

The Taxi Council of Western Australia—Your Peak Industry Body

SEASONS GREETINGS TO ALL

The Taxi Council of Western Australia wishes a safe and a very happy Christmas and New Year to you and your family!

WHEN IS A FARE INCREASE NOT A FAIR INCREASE?

Is a 0.97% increase to taxi fares in 2009 fair enough? The Taxi Council of WA (TCWA) held an extraordinary meeting on 17 December 2009 to discuss its industry position. It was the unanimous view of Council that the fare increase recommended by the Department of Transport's (DoT) Metropolitan Fare Model (MFM) did not reflect the increased cost of operating a taxi service in 2009 and even more so given it provides nil value to vehicle operators and drivers given the cost of a meter change.

The MFM referred to in the DoT media release on 10 December 2009 was created by Price Waterhouse Coopers for DoT across 2008/09. There were 6 stakeholder groups involved — 2 taxi industry organisations and four State Government bodies. DoT have confirmed that the only party involved in those stakeholder meetings that did not approve the MFM was THE TAXI COUNCIL OF WESTERN AUSTRALIA.

In fact, in response to the development and application of the Model in 2008, the Council submitted to the DoT on 2 June 2009, a 5 page letter protesting major technical issues and highlighting concerns with the assumptions and calculations within the model. The purpose of this response was to continue to inform the development of a relevant fare model. (See Page 2)

TCWA Believes Taxi Industry Deserves Transparency

With the fare model vital to industry viability, TCWA was very clear in its communication to DoT that it took issue with the significant structural and technical issues of the MFM. Was it taken on board? Not this time but apparently it may be referred to "when fares or driver incomes are brought under consideration again".

We may really never know if constructive industry feedback does have a place in the determination of the cost structures of the industry

Stepping back from the specifics, the primary issue that has fed the industry uproar and its use in the 2009 fare increase is the extreme lack of transparency in process, decision making, and lack of information behind the range, scope and loading of the data used, terms of reference and specific industry issues e.g fuel and/or insurance.

TCWA MEETS THE MINISTER

TCWA Chairman, Kevin Foley took TCWA's concerns to a meeting with the Minister for Transport on Monday 21 December to express the Industry's deep dissatisfaction with the Model and the fare increase. The Minister was also presented with an outline of the TCWA preferred, and very simple, mode of calculating fare increases — one that would be understood by passengers, drivers, operators, politicians, bureaucrats and one that would occur at the same time every year and generally reflect increases to cost of living and operation.

MOVING FORWARD ANOTHER WAY

Because of the lack of transparency in the Metropolitan Fare Model, the Taxi Council of Western Australia unanimously agreed that the MFM should be rescinded. In its place, fare increases be based on CPI with adjustments to reflect extraordinary increases to operating costs (e.g sustained increases in fuel costs and insurance.)

CPI, with adjustments to reflect extraordinary increases, is preferred because it is calculated by an external and independent body that provided details of contributing factors to major trends. CPI has a public profile of reflecting the rising costs of living. Recognition of extraordinary expenses enables industry specific cost issues to be dealt with. By example, general insurance costs for the community at large may not have increased but an increase in taxi industry insurance claims may drive the industry policy price up, as it did in 2009.

The September quarter annual CPI is announced in the final week of October each year. The annual fare adjustment would be announced on 15 November for implementation on 1 December, providing timely notice to the industry.

Such a formula takes away the guess work and waiting game for the industry, there is certainty in its timing and a special feature is that it would take the onus of responsibility away from the Department or Minister.

Perth CPI for at the September quarter was 1.2%. While close to the 0.97% fare increase, the issue of the extraordinary taxi industry insurance increases would be factored in to the final increase. Over time larger annual CPI increases would even out low CPI years such as 2009.

TAXI NEWS BULLETIN

12 BIG REASONS WHY TCWA DID NOT SIGN OFF ON THE METROPOLITAN FARE MODEL

1. The starting point of the model may not be correct. The MFM presumed the current rates to be indexed were correct and that there was a fair initial relationship between current fares and the current costs of the Perth metropolitan taxi industry. Any assessment of current fare structure as being “correct” didn’t appear to be in the scope of the report but it is a pretty fundamental requirement if you were looking for a satisfactory outcome for taxi operators.

2. The report based its existing costs on the normal/average costs per set of conventional plates/taxi cab but did not articulate what that average represented.

3. Based on interest rates only, the vehicle financing cost escalator was incomplete and did not consider the principal, or the fit out costs of a taxi, a fundamental cost of set up.

4. While there is a cost escalator model, it does not state how overall cost escalations would translate into fare changes.

5. Given that cost elements of the industry escalate at different rates MFM does not state whether the proportions will be adjusted every year to deal with that or whether they will be adjusted only at less frequent review times.

6. There were no specific ground rules for changing the fare structure

7. The model acknowledges the differences in operational environments between the States but then adopts, without adjustment, the information and data provided by the examples set in other states. The differences relate principally to the size of the different capital city markets.

8. There were flaws in the calculations representing total averages.

9. In calculating average income per taxi, ‘Normal/average’ operations of a taxi are not explicit or fully defined. The income from a taxi is dependent on the number of hours it is on the road, how many drivers there are and how many driver shifts are worked and whether it is a restricted use taxi cab.

10. There was no assessment as to whether the driver labour and other driver costs were reasonable. The implicit hourly rate used (including superannuation) was \$16 per hour for 12 hour shifts, six days per week, 52 days per year.

11. Operational costs of repairs and maintenance are understated. Calculated by using kilometres travelled the MFM was based on the cheaper Sydney rates rather than the cost of repair of a city of similar geographic size to Perth. e.g Brisbane.

12. Data samples were small and skewed calculations within the MFM

TAXI FARE INCREASES ACROSS THE NATION

Queensland	Nil
Victoria	Nil
Northern Territory	Nil
NSW	4.2%
SA	5.0%
ACT	3.9%
WA	0.97%

TAXI COUNCIL OF WESTERN AUSTRALIA

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FESTIVE SEASON SECURE RANKS

The Rank Marshall trial has been extended through to 20 February 2010 to ensure Festive and summer season coverage.

Taxi supply issues remain between midnight and 2am where passenger numbers often outstrip the number of taxis. The Rank Marshals are in contact with your TDS throughout their shifts to get taxis to both ranks. The Rank Marshals are there for the passenger **AND** you the taxi driver — the Rank Marshal evaluates the state of the passenger as well as supporting the driver in advising passengers of regulatory rights such as requesting pre-payment and rights of refusal.

Using the secure ranks takes a lot of the guess work out of your night Use the secure ranks at Milligan Street and Fremantle featuring the TCWA Rank Marshals.

Milligan Street, Northbridge

Thurs 24 Dec: 12am — 5am
Sat 26 Dec: 12am — 5am
Thurs 31 Dec: 12am — 6am
Fri 1 Jan: 12am — 5am

South Terrace, Fremantle

Thurs 24 Dec: 11pm — 5am
Sat 26 Dec: 11pm — 5am
Thurs 31 Dec: 11am — 7pm
Fri 1 Jan: 11pm — 5am