



REVIEW OF MULTI PURPOSE TAXI PROGRAM

Victorian Taxi Association Response

INTRODUCTION

The Multi Purpose Taxi Program (MPTP) is a government funded service for many Victorians who suffer from significant disability and mobility issues. The Victorian taxi industry has proudly provided this service for over 30 years and welcomes the opportunity to discuss ways the level of service to the community can be improved for the community and in a way that is financially sustainable for the Government and MPTP transport service providers. Providing accessible transport is a vital service that government values from an inclusion and economic perspective. This service can be very challenging to deliver both structurally and often personally. The taxi industry and the government have partnered for many years in efforts to provide a service that meets community expectations and is financially sustainable. In recent years, community and government expectations have grown and have increasingly looked to the taxi industry to meet those expectations in delivering what is fundamentally a government service. As a commercial industry, however the sole industry delivering the MPTP, the taxi industry is proud of the strong relationships that have been formed in delivering and attempting to improve taxi service to MPTP members.

The Victorian Taxi Association (VTA) was pleased to host a consultation session with the Department of Economic Development, Jobs, Transport and Resources (EcoDev) MPTP review team at our premises in Port Melbourne on 17 November 2015. This gave industry participants the opportunity to hear from those conducting the review and get a better understanding of the review's scope and goals. All who attended were pleased to hear the review team report that the program is financially sustainable and that the monetary value of the scheme, eligibility criteria and caps will not change which is good news for the MPTP community.

The VTA understands that that the review is focused on practical ways to enhance the existing program of transportation services of those who are eligible for the program. The VTA's response to the discussion paper *Improving transport for Victorians with limited mobility, A better Multi Purpose Taxi Program* follows. The response addresses the key topics raised in the discussion paper. The VTA is available to discuss or explain anything further with the review team should they require it.

Initially, however, the VTA feels it is imperative to discuss how significant reform initiatives have impacted on the ability of the industry to continue to provide this service in its current form.

Post Taxi Inquiry

The EcoDev Department would be well aware of the Victorian Taxi Industry Inquiry conducted recently, its recommendations and the set of reforms introduced by the previous government as a result.

The systemic nature of some reforms, particularly those relating to licensing, have significantly shifted the industry's view of itself, the service it provides and what obligations can and should be imposed upon it by government.

For many years the supply of taxi licences was heavily regulated. This regulation helped establish a view that because supply was restricted and external competition was limited, taxi services became an 'essential service', therefore the industry had an obligation to ensure all parts of the community could access taxis.

With the removal of these traditional 'protections', and a number of other reforms such as a mandated 55/45 driver-operator split, the industry must now seek to operate in a more commercial environment and now questions the commercial viability of these services. Over the past few years it has become evident that many operators and networks across the state operate these services operate at a loss or, at best, from a revenue neutral position.

With the emergence and growth of less regulated services and a virtual 'opening up of the market', the VTA and its members are reviewing business structures, service offerings to the consumer and, unfortunately, the commercial viability in continuing to provide wheelchair accessible services. This is of deep concern to many taxi industry members and a position we would prefer not to be in. Fundamentally, the VTA are of the view that there is, and has always been, a significant market failure regarding the commercial viability of accessible services. As a result, continued government support is necessary to ensure the services can be provided at an appropriate standard. Without this support the service will diminish both in terms of viability and quality.

The current MPTP scheme, while being of great benefit to target members of the community, in many cases, no longer provides adequate incentives to make specialised services commercially viable. Other incentive systems, such as the Performance Based Booking System (PBBS) are administratively difficult to participate in for many businesses, extremely costly in regards to reporting and fundamentally flawed in design. The PBBS also lacks clear definition in regards to what it is trying to achieve.

Common issues

The introduction to the discussion paper points out some "common issues encountered by program users". The VTA does not contend that users do not face issues from time to time but does not agree that the issues are *common*. It is also the view of the Association that statements such as this over simplify service delivery difficulties, costs and challenges. Furthermore, there is a failure to properly recognise that users of the program outside of metropolitan Melbourne seldom face issues, in fact, in some areas response times for MPTP trips taken in Wheelchair Accessible Taxis (WAT) are faster than those for conventional work and operate well within the standards and requirements set out in the Disability Discrimination Act (DDA).

The review commented on the positive feedback from customers in regional areas and this commentary appears to be confirmed by the extremely low rate of complaints about the ability to access WAT services. A further point worth noting is that in these areas there simply is not the range

of transport options available to the customer that there are in the metropolitan zone, making the services even more central to these communities and the mobility of program cardholders.

In regards to the metropolitan zone the VTA accepts that passengers sometimes experience unacceptably long wait times for WATs. However, two points must be emphasised: this is not the norm; and most MPTP journeys are conducted in a responsive and timely fashion.

A large proportion of travel in WATs is 'privately booked', meaning it is conducted by drivers/operators with independent relationships with passengers for regular travel. This arrangement works extremely well for both customer and driver and the VTA would strongly oppose any regulatory invention that would interrupt this process or undermine these relationships. While it is not raised in the discussion paper, the proposed Centralised Booking System (CBS) could threaten this self-regulating and efficient process and is a key reason why the VTA oppose the introduction of a CBS.

It has been recognised that challenges in the metropolitan zone in relation to accessing WAT and MPTP services tends to affect 'ready to ride' (immediate) bookings during peak times when there is high demand across the taxi fleet. The VTA strongly rejects the notion that this is a failing of the booking service or network. Networks have no 'power to direct' taxi drivers under the law, and this relationship is often oversimplified.

The VTA has provided numerous submissions on this topic and suggested possible ways to create greater incentives to encourage drivers to take this work, and harsher penalties for those who reject it or refuse to do it. The rejection by WAT drivers of this work is a clear breach of the licence conditions, and a lack of meaningful enforcement in this respect sees the problem continue. If government believes that taxi dispatch companies and networks should be more involved in this space, changes to the law are required that would empower them to do so. To date, little of what has been suggested has been acted upon. The VTA would be happy to provide further information in regards to this matter.

The lack of available drivers across Victoria is also a challenge that impacts accessible services. In effect this means that taxis sit idle even during periods of high demand. The VTA is working with government to resolve this issue and while it may only affect the WAT service indirectly it is no doubt impacting the ability of operators and networks to supply the service.

REGULATION

In relation to allowing other forms of transport to access the MPTP program three important factors need to be considered.

Regulatory imposts on taxi services

The first relates to the regulatory imposts that are placed on the taxi industry in regards to the conduct of this work. The industry must do all it can by law to provide the service in a particular way. This is outlined in the DDA and in the taxi licence conditions. If the program was to be extended to other transport modes it would be vital to ensure that the same requirements were imposed upon the new service providers or the requirements currently imposed upon the taxi industry be removed.

It would seem fair to assume an extension of the service to other service providers would increase regulatory burden and cost to government. It appears little work has been done on who is likely to provide such services (given they are expensive to provide and at this time require a high degree of regulatory compliance) and what the potential improvements and impacts on customers are likely to be.

Processing the Scheme

The second issue that has received frequent comment, often misguided, relates to how MPTP cards are processed in the taxi. Much has been said about the fact there is only one supplier in this regard. It is important to recognise the contract to process the MPTP is not exclusive and any processing company can apply to the regulator to have their payment processing equipment authorised for this purpose. To the VTA's knowledge no other company has either been interested in, or been able to, meet the requirements the regulator imposes to protect the integrity of the scheme.

In the VTA's view, stringent regulatory compliance is required in this space because a significant amount of government money is expended on the program. To reduce these standards could potentially lead to increases in fraud. Not only is this illegal behaviour, but it would also put additional pressure on the budget as illegitimate users without entitlement would be drawing down on the total budget.

If the MPTP scheme was to be expanded to other transport modes the same rigorous anti-fraud requirements would need to be imposed.

Fares

The third consideration relates to the charging of variable fares. One of the reasons the MPTP budget has been sustainable is that price is regulated by government.

In regional areas variable pricing of taxis via the price notification process has seen it become increasingly difficult to manage from an administrative point of view. It seems an unfair burden on regional passengers because they are required to make up the difference (between the previously regulated fare and the actual fare), meaning they pay more for the service than their equivalents in urban and metropolitan zones.

If the MPTP scheme was extended to services whose price is not regulated, unsustainable pressure could be brought on the scheme's budget. As a result, it is necessary to seriously consider how these services would charge the fare. Once again, the VTA envisages regulatory intervention would be required which would come at a cost, highlighting the importance of understanding whether the benefit of extending the services outweighs the cost.

INTEGRATION

Better integration with public transport

The VTA sees no reason not to work towards better integrating public transport and taxi services. The Association is willing to work with government and other transport providers to ensure that the taxi work and public transport services are aligned.

One obvious complexity in this regard relates to the different nature of the travel. Public transport is set, both in terms of route and time, while taxi travel is point-to-point at the discretion of the passenger.

The discussion paper also raises the idea that “the provision of fully subsidised public transport could enhance flexibility and choice for program users, leaving it for them to decide if and how they use public transport”.

This is an admirable goal, however, it could result in significant additional cost to government. There also appears to be questionable justification given concessional arrangements already exist for accessing public transport. The reason the groups concerned do not choose to use public transport, but prefer to travel via taxi appear to relate to the degree of flexibility, mobility constraints, accessibility and convenience.

There appears to be little, if any, economic justification to choose a taxi over public transport. Even when subsidised, a taxi will almost always cost the consumer more than public transport. Given this pertinent factor incentivising customers to use public transport over taxis may prove inefficient and inconvenient to cardholders for no tangible economic or social benefit. This should not be taken to mean the VTA oppose making consumers aware of their options when it comes to choosing how they travel.

Integration with local and community transport

The discussion paper raises the idea of integrating taxi services with local and community transport services. This concept brings up a number of issues for the VTA.

Firstly, these un-regulated forms of transport work in ad hoc and unstructured ways. Logistically, even if integration was desirable, it is hard to envisage how it could be achieved to ensure reliable transport options for users of the MPTP.

The notion of integrating these services also raises a broader set of issues around the level of, and need for, the current regulatory rules that dictate precisely how WAT services are provided. Community transport and hire car services are not exposed to the level of regulatory scrutiny for the provision of such services at this point in time, this leads to a direct cost (or not in the case of less regulated providers) in delivering a service. This includes driver accreditation, vehicle standards and in car safety mechanisms. If government were to encourage MPTP customers to use these services and allow community and local transport services access to the MPTP fund, the requirements and impositions upon the taxi industry be reduced or they be required to meet the same level of regulatory compliance as the taxi industry.

The VTA is of the view that it would not be cost effective, or in the customers’ interest to extend the MPTP scheme to providers of local or community transport until issues of regulatory compliance are addressed. The VTA’s concerns, which the broader Victorian community would most likely share, range across the scope of the scheme: from ensuring passenger safety to how the scheme is processed and administered to avoid fraud or other undesirable externalities.

Access to mobility services

The discussion paper raises the idea of creating a single access point for consumers whereby they can see the range of transport options available to them. The VTA does not oppose this idea. However, it would need to be designed in such a way as to ensure it was accessible to a wide range of stakeholders with varied needs.

IMPROVEMENT AND INNOVATION

Wheelchair journeys – improvement opportunities

The section of the discussion paper *Wheelchair Journeys – Improvement opportunities* focuses heavily on the utility of the \$16.50 lifting fee. The VTA strongly rejects the view that its removal wouldn't impact upon service availability and reliability. There are few incentives left to encourage the market to actively do WAT work over standard work. The VTA questions this assumption and sends a strong warning that removing the lifting fee without full consideration of new incentives would have significant and serious implications.

It is important to acknowledge that WATs exist in a competitive market where the infrastructure to provide the service, including the vehicle, and the cost of the work (doing the job) are far greater than the costs associated with a standard taxi. In order to ensure people are willing to provide the service which attract higher costs incentives are vital to direct the available resources. This is highlighted by the extremely low rate of WAT licences taken up since the market was 'freed up' in 2014 from a supply perspective. It is clear that the additional costs associated with a WAT are not attractive when a cheaper more economically viable option is available, regardless of any potential differences in demand. This is an obvious market failure and justifies regulatory intervention.

The VTA do not agree with the assertion that the lifting fee is "contributing to a range of other objectives". In the first instance there is simply not enough money involved for this to be occurring on a large scale. Secondly, the original reason for the introduction of the lifting fee remains. How operators and drivers chose to use the additional revenue is a matter for them. The most important aspect for the fee is that it addresses a market failure, in that it encourages operators and drivers to do this important work. The majority of the fee goes to the driver (at least two thirds) accounting for the initiative's original justification: to offset additional time spent safely loading and unloading passengers using wheelchairs. Some of the money going to the operators is justified due to the time taken to load and unload passengers as well as the higher vehicle investment. In a standard taxi they would not suffer this loss and thus would benefit from higher occupancy due to more 'efficient' trips.

Performance Based Booking System (PBBS)

The PBBS is a badly administered, unnecessarily expensive and flawed incentive system. Its objectives have become confusing and the way it is administered frequently shifts. As previously discussed, if government wishes taxi networks to supply this service to the community intrinsic market failures must be accounted for. In locations where a very high level of service has been achieved, it is incorrect to conceptualise this program as an incentive, when it acts as a clear subsidy.

The current PBBS is variously described as a government subsidy to provide the service and incentive based program to ensure better results. This works in theory, but the current administration of the scheme is flawed in that it requires continuous improvement, even when equality in service delivery, or better, has already been achieved.

Having said this, the importance of the \$5.80 fee paid to those who achieve certain targets under the PBBS, particularly in regional areas, cannot be understated. The market does not deliver adequate levels of remuneration to the provider to make it commercially viable to offer this service without it, making it a subsidy not an incentive. There is no doubt that without this payment many

networks would simply not provide the service at the same level as they would not be able to run their business and deliver current service levels, which in regional Victoria are very high. This would be devastating to both taxi providers and members of the community.

Supporting older Victorians who can no longer drive

The discussion paper raises the idea of expanding the program to include consumers who can no longer drive. The VTA does not oppose this idea, however, a thorough examination of the scheme's budget would need to be conducted as it appears the scope would be significantly expanded if this initiative was acted on.

Group travel

The discussion paper considers how group transport can be better organised to make the MPTP scheme more efficient. This is an issue the VTA encountered when trying to organise local services for MPTP users particularly in country areas. To date no meaningful or systemic way forward has been found. Most barriers do not result from industry reluctance but rather, and understandably, the administrative processes put in place to ensure the integrity of the subsidy.

At present the scheme appears to be fundamentally structured around the notion of individual travel. This would have to be addressed at a regulatory level, however, one option could be to allow organisations to apply for a card on behalf of its clients. Individuals could still access a card but if the organisation could also access the program, it would allow that organisation to arrange group travel where multiple clients need to be transported together. Obviously, there would need to be a strong audit regime to ensure the organisation was servicing the groups they are purported to be and not using the card to provide cheap transport for those not eligible for the MPTP scheme.

The VTA is available to discuss ideas and proposals such as this with the review team should they request it.

Eligibility, renewal and applications

The discussion paper also raises the idea of introducing a regular renewal process for cardholders. The VTA is of the view that given the program has not expanded outside of what would be considered normal growth, this is largely unnecessary, would increase stress for cardholders on a regular basis and would introduce significant administrative costs. The majority of those who access the scheme suffer from complex medical issues where recovery to the extent that they no longer require transport support is often unlikely.

Instead, the program could institute a system that characterised the needs and likelihood of rehabilitation of certain program users upon initial application. Users with a condition where rehabilitation was likely or possible could then be flagged for periodic review.

The discussion paper also raises the possibility of creating a single point of access to transport concessions and including a photo of the customer placed on the MPTP card. The VTA does not object to these proposals.

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