

Australian Taxi Drivers Association

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.. a fair share of a fair fare ..

The General Manager

Adjudication Branch

Australian Competition and Consumer Commission

GPO Box 3131 CANBERRA ACT 2601

Re Application A 91428 Victorian Taxi Association

Submission by the ATDA

This Application is aimed at permitting Taxi Operators in a multi operator network booking cooperative to reach agreement as to maximum fares on booked and contract taxi hirings, which would normally be an unauthorised and prohibited conduct under Australian Competition Law. It does not seek to prevent individual Operators from dissenting, and of lodging that dissent, from that maximum fare, or from competing on price for "rank and hail" work in their zone, or across Victoria in the wider, un-zoned, Country areas.

The substantive benefit claimed in the public interest is the viability of the local cooperative network, and the facility of allocating work to random participant taxis without the complications of assessing a price ranking factor.

There are three significant omissions to this Application:

Firstly is the role of the engaged taxi driver, who is possibly the employee of his Country operator, given the degree of control exercised by the operator. Does the driver also have the right to negotiate and compete with prices for 'rank and hail' or bookings and contract work? And, considering that a discount on the maximum fare may have an impact on the earnings of the driver, is the driver obliged to accept a discounted fare quoted by the operator?

Secondly is the conduct of multiple cooperatives, and of the member operators of those cooperatives in either a single zone, or across zones to confer and agree on maximum fares.

Third is the omission of any mechanism to set, regulate or check, the metered rates set on a taxi meter subsequent to such maximum fare setting agreement. The effect of this Application is that, for any one taxi there are an infinitely variable number of settings for any hiring, and that accordingly there is no certainty for the consumer passenger as to the "regulated" fare.

The Application would appear, on the basis of the VTA Submission, to be reasonable and to be of benefit to the management of regional taxi networks and to the resident passengers in regional Victoria. However, it is the view of the ATDA that this proposed exemption is both unnecessary and potentially represents an exception that will promote confusion and uncertainty in the minds of consumers of taxi services.

The nature of taxi services are that the metered fare, as displayed on an authorised meter, which must be set in action on commencement of a hiring, is the fare. There are circumstances where a mutually agreed contract fare, for what will soon no longer be, an “out of area” trip may be agreed. In Metropolitan Victoria there is a schedule of maximum fares and fare tariffs for all taxis.

In determining that fare structure the Victorian Essential Services Commission had considered industry-wide achievable minimum operating costs, and the 55/45 % sharing of the fare box between driver and operator such as would improve the recognised low earnings of taxi drivers. We would note that the ESC had not developed a non-urban model, but would, in time, obtain sufficient reported data to do so.

It would appear to us to be a simpler and more expedient interim solution to use that maximum fare structure across the whole of Victoria. Cost inputs are different, but marginally so, as are revenue outcomes, and those differences, we suggest, obtain a net balance.

Since the individual operator is not constrained in posting discounts - but is prohibited in setting extra surcharges or fees – it would appear more transparent to have a common metered fare as the maximum commissionable fare payable by a passenger. The protection of the driver’s income from imposed discounts by a network or operator needs be clarified, as does his right or opportunity to himself negotiate and discount fares.

Certainly there needs be a display of discounts available, and of the terms and conditions applicable.

Receipts issued should show all such details

The difficulties for consumers in a potential of every single taxi having differential rates and tariffs is simply mind-boggling. The cost of modifying meters to suit individual operators “notifications” on potentially each taxi is more than a mere unintended consequence.

The default position of a common Maximum Fare presents no especial difficulties for Country Victoria. We note that this exemption refers only to regional cooperatives, and that for those regions or zones where a single operator operates all the taxis, (and often all the Hire Cars) he or she can , after “Notification” apply rates and tariffs unrestrained by any limitations.

The imminent competition from Hire Cars and from taxis operating in other regions will no doubt be such a limiting factor, and that is a desirable result of free market forces.

The ATDA would prefer that it is those forces which prevail and operate to provide optimal and responsive services to the consumer passengers of Victoria. The permission of exemptions and unnecessary variations to Competition Law would be an unfortunate decision and one which would potentially lead to behaviour of a monopolistic nature being supported by the ACCC.

The ATDA opposes the interim granting of this Application by the ACCC, and we will be making further comment on the Application as a whole. There is no urgency, or detriment to either the parties or the public such as requires an interim determination, but in our view the return to the *status quo* would be an almost impossibility if this Application were to be granted on even an interim basis.

Michael Jools

President ATDA

Tuesday, 27 May 2014