any cost into the flagfall.
6. YES, Tariff 2 is definitely required. Firstly we don't work night shifts, particularly Friday & Saturday night, just for the stimulating conversation. We do it to earn a buck!! The crap we have to put up with we need a higher level of recompense.
7. I think the current timeframe is appropriate. The basis for a Tariff 2 on night shifts is covered in 6 above. When you look at day shift on weekends and public holiday you also need to consider what is happening in the rest of the economy. Paid workers, by law, receive substantial penalties for working on these days (I know – I pay our base operators!) supposedly because they are working unsociable hours. Why shouldn't taxi drivers receive a greater level of recompense on these days? Any business has to make the decision as to the viability of operating on what are high cost days. If there wasn't a financial incentive to work on a public holiday I certainly wouldn't work each one- why would you. You need to weigh up the gain compared to the cost to you and I don't just mean financial cost. We all (hopefully) have a life outside of a taxi. I certainly can't justify shortening the Tariff 2 hours at all. When you look at the rest of the economy penalty rates cut in at 7.00pm at night so maybe Tariff 2 should start at 7.00pm rather than 8.00pm. That is the only adjustment I could suggest to Tariff 2 hours.

8. & 9. I think there should be a Tariff 3, in some form, for the very busy nights of the year. Christmas Eve, New Years Eve and AFL Grand Final night are the key nights although I could certainly justify all day Christmas Day as well. These are nights when even taxi drivers occasionally want a night off and it becomes harder and harder to find drivers on these nights. Additionally, on these nights you tend to get the highest concentration of obnoxious drunks. You need to give drivers an incentive to drive on these nights. You can say "Well give drivers a higher percentage on those nights" however you have to be able to afford to do that in the first place and on those nights your risk of a "soiled" car or damage to your car are far greater.

Supply and demand comes into the equation as well. If demand is high then supply becomes more expensive. (Look at petrol and bananas.) The consultants commented that supply is somewhat artificial because licences are limited however it is not that simple. On these 3 nights you could double the number of taxis on the road and still not have enough. The costs of operating a taxi now days are such that you have to operate the car at a reasonable return all year - 3 good nights doesn't make it viable to put a car on the road, so it is not just limited supply of licences. So why should we be treated any different to food or fuel retailers – why can't we make a bit extra on those nights of the year when we do work very hard.

As for amount, I don't think there should be a different kilometre rate. There should be a surcharge of some sort on each job that is either just incorporated into a higher flagfall on these days or is an "extra" that only works on those days. I think a surcharge of \$2.00 to \$3.00 is not at all unreasonable on these nights. You need to keep in mind our customers on these nights are not our day time customers on limited incomes. On these nights we are carrying people who have just spent a lot of discretionary income on alcohol and entertainment and it is not unreasonable to charge an extra couple of dollars to access the service we provide on these nights.

10. I don't consider a deregulated fare structure is appropriate.

11 & 12. If one were to be adopted I think there would be a lot of difficulty in distinguishing between booked and hailed. Basically the public couldn't care less and the majority of taxi drivers will charge the most they possibly can. I have just done a check of my last 9 shifts with a mix of night and day shifts and the average trip length is 4.00km in this licence area with negligible waiting time.

13. Waste of time.

14 & 15. A cost model as proposed and looking at some sort of average trip sounds appropriate to me. It may however be that a different adjustment to fares should apply in different licence areas given the different average trip lengths. The last adjustment showed the difference in average trips in Hobart and in Burnie. (See 11 & 12.)

16. Yes looks good to me.

17 & 18. Weights look reasonable.

19 & 20. Yes agree with use of independent inflators. Do have a doubt over the ABS CPI Communications Hobart inflator. My experience is that radio room costs are predominantly labour costs so I would suggest the Wage Price Index maybe more accurate for radio room costs.

21 – 24. My comments in 2. are relevant here. The reality of the market in this licence area is that lease costs are being pushed down because the work is simply not there in the current economic climate.

25 & 26. The suggested inflator sounds very appropriate.

27 – 29. Sounds reasonable to me – if it applies to the rest of the economy we should not be exempt. Given the “no change” attitude of a lot of people in this industry I would think productivity growth would be slower than economy wide but I can’t provide evidence to support that.

30 – 31. I agree with both.

32. I agree

33. An upgrade would cost probably \$100.00 now so at least a 1.0% increase to make it worthwhile.

34. I would like to see fuel prices constantly monitored rather than just six month reviews

35. See 33.

36 – 40. Agree with recommendations apart from don’t see a need for a public hearing.

41. OTTER

42. Yes.

Stephen Hingston

Accredited Operator No. 419290039