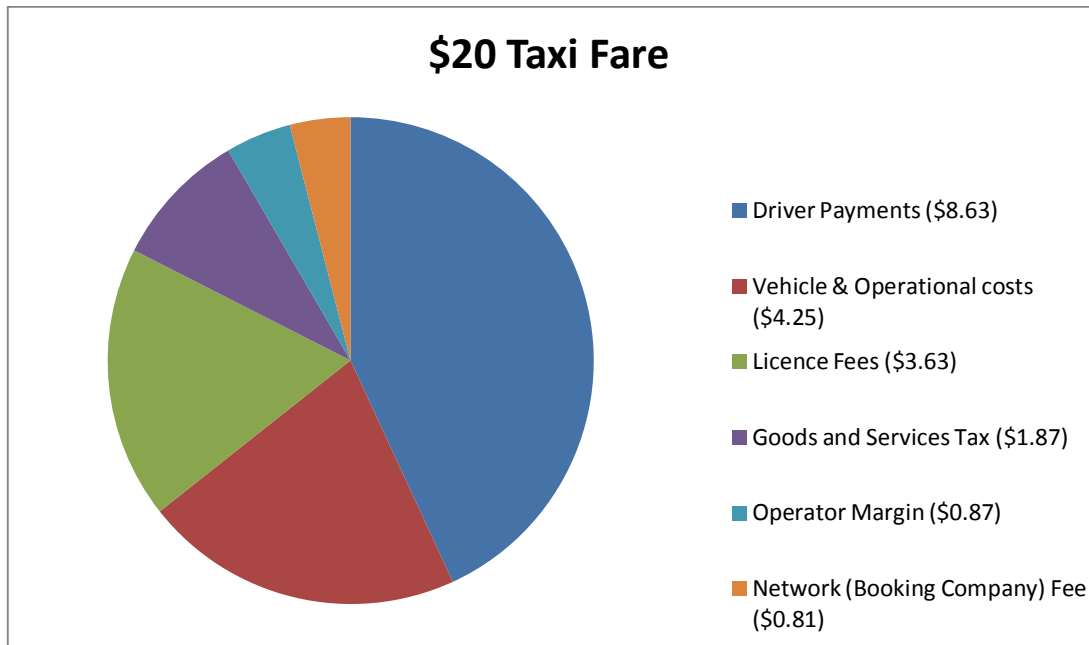


THE BREAKDOWN OF A \$20 TAXI FARE



*Numbers are taken from Herald Sun September 30 2011 page 13.

- To improve the Victorian taxi fare structure, we first need to understand how the current structure works.
- The slice going to licence holders, particularly those who reside outside the industry as pure investors, is too large. The VTA believe the licence fee should be capped. The freed up revenue should be returned to the driver to lift their earnings above \$8- \$10 an hour, and ensure that the industry is able to attract and retain good drivers.
- The VTA advocate introducing a minimum contracted amount of 50% of each shift to be retained by the driver. To ensure the revenue referred to above is retained by the driver, a single State wide written agreement signed by every operator and driver entering into a bailment arrangement must be introduced and mandated.
- Over the medium to long term prices for customers won't increase to the extent that they might otherwise, because the revenue flowing into the taxi will rise as a result of increased occupancy. As a result, fare increases will not be relied upon as heavily to ensure drivers are better remunerated.
- The notion that operators and booking companies take too much of the pie is overwhelmed by the evidence. For the supply of the booking equipment, the technology in the taxi (including vital components for driver and passenger safety) the booking company receives \$0.81 from every \$20 spent in a Melbourne taxi. The operator receives \$0.87 out of every \$20 after they pay for the vehicle and other operating costs like fuel and insurance. Without their investment there simply wouldn't be a taxi.
- **The pie at present is not big enough. This is hardly surprising given that Victorian taxi fares have not moved since 2008. In this time CPI has increased by over 12%. Victorian fares are currently 30% lower than NSW and Qld taxi fares.**

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