

What Price Drivers?

A serious look at driver shortages and some forthright views on what needs to be done to bring new drivers into our industry.

Why is there a serious shortage of drivers in our industry when only a few years ago operators could obtain them fairly easily, in some cases without even advertising?

One Graded member spoke recently about the days when he ran a waiting list for drivers, those were the days.

The most significant reason for driver shortages now is probably the cost of becoming a licensed driver. Many of today's operators in London entered the industry in the 60's or 70' when prices sat 15% - 25% below those that black cabs charged. Many of these operators were also either former drivers, or drove as support drivers, to build up the companies they owned and managed.

The owner-driving operator had a good feel for prices and the ability for his or her drivers to earn a decent living, as they knew first hand the outgoings and the good potential earnings that could be made.

There was also a mentality around that self employment and



working a full week would give a reasonable reward for the driver who was prepared to put the hours in.

Like many others I entered the Private Hire Industry in the early seventies when I discovered that my mates were earning more money than I could as a qualified engineer.

On a busy Saturday night I could sometimes take more money than my take home pay for a week as an engineer. The bottom line was with limited outlay, a good car and a realistic outlook to putting in some hard work I could earn a good living.

Sadly, at present, this is no longer possible in most cases because the cost of being a Licensed Private Hire Driver is in many cases now disproportionate to the income potential.

In London, the Private Hire Industry, has been undermined for a very long time, by illegal touts, rent a wreck operators and low pricing. The cheating cheap and cheerful brigade, have seriously damaged realistic pricing.

Even some of the better operators have also succumbed to selling themselves down the river, by bidding for corporate work at an unrealistic price.

The price per mile that most Private Hire Operators still set is way below what is needed to recruit and sustain a good supply of drivers into the industry.

Licensing, and in particular the imminent onset of vehicle licensing, is now about to change the low pricing mentality for ever as unrealistic pricing will starve the industry of drivers. Operators will have to think 'driver' and reflect on what is it like to work in the front line these days? The costs, the traffic, the hours and the stress.

With traffic worse than years ago the ability to earn the same as yesteryear has been eroded by the driver's inability to get about quickly enough to cover the miles needed to earn enough money. Furthermore, with prices suppressed by poor operators and a massive paranoia about raising fares, the driver's earning potential has slipped even further behind.

The final sledgehammer on a good income potential for drivers will be licensing costs, which in London means the arrival of a £1,000 fee to become a Private Hire Driver.

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The LPHCA has been saying for some while now that it will cost drivers an outlay of getting towards a £1,000 to start in the Industry and that does not include potentially arriving with a vehicle that will cost anything between £4,000 and £40,000 depending on whether minicab or chauffeur.

Vehicle licensing may be a defining and painful point for current drivers and those wishing to enter in the industry in future. Private Hire is not yet in sync with the realistic and appropriate pricing needed to make a decent living in what will become a very regulated industry.

The foolhardy operators that went into Dutch Auctions for contract work at very low fixed fares over a number of years may now find themselves in deep trouble. High volume quality work they were told but it was not guaranteed.

Smart Pricing

Smart and smarter pricing will be the only way to get drivers on the road and into the industry. Economics, supply and demand will determine that unless there are radical changes in the sector, many will be in trouble.

So what should you charge and how should you charge it? It would be wrong to stifle fair competition or talk of price fixing as a responsible Trade Association, however it would also be very irresponsible not to point out the dangers of the status quo on fares, i.e. Londoners being stranded without a PHV to get them home, to work, to school or to the hospital, etc.

We need to get back to where we started with prices sitting realistically below the higher Licensed Taxi fares. With licensing costs now brought into the equation that probably means somewhere about 10% below licensed taxis for a newly licensed PHV on mileage. That is not the end of the story because as well as mileage, the taxi charges by both time and time of day.

Sir George Young's original draft London Bill made provision for meters in PHV's but it was lobbied against and prevented in the '98 Act by those who may now regret their former stance on metering. Regardless of the ability to have a metering device in vehicles, computer systems in operating centres linked smartly by new technology in many of today's Private Hire Vehicles will make smart pricing a thing of the future for PHV's.

For those operators without the deep pockets required for the new technology, simple rules can be applied to produce much more realistic tariffs for drivers to be able to earn a reasonable living.

It would seem sensible to shadow the black cab tariff, which has stood the test of time. Smart pricing, in my view, should be able to cope with a basic tariff, a rush hours tariff, an evening tariff, a late night tariff and a

weekend tariff. In addition, in theory fares appropriate to the weather, the time of year (Christmas), the journey to be undertaken and the actual demand would be possible.

Before the politicians, office of fair trading, consumer associations and monopolies commission get too excited, the objective is to meet demand with appropriate supply and to encourage drivers to work in the bad traffic, bad weather, late at night and the rush hours when at present many PHV Operators spend hours telling frustrated customers they have no cars. Fares do not need to be extortionate, they need to be realistic.

The Private Hire Industry needs a mind-set change on pricing, and those who do nothing won't get enough drivers and may struggle to stay in business.

STEVE WRIGHT

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