

A CASE FOR AN INCREASE IN FARES FOR ROUTE TAXIS

The Annual inflation rate for Jamaica was eight point six percent (8.6%), for the Year 2006. As of September of this year (2007), the year to date inflation rate is eight point nine percent (8.9%), according to the figures from the Statistical Institute of Jamaica. The figures for 2007 have not factored in the massive increases in petroleum and grain products that Jamaica has been experiencing over the last two months.

The current World conditions coupled with the present financial instability in the U.S.A. have had some economists predicting that Jamaica's inflation for 2007, could average anywhere from twelve (12) to fifteen (15) percent. Route Taxi Operators and their industry have been hard hit by the current economic conditions in the country. Several Operators have been forced to abandon their legitimate operations and go into robbing. This does not augur well for the general safety of the commuters or for the revenues of the country. The latest round of increases in the prices of petroleum products is indeed the proverbial straw that has broken the camel's back.

Route Taxi Operators were last granted a fare increase in September of 2005. That twenty-five percent (25%) increase allowed operators to charge Forty-Four Dollars (\$44.00) for the base stage (the first 2 kilometers) and Two Dollars Fifty Cents (\$2.50) per kilometer thereafter.

Since the formation of the National Association of Taxi Operators in 2003, we have been collecting costing data as it relates to and affects our industry. The standard methodology used is collection of prices via telephone interviews with approximately seven randomly selected suppliers in each parish. Focus groups comprising five taxi operators are interviewed on the cost of inputs and other issues relating to the overall cost of operating. The total average percent change is then arrived at, and called for want of a better name "Route Taxis Inflation Rate."

Our research put the Route Taxi inflation rate over the two-year period 2005 to 2007 at approximately ninety-nine point eight two percent (99.82%). (See Figure 1). Our figures show that to be at the same level as we were in 2005, the time of the last increase, we must have a fare increase of at least ninety-nine point eight two percent (99.82%) above the current Forty Four Dollars (\$44.00) basic rate. This increase would result in a base rate fare of Eighty Seven Dollars and ninety-three cents (\$87.93).

We are however asking for a fare increase of only sixty percent (60%), having taken into consideration the current economic condition in our country. This will see the new fares at Seventy Dollars (\$70.00), rounded off to the nearest dollar for the base rate of two kilometers and Four Dollars (\$4.00) per kilometer thereafter.

Also in an effort to stem the growing practice of operators (drivers) overcrowding the taxi with children to recover more of the amount that we subsidize the children fares, we are asking that the proportion of fare for children be increased from half of the adult fares to two thirds of the adult fare.

The practice of cramming more children than it is safe to carry is a very dangerous practice and must be stopped.

Over the past two years, taxi operators have been experiencing a steady decrease in our buying power.

Our request for an increase now, will not enable us to recover what we have lost due to inflation over the past two years, instead we will just about break even.

Average Costs Facing Route Taxi Operators

<i>Item</i>	<i>Nov. 2007</i>	<i>Nov. 2005</i>	<i>Percentage change %</i>
<i>Gasoline (per liter)</i>	<i>\$61.00</i>	<i>\$35.00</i>	<i>71</i>
<i>Oil (Quart) *1</i>	<i>\$340.00</i>	<i>\$180.00</i>	<i>89</i>
<i>Tyres (size 13)</i>	<i>\$2,500.00 *2</i>	<i>\$1,800.00</i>	<i>38</i>
<i>Clean and care (twice weekly car wash outlets)</i>	<i>\$700.00</i>	<i>\$400.00</i>	<i>75</i>
<i>Minor Repairs (monthly)</i>	<i>\$2,600.00 *2</i>	<i>\$1,500.00</i>	<i>73</i>
<i>Service Parts (Monthly) *4</i>	<i>\$1,258.00</i>	<i>\$503.00</i>	<i>150</i>
<i>Insurance (Annual Average) *3</i>	<i>\$35,000.00 *2</i>	<i>\$26,000.00</i>	<i>34</i>
<i>Transport Authority Fees T.A.</i>	<i>\$8,400.00</i>	<i>\$5,000.00</i>	<i>68</i>
<i>Examination Fees</i>	<i>\$1,500.00</i>	<i>\$500.00</i>	<i>300</i>
<i>Fees for parking; Taxi stand (Weekly average)</i>	<i>\$500.00</i>	<i>\$250.00</i>	<i>100</i>
<i>Fees to "back-up men" (Weekly average)</i>	<i>\$500.00</i>	<i>\$250.00</i>	<i>100</i>
<i>Route Taxi Inflation Rate</i>			<i>99.82</i>

Figure 1

- *1 - cheapest Brand**
- *2 - rounded off to the nearest dollar**
- *3 - third party only**
- *4 - oil filter, plugs, air filter and disc pads**