

7 August 2020

Jonathan Roberts
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Dear Jonathan

Submission in response to the ESC's Taxi Fare Review draft decision dated 30 June 2020

13cabs appreciates the opportunity to respond to the ESC's draft decision dated 30 June 2020 in relation to the 2020 Unbooked Taxi Fare Review.

13cabs reiterates its commitment to a strong and vibrant Taxi industry and to providing its essential services to ensure all Victorians have access to safe and dependable transport, including vulnerable Victorians.

13cabs confirms and restates its position set out in its submission to the ESC dated 29 May 2020 in response to the ESC's consultation paper that the ESC should increase the maximum allowable cost of a Taxi trip by 11.04% (which is only an increase of 1.76% per year since 2014). For convenience we summarise below some of the key reasons for this from our previous submission:

- There have been no Taxi fare increases since 2014 whereas the costs to Taxi Drivers have significantly increased over this time.
- Earnings of Taxi Drivers should at least be on par with the average earnings for other Australians enabling Taxi Drivers to keep up with the increasing cost of living. Australia's minimum wage is currently set at \$19.49 per hour and Taxi Drivers earn only \$13.50 per hour.
- Price is not the only determining factor of demand and raising the price of a Taxi fare does not of itself affect demand for the service. Healthy levels of demand can exist in an environment where fares are higher than those currently prescribed and will assist the long-term viability of the industry by ensuring Drivers are properly rewarded for their work.

In addition, and in light of your draft decision, we would like to add the following:

1. Changing circumstances in Victoria since the release of the draft decision

Since the release of the ESC's draft decision and due to the increased numbers of COVID-19 infections, the Victorian Government has implemented stringent stage 4 lockdown restrictions. This (together with the other States and Territories closing their borders to Victoria) has caused a further reduction in the demand for services in the Victorian personal transport sector.

13cabs

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Brisbane	Yellow Cabs Australia Pty Ltd	ABN 45 620 658 871	7 Albion St Woolloongabba QLD 4102	t 07 3391 5955
Melbourne	Black Cabs Combined Pty Ltd	ABN 80 007 321 682	35 Downing Street Oakleigh VIC 3166	t 03 9277 3700
Newcastle	Newcastle Taxis Pty Ltd	ABN 17 121 237 385	5/8 Channel Road Mayfield West NSW 2304	t 02 4940 5955
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The Government's assistance package recognises the serious impact COVID-19 has had on the Taxi industry and the essential nature of the service provided by Taxis. The ESC's decisions and actions are not aligned with the Government's views and actions and are directly at odds with its own mandate to preserve, maintain and ensure the viability of the Taxi industry for the benefit of Victorians.

With such a significant drop in demand and commensurate impact on Driver earnings it is even more essential that the earning potential for Taxi Drivers is set at a level that enables them to pay their bills and survive in these extraordinary times. Forcing Drivers to work additional hours just to make ends meet puts their safety and mental health at risk. It is vital that with a such a significant drop in demand that the ESC recognises that the travel facilitated by Taxis is not only essential but now also carries additional risks for the Driver.

2. The ESC's decision directly threatens the viability of the essential service that it is mandated to protect

The ESC's decisions over the last six years to not increase Taxi fares has been the cause of the stagnation of Driver earnings as the regulated Taxi fare effectively sets what a Driver can earn from fare to fare.

This stagnation also directly affects the size of the Driver pool and the industry's ability to attract people to a worthy and necessary endeavour to support on of Victoria's essential services. The ESC's decisions to not increase Taxi fares over the last six years threatens the viability of the Taxi industry and therefore the long-term interests of Victorian consumers.

In addition, through the stagnation of Taxi fares over the last 6 years the ESC has implicitly favoured the rideshare model. For example, during peak hours (such as Saturday nights) rideshare fares are indiscriminately increased with demand (this is known as surge pricing). It also further illustrates the point that an increase in fares does not mean a drop in demand. In fact the very opposite – the increase in demand is what drives the increase in fares which is met by the needs of passengers. Due to the ESC's suppression of Taxi fares for the last 6 years Taxi Drivers do not get to share in this uplift.

Further, if it is the ESC's intention to shield Passengers from increases in prices by suppressing the Taxi fare then it has effectively failed in its endeavour by exposing Passengers to indiscriminate price surging by rideshare.

The ESC has through its own decisions has created an unfair competitive landscape in Victoria working against the essential service it is mandated to ensure the viability of.

3. The ESC is behaving differently with the Taxi Industry when compared to how it regulates all other essential services

For the overwhelming majority of commercial services that the ESC regulates (including ports, rail, telecommunications, and water rights) the regulated prices of these essential services are subject to annual pricing escalators which allow the regulated prices to be adjusted for inflation, usually based on movements in the CPI.

This is in stark contrast to the way in which the ESC regulates Taxi fares where the ESC has determined that no increases in Taxi fares nor the incorporation of any annual price escalators were necessary for the last six years. This approach is unfair, mean spirited and short sighted.

The manner in which the ESC has approached its responsibilities in respect of the Taxi industry has constrained the viability of an essential service within a rapidly changing regulatory,

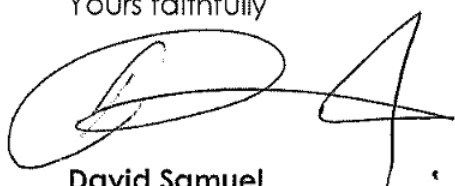
commercial and competitive context and therefore has acted contrary to its mandate to act in the long-term interests of Victorians.

To ensure the viability of the regulated essential service provided by the Taxi industry 13cabs again submits that it is necessary for the maximum Taxi fares to be adjusted upward.

Drivers are pivotal in ensuring the delivery of this essential service. Taxi Drivers are the front line in ensuring that all Victorians can access safe, reliable, and quality personal transport services. Another failure to adjust fares upward will only serve to push Driver earnings further below those of other Australians and diminish the industry's ability to attract and retain the services of quality Drivers.

There would be substantial value in dialogue directed at creating a fairer and more equitable outcome than what is currently proposed and we look forward to the opportunity to engage further.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Samuel', with a stylized flourish extending to the right.

David Samuel
Head of Public Affairs