

# APPENDIX ONE

## COLTA Fare Increase Report July 2012

### Introduction

This report will provide an overview for the formal request of a fare increase rise for COLTA. The fare increase has not happened for a period of approximately eighteen months. This has been due to variety of Socio and Economic factors that have culminated in a stall in the rate of fare increase and contributory factors concerning the day to day running of a licensed hackney carriage in Oxford.

The report will also include a schedule of increases in line with National inflationary and cost of living derivatives. An attached pro-forma for the increases will explain the requested rate increase and breakdown of how these figures were achieved.

### Overview

COLTA are requesting the fare increase in line with the rate of inflation over the past 18 months and then an additional six months . So in short two and a half increases breaks down in terms of 1 increase per year as of 2009- 2012, then an additional increase for a further 6 month period from 2012- mid 2013. This 2.5 figure reflects a hike in the inflation rate over the past two years whereby there has been no fare increase for COLTA.

### Rational

In the middle of 2008 record high oil prices were driving up transport costs etc, feeding through into the prices of products in the shops and contributing to higher household energy bills. Food prices were also rising fast. This has been blamed on oil price rises, which make commodities such as fuel more expensive but also due to the drought, rising demand from emerging economies and land being used for such resources such as biofuel. A fall in the value of sterling also forced up the cost of imported goods.

By early 2009 the price of crude oil had slumped losing two thirds of its value in just six months. The global recession had taken hold and this caused an array of fiscal, monetary and household expenditure issues.

The RPI measure which includes housing costs was negative because successive cuts in interest rates meant lower monthly mortgage repayments for many. The overall residing factor here however is that the inflation rates were short lived. VAT went back up to 17.5% and then at the beginning of 2010 went up to 20% the following year. As one can see, a very sharp hike for the cost of living in a 6-9 month period.

It was fairly evident for the British population especially in a City such as Oxford that big rises were coming along. Low and behold gas, electricity, oil, and other fuels shot up in price. Food and transport costs including the running of vehicle soared as a result. This quite simply meant that by September 2011 the RPI rose to 5.6% the highest annual rate since June 1991.

### **Spending Power for the British Public 2009-2012**

The changes in the inflation rate over the past couple of years reflects periods when prices have been rising by different amounts. Prices have been going up consistently so even during periods when the inflation rate was falling prices were still going up.

This meant that for households wage growth was well below the rate of inflation for the past four years which equates to the buying power for families has dwindled as the money that comes in will not be able to buy that much.

Since 2007 increases in VAT , import prices and energy prices have together pushed up price levels by up to 15%. This has choked real wages and this will culminate in the longest period whereby real wage levels have failed to rise since the 1920's.

### **COLTA Fare Rise Request**

This report has tried to raise the plight of the Global economy which will affect the Eurozone and then on a National and ultimately Local Level. Factors that have come to light since the recession and indeed we are still in a third negative growth period, means that real wages and cost of living is being squeezed.

We are facing more austerity measures as well as other economies crashing and costs rising further. Therefore we are requesting the following fare increase to help us keep up with the CPI and RPI increases over the past two years. Please find proposed increase below. (The National Average Fare at July 2012 taken from the Private Hire Monthly Magazine).

	Average	Oxford 2011/12	Oxford 2013
Flag fall on Tariff 1	£2.65	£2.45	£2.50
Flag fall on Tariff 2	£3.53	£2.50	£2.50
1 mile fare on Tariff 1	£3.63	£4.38	£4.70
1 mile fare on Tariff 2	£4.80	£5.46	£5.85
2 mile fare on Tariff 1	£5.42	£5.68	£6.18
2 mile fare on Tariff 2	£7.16	£7.27	£7.93
5 mile fare on Tariff 1	£10.81	£9.58	£10.62
5 mile fare on Tariff 2	£14.50	£11.17	£12.37
10 mile fare on Tariff 1	£19.81	£16.08	£18.02
10 mile fare on Tariff 2	£25.97	£17.67	£19.77
Running mile on Tariff 1	£1.79	£1.30	£1.48
Running mile on Tariff 2	£2.34	£1.25	£1.48
Running mile on Tariff 3	£2.69	£1.95	£2.22

The running mile in Oxford on Tariff 1 will still be 17% less than the national average.  
 The running mile in Oxford on Tariff 2 will still be 37% less than the national average.

Tariff 1 % increase at 1 mile = 7.5% At 2 miles = 8.5%

Tariff 2 % increase at 1 mile = 7% At 2 miles = 9.0%

Tariff 1.	The first 70m	£2-50
	Each 70m to 1610m	£0-10
	Then each 110m	£0-10
	Waiting time 20sec	£0-10
Tariff 2	The first 47m	£2-50
	Each 47m to 2115m	£0-10
	Then each 110m	£0-10
	Waiting time 19sec	£0-10
Tariff 3	The first 70m	£2-80
	Each 70m to 1610m	£0-15
	Then each 110m	£0-15
	Waiting time 20sec	£0-15

The last time that an increase in meter price was given on journey distance was in January 2009 when diesel was 98.7 ppl (from the AA web site) it now costs 137.9 ppl a rise of 38.2 ppl. Or £1-74.9 per gallon.

Insurance has gone up 100%

Servicing costs for a purpose built taxi work out at - £16-00 per 1000 miles

Tyres cost - £13-00 per 1000 miles

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