



Roadworthy: Pricing for a Sustainable Driving Instruction Industry

by Nicole Thompson and the ADTA

As the driving instruction industry finds itself at a crucial juncture, both economically and in terms of its contribution to road safety, a set of pressing questions arises.

- *How can driver trainers sustain their businesses while meeting their overheads and earning a fair remuneration?*
- *What are the prevalent pricing models, and how do they align with the real costs of running a driving school?*
- *Is there room—and a need—for an industry-wide shift in pricing strategies to ensure long-term viability?*
- *Moreover, how can this be achieved without running afoul of anti-competitive laws as set forth by the Australian Competition and Consumer Commission (ACCC)?*

This collaborative initiative by Nicole Thompson and the Australian Driver Trainers Association (ADTA) aims to address these questions and more. It offers data-driven insights, financial analyses, and actionable strategies aimed at evolving the industry into a more equitable, reputable, and financially sustainable enterprise.

Introductory Note: Addressing Anti-Competitive Concerns

Before diving into the complexities and recommendations for the driver training industry, it's imperative to discuss the legal framework around anti-competitive behaviour, as laid out by the Australian Competition and Consumer Commission (ACCC). In Australia, cartels—groups of businesses agreeing to act together rather than compete—are illegal and punishable under the Competition and Consumer Act 2010.

What Constitutes a Cartel?

- Independent businesses colluding to increase profits while maintaining the illusion of competition
- Involves price-fixing agreements, whether formal or informal
- Restricts healthy economic growth, elevates prices, and hampers innovation

The Roadworthy initiative, led by the Australian Driver Trainers Association (ADTA), aims to address the financial sustainability of the driver training industry. It is crucial to clarify that the initiative is not advocating for price-fixing among driving instructors. Rather, it is a call for individual businesses to reevaluate their cost structures and consider raising prices independently to reflect the true value of the service being offered, which varies based on multiple factors like location, quality, and additional services.

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Each instructor or driving school should make pricing decisions autonomously, based on their unique circumstances, without any collusion. The intent is not to eliminate competition but to educate and empower instructors to charge a more realistic rate that accounts for the overheads and responsibilities involved in offering high-quality driver training services.

Introduction: A Critical Juncture

The driver training industry is at a decisive point in its evolution. Financial strain is an ongoing challenge for many driving instructors, threatening not just their livelihoods but the overall quality of driving instruction and, consequently, road safety. Nicole Thompson, a successful driving instructor, and the ADTA, an industry-leading organization, come together to present a multi-faceted perspective on the urgent need for pricing reform.

The Current Landscape: A Data-Driven Look at Lesson Pricing

To fully appreciate the financial pressures facing driving instructors, we start by examining the data from a recent survey on lesson pricing.

- **Average Price:** The industry average for a 1-hour lesson stands around \$80.
- **Concentration:** A substantial number of lessons are priced between \$70 and \$85, often considered the 'market rate.'
- **Variability and Flexibility:** Prices vary significantly, starting as low as \$60 and peaking at \$130. This range allows for pricing flexibility based on factors like instructor experience, vehicle type, and additional services.
- **Outliers:** Lessons priced above \$100 are considered outliers, usually involving specialized or premium services.
- **The Missing Middle:** There is a noticeable gap in offerings priced between \$90 and \$100.

The Economic Reality: The Need for Fair Remuneration

Driving instructors play a pivotal role in road safety by teaching essential driving skills, often in high-stress, real-world situations. They wear multiple hats: coach, mentor, mechanic, planner, and quality analyst. Nicole Thompson brings attention to the financial strain of the role. Starting from \$55 per hour in 2019, Nicole now charges \$80 per hour in 2023. But accounting for all expenses, the effective earnings dwindle to around \$35 per hour when everything is considered. The ADTA echoes the need for a living wage that is commensurate with the level of skill and responsibility involved.

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Uncovering Hidden Costs: Where Does the Money Go?

There are numerous overheads that instructors need to bear, which often go unnoticed. These include:

- GST and Tax obligations, industry accreditation, fuel and maintenance costs, professional development courses, advertising and promotional expenses, booking and billing software, vehicle depreciation and comprehensive insurance, unpaid administrative time (e.g., time spent between lessons, planning, etc.)

Nicole breaks down the maths: "From an \$80 lesson, about \$8 goes to GST, \$20 to running costs, and when you consider unpaid time, what remains is just a little more than \$35 per hour." If Nicole could lift her lesson fees by just \$5 to \$85, that would result in an increase in her hourly take home pay of 15%.

Smart Strategies for Sustainability: Maximizing Efficiency

Nicole offers some practical tips for optimizing expenses and time management:

- Geographical Planning: Keep all scheduled lessons within a 15-minute driving radius to reduce fuel consumption and travel time (look for a booking system with this functionality).
- Longer Lessons: Extend lessons to 1.5 or 2 hours based on the student's learning curve, as this can lead to more effective use of time for both parties.

A Collective Push Forward

Taking inspiration from survey trends—such as some schools offering lessons at \$99 to bypass the psychological \$100 barrier—Nicole and the ADTA advocate for an industry-wide pricing shift. They believe that an upward revision is not merely beneficial but crucial for the long-term viability of the industry.

In Closing: The Industry's Value Proposition

The objective is clear: to ensure the driver training industry remains equitable, reputable, and financially sustainable. Nicole Thompson and the ADTA call upon driving instructors to take a hard look at their current pricing structures and consider revisions that will not only make their businesses more sustainable but also elevate the industry as a whole.

Let's work collaboratively as we make strides towards an industry that is fair, sustainable, and rewarding for everyone involved.

Drive with Confidence
Nicole Thompson & The ADTA