

Department of Infrastructure, Energy and Resources

Land Transport Safety Division

Vehicle Operations Branch

Taxi and Luxury Hire Car Newsletter

Issue 60–August 2011

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Taxi fare rise

A total of 20 submissions were received in response to the proposal to increase fares, which appeared in the previous edition of the Taxi News.

The submissions contained a wide range of issues and opinions. Notable themes in the submissions included:

- A desire by some respondents to see an immediate very large fare increase (in the order of 20 to 30 per cent);
- Claims by some respondents that significant fare increases would have negative impacts on patronage, and therefore income;
- A view that taxi fares (and therefore taxi driver earnings) needed to increase in line with CPI, in order to meet cost of living expenses for taxi drivers;
- Potential benefits of amending some elements of the design of the taxi fare structure (e.g. by altering tariff times, the introduction of new tariffs and/or surcharges, consolidation of tariffs 1 & 2 into a single tariff, introduction of minimum fares); and
- Claims that recent increases in licence numbers (in some areas) are impacting on the earning capacity of taxis.

As detailed in the previous Taxi News, the basis of the the call for submissions was whether there was a need to adjust taxi fares in 2011 and if so, what that adjustment should be. Comment was also specifically sought on the appropriateness of the 3.52 per cent increase estimated by DIER's Taxi Cost Model.

In the interests of consistency over time and providing an objective basis on which to index taxi fares, the Taxi Cost Model is DIER's preferred guide for assessing the appropriate fare increase.

In seeking advice from the industry each time a fare rise is proposed, DIER is particularly interested in whether specific elements of the Cost Model are inaccurate for the 'average' taxi (and have a real impact on the outcome).

This time around, DIER also indicated that it was intending – through a separate process - to establish a comprehensive review of all taxi fares and charges by the Tasmanian Economic Regulator, including an assessment of the Cost Model as a suitable basis for periodically raising the maximum fare.

There were a number of features of the submissions received this year which made it difficult for DIER to make a recommendation on fares which would be at odds with the Cost Model estimate. These are listed below.

- a) It is clear that there is not a commonly held view across the industry as to the size of the desired fare increase, or even if a fare increase (of any kind) is appropriate at this time. For those submissions rejecting the Cost Model's estimate as too low, none provided an alternative mechanism for determining the exact fare rise that has the advantages of the Cost Model.
- b) Many submissions argued that a large fare increase was required (ie. 15 per cent, or greater). In addition to the likely impact of such a rise on certain groups of the travelling public and the demand for taxi services, by law a proposal to increase a regulated charge or fee in excess of CPI, or a more specific measure of industry –based costs, must be subject to a Regulatory Impact Statement (RIS). The RIS process, which includes a period of public consultation, usually requires a minimum of three months to complete.

Such a process would significantly delay the implementation of any taxi fare increase that emerged as acceptable after the RIS assessment. In contrast, a fare rise proposal that does not need a RIS (such as one that is at or below accepted cost movement indicators), can be completed in considerably less time.

- c) Many submissions proposed significant alterations to the current taxi fare system (e.g. minimum \$10 fares, new and/or consolidated tariffs, etc.). Abandonment of the Cost Model approach was also suggested, along with the establishment of new fare calculation methods that have not been applied in Australia before. Several popular suggestions were that: (i) fares need to be set at a level that ensures drivers receive the equivalent of award rates of pay; and (ii) fares should be adjusted (upwards) to directly recognise the sale of new taxi licences.

While input such as this will certainly be valuable for the full review of taxi fares and charges (to occur later this year), it was also inconsistent with the scope of the simpler fare update task at hand. As noted in (b) above, there is a trade-off between a straightforward and timely fare increase on one hand, and a more complicated and lengthy process (that may deliver a higher fare increase) on the other.

On the basis of the submissions received and considering the administrative processes (and timeframes) associated with the various options, it has been determined that a fare increase of 3.52 per cent will be allowed, consistent with

the Cost Model estimate. This rise will be applied evenly across the flagfall, distance and time-based components of the fare to ensure a fair increase, regardless of the trip distance. It is not proposed to alter any of the surcharges or subsidies (e.g. non-urban late night surcharge, 10% credit payment fee, soiling fee or Wheelchair Accessible Taxi trip subsidy).

The fare increase requires changes to the *Taxi Industry Regulations 2008*, a process that will take an estimated 6-8 weeks from the date of this Newsletter. The timely implementation of this increase will ensure that it is in place well in advance of the Spring/Summer period when the level of demand for taxi services is likely to increase. More detailed advice will be circulated to the industry once the date for implementing the fare increase is known with more certainty.

The full review of taxi fares and charges will be a wide-ranging process intended to question, assess and (where warranted) alter the underlying assumptions and processes by which fares and charges are set and increased over time. An aim of the review is to deliver a system to make taxi fare changes more regular and predictable. The Review will be led by the Tasmanian Economic Regulator, which will be seeking the views of the taxi industry and the community on reforms to taxi fare setting and indexation before making recommendations to the Government. It is anticipated that the consultation process will commence later this year.

Wheelchair-accessible taxis

In August 2011, two wheelchair accessible taxis (WATs) commenced operating in the Burnie taxi area.

These vehicles are normally WATs in Launceston, but have been transferred to Burnie under temporary taxi licences (BWA 03 and BWA 04). These vehicles are operating under temporary licences which are in effect for four months, at which time it is expected that they will be replaced by two new WAT vehicles that can be licensed as WATs for the Burnie area.

Vehicle manufacturing and delivery time-frames in Japan are currently severely affected as a result of the tsunami which devastated large areas of infrastructure and plant in that country earlier in 2011. The operator of the temporary Burnie WAT service has no control over these, and the period which the temporary licences are valid for reflects the uncertainties and difficulties of the current situation.

This arrangement has been made in response to the Burnie WAT service closing down earlier in the year, after it had operated continuously since 2004.

DIER will consider, on a case by case basis, other applications from taxi operators who wish to obtain temporary taxi licences to operate a WAT in a taxi area for which no WATs are currently licensed.

All taxi operators are asked to remind their drivers of the following issues and legal obligations:

- WATs are taxis, and as such are entitled to do any taxi work that a standard taxi can do. This includes standing for hire on taxi ranks and carrying passengers that are not travelling in wheelchairs.
- While it is expected that WATs will give priority to wheelchair-reliant clients, if there is no 'wheelchair work' available WATs may carry non-wheelchair reliant clients.
- If a WAT is standing on a taxi rank, anyone may hire it, whether they are in a wheelchair or not. It is an offence for a taxi driver to tell a customer they cannot hire a WAT simply because they are not wheelchair-reliant.
- A taxi driver must not tell a person that they must take the first taxi on the rank.
- A taxi driver must not prevent another taxi from leaving a taxi rank.
- If a WAT passenger is not in a wheelchair and there are fewer than five passengers, the fare is the same as for a standard taxi (Tariff 1 or Tariff 2). The high occupancy tariff (Tariff 4) can only be charged when there are five or more passengers travelling in a WAT.
- A taxi driver must not turn the taximeter on before the taxi starts to move at the start of a journey. This applies to all taxis.
- A taxi driver must turn the taximeter off as soon as the taxi has stopped at the passenger's destination. This applies to all taxis.

Taxi licence tender for 2011

The 2011 tender will be announced before 30 September 2011. As usual, it will be advertised in a Saturday edition of the Mercury, Examiner and Advocate.

People who have signed up to receive electronic notification of the tender from the Government Tenders website should be aware that this service is no longer available. This means if you are registered with this service, you will NOT receive an email when the tender is called.

If you are interested in the tender, you will need to refer to the newspaper for details once the tender is called. DIER does not provide any information about the tender outside the formal notification process.

General enquiries about the tender should be directed to 6233 3573.

Previous Newsletters

These may be viewed on the DIER website, at the following link;

http://www.transport.tas.gov.au/publications/taxi_and_luxury_hire_car_newsletter2

This newsletter is sent to all radio networks and taxi fleet managers, who will make copies available on request. Please make the Newsletter available to drivers. NOTE: DIER issues this Newsletter to operators by email ONLY, as it is easier, cheaper and quicker to do so. If you change your email address, please advise Phil or Alan as under.

DIER Contacts



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Operators should note that queries on all general operational and housekeeping matters should be directed to Phil.

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Vehicle Standards and vehicle technical matters;

6233 5214 or 6233 5314

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