IPART
New South Wales

Independent Pricing and Regulatory Tribunal

Review of maximum taxi fares to apply from mid-2013

Possible changes to approach

Transport — Issues Paper
February 2013

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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by 25 March 2013.

We would prefer to receive them electronically via our online submission form <www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>.

You can also send comments by fax to (02) 9290 2061, or by mail to:

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Our normal practice is to make submissions publicly available on our website <www.ipart.nsw.gov.au>. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed on the previous page.

We may choose not to publish a submission—for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. IPART will then make every effort to protect that information, but it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's submission policy is available on our website.

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1 Introduction

Each year the NSW Government asks the Independent Pricing and Regulatory Tribunal of NSW (IPART) to review taxi fares in urban and country NSW and recommend changes in maximum fare levels and fare structure to the Director-General of Transport for NSW.

In previous years, we have made our recommendations on fare levels based on the average change in the costs of providing taxi services over the previous 12 months, as measured by the Urban and Country Taxi Cost Indices (TCIs). However, for the 2013 review, we have decided to reconsider our approach for setting taxi fares, as well as our approach for setting the structure of these fares.

1.1 Why change our approach?

There are several reasons why it is necessary and timely to reconsider our approach for regulating taxi fares in Sydney (and potentially other parts of NSW). First, changing fare levels in line with the average change in the TCI has led to taxi services becoming less affordable over time. Between 2002 and 2012, fares rose by between 3% and 4% per year, whereas the change in the Consumer Price Index (CPI)[1] over this period averaged 2.7% growth per year. Our recent survey of Sydney residents on taxi use found that almost half of people surveyed had not used taxis in the last 6 months. Around two thirds of people who had considered taking a taxi, but in the end did not do so said the reason why was because taxis are too expensive.[2]

Second, despite these fare increases, the incomes for taxi drivers have remained low. Instead, there is evidence to suggest that additional revenue has gone to licence plate owners through higher plate lease fees, rather than to drivers and operators.[3]

1 Consumer Price Index – Sydney, Australian Bureau of Statistics
2 Taverner Research, *Survey of Taxi Use in Sydney*, November 2012.
3 IPART, *2012 Review of Taxi Fares in NSW - Final Report*, June 2012, p 10.

Third, for the first time, we have also been asked to review and advise Transport for NSW on how many additional taxi licences should be released in 2013. Although we are reviewing licence numbers and fares separately, there is a high degree of interaction between the number of taxi licences available, the cost of providing taxi services, and fares for these services. For example, one of the main objectives of the licence review is to ensure the supply of taxis responds closely to growth in passenger demand – however the level of demand depends on the level of fares. We must also reduce barriers to entry by making annual licence costs more affordable, which should place downward pressure on fares. We need to take this interaction into account in our review of taxi fares. Our recommendations on fares and licence numbers should work together to meet the terms of reference and achieve the objectives of both reviews. See Box 1.1 for a summary of the factors we must consider in each of these reviews.

1.2 What options are we considering?

We are seeking feedback on 4 options:

- reduce fares by 2.5%
- make no change to the level of fares
- increase fares in line with increases in the Consumer Price Index (approximately 2.5%)
- change fares in line with the change in costs using the Taxi Cost Index (TCI).

In combination with recommended changes to the number of taxi licences, each of these has a different impact on:

- Outcomes for passengers – affordability and waiting times.
- Taxi use – the total number of trips we expect to be taken and taxi occupancy.
- Annual licence lease values – costs for operators and income for licence owners.

Table 1.1 summarises the differences in these outcomes under lower fares and higher fares, compared with keeping fares at their current level.

Table 1.1 Summary of outcomes under higher and lower fares based on our draft recommendations on taxi licence release for 2013/14

	Lower fares	No change	Higher fares
Affordability	Better	Slightly better	Worse
Waiting times	Fall by less	Fall	Fall by more
Taxi use	Increase by more	Increase	Increase by less
Taxi occupancy	Higher	Slightly higher	Lower
Annual licence values	Fall by more	Fall	Fall by less

Source: IPART modelling – assuming all fare components are changed by the same amount.

We are seeking stakeholder views on which option provides the right balance of outcomes.

We are also considering whether fares need to be structured differently. For example, if they should be higher at peak times (Friday and Saturday nights) and lower at other times. This may mean that fares for some trips stay the same, or increase slightly, and that fares for other trips increase by less or fall. We expect this to change the outcomes discussed above, in particular, to further reduce waiting times in the peak and improve occupancy rates at other times.

Box 1.1 Terms of reference for fare and licence reviews

Summary of factors we must consider in making recommendations on fares:

- The cost of providing services and the need for greater efficiency in their supply so as to reduce costs for the benefit of customers.
- The protection of customers from abuses of monopoly power.
- The need to maintain ecologically sustainable development.
- The impact on customers of the recommendations.
- Standards of quality, reliability and safety of the services concerned.
- The effect of any pricing recommendation on the level of government funding.

The full terms of reference for the review are set out in Appendix A.

Summary of factors we must consider in making recommendations on licences:

The following objectives of the 2009 legislative amendments for Sydney taxi licences:

- Ensuring the supply of taxis responds closely to growth in passenger demand.
- Balancing the need for a more affordable means of entry into the taxi market with the need to avoid unreasonable impacts on existing licence holders.
- Reducing barriers to entry and encouraging competition.
- Placing downward pressure on fares over time.
- Simplifying existing taxi licence structures.

The factors listed in section 32C(3) of the *Passenger Transport Act 1990*:

- The likely passenger demand and latent demand for taxi-cab services.
- The performance of existing taxi-cab services.
- The demand for new taxi cab licences.
- The viability and sustainability of the taxi-cab industry.
- Any other matters it considers relevant, having regard to the objective of ensuring improved taxi-cab services.

The full terms of reference for the review are set out in Appendix A of IPART's Draft Report, *Annual taxi licence release for Sydney 2013/14,* December 2012.

1.3 What process will we follow for this review?

This issues paper is the first step in our process for conducting the taxi fares review. It sets out the key issues we will consider as part of the review, and seeks comment from interested parties. Submissions on this issues paper are due by 25 March 2013. (See page iii for information on how to make submissions.)

We have also published our draft report and recommendations on the number of annual taxi licences to be released in 2013 on our website, www.ipart.nsw.gov.au. Stakeholders may also wish to consider that report in preparing submissions for this review. We have also published the taxi industry model used in our licence review on our website. We have considered the results of this modelling in this issues paper, and will continue to consider the outcomes for the taxi industry forecast by this model.

We will consider the information and comments received through the public consultation process, and expect to release our draft report on fares in April. We will hold a public forum to provide stakeholders with a further opportunity for input and will seek submissions from stakeholders on our draft report.

Before finalising our recommendations on fares, we will also consider the Government's decision on the number of new licences that will be released in 2013, because of the interaction between fares and licence values.[4]

An indicative timetable for the review is available on our website. This timetable will be updated as the review progresses.

1.4 How this paper is structured

This issues paper includes a detailed discussion of the key issues that we will consider as part of this year's fare review. The information in this paper is intended to provide a basis for discussion and to guide input from stakeholders and interested parties. It is structured as follows:

- Chapter 2 explains in more detail why we need to change our approach to recommending taxi fares this year
- Chapter 3 outlines options for setting fares, and shows the likely impacts on demand, vehicle occupancy, waiting times, and licence values for each option (given our draft recommendations on the number of new licences for release in 2013/14)
- Chapter 4 discusses the aims of any fare restructuring for Sydney and sets out evidence for whether changes are needed, and presents several options for a different fare structure

[4] Our final report on taxi licence numbers was provided to Transport for NSW on 21 February 2013. Transport for NSW will determine and publish the number of new licences to be released by 31 March 2013.

- Chapter 5 discusses how we should set taxi fares for the rest of NSW, specifically whether the approach we adopt in Sydney should be used more widely
- The appendices provide background information for the review, including an overview of the current approach we use for setting fares and its history and limitations, and a comparison of taxi fare levels in Sydney and other regions.

1.5 What submissions should address

The issues on which we particularly seek comment from stakeholder are highlighted throughout this paper. For convenience, these issues (and the page on which they appear) are also listed below:

2 Why change our approach for recommending Sydney taxi fares?

As Chapter 1 indicated, in previous taxi fare reviews we have recommended fare changes based on the average change in the costs of providing taxi services, as measured by the TCI. However, for the 2013 review, we have decided to reconsider this approach, as well as the structure of these fares. While we will focus on the approach to use for setting fares in Sydney, we will also consider whether the approach we decide to adopt in Sydney should be used in other parts of NSW.

Our main reasons for reconsidering our approach this year are:

- First, the analysis and consultation we have done for the 2012 taxi fare review and the 2013 taxi licence review show that the current approach to recommending taxi fares (and the current structure of these fares) has not resulted in efficient fares, which has impacted on affordability for passengers. Despite this, drivers' earnings are low.
- Second, , as well as recommending fares, we have also been asked to review taxi licence numbers, and advise Transport for NSW on the number of additional Sydney licences to release from July 2013. This means, for the first time, we can consider taxi licence numbers and taxi fares together. This creates an important opportunity for us to address some of the problems stakeholders have previously raised about the affordability and availability of taxi services for passengers. Fares and waiting time for passengers affects the use of taxi services, which influences the productivity of individual vehicles and thus the cost of providing taxi services.
- Third, because of the interaction between licence numbers and taxi costs, our decision on fare levels will have an impact on the change in annual licence costs that will result from increasing the number of taxi licences available in Sydney. It is important that our approach to recommending taxi fares takes account of this interaction and ensures that our fare decisions do not undermine the objectives of the taxi licence review, including reducing barriers to entry. Our recommendations on fares and licence numbers must work together to meet the terms of reference and achieve the objectives of both reviews. The sections below discuss each of these reasons in detail.

2.1 The current approach has led to inefficient fares and has not made passengers, drivers or operators better off

As Chapter 1 indicated, since 2002 we have recommended maximum changes in taxi fares in line with the average change in the costs of providing taxi services over the previous 12 months, as measured by the Taxi Cost Index (TCI). This approach has resulted in fare increases that have made taxis relatively expensive and discouraged the use of taxi services (particularly in Sydney).

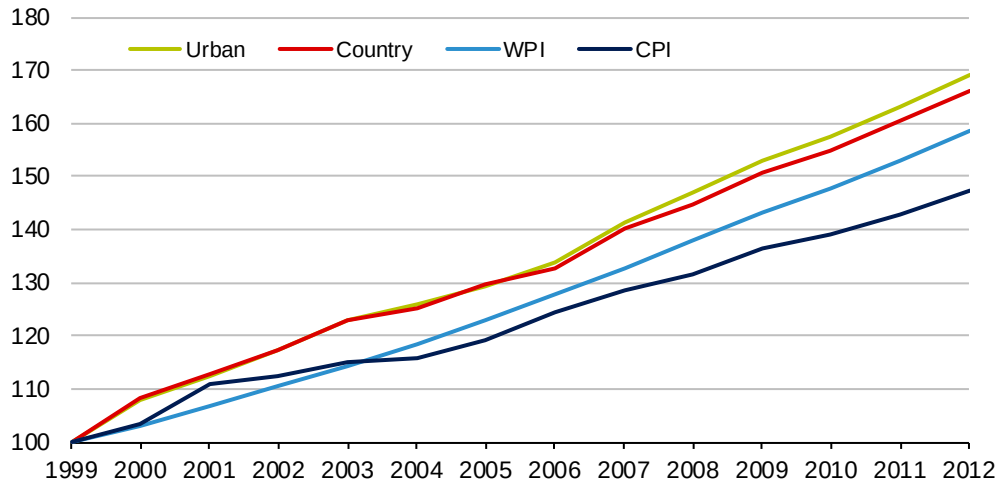
At the same time, annual licence costs have increased and driver earnings are low. It is also likely that as well as the overall level of fares, their current structure has contributed to an imbalance of supply and demand – so that depending on the distance travelled, location, and the time of day, some passengers not being able to take a taxi when they want one, and some drivers are not picking up as many passengers as they would like to.

Appendix B provides some industry background and shows how fares in Sydney compare with taxi fares in other places. It also provides more detail on our current approach to setting fares.

2.1.1 Fare increases have made taxis expensive

Using the current TCI approach to recommend taxi fares has resulted in fare increases above the general rate of inflation (CPI) and even above the rise in wages (WPI) (Figure 2.1).

Figure 2.1 Change in urban and country taxi cost indices compared with CPI and WPI



Data source: IPART, ABS – Wage Price Index, ABS – Sydney Consumer Price Index.

Stakeholders continue to argue that fares are becoming unaffordable, and note that this has a disproportionate impact on people that have limited transport options.[5] Our recent survey of Sydney taxi users supports this. It found that almost half of the people surveyed had not used taxis in the last 6 months. Around two thirds of people surveyed that had considered taking a taxi but in the end did not, said the reason why was because taxis are too expensive.[6]

The survey showed that of the people that had caught a taxi in the past 6 months, 35% rated fares as unsatisfactory, compared to 13% to 20% dissatisfaction for other aspects of the journey (such as waiting time, knowledge of Sydney, and route taken).[7]

Some industry stakeholders also made submissions to our licence review draft report suggesting that fares are too high. For example, the Australian Taxi Drivers Association argued that fares should be frozen or fall[8]. Legion Cabs and several individual submitters[9] suggested that input costs other than lease costs should be regulated so that fares could come down, while others[10] argued that fares should be reduced to increase demand for taxi services before any additional licences are released.

2.1.2 Fare increases have not benefited drivers and operators

Under the current approach, taxi fares are based on the assumption that the income of taxi drivers and operators increase at the same rate as wages in the rest of the economy. However, submissions from drivers have consistently argued that their income has not increased at this rate. The survey of industry costs undertaken for us by The Centre for International Economics (The CIE) last year supports the view that driver earnings remain relatively low.[11]

The CIE final report provided 3 reasons why fare increases do not benefit drivers, except in the very short term. They are:

- Higher fares reduce passenger demand – fewer people use taxis so fare revenue does not increase by as much as initially expected.
- Pay-ins to operators rise – increased fare revenue encourages more drivers to drive (in the anticipation that they will earn more). With more drivers available, taxi operators can increase the amount they charge to drivers to take out the taxi for a shift (the 'pay-in'), which means that there is less fare revenue left over for the driver (see Box 2.1).

5 See IPART, *2012 Review of Taxi Fares in NSW - Maximum fares from July 2012*, June 2012, p 64.
6 Taverner Research, *Survey of Taxi Use in Sydney*, November 2012.
7 IPART, Fact sheet, *Survey of Taxi Use in Sydney*, December 2012, p 2.
8 ATDA submission, p 7.
9 Legion Cabs submission, p 4 and J Barber, G Pavlis, S Porcaro, H Batth submissions.
10 Anonymous submission.
11 The CIE, *Reweighting of the Taxi Cost Index, Final Report*, April 2012, p 61.

- The number of taxis on the road increases – in quiet times, when not all taxis are on the road, the prospect of higher earnings may encourage more taxis onto the road, resulting in more taxis servicing a given level of demand.[12]

The CIE final report also considered that where operators receive higher pay-in revenue, it is likely that the largest part of any increase in fares instead bids up annual licence lease costs, ultimately being captured by licence owners.[13]

Box 2.1 How fare revenue is divided between drivers and operators

While all fare revenue is initially paid to drivers, they must use some of this revenue to pay the operator for allowing them to take the cab out for a shift (the 'pay-in'). The drivers' earnings are what is left of the fare revenue after covering the pay-in to the operator and other costs the driver is responsible for, such as fuel and cleaning (where relevant).

Pay-ins are a financial cost to drivers, but are revenue for operators. The pay-ins received by operators are used to fund the various costs under the operator's responsibility, such as licence plate costs, vehicle costs, insurance and network fees. The operator's earnings are determined by the pay-in revenue left over after all other costs have been paid.

2.1.3 There is a circularity between fares and licence lease costs

Over the past 10 years, there has been a significant increase in licence lease costs from around $20,000[14] to $28,000 per year. This is an average annual increase of around 3.5%, compared to an average inflation rate of 2.7%. Currently, around 18% of fare revenue for standard urban taxis goes to the licence holder (Figure 2.2).

Licence lease costs are real costs to operators but they are not determined independently of fares. Rather they are a function of the supply (or scarcity) of taxi licences, and the demand to lease these licences.

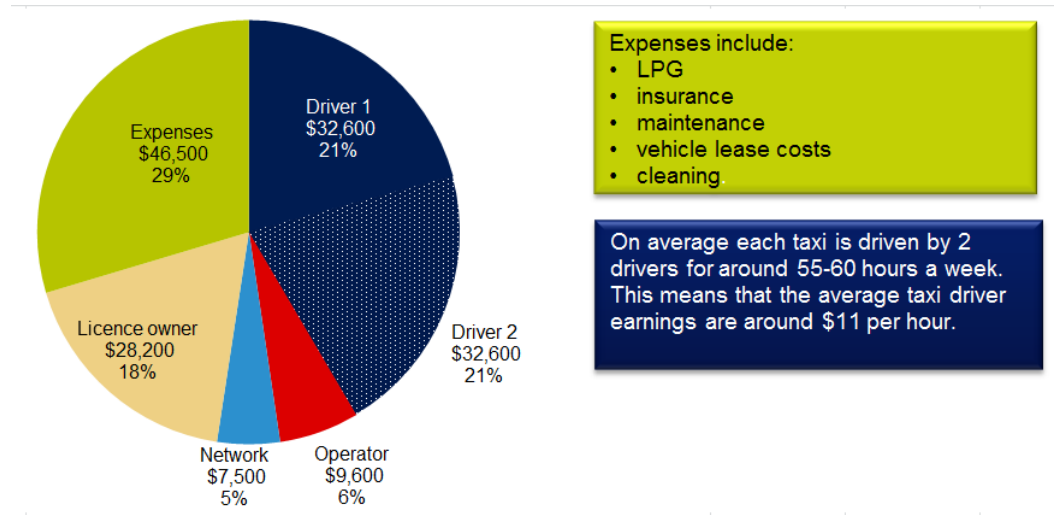
Because of the restricted supply of taxi licences, operators have a limited opportunity to "shop around" for another licence when licence owners increase their lease fees. This means that when fares have gone up, licence owners have put their lease fees up, and the operators have continued to lease their licence at this higher price. Historically, when we used the TCIs to set fares, we would then recommend fare increases that in part reflected these increases in licence

12 The CIE, *Reweighting of the Taxi Cost Index, Final Report*, April 2012, p 61.
13 The CIE, *Reweighting of the Taxi Cost Index, Final Report*, April 2012, p 61.
14 New South Wales Ministry of Transport, *Benefit/Cost Assessment of Options for Reform of Taxi Licensing, Final Report*, September 2005, p 18. <http://www.transport.nsw.gov.au/sites/default/file/taxi/Report-Benefit-Cost-Assessment-of-Options-for-Reform-of-Taxi-Licensing.pdf>

lease costs – which meant that the licence owners could further increase their fees.

When we set fares in 2012, we removed this circularity by setting the annual licence cost inflator to zero. However, we did not seek to remove the additional costs already included in fares through applying this approach in the past.

Figure 2.2 Average distribution of annual revenue per standard urban taxi ($2012/13)



Data source: Taxi cost index 2012/13, CIE taxi cost survey data.

2.1.4 Fare structure could be unbalanced

In past fare reviews we have applied the determined fare increase more or less equally across fare components. Consequently, the fare structure has changed little over the past decade. While many stakeholders have supported the current fare structure, there has been considerable anecdotal evidence presented to IPART in recent fare reviews, that a rebalancing of fares may be desirable.

We now have some new information relating to a number of these issues. For example, a passenger survey undertaken by Taverner Consulting has provided evidence that we can use to consider these issues. In particular, it provides information on differences in waiting times at different times of the day and days of the week and for different ways of acquiring a taxi (booking, taxi rank or street hail).

Any increases to particular fare components may need to be offset by changes to other fare components to ensure that fares remain at the desired level overall. This is discussed further in chapter 4.

2.2 Opportunity to consider interaction between taxi supply and fares to address stakeholder concerns

In past reviews, stakeholders have raised a range of problems facing the Sydney taxi industry – including that there are too many taxis relative to the demand for them;[15] but despite this, licence values remain uneconomically high;[16] and that fares are so high that many passengers cannot afford to use taxis;[17] while at the same time do not provide an adequate living for taxi drivers.[18]

In our previous reports, we have indicated that changes to fares alone are unlikely to solve these problems, and a broader review of the industry is needed.[19] For example, many of the issues raised relate to the industry structure, including the number of taxi licences available and their cost. Others are covered by other regulators, such as driver remuneration (which is covered by the Industrial Relations Commission).

While we still consider a broader review of the industry is desirable, this year we have an opportunity to look at taxi licence numbers and taxi fares together for the first time. As noted above, there is a high degree of interaction between these 2 reviews, which influences the affordability and availability of taxi services for passengers. In turn, this affects the use of taxi services, which influences the productivity of individual vehicles and thus the cost of providing taxi services.

We think it is important that our approach for recommending fares takes this interaction into account, and supports the objectives of the taxi licence review as well as addressing our terms of reference for the fare review (see Box 1.1 in Chapter 1 for a summary of the terms of reference for each review). In our view, this will enable us to address many of the problems stakeholders have previously identified.

2.3 Need to consider interaction between taxi supply and fares to realise benefits of additional licences

The high degree of interaction between licence numbers and taxi costs also means that our decision on recommended fare levels will strongly influence the level of passenger demand for taxi services, and the amount of revenue available to be distributed between drivers, operators, and licence owners. These factors impact the change in annual licence costs (and therefore barriers to entry and fare levels) that will result from increasing the number of taxi licences available in Sydney.

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15 For example, see NSWTDA submission to 2012 taxi fare review, 15 May 2012, p 34.

16 For example, P Abelson submission to 2012 taxi fare review, 11 May 2012.

17 For example, P Abelson submission to 2012 taxi fare review, 11 May 2012.

18 For example, ATDA submission to 2012 taxi fare review, 10 May 2012, p 19, NSWTDA submission to 2012 taxi fare review, 15 May 2012, p 3, E Mollenhauer submission to 2012 taxi fare review, 14 May 2012.

19 IPART, *2012 Review of Taxi Fares in NSW - Final Report*, June 2012, p 10.

It is important that our approach to recommending taxi fares takes account of this interaction and ensures that our fare decisions do not undermine these objectives of the taxi licence review. This would not be in the interests of passengers or the taxi industry, and would work against the legislative objectives of the 2009 licence reforms.

For example, the outcome of recommendations for our licence review is for annual licence costs to fall by 10% to reduce barriers to entry.[20] If fares increase by more, then annual licence costs will fall by less. Likewise, fare reductions would mean that annual licence costs fall by more. Similarly both reviews are likely to affect waiting times for passengers and occupancy rates for taxis (the proportion of time that a taxi has a paying passenger compared with the time the taxi is looking for a passenger).

Our recommendations on fares and licence numbers must work together to meet the terms of reference and achieve the objectives of both reviews.

We consider that our approach for the 2013 fare review needs to not only ensure our recommended fare changes meet the requirements in our terms of reference for this review, but also ensure that drivers, operators and passengers see the intended benefits of our taxi licence review. This means the approach needs to take account of the requirements in our terms of reference for the taxi licence review, the analysis and assumptions underpinning our recommendations for that review, and Transport for NSW's decision on the number of additional licences to be released this year.

The sections below outline 3 aspects of the taxi licence review that specifically interact with our decision on fares:

- The objective of lowering barriers to entry and putting downward pressure on fares.
- The need to avoid unreasonable impacts on licence holders.
- The requirement to take into account latent demand for taxi services.

2.3.1 Lowering barriers to entry and putting downward pressure on fares

Tightly restricting the number of taxi licences pushes up the costs of providing taxi services and creates pressure for fare increases. Gradually increasing additional licences to meet the underlying growth in demand should ensure that these licence related costs do not increase – our draft report indicated that we consider a minimum of 140 additional unrestricted licences to be released every year in order to achieve this aim. If more licences are released, annual licence costs should start to fall. Our draft recommendation is that TfNSW should release 140 additional unrestricted licences and 250 additional peak availability

[20] IPART, *Annual taxi licence release for Sydney 2013/14, Draft Report*, December 2012.

licences in 2013/14. Our modelling shows that this will reduce annual licence costs by 10%.

The change in annual licence costs is likely to be very sensitive to fare levels. If fares were to increase in line with inflation, licence lease costs are likely to fall by less than if fares are held at current levels (around 7% instead of 10%). This occurs because if total revenue increases as fares rise, licence owners are able to earn more from their licence.

There is also a close relationship between costs and taxi utilisation (that is, how much each taxi is used). Demand for taxi services is affected by the level of fares. Increasing taxi fares means that fewer people will use them. Increasing supply of taxis at the same time as increasing taxi fares means that each taxi spends more time without a paying passenger than it did before. Over time, this leads to falling productivity and creates pressure for fewer taxis and/or higher fares (because the cost per taxi trip is higher).

2.3.2 Avoiding unreasonable impacts on licence holders

For a given number of new licences, rental income from leasing a taxi licence would fall by less if fares were increased. As noted above, we estimated as part of our licence review that lease income for owners of perpetual unrestricted licences would fall by around 7% if fares were to increase at the same rate as inflation.[21] This is because although demand for taxi services falls as fares rise, we still expect fare increases to raise overall fare revenue.

As indicated earlier in this chapter, we consider that fare increases are likely to have contributed to high annual licence lease costs. This suggests that reducing fares would be an effective way of lowering licence lease costs. However, too much emphasis on reducing fares in order to achieve a lower licence cost raises two potential issues that we need to consider.

The first is a possibility that in the short term drivers and operators would suffer financially and that this would affect service delivery. We do not know how long annual licence costs will take to adjust to changes in fares. In our final report on last year's fare review we noted that in the longer term, uneconomic costs (including annual licence costs) should fall when fare revenue is reduced but that we did not know how long this would take or what the short term impacts of such a decision might be.[22]

[21] Based on our draft recommendations for the number of new licences to be released. This compares with a 10% reduction in lease income if fares are held at their current levels.

[22] IPART, *2012 Review of Taxi Fares in NSW, Final Report*, June 2012, p 11.

The second issue is the acceleration of the impact on licence owners. As part of our review of the number of taxi licences, we are required to ensure that our recommendations do not have an unreasonable impact on existing licence holders. In our draft report we indicated that our modelling showed a reduction in annual licence rentals of around 10% in the first year as a result of releasing additional licences, which we considered to be a reasonable impact.

2.3.3 Taking into account latent demand

As most people see taxis as a discretionary service, there is likely to be latent demand for taxi travel – that is, demand that we cannot directly observe. This includes the demand by people who would have liked to travel by taxi but didn't. For example, they may have thought taxi travel was too expensive or the waiting time would be too long or the taxi might not turn up, and so made alternative arrangements, such as driving their own car, catching public transport, or booking a hire car instead. Alternatively, they may have decided not to travel at all.

In our taxi licence number review we noted that additional demand could be generated by changes to the number of taxis on the road, and the price of taxi services. In particular:

- if there were more taxis on the road, additional trips will be taken because passengers will not have to wait as long to catch a taxi
- if fares fall, additional trips will be taken because it costs less to use taxi services.

In our review of licence numbers we modelled an increase in expected taxi trips of around 6% based on fares staying at their current nominal levels.[23] This was because more trips would be made in taxis if fares become relatively more affordable (for example, compared to other services with rising prices – such as public transport). If fares were to increase in line with inflation in 2013/14 instead, we estimated that there would be fewer new taxi trips.

The level of latent demand is also affected by fare structure – that is, how fares differ by distance, time of day and how the taxi was obtained. It also affects the supply of taxis (and hence waiting times) for different types of trips. Changing the fare structure may also stimulate additional demand for taxi services.

[23] IPART, *Annual taxi licence release for Sydney 2013/14, Draft Report*, December 2012, p 36.

3 Alternative approaches for setting the level of fares for Sydney taxis

Ultimately, NSW would be better off under an approach that reduces fares and increases the number of licences as this approach would result in taxi travel that is closer to the level that is optimal for society. We consider that our approach to setting taxi fares should aim to keep fares at or near their current levels.

We have identified 4 options that we consider may achieve these aims. These options are:

- reduce fares by around 2.5%
- make no change to the level of fares
- increase fares in line with increases in the Consumer Price Index (approximately 2.5%)
- change fares in line with the change in costs using the Taxi Cost Index (TCI).

This chapter outlines these alternatives and discusses our preliminary view of the merits and disadvantages of each. For each option, we include a summary of what we expect will happen to affordability and waiting times, the total number of trips, taxi occupancy, and annual licence costs.[24]

In Chapter 4 we consider changes to the structure of fares, which would mean that fares for particular trips are likely to change, even if the overall level of fares does not.

3.1 What we need to do differently

In order to address the problems with our current approach, we need to adopt an approach that addresses each of the 3 main issues we identified in Chapter 2. We need an approach that:

- improves the efficiency of fares that result from our fare reviews, recognising that passengers, drivers and operators will not be better off under fares that are set above efficient costs

[24] This summary combines the impact of the fare options, and our draft recommendations on the number of new licences, based on the CIE's Taxi industry model.

- uses the opportunity we now have to consider the interaction between fares and the number of Sydney taxi licences to address some of the problems stakeholders have previously raised about the affordability and availability of taxi services for passengers
- takes account of the fact that fare levels have a significant impact on the change in annual licence costs that will result from increasing the number of taxi licences available in Sydney and ensures that our fare recommendations do not undermine the objectives of the taxi licence review.

In his submission to our review of taxi licences, David Cousins[25] emphasises the importance of closely co-ordinating decisions on licence numbers and fares.[26] In particular, of ensuring that taxi fares are not increased at the same time as the number of taxi licences.

If we continue to increase fares, demand may not keep pace with any increase in taxi numbers. This would result in fewer trips per taxi (falling productivity), which could create pressure for future restrictions in licence numbers and/or further fare increases. On the other hand, a more restrained approach to fares combined with appropriate increases in the supply of licences will make services cheaper and more available, and as a result will lead to a level of taxi travel that is closer to the optimal level.

We are seeking comment on 4 options for setting the level of taxi fares ranging from a 2.5% fare reduction to a fare increase based on our current methodology (typically around 3.5% per year). In combination with recommended changes to the number of taxi licences, each option has a different impact on:

- outcomes for passengers – affordability and waiting times
- taxi use – the total number of trips we expect to be taken and taxi occupancy
- annual licence costs – costs for operators and income for licence owners.

There are trade-offs between different outcomes. For example, improving affordability is likely to limit reductions in waiting times as more people use taxis. It will also tend to lead to greater falls in annual licence costs (which is good for operators but has a negative impact on licence owners[27]). Higher fares mean fewer people use taxis and as a result, occupancy is lower and waiting times for those that do use taxis are shorter. However, reduced occupancy means lower productivity and higher costs per trip.

25 David Cousins is a Commissioner of the Victorian Taxi Industry Inquiry.

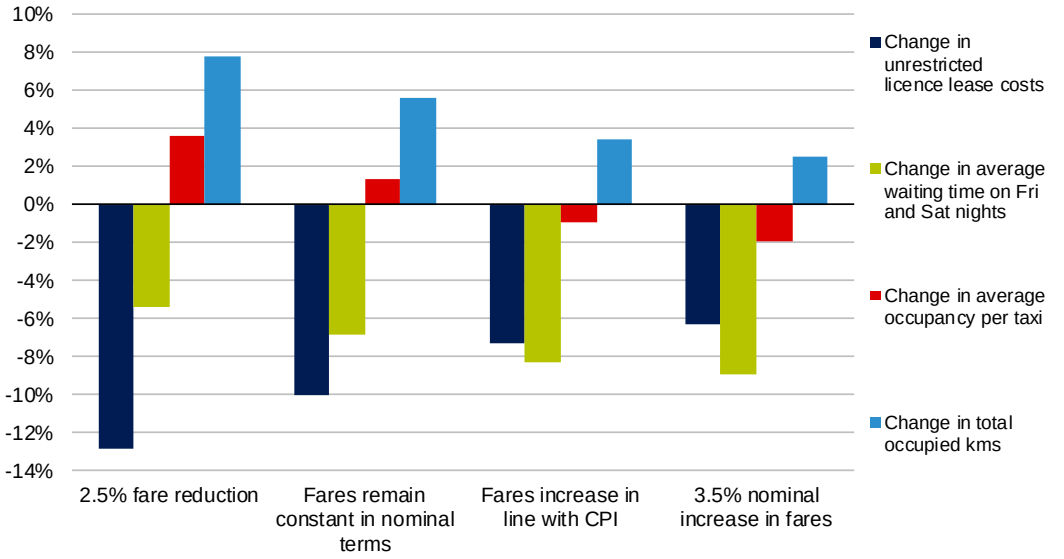
26 David Cousins submission, 15 January 2013, pp 1-2.

27 Our terms of reference for the licence review we require us to ensure that our recommendations on the number of new licences to release in 2013/14 do not have an unreasonable impact on existing licence owners.

Figure 3.1 summarises the change in annual licence costs, peak waiting time (Friday and Saturday nights), average occupancy per taxi and the number of taxi trips taken that we expect under each fare option.

We have modelled these results using the Taxi industry model that was built by the CIE for our review on the number of new annual licences that should be released in Sydney. Appendix C provides an overview of how the Taxi industry model works. The Taxi industry model is available on our website.

Figure 3.1 Indicative outcomes for each fare option



Note: The outcomes include the impact of new licences being released based on IPART's draft recommendations on taxi licences for 2013/14.

Data source: IPART modelling, IPART.

We consider that our modelling provides a good indication of what will occur over the longer term under each scenario other things being equal. While we recognise that, as with any model, it is unlikely to predict the exact outcomes, we have confidence in the direction of change predicted by the model and the trade-offs between the different outcomes under each option.

We are also considering whether fares need to be structured differently. For example, if they should be higher at peak times (Friday and Saturday nights) and lower at other times. This may mean that fares for some trips stay the same, or increase slightly, and that fares for other trips increase by less or may go down. We expect this to have an impact on the outcomes discussed above. In particular, it would reduce waiting times in the peak and improve occupancy rates at other times compared with changing all fare components by an equal amount.

As no option is clearly better on all indicators, which is preferred will depend on which provides the best balance of outcomes. The 4 options are discussed further below.

3.2 Option 1 – reduce fares by around 2.5%

Many of the issues raised by stakeholders about the efficiency and affordability of taxis could be addressed by reducing fares. Reducing fares by a modest amount, combined with appropriate increases in the supply of licences would improve outcomes for passengers and make the industry more competitive with alternative modes of transport.

A number of stakeholders have told us that the number of paid trips per shift has fallen over time as a result of fare increases. For example, Mr Polimos, an owner-operator-driver said:

> In 1985, I used to do 40 jobs a shift, on average, and I would not work more than eight hours out of the 12. In 2012, I will do an average, on a good night, of maybe 20 to 25 max. Last night I think I got eight.
>
> The income has dropped because the fares are higher. People can't afford it. The little old ladies run away from the cabs these days.[28]

When taxis are more affordable, more people will use them. This leads to a rise in the proportion of time that each taxi has a paying passenger (occupancy rate) so that even when the number of licences is increased, each taxi on the road is more productive. Passengers experience reductions in waiting times because of the release of new taxi licences but those reductions are smaller than they would be if fares were higher (this occurs because more people are using taxis). Over time, lower fares will allow greater increases in the number of licences, which will further reduce waiting times and annual licence costs and put downward pressure on fares.

Compared with the other options, our modelling suggests that in combination with our draft recommendations on the number of new taxi licences to issue in 2013/14, reducing fares by 2.5% across the board is likely to lead to:

- the greatest benefits in terms of affordability
- the greatest increase in taxi trips because fares are more affordable
- the greatest increase in taxi occupancy because taxi trips increase by the most
- waiting times for taxis falling by less than under the other options because the proportion of time that each taxi is occupied increases by more
- the largest reduction in annual licence costs.

In the short term lower fares may reduce the earnings of drivers and operators. However as passengers respond to lower prices by taking more trips, and licence values adjust, drivers and operators earnings will be unaffected over time.

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[28] IPART Transcript, *Public Hearing, Review of Sydney Annual Taxi licence release 2013/2014*, Wednesday 24 October 2012, p 9.

Information from the Taverner survey suggests that waiting times are of concern on Friday and Saturday nights. We are considering whether fares need to be higher at these times and lower at other times (see Chapter 4 for more information). If fares were reduced by 2.5% overall, this restructuring may mean that fares in peak times stay the same, or increase slightly, and that fares at other times of the week reduce by more than 2.5%. Such changes would also have an impact on the expected outcomes.

IPART seeks comments on the following

1 Would you support reducing fares by 2.5%?

3.3 Option 2 – make no change to the level of fares

Holding fares at current levels provides a stable price to complement measures taken in the licence reforms. Fares are already high enough to sustain annual licence costs of around $30,000 per year (given current incomes for drivers and operators) suggesting that fares are currently above their efficient levels.

No change in fares should encourage more people to use taxis because taxis become relatively more affordable as the cost of other goods and services increase. As a result, each taxi should spend less time empty, looking for a fare compared with what happens now.

Our modelling suggests that in combination with our draft recommendations on the number of new taxi licences to issue in 2013/14, holding fares at their current level is likely to lead to:

- improved affordability (but lower benefits than under option 1)
- an increase in taxi trips because fares are relatively more affordable (but a lower increase than under option 1)
- waiting times for taxis falling by more than under option 1 but less than under the other options
- a 10% reduction in annual licence costs.

IPART seeks comments on the following

2 Would you support a decision not to increase taxi fares this year?

3.4 Option 3 – increase fares in line with changes in the consumer price index

The movement in the CPI provides an indication of the increase in prices for all consumer goods and services. Specifically, it measures the rise in the prices of a basket of goods typically purchased by households, including food, alcohol and tobacco, clothing and footwear, housing, furniture and household goods, health services, transportation, communication, recreation, education and financial and insurance services. Using the change in the CPI as the basis for fare increases means that although the price of taxis increases each year, they do not become more expensive relative to other goods and services.

Our modelling suggests that in combination with our draft recommendations on the number of new taxi licences to issue in 2013/14, a 2.5% increase in fares is likely to lead to:

- little change in the affordability or use of taxis
- lower occupancy rates for taxis, and hence lower productivity
- waiting times for taxis falling by more than under the options 1 or 2
- a smaller reduction in annual licence costs than under options 1 or 2.

IPART seeks comments on the following

3 Would you support indexing fares by the Consumer Price Index (CPI)?

3.5 Option 4 – change fares based on the change in the Taxi Cost Index

As discussed in Chapter 2, we consider that over time the Taxi Cost Index (TCI) has increased fares by more than the increases in efficient costs. However, it has the benefit of making fares more responsive to changes in the costs of providing taxi services – for example, LPG price movements.

In the long run, changes in cost will not affect drivers and operators (instead, they affect the income from taxi licences). However, short term movements in some costs may need to be absorbed by drivers and operators. For example, the price of LPG varies on a daily basis but annual licence costs may be fixed. Our current approach allows for annual fare adjustments for LPG price movements and for 6-monthly reviews to pick up major changes in between annual fare reviews.

Depending on how the TCI is applied, this approach is likely to lead to the highest costs for passengers. As this discourages people from using taxis, it also leads to the greatest reduction in occupancy rates. Lower occupancy leads to lower productivity for taxis, resulting in higher costs per passenger trip. However, reductions in waiting times for passengers under this option are

greater than under the other options, because although there are more taxis there are also fewer people using them. Over time, this approach is likely to exacerbate problems raised with us over the past couple of years, including the issue of falling productivity. This creates pressure for fewer taxi licences to be released and for fare increases.

Historically the TCI has given annual increases in fares of 3% to 4%. Our modelling suggests that in combination with our draft recommendations on the number of new taxi licences to be issued in 2013/14, a 3.5% increase in fares is likely to lead to:

- taxis becoming less affordable
- taxis become more available for those that still use them: this option has the largest reductions in waiting times, as fewer people travel by taxi
- lower occupancy rates for taxis (lower demand for taxis means that each taxi spends less time with a paying passenger and more time looking for a fare)
- the smallest reduction in annual licence costs.

Nevertheless, some of the issues associated with the TCI could be addressed through changes to the existing approach. This may moderate the fare changes delivered by this approach and ensure that it does not continue to deliver fare increases that are consistently above the actual economic costs faced by the industry. Possible changes to the TCI are discussed below.

3.5.1 Possible changes to the TCI

There are 2 categories of inflators in the Taxi Cost Index that in our view have contributed to fare increases above the change in economic costs:

1. Approach to inflating labour costs:
   - fares were set to incorporate increases in the income of drivers and operators at the same rate as the increase in wages in the economy, as indicated by the Wage Price Index (WPI)
   - the results of our 2012 survey indicate that drivers' earnings remain low
   - wage growth in the economy has outstripped increases in consumer prices
   - labour costs make up around half of all costs so this approach has contributed significantly to real fare increases over this time.
2. Approach to inflating annual licence costs:
   - other than for 2012, our approach to setting fares took into account the additional costs faced by operators when annual licence costs rose and factored these into fares
   - although these are real costs to operators, they depend on there being a limited supply of licences (if supply was not limited, licence lease costs would be at or close to zero – currently they are around $30,000 per year)

- licence lease costs are themselves depend on the level of fares and will rise when fares rise.

The sections below consider the specific issues identified above and what may be an appropriate response.

Labour cost inflator

Inflating labour costs in the TCI at the rate of wage growth in the economy may have overstated the actual change in the cost of providing taxi services, if drivers and operator incomes have increased by less than the wage growth. Instead, the additional fare revenue is likely to have increased licence lease income for licence owners. We have previously considered whether there is a better inflator to use for changes to drivers and operator earnings, but other than CPI, we have been unable to identify one. We would like to receive further evidence regarding the changes in driver earnings in recent years and whether a better inflator can be identified.

Whatever option is chosen, it is important to remember that it does not govern the actual income of drivers and operators while the industry structure remains as it is. It also does not indicate that we support the current level of earnings of drivers or operators, or suggest that their level of income should not keep pace with the general level of wage growth in the economy.

We do not determine the allocation of fare revenue between the various parts of the industry and we cannot do so through changes to the level of fares. Concerns with the level of driver income need to be dealt with through alternative mechanisms, for example, through the NSW Industrial Relations Commission's Contract Determination that governs the bailee relationship between drivers and operators.[29]

In its submission to the taxi licence review, the ATDA noted that the Industrial Relations Commission will consider proposed changes to the Contract Determination later this year, which may significantly raise drivers' earnings.[30] Should that process result in changes to the rules governing drivers' earnings, we would need to consider whether and/or how to adjust for this.

If drivers' earnings were able to be increased under any changes to the bailee relationship, our preliminary view is that fares should not be increased to fund additional drivers' earnings. Instead, we think that fare revenue should be reallocated between licence owners and drivers.

29 *Taxi Industry (Contract Drivers) Contract Determination, 1984*.
30 ATDA submission to draft report on taxi licences, January 2013.

Annual licence cost inflator

In last year's review we decided to inflate annual licence costs by zero noting that there is some circularity in using actual costs. We indicated that we would reconsider whether zero remains the most appropriate inflator for the future. Possible options include:

- continue to use zero
- use the change in licence lease costs or change in the average cost of annual licences over the most recent period
- use the expected impact on annual licence costs identified in our licence review.

Using the expected impact on annual licence costs identified in our licence review has the appeal that it may better reflect what is actually happening to annual licence costs but it reintroduces the issue of circularity, in that it may actually lead to greater reductions in annual licence costs than anticipated.

The other TCI inflators are based on historical data, rather than forecasts of future changes. However, in the past we have provided a forward looking adjustment for costs that we expected to change significantly over the coming year that would mean the historical change was not a good indicator of the future cost to the industry. For example, in 2012 we made a prospective allowance for increases to the LPG excise.[31]

IPART seeks comments on the following

4 Would you support the Taxi Cost Index approach?

5 If we decide to retain the TCI approach, should different inflators be used for labour costs and annual licence costs?

[31] IPART, *2012 Review of Taxi Fares in NSW - Final Report*, June 2012, p 35.

4 Alternative fare structures for Sydney taxis

Fare structure refers to the different components that make up the overall fare charged to a passenger. It determines how the fare will vary by distance travelled, the level of congestion on the road, by time of day/time of week and by how the taxi is caught (whether booked or hailed).

Currently, the fare on any given taxi trip in NSW includes a combination of:

- a fixed flag fall
- a distance-based rate, which is higher between 10pm and 6am, due to a night time surcharge
- a time-based waiting time rate (which applies when the taxi's speed drops below a specified threshold)
- a booking fee (where applicable), and
- other charges, such as maxi taxi surcharge, road tolls and airport charges etc. (where applicable).

Even if the overall level of fares stays the same, an increase in one fare component and a decrease in another component will affect the price of a particular journey.

As part of this review we will consider the balance between the various fare components, and whether there should be additional fare components. As we have considered many of these issues before, this chapter focuses mainly on new information or discussion of how a change may better meet the objectives set out below.

4.1 How we could improve the current fare structure

IPART has typically applied the determined fare increase equally across fare components so the fare structure has changed little over the past decade. The current fare structure that applies in Sydney is summarised in Table 4.1.

Table 4.1 Maximum fares for Sydney taxis

Component	Price	When it applies
Flag fall	$3.50	All journeys
Distance charge	$2.14 per km	When speed is above 26 km per hour, between 6am and 10pm.
Distance charge (20% night surcharge)	$2.57 per km	When speed is above 26 km per hour, between 10pm and 6am.
Waiting time charge	$55.30 per hour (92 cents per minute)	All journeys when speed drops below 27 km per hour
Booking fee	$2.40	Booked journeys only
Maxi taxi surcharge (on total fare)	50%	If a maxi-cab is pre-booked (regardless of the number of passengers) or if a maxi-cab is hired from a taxi zone or street hail to carry 5 or more passengers.

Source: Transport for NSW, <http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges>

As for our approach to the level of fares, we need to ensure that the fare structure also addresses each of the 3 main issues we identified in Chapter 2. We need an approach that:

- improves the efficiency of fares that result from our fare reviews, recognising that fares that are set above efficient costs are unlikely to benefit drivers and operators
- uses the opportunity we now have to make integrated decisions on fares and the number of Sydney taxi licences to address some of the issues previously raised about the affordability and availability of taxi services for passengers
- takes account of the fact that fare structure can impact on the change in licence lease costs and ensures that our fare decisions do not undermine the objectives of the taxi licence review.

4.1.1 Moving towards an efficient fare structure

An efficient fare structure would balance the supply and demand for taxis for different types of trips, for example so there are more taxis on the road during peak times, and fewer taxis during quiet times. It would also align the fare with the cost of providing each passenger trip so that:

- there is no incentive for drivers to take a slower route (either by sitting in congestion, or travelling a longer than the necessary distance)
- drivers would be indifferent between long and short trips (ie, over the course of a shift, drivers would earn broadly the same fare revenue by doing a larger number of short trips or fewer long trips).

Unlike some other regulated industries, determining an efficient fare structure is problematic for the taxi industry because of the high proportion of costs that are fixed (or quasi-fixed). In past reviews we have canvassed changes to fare structure but usually concluded that due to lack of evidence that we should not make changes.

We still consider that there is not sufficient information available for us to determine an optimal fare structure. However, there is probably sufficient information to determine the *direction* of changes to different fare components. For example:

- There is new information about the demand and availability for taxis:
  - Our passenger survey asked passengers about how long they wait for taxis at different times of the day and week for journeys that are hailed, booked, and taken from a rank. We can use this information to help identify whether the issues raised with us previously are issues that affect taxi passengers' willingness or ability to travel by taxi.[32]
  - The CIE survey collected data on taxi earnings by shift, which provides information on taxi use patterns.[33]
- The waiting time rate in Sydney is among the highest in the world.
- We continue to be faced with anecdotal evidence that short distances are too low relative to fares for long distances.

We will consider stakeholders' views on whether there is support for making small changes to the current fare structure over time.

4.1.2 Explaining how the different fare components are inter-related

For a given overall fare level, there are a large number of fare structures that could apply. Table 4.2 includes examples of alternative fare structures at the current fare levels that give an indication of how different fare components may be traded off against each other while keeping fares at the same level on average:

- **Example 1** has a higher flag fall, and adds a Friday and Saturday night flat rate surcharge. These are offset by removing the night time distance rate surcharge, and with lower distance and waiting time rates.
- **Example 2** retains the night time distance rate surcharge on all nights of the week, but adds a Friday and Saturday night flat surcharge and includes a higher flag fall. These are offset by even lower waiting and distance rates than were included in Example 1.

32 Taverner Research, *Survey of Taxi Use in Sydney*, Prepared for IPART, November 2012.
33 The CIE, *Reweighting the Taxi Cost Index*, April 2012.

- **Example 3** has the highest flag fall, and a higher distance rate surcharge on Friday and Saturday night. These increases are offset by removing the night surcharge on other nights of the week and by further reducing distance rates compared with Example 2. The waiting time rate remains unchanged.

These examples demonstrate the kinds of changes in fare structure that are possible, even if the overall level of fares does not change. There are many more examples of different fare structures. We discuss the arguments for considering these variations in the next sections.

Table 4.2 Example fare structures

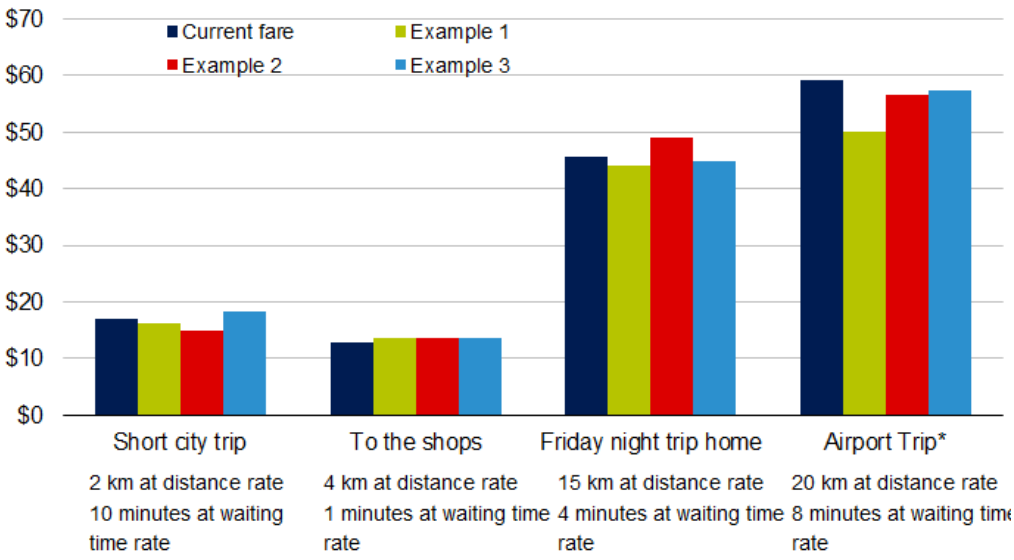
	Current fare structure	Example 1	Example 2	Example 3
Flag fall				
Flag fall – all trips ($/trip)	$3.50	$4.50	$5.00	$5.50
Friday and Saturday night surcharge ($/trip)		$5.00	$5.00	
Variable components				
Distance charge – 6 am – 10 pm daily ($/km)	$2.14	$2.10	$2.03	$1.83
Distance charge – 10pm-6am Sunday to Thursday:				
Night surcharge rate	20%	0%	20%	0%
Distance charge ($/km)	$2.57	$2.10	$2.44	$1.83
Distance charge – 10pm-6am Friday and Saturday:				
Night surcharge rate	20%	0%	20%	30%
Distance charge ($/km)	$2.57	$2.10	$2.44	$2.38
Waiting rate ($/hour when vehicle slower than threshold waiting time)	$55.30	$46.00	$35.00	$55.30
Threshold waiting speed (km/hr)[a]	26	22	17	30
Booking fee				
Booking fee ($/booking)	$2.40	$2.40	$2.40	$2.40

[a] This is the speed below which the time based waiting time rate is charged instead of the per km distance rate.

Source: IPART.

While overall, changes in fare components may not change the level of fares, the amount passengers would pay differs for different trips. The impact of each example set out above on a sample of different kinds of trips is shown in Figure 4.1 (excludes booking fees). For these particular journeys, some fares fall by up to 13%, and for other journeys the fare rises by up to 9%.

Figure 4.1 Impact of fare structure changes on different trips



Note: Comparison excludes airport charges and booking fees.
Data source: IPART calculations.

4.2 The efficient supply of taxis at different times of day

The demand for taxis varies throughout the day. Therefore the supply of taxis should adjust throughout the day to closely match the demand for taxi services.

4.2.1 High demand on Friday and Saturday night

Many of the submissions to our licence review considered that the supply of taxis on Friday and Saturday nights was not meeting demand.[34] The Taverner survey also showed that passengers wait longer for taxis on Friday and Saturday nights compared to other days of the week:

- around 30% of people waited more than 10 minutes to catch a taxi after 6pm on Friday and Saturday nights, compared to 20% of passengers waiting more than 10 minutes the rest of the time

[34] Sydney City Council submission to Issues paper on Taxi Licence Release 2013/14, 16 November 2012, p 1, P Louridas, 5 November 2012, Submission to Issues Paper on Taxi Licence Release 2013/14, S Guy, Submission to Draft report on Taxi Licence Release, January 2013, p 1.

- around 60% of passengers that hailed a taxi or caught a taxi from a rank on a Friday or Saturday night or evening had to wait more than 5 minutes for a taxi, compared to 25% to 50% that had to wait more than 5 minutes in other times.

One way to reduce waiting times on Friday and Saturday nights is through releasing additional licences (which also creates more demand for taxis as waiting times reduce). Our draft recommendation from our licence review is for an additional 390 taxis to be available on Friday and Saturday nights (140 unrestricted licences, and 250 peak availability licences).[35]

However, taxis are free to operate when they choose (within the constraints of their particular licence) and which shifts they are driven is a commercial decision for taxi operators and drivers. Anecdotal evidence suggests that many drivers are reluctant to work on Friday and Saturday nights as they consider that there are greater security risks, cleaning costs and more fare evasion. Information from the CIE survey of costs undertaken for IPART last year, suggests that drivers require around $3 to $5 per hour more than weekday shifts to encourage them to work on weekends, particularly on Friday and Saturday nights.[36]

We could simply continue the current relativities between fares in peak and off-peak times and wait and see what impact any additional licences has on waiting times on Friday and Saturday nights. However, another option is to make fares higher during peak times to encourage more taxis to be available during these times.

Fares in Sydney are already higher at night between the hours of 10pm and 6am when the distance rate is 20% more expensive, or an extra 43 cents per kilometre of travel. This surcharge on the distance rate could be increased on a Friday and Saturday night, or it could be removed and a flat rate surcharge could be added, or there could be surcharges on both the fixed and variable rates.

The Australian Hotel's Association (AHA) submitted that a flat rate $5 fare surcharge would encourage more drivers into the City's late night trading precincts to provide a service between 1:30am and 4:30am without impacting on the level of demand. It suggests that the surcharge could be applied during wider peak night-time hours to the main entertainment areas including Darling Harbour, and Kings Cross and others.[37]

A $5 flat rate on top of current fares for all taxi trips taken on Friday and Saturday nights would require a corresponding reduction in other fare components either at certain other times, or at all times (flag fall, distance or waiting time charges) to ensure that the overall level of fares does not change.

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35 Peak availability licences or "PALs" are only allowed on the road between 12 pm and 5 am.

36 The CIE, *Reweighting of the Taxi Cost Index, Final Report*, April 2012, p 38.

37 Australian Hotel's Association, submission to IPART's licence review, 2 November 2012, p 7.

A late night surcharge of $4.85[38] currently applies in Perth on Saturday and Sunday mornings between 12am and 5am. This means that for a journey charged for 7 km at the distance rate passengers in Perth pay around 30% more when they travel after midnight compared to at 9am.

IPART seeks comments on the following

6 Should we consider introducing an additional peak surcharge on Friday and Saturday nights with a corresponding reduction in other fare components? At what level should it be set?

4.2.2 Too many taxis on the road at night during the week

Many of the submissions to our licence review said that there were too many taxis on the road at nights on Monday to Thursday nights relative to the level of demand. The Taverner survey also suggested that most of the demand at these times was already being met. Waiting times are lowest on Monday to Thursday nights, with more than 70% of passengers able to get a taxi within 5 minutes.

As mentioned previously, our draft recommendation was for an additional 390 licences to be on the road between midday and 5 am. 250 of these would be peak availability licences (PALs) that are usually driven for one 12-hour shift. The current night time surcharge between 10pm and 6am may encourage too many of these additional taxis to be available while the night time surcharge applies, when demand is lowest, instead of earlier in the day. Because there is greater demand for taxis during the week in the day, more of these taxis should be on the road between midday and midnight, rather than early in the morning.

Removing the current 20% night surcharge between the hours of 10pm and 6am between Sunday and Thursday could reduce the incentive for taxis to be on the road in periods of low demand.

On the other hand, passengers are unlikely to be very price sensitive late at night because there are likely to be limited other options (limited public transport or they may be unable to drive). This means that they are likely to be willing to pay more for late night services.

In every other capital city in Australia fares are higher each night of the week compared to during the day. The night time surcharges in other cities start each evening between 6pm and 12am, and end between 5am and 6am in the morning. For a journey taken when the night time surcharge applies, fares are between 7% and 30 % higher than if the same journey is taken during the day – see Appendix D.[39]

38 Compared to travelling at 9 am.
39 For a 7 km charged at the distance rate.

Table 4.3 shows that more than half of the cities from our sample of international taxi fares have higher fares on all nights.

Table 4.3 International survey of night time fares (all nights) Jan 2013

Night surcharge applies	No Night surcharge
London	Los Angeles
Paris	Washington
Dublin	Berlin
New York	Amsterdam
Singapore	Auckland
Buenos Aires	
Beijing	
Stockholm	

Data source: Travel China Guide, Beijing Taxi, http://www.travelchinaguide.com/cityguides/beijing/transportation/taxi.htm, accessed January 2013, I Amsterdam, *Taxis*, accessed 12 February 2013, http://www.iamsterdam.com/en-GB/living/transportation/taxis, Taxi Stockholm, *Fares and Payment*, accessed 12 February 2013, http://www.taxistockholm.se/en/Fare-and-payment/, CityCab, *Our Products & Services>Rates & Charges*, http://www.cdgtaxi.com.sg/commuters_services_rates.mvn, accessed 12 February 2013, Green Cabs, *Our fares*, http://www.greencabs.co.nz/index.php?page=our-fares, accessed January 2013, New York City Taxi & Limousine Commission, Rate of Fare, accessed 12 February 2013, http://www.nyc.gov/html/tlc/html/passenger/taxicab_rate.shtml, Argentina Independent, *Taxi Fares Set to Increase*, 24 October 2012, accessed January 2013, http://www.argentinaindependent.com/currentaffairs/newsfromargentina/taxi-fares-set-to-increase/, District of Columbia Taxicab Commission, Taxicab Fares, http://dctaxi.dc.gov/node/310182, accessed January 2013, Transport for NSW, *Maximum taxi fares and charges*, http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges, accessed 19 February 2012, Victorian Taxi Directorate, *Taxi Fares*, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 19 February 2012, Taxi, *Taxi Fare Rules*, http://www.taxiverband-berlin.de/taxikunden/tarifordnung.php, accessed 19 February 2012, National Transport Authority, *Information Note on 2012 Taxi Fare Review*, p 1, http://nationaltransport.ie.cdn.ie/wp-content/uploads/2011/12/Information-Note-on-2012-Taxi-Fare-Review1.pdf, accessed January 2012, Parisinfo, *Taxis*, http://en.parisinfo.com/paris-map/getting-around/taxis-1/guide/taxis_taxi-fares, accessed 19 February 2012, Transport for London, *Tariffs*, http://www.tfl.gov.uk/gettingaround/taxisandminicabs/taxis/taxifares/4870.aspx, accessed 19 February 2012, City of Los Angeles Taxi Services, *Fares*, http://www.taxicabsla.org/, accessed January 2013.

IPART seeks comments on the following

7 Should we consider removing the night surcharge on Sunday to Thursday nights?

4.3 The right balance between other fare components

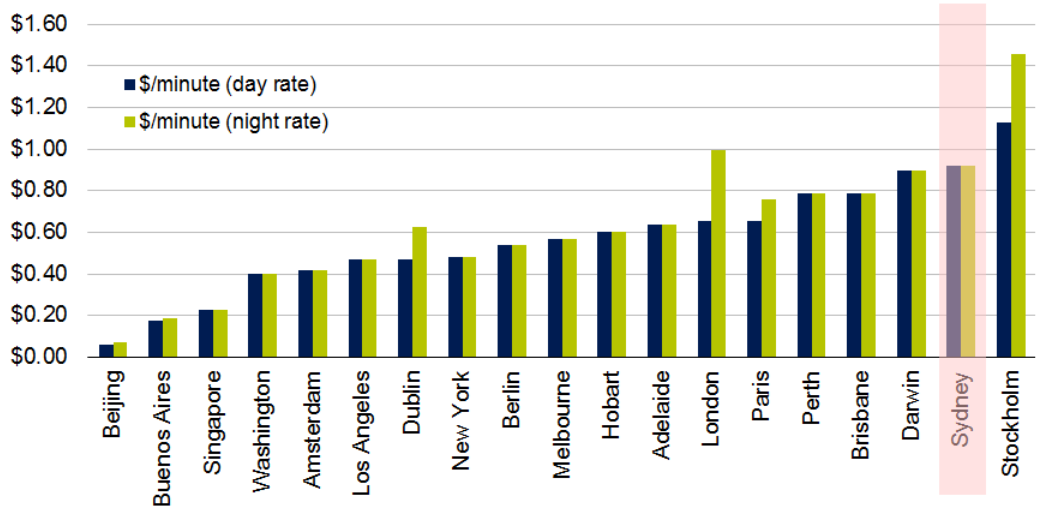
4.3.1 Are waiting time (low speed) rates too high?

The waiting time rate in Sydney (the per hour charge that applies when taxis travel at low speeds) is the highest among Australian cities, and one of the highest in our international sample of 15 cities (Figure 4.2).

Having a high waiting rate means that passengers can pay significantly different fares to travel a given distance, depending on the level of traffic congestion. Decreasing the waiting rate may be offset by increases to the distance rate, or the flag fall.

In Sydney the waiting rate is charged when speeds drop below 26 km per hour. A number of other cities have a similar arrangement although the threshold speed below which the waiting time rate applies tends to be lower than in Sydney (for example, in Melbourne and Dublin, the waiting rate is charged when the speed drops below 21 km per hour, in London - 16.7 km per hour, and in New York - 9.65 km per hour). In some cities, including Brisbane, the waiting rate is only charged when the taxi is stationary. Sometimes a minimum period of time without moving is required (such as in Berlin where it is only charged after 1 minute without moving).

Figure 4.2 Waiting time rates ($/min) January 2013 ($AU)



Note: Exchange rates at 5 February, 2013.

Data source: Travel China Guide, Beijing Taxi, http://www.travelchinaguide.com/cityguides/beijing/transportation/taxi.htm, accessed January 2013, I Amsterdam, *Taxis*, accessed 12 February 2013, http://www.iamsterdam.com/en-GB/living/transportation/taxis, Taxi Stockholm, *Fares and Payment*, accessed 12 February 2013, http://www.taxistockholm.se/en/Fare-and-payment/, CityCab, *Our Products & Services>Rates & Charges*, http://www.cdgtaxi.com.sg/commuters_services_rates.mvn, accessed 12 February 2013, Green Cabs, *Our fares*, http://www.greencabs.co.nz/index.php?page=our-fares, accessed January 2013, New York City Taxi & Limousine Commission, Rate of Fare, accessed 12 February 2013, http://www.nyc.gov/html/tlc/html/passenger/taxicab_rate.shtml, Argentina Independent, *Taxi Fares Set to Increase*, 24 October 2012, accessed January 2013, http://www.argentinaindependent.com/currentaffairs/newsfromargentina/taxi-fares-set-to-increase/, District of Columbia Taxicab Commission, Taxicab Fares, http://dctaxi.dc.gov/node/310182, accessed January 2013, Transport for NSW, *Maximum taxi fares and charges*, http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges, accessed 19 February 2012, Victorian Taxi Directorate, *Taxi Fares*, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 19 February 2012, Taxi, *Taxi Fare Rules*, http://www.taxiverband-berlin.de/taxikunden/tarifordnung.php, accessed 19 February 2012, National Transport Authority, *Information Note on 2012 Taxi Fare Review*, p 1, http://nationaltransport.ie.cdn.ie/wp-content/uploads/2011/12/Information-Note-on-2012-Taxi-Fare-Review1.pdf, accessed January 2012, Parisinfo, *Taxis*, http://en.parisinfo.com/paris-map/getting-around/taxis-1/guide/taxis_taxi-fares, accessed 19 February 2012, Transport for London, *Tariffs*, http://www.tfl.gov.uk/gettingaround/taxisandminicabs/taxis/taxifares/4870.aspx, accessed 19 February 2012, City of Los Angeles Taxi Services, *Fares*, http://www.taxicabsla.org/, accessed January 2013.

4.3.2 Are fares for short distances too low relative to fares for long distances?

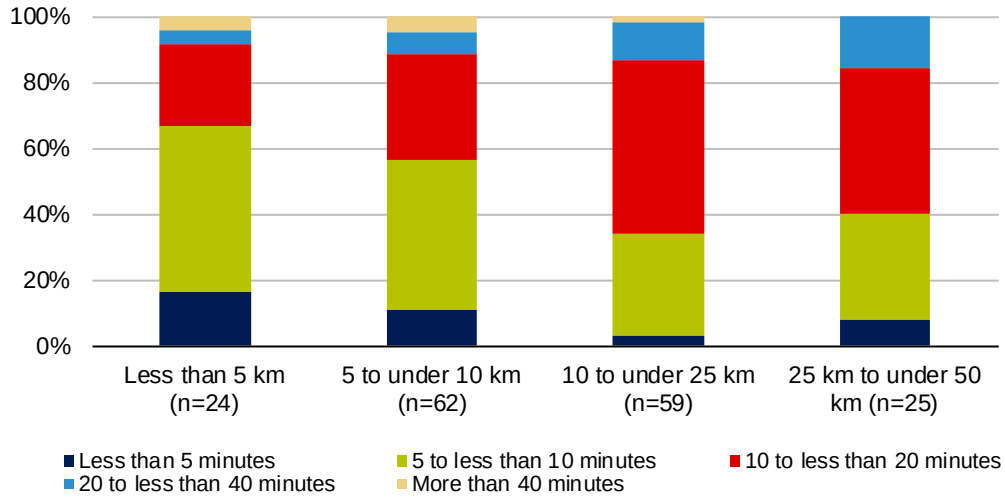
If fares for short distances are too low, it may mean that some drivers may be reluctant to accept bookings for short distances, and instead wait for passengers travelling longer journeys to get higher fares. In its submission to the 2012 fare review NCOSS noted that its Transport Policy Advice Group's stakeholders were continuing to find that some taxi drivers will not accept passengers travelling short distances.[40]

[40] NCOSS submission, 15 March 2012, p 2.

However, the Taverner survey showed that the waiting time for passengers travelling short distances were lower than passengers travelling long distances for booked trips (for the next available taxi). 60% of taxis for journeys less than 5 km arrived within 10 minutes compared to 35% to 40% of taxis arriving within 10 minutes for journeys over 10 km. However, passengers travelling less than 10 km were more likely to wait more than 40 minutes than for passengers travelling more than 10 km. See Figure 4.3.

The survey also showed that just 0.5% of the total sample (20 trips in total) reported that they had tried to take a taxi and the driver refused to take them when told the destination.[41]

Figure 4.3 Waiting times for booked trips (next available taxi) by distance travelled



Data source: Taverner survey.

41 Taxi drivers are allowed to refuse fares between 1:30 am and 4:30 am and between 12:30 pm and 4:30 pm if the passenger wishes to travel to a destination that is not in the way of the destination of taxi if the destination is displayed on a sign on the taxi (Passenger Transport Regulation 2007 (NSW), ss 142, 146, http://www.legislation.nsw.gov.au/fragview/inforce/subordleg+421+2007+pt.8+0+N?, accessed 19 February 2013). Taverner Research, *Survey of Taxi Use in Sydney*, Prepared for IPART, November 2012, p 35.

High fares for long distances may be suppressing demand for longer distance taxi journeys, and encouraging some passengers travelling long distances to use other modes of transport instead. The Taverner survey showed that only 15% of passengers' last journey was more than 25 km, compared to around 50% of passengers who travelled less than 10 km.[42] It also showed that 14% of respondents had used a hire car (with a driver) in the last 6 months, and 32% said that one of the reasons why was because they were cheaper than taxis.[43]

Increasing the flag fall relative to the variable fare components (ie, the distance-based charge or the waiting time rate) makes shorter trips more expensive and makes longer fares more affordable. We note that flag fall rates in Sydney are comparable to those in other states (See Appendix D). However, fares are generally higher in Sydney than in other capital cities, which suggests that short trips are cheaper than long trips relative to what happens in other cities.

As mentioned previously, while we do not consider that there is good evidence to allow us to set an optimal fare, we will consider stakeholders views on whether there is support for making small incremental changes over time to increase the flag fall relative to the distance and waiting time rates.

IPART seeks comments on the following

8 Should the flag fall charge be increased in combination with a reduction in the distance (per km) and waiting time (per hour) charges?

9 If you support changes to the balance between long and short distance fares, which of the three examples outlined in section 4.2 do you prefer?

4.3.3 Booking fees

Currently fares include a regulated booking fee ($2.40) that is charged for trips booked with a network by phone or internet. Around 20% of all taxi trips in Sydney are booked, rather than hailed or started from a rank.

Drivers have submitted to us that they are reluctant to attend bookings as a significant number of passengers who make a booking are not there when the taxi arrives.[44] A number of drivers have sought increases in the booking fee as a greater incentive to attend bookings.

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42 IPART, Fact sheet, *Survey of Taxi Use in Sydney*, December 2012, p 1, http://www.ipart.nsw.gov.au/Home/Industries/Transport/Reviews/Taxi/Review_of_Sydney_Taxi_Licences_to_be_released_from_1_July_2013/10_Dec_2012_-_Fact_Sheet_-_Survey_of_taxis_use_in_Sydney/Fact_Sheet_-_Survey_of_taxi_use_in_Sydney_-_December_2012.

43 Taverner survey data.

44 See IPART, *2012 Review of Taxi Fares in NSW - Final Report*, June 2012, p 54.

The Taverner survey suggests that many passengers are able to get a taxi within a reasonable period of time after they have booked one but that a significant proportion of passengers still wait more than 10 minutes:

- When passengers booked "the next available cab", almost 50% of passengers waited for less than 10 minutes for a taxi to arrive, but around 15% of passengers waited more than 20 minutes.
- For trips booked for a particular time, almost 80% of taxis arrived on time or less than 5 minutes late, but around 10% of taxis were more than 10 minutes late.[45]

In last year's fare review we noted that increasing the cost of the booking fee is likely to worsen the problem of passenger 'no shows' as a higher charge gives passengers a greater incentive to dishonour the booking (for example, by flagging down a passing taxi).[46]

There are potentially other solutions available that will give drivers more confidence that a passenger will be there when the cab arrives. The Taverner survey found that a small number of people (1.3%) use booking apps to obtain a taxi.[47] The technology associated with these apps commonly contain rating systems whereby drivers and passengers may rate each other, including from a driver's perspective, whether the passenger turned up for the booking. Pre-payment of fares or a booking deposit is another possibility.

Transport for NSW is in the process of reviewing its regulation of network services and the regulatory arrangements that apply to booking apps. IPART has made a submission to that review suggesting that Transport for NSW deregulates booking services, while retaining regulatory requirements that are designed to improve safety outcomes.

Currently, lack of competition among networks can result in poor quality booking services. Networks do not guarantee taxi services to customers - customers are not advised as to whether a taxi will arrive at all or given an approximate wait time, and they can experience long wait times to speak to a booking agent – and drivers can experience delays in bookings being dispatched. Because networks earn their revenue through fixed charges to operators and bookings are just one of many services offered, there are poor incentives for networks to improve their booking services.

45 Taverner survey data.

46 IPART, *2012 Review of Taxi Fares in NSW - Final Report*, June 2012, p 54.

47 IPART, Fact sheet, *Survey of Taxi Use in Sydney*, December 2012, p 1, http://www.ipart.nsw.gov.au/Home/Industries/Transport/Reviews/Taxi/Review_of_Sydney_Taxi_Licences_to_be_released_from_1_July_2013/10_Dec_2012_-_Fact_Sheet_-_Survey_of_taxis_use_in_Sydney/Fact_Sheet_-_Survey_of_taxi_use_in_Sydney_-_December_2012.

Innovation, including through booking apps, has the potential to improve the quality of booking services for operators, drivers, and passengers. Increased competition should also put downward pressure on the cost of booking services, and has the potential to lead to network price structures which reflect their performance, for example, by charging operators or drivers based on the number of bookings that the services refer.

Our preliminary view is that if booking services are deregulated, such that operators are free to choose to obtain such services from somewhere other than a network (or not at all), then the taxi booking fee should not continue to be part of the regulated fare but should be set by the booking agent.

IPART seeks comments on the following

10 Are the booking fees set at the right level relative to other fare components?

11 Should booking fees to continue to be subject to a regulated maximum?

4.1 Other charges that may require review

Fares can also include a range of other charges, including the maxi taxi surcharge and road tolls. In the interests of improving the efficiency of fares more generally and meeting our terms of reference requirements, we will also consider whether changes could be made to these charges, or the way they are levied. The charges discussed below are generally those that generate a high level of dissatisfaction amongst taxi users. We have considered many of these issues before but have not satisfactorily resolved them.

4.1.1 Possibility of including tolls as part of the metered trip

Currently tolls incurred during a passenger trip are passed onto the passenger. This is done by the driver manually adding the tolled amount onto the metered fare at the end of the journey. When there is no passenger in the taxi, the toll is covered by drivers. The only exception to this is on northbound trips across Sydney Harbour, where passengers are required to pay a toll even though no toll is charged.

The Harbour toll is a charge that applies to vehicles crossing in a southbound direction only. However, taxi drivers may also charge passengers a toll on northbound trips. The rationale for this arrangement is to cover the toll for the driver to return to the CBD to obtain another fare. IPART previously considered this in 2008, but ultimately decided not to abolish the toll on northbound trips across Sydney Harbour due to objections from industry stakeholders. However, we remain unconvinced that any exception should be made for Sydney Harbour crossings that do not actually incur a toll. We are still of the view that drivers are no less likely to obtain a return trip from north Sydney than from any other location for which a toll road might be used.

Since we last considered this issue, variable tolls have been introduced for Sydney Harbour crossings that differ by time of day. The toll which applies at the time of the crossing is added to the fare paid by the passenger. This applies to southbound and northbound journeys. In addition, cashless tolls and tolls that vary by distance (eg, M7 motorway) are becoming more common. We are concerned that requiring drivers to work out the cost of such tolls and add the value of them on top of the metered charge at the end of the journey is unreasonable.

The Victorian Taxi Industry Inquiry noted the issues associated with drivers needing to add tolls on top of metered fares including the potential for confusion, misunderstandings, disputes and overcharging. The Victorian Taxi Industry Inquiry considered the available technology and recommended that all taxi meters in Victoria be required to include all components of the fare, including tolls.[48]

Our preliminary view is that Transport for NSW should also consider doing this in NSW, minimising the inconvenience to drivers and passengers, and providing more confidence to passengers that they are not being overcharged.

IPART seeks comments on the following

12 Should taxi meters be linked to e-Tags so that tolls do not need to be manually added by a driver at the end of a journey?

13 Should passengers be charged a toll on northbound trips across Sydney Harbour?

4.1.2 Maxi taxi surcharge

In Sydney, a maxi taxi surcharge may be charged where a maxi taxi is pre-booked (regardless of the number of passengers) or if a maxi taxi is hired from a taxi zone or street hail to carry five or more passengers.

Passengers in Sydney pay an additional 50% on the metered fare. However, the recent Victorian Taxi Industry Inquiry considered that it would be preferable for this to be a fixed dollar surcharge, rather than a percentage loading. They noted that a percentage loading makes longer distance fares for these services more attractive relative to short distances and as a result in Melbourne appears to be exacerbating existing problems of oversupply of taxis at the airport and under supply of wheelchair accessible taxis in other areas.[49]

48 Victorian Taxi Industry Inquiry, *Final Report, Customers First: Service, Safety, Choice*, September 2012, Recommendation 3.8, p 21.

49 Victorian Taxi Industry Inquiry, *Final Report: Customers First – Service, Safety, Choice*, September 2012, p 201 and p 207.

Current relativities between short and long distance fares also appear to be an issue in Sydney. As a result, we are interested in views regarding whether the maxi taxi surcharge should be set as a fixed dollar amount on top of the fare, rather than a percentage surcharge.

All capital cities except Darwin have some form of maxi taxi surcharge, although it is different in each city (Table 4.4). In Brisbane, the surcharge has been deregulated for pre-booked maxi taxis (as well as luxury and premium taxis). A fixed surcharge of $11 to $12 typically applies. The Victorian Taxi Industry Inquiry recommended a fixed fee of between $10 and $15 for Melbourne.[50]

Table 4.4 Arrangements for high occupancy taxis in Australian capital cities

	When it applies	Tariff component	Premium
Sydney	▼ If a maxi cab is pre-booked (regardless of the number of passengers) OR ▼ If a maxi taxi is hired from a taxi zone or street hail to carry 5 or more passengers.	All tariff components	50%
Melbourne	When taxi carries 5-11 passengers	▼ Distance rate ▼ Waiting time rate	Around 50% higher
Brisbane	If pre-booked and agreed by the hirer	Fixed surcharge	Around $11-12.
Adelaide	All times	Flag fall	▼ $1 higher during the day period ▼ $1.50 higher during the night period
		▼ Distance rate ▼ Waiting time rate	Around 30% higher in both the day and night periods.
Perth	Monday to Friday 6 am to 6 pm	Flag fall	$1.85 higher
	All times	Distance rate	Around 48% higher
		Waiting time rate	Around 55% higher
Hobart	All times	Flag fall	$1.60 higher
		Distance rate	11% higher
		waiting time rate	14% higher
Canberra	5-7 passengers	▼ flag fall ▼ distance rate	50% higher
	8+ passengers	flag fall	50% higher
		distance rate	90% higher
Darwin		None	

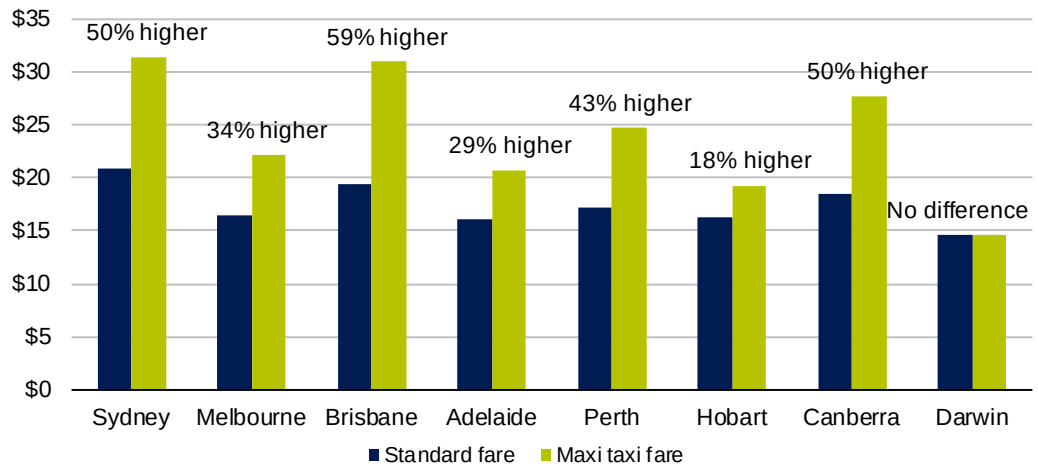
Source: Victorian Taxi Directorate website, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 22 January 2013;Queensland Department of Transport and Main Roads websitehttp://www.tmr.qld.gov.au/Travel-and-transport/Taxis.aspx, accessed 22 January 2013; Taxi Council of

[50] Victorian Taxi Industry Inquiry, *Final Report: Customers First – Service, Safety, Choice*, September 2012, p 207.

SA website, http://www.taxicouncilsa.com.au/PDF%20Downloads/Latest_Meter_Fares.pdf, accessed 22 January 2013; WA Department of Transport website, http://www.transport.wa.gov.au/taxis/15154.asp, accessed 22 January 2013; Tasmanian Department of Infrastructure, Energy and Resources website, http://www.transport.tas.gov.au/miscellaneous/understanding_taxis_and_luxury_hire_cars, accessed 22 January 2013; Road Transport Authority website, http://www.rego.act.gov.au/aboutus/publictaxifares.htm, accessed 22 January 2013; NT Department of Transport website, http://www.transport.nt.gov.au/__data/assets/pdf_file/0015/31290/DWN-Standard-Tarrif-Dec-2012.pdf, accessed 22 January 2013; Black and White Cabs website, http://www.blackandwhitecabs.com.au/cms/pages/BM_Menu/FOR+PASSENGERS/MAXI+Cabs/!/display.html, accessed 24 January 2012; Yellow Cabs website, http://www.yellowcab.com.au/customer-services/content.cfm/Maxi_Taxis/411/, accessed 24 January 2013.

Since the maxi taxi surcharge is applied differently in different capital cities, it is difficult to compare the impact on the total fare paid. For a booked journey at 9am that is charged for 5.5 km at the distance rate and 4.5 minutes at the waiting rate, the impact of the high occupancy taxi surcharge on fares in Australian capital cities is shown in Figure 4.4. A $10 fixed surcharge in Sydney would give the equivalent fare as the current 50% loading arrangements for this journey.

Figure 4.4 Fare paid for maxi taxis compared to the standard taxi fare (January 2013)



Data source: IPART calculations.

IPART seeks comments on the following

14 Should the maxi taxi surcharge be levied as a dollar amount rather than a percentage loading on the metered fare?

5 Fares in other parts of NSW

One of the primary reasons for reconsidering our approach to setting the level and structure of taxi fares this year is that we can now consider taxi licence numbers and taxi fares together. As there is a high degree of interaction between these reviews, this creates an important opportunity for us to address some of the problems stakeholders have previously raised about the affordability and availability of taxi services for passengers.

However, the taxi licence review that we are undertaking (and the 2009 changes to licence arrangements) only apply in Sydney. In addition, most of the concerns regarding the level and structure of fares that have been raised with us in the past relate specifically to Sydney.

Transport for NSW states that while the new licencing arrangements initially apply only in Sydney, further consideration will be given to introducing them to Newcastle, Wollongong, the Central Coast and country areas. In the meantime, new 'ordinary' and short-term licences for taxis to operate in these areas can still be issued.[51]

We will consider whether we should apply any change in approach to setting Sydney fares in:

- other urban areas (the fares and Taxi Cost Index used in Sydney and other urban areas are currently the same)
- country areas (the fares and the Taxi Cost Index that applies in country areas is currently different from what applies in Sydney).

5.1 Different fares currently apply in urban and country areas

Currently there is a distinction between fares that apply in urban areas and country areas. The fares that currently apply in each area are set out in Table 5.1.

[51] Transport for NSW website <http://www.transport.nsw.gov.au/taxi-licence-release>

Table 5.1 Maximum fares for taxis in NSW

		Urban	Country
Flag fall	$	3.50	4.00
Distance charge – first 12km	$/km	2.14	2.20
Distance charge – after first 12 km	$/km	2.14	3.05
Waiting time charge	$/hr	55.30	56.24
Booking fee	$	2.40	1.10
Night-time surcharge (on distance rate)[a]	%	20	20
Sunday/Holiday surcharge (on distance rate)[b]	%	n/a	20
Maxi taxi surcharge (on total fare)[c]	%	50	50
Waiting time threshold speed	Km/hr	26	26

[a] The night time surcharge applies to journeys that commence between 10pm and 6am.

[b] The Sunday/Holiday surcharge applies to journeys that commence between 6am and 10pm on a Sunday or public holiday – country areas only.

[c] The maxi taxi surcharge may only be charged if a maxi-cab is pre-booked (regardless of the number of passengers) or if a maxi-cab is hired from a taxi zone or street hail to carry 5 or more passengers.

Source: Transport for NSW, http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges

Urban fares apply in the Sydney Metropolitan Transport District and:

- Newcastle Transport District
- Wollongong Transport District
- Blue Mountains Local Government Area
- Gosford Local Government Area
- Wyong Local Government Area
- Shellharbour Local Government Area, and Cams Wharf, Fern Bay, Minmi, Toronto, Williamtown, Medowie, Campvale, Ferodale, Raymond Terrace, Fassifern, Hexham, Maitland, Beresfield, Fullerton Cove, Tomago, Camden, Picton, Thirlmere, Tahmoor and Bargo.

Country fares apply everywhere else except for Moama, Barham, Tocumwal, Mulwala, Barooga and Deniliquin, which are exempt areas.

5.2 Fares for urban areas

We have very little information on what optimal fares for urban areas outside Sydney are. As a result, we would not seek to make any change to the fares that apply unless such a change was requested and sufficient evidence is available. Our preliminary view is therefore, that fares for urban areas should continue to be set the same as fares for Sydney. Any change in approach would therefore also apply in these areas.

IPART seeks comments on the following

15 Should urban taxi fares continue to be the same as Sydney taxi fares?

5.3 Fares for country areas

We also have very little information on what optimal fares for country areas are. We understand that the pattern of taxi use in country areas tends to differ significantly from that occurring in Sydney. For example, in country areas the rate of pre-bookings is significantly higher than in urban areas.

The costs of providing taxi services also differ in country areas. As a result, we currently use a different Taxi Cost Index in country areas. The country taxi cost index has different weightings, but uses the same inflators as the Sydney taxi cost index.

IPART seeks comments on the following

16 Should the process for setting urban and country fares be the same as that used for Sydney fares?

17 If we decide to use a modified Taxi Cost Index to set Sydney taxi fares, should the same changes be made to the country Taxi Cost Index?

18 Are changes required to the fare structure (individual fare components) in country areas?

Appendices

A Terms of reference

INDEPENDENT PRICING AND REGULATORY TRIBUNAL ACT 1992
TAXI INDUSTRY FARE REVIEW

I, Barry O'Farrell, Premier, pursuant to Section 9(2) of the *Independent Pricing and Regulatory Tribunal Act* 1992, approve the Independent Pricing and Regulatory Tribunal (IPART) entering into arrangements with Transport for NSW for two years to 3 August 2014 to provide services to Transport for NSW that are within its area of expertise. The services to be provided by IPART are the conduct of an investigation into, and the preparation of a report concerning, maximum fares for taxi services under the *Passenger Transport Act 1990*.

In providing these services, IPART should consider:

i) the cost of providing the services concerned and the need for greater efficiency in the supply of services so as to reduce costs for the benefit of customers;
ii) the protection of customers from abuses of monopoly power in terms of prices, pricing policies, and standards of service;
iii) the need to maintain ecologically sustainable development;
iv) the impact on customers of the recommendations;
v) standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise and any suggested or actual changes to those standards); and
vi) the effect of any pricing recommendation on the level of Government funding.

The services to be provided by IPART will include a public consultation process through which the NSW Taxi Council, taxi industry participants and other stakeholders including the general community.

The services are to be provided through the provision of one or more reports to Transport for NSW, as agreed between Transport for NSW and IPART.

The Hon Barry O'Farrell MP
Premier
Minister for Western Sydney

Dated at Sydney 11 October 2012

B Background on the taxi industry

While taxi-cabs are a privately (rather than publicly) owned mode of transport, taxi services are usually regulated by government to ensure they meet acceptable safety and quality standards. Transport for NSW regulates most aspects of taxi operations in NSW.[52]

IPART reviews and recommends maximum fares to the Director-General of Transport for NSW. We have been doing this every year since 2002. In the second half of 2012, we were also asked to review and recommend the number of new taxi licences to be released from 2013. Transport for NSW will make a decision on the number of new licences to be released by 30 March 2013.

The sections below provide some context for the review, including fare levels in Sydney compared to other cities, and information on the taxi industry in NSW.

B.1 IPART's fare setting role

As noted above, IPART does not have powers to set taxi fares. That responsibility lies with the Director-General of Transport for NSW.[53] However, since 2002, the Government has asked IPART to review and make recommendations on fares for taxis each year.

Taxi charges on which we make recommendations

We make recommendations on the following charges:

- Flag fall
- Distance rate
- Night-time and public holiday surcharges
- Waiting time
- Booking fees

52 Transport for NSW's role includes issuing taxi driver authorities, taxi operator accreditations and taxi licences. It also authorises taxi networks, and enforces taxi service standards for networks, vehicles, operators and drivers. In addition, Transport for NSW is responsible for setting taxi fares.

53 *Passenger Transport Act 1990*, Section 60A.

- Surcharge for maxi-cabs.[54]

Taxi charges and costs on which we do not have a role

IPART does not have a role in regulating:

- the surcharge that may be levied if passengers use EFTPOS, credit card or the Cabcharge payment system to pay their fares
- the access fee that Sydney Airport charges taxis
- the fees that networks charge operators
- the share of fare revenue that goes to operators, drivers, or licence owners.

B.1.2 Our current approach to setting fares

To date we have used two industry cost indices called the Taxi Cost Indices (TCIs) to formulate our recommendations. In order to keep the TCIs relevant to the industry, we periodically reconsider their composition (which costs are included and their relative importance, or weightings).

The Taxi Cost Index

The Taxi cost indices (TCIs) aim to measure the change, in percentage terms, from year to year in the costs incurred by taxi operators and drivers in providing taxi services.

The TCIs consist of a basket of cost items – such as labour costs, LPG fuel, insurance, repairs and maintenance, and the cost of leasing a vehicle and a taxi licence. Each cost item has a weighting, which is based on the proportion of a taxi's total costs that it represents. It also has an inflator, which is a relevant piece of data that reflects the likely percentage change in the costs associated with that cost item. For example, the labour cost items are inflated by the annual change in the Wage Price Index published by the Australian Bureau of Statistics.

The separate TCIs for urban and country taxis reflect the different cost structures of providing taxi services between urban and country areas. While the 2 TCIs have the same basket of cost items and the same inflators, there are differences in the weightings for each item which reflect differences in costs between these areas.

To calculate the annual change in each TCI, we take the current weighting of each cost item and multiply it by the relevant inflator. This gives the contribution of

[54] A maxi cab is a taxi with seating for 5 or more adults, in addition to the driver. The surcharge applies if a maxi cab is pre-booked, or if the maxi cab is hired from a taxi zone or street hail and there are 5 or more passengers.

each cost item to the index. We then sum the contributions for each of the cost items to give the percentage change in the cost index.

Why we chose this approach

All other jurisdictions in Australia use some form of index as the basis for adjusting taxi fares.

In 2006 we reviewed our approach to regulating taxi fares. We assessed alternative index approaches against the criteria of simplicity, transparency, robustness, timeliness, cost-reflectivity, and ability to provide incentives for the taxi industry to make productivity gains.

We concluded that an industry-specific cost index best met the criteria, with cost items and weightings established using surveys and other industry-specific data sources. We decided that inflators in the index should be transparent and verifiable.

In the years since the 2006 review we have established a set of cost items and weightings, based on a survey of drivers and operators in 2012, and reviewed and established a set of inflators that are independent and verifiable.

B.2 Fare levels in Sydney compared to other cities

Taxi fares in Sydney have been increasing by around 3% to 4% per year for the last 10 years.

Figure B.1 and Figure B.2 show taxi fares in Sydney compared to a sample of 14 other cities around the world. Figure C.1 shows the fares in $AU. Figure C.2 shows the fare once they have been adjusted for different price levels in other cities – so that it shows the price of taxis **relative** to the price of other goods and services in each city.

In most cities, for a given distance there may be a range of fares that may be charged, depending on how long the journey takes because of congestion in the city. For example, in Sydney, a waiting time rate is charged with the speed drops below 26 km per hour. In some cities a waiting rate is not charged, so there will only be one fare for a given distance rate.

Figure B.1 International comparison of fares ($AU – Sorted by distance price for 15 km journey)

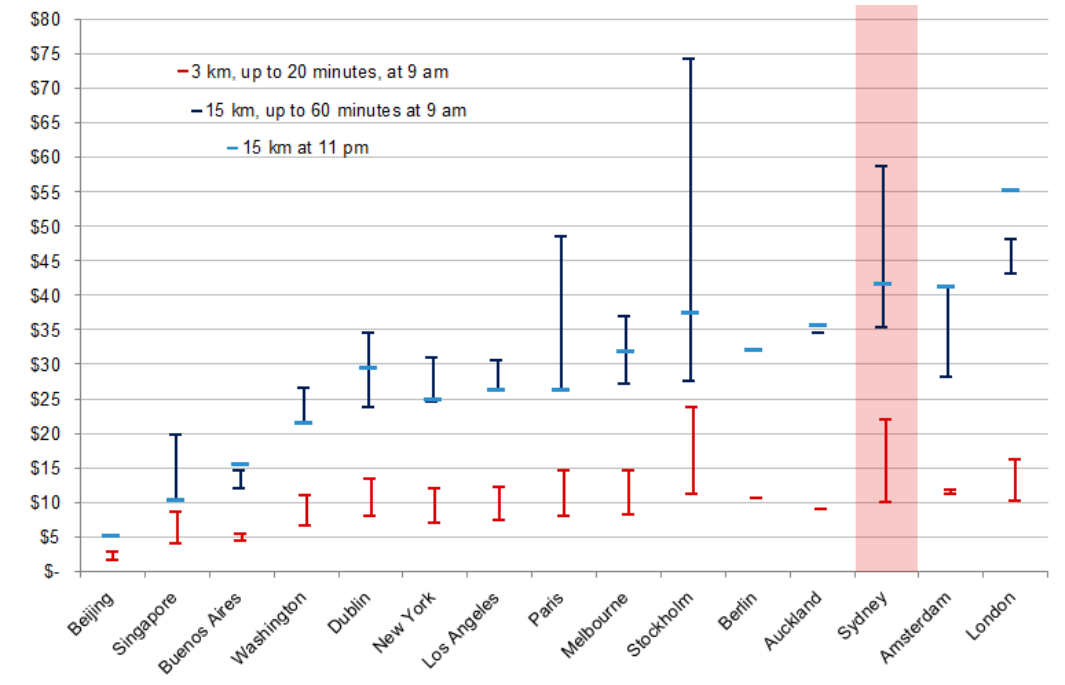
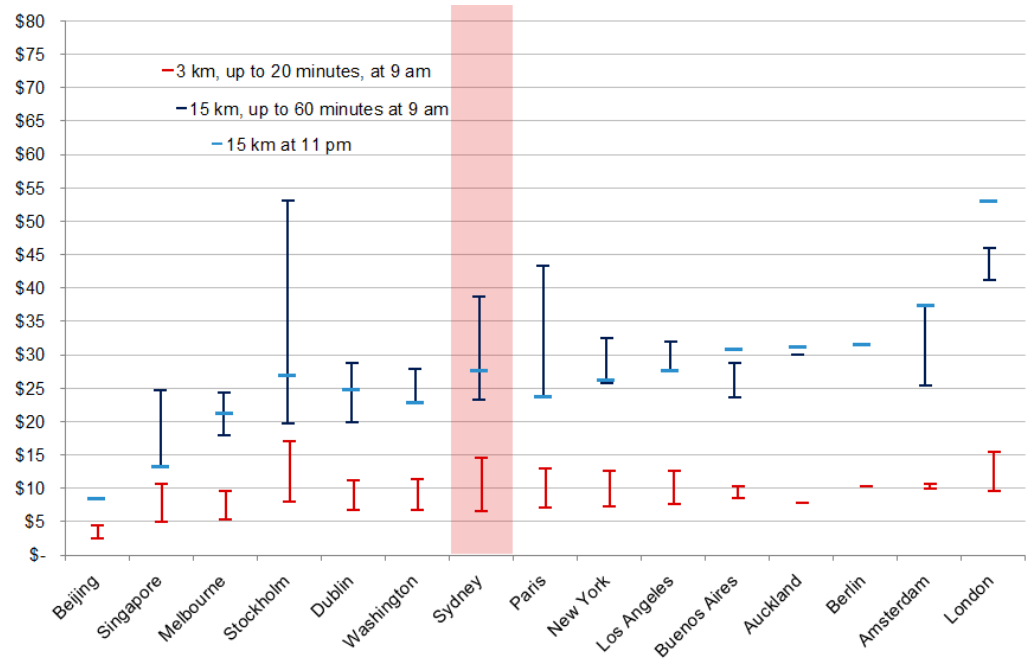


Figure B.2 International comparison of fares ($US - Adjusted for purchasing power parity – sorted by distance price for 15 km journey)



Note: The 11 pm fares are all charged at the distance rate.
Data source: OECD.StatExtracts, *PPPs and exchange rates,* http://stats.oecd.org/Index.aspx?DataSetCode=SNA_TABLE4

Travel China Guide, Beijing Taxi, http://www.travelchinaguide.com/cityguides/beijing/transportation/taxi.htm, accessed January 2013, I Amsterdam, *Taxis*, accessed 12 February 2013, http://www.iamsterdam.com/en-GB/living/transportation/taxis,

Taxi Stockholm, *Fares and Payment*, accessed 12 February 2013, http://www.taxistockholm.se/en/Fare-and-payment/, CityCab, *Our Products & Services>Rates & Charges*, http://www.cdgtaxi.com.sg/commuters_services_rates.mvn, accessed 12 February 2013, Green Cabs, *Our fares*, http://www.greencabs.co.nz/index.php?page=our-fares, accessed January 2013, New York City Taxi & Limousine Commission, Rate of Fare, accessed 12 February 2013, http://www.nyc.gov/html/tlc/html/passenger/taxicab_rate.shtml, Argentina Independent, *Taxi Fares Set to Increase*, 24 October 2012, accessed January 2013, http://www.argentinaindependent.com/currentaffairs/newsfromargentina/taxi-fares-set-to-increase/, District of Columbia Taxicab Commission, Taxicab Fares, http://dctaxi.dc.gov/node/310182, accessed January 2013, Transport for NSW, *Maximum taxi fares and charges*, http://www.transport.nsw.gov.au/content/maximum-taxi-fares-and-charges, accessed 19 February 2012, Victorian Taxi Directorate, *Taxi Fares*, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 19 February 2012, Taxi, *Taxi Fare Rules*, http://www.taxiverband-berlin.de/taxikunden/tarifordnung.php, accessed 19 February 2012, National Transport Authority, *Information Note on 2012 Taxi Fare Review*, p 1, http://nationaltransport.ie.cdn.ie/wp-content/uploads/2011/12/Information-Note-on-2012-Taxi-Fare-Review1.pdf, accessed January 2012, Parisinfo, *Taxis*, http://en.parisinfo.com/paris-map/getting-around/taxis-1/guide/taxis_taxi-fares, accessed 19 February 2012, Transport for London, *Tariffs*, http://www.tfl.gov.uk/gettingaround/taxisandminicabs/taxis/taxifares/4870.aspx, accessed 19 February 2012, City of Los Angeles Taxi Services, *Fares*, http://www.taxicabsla.org/, accessed January 2013.

B.3 What happens to the fare revenue?

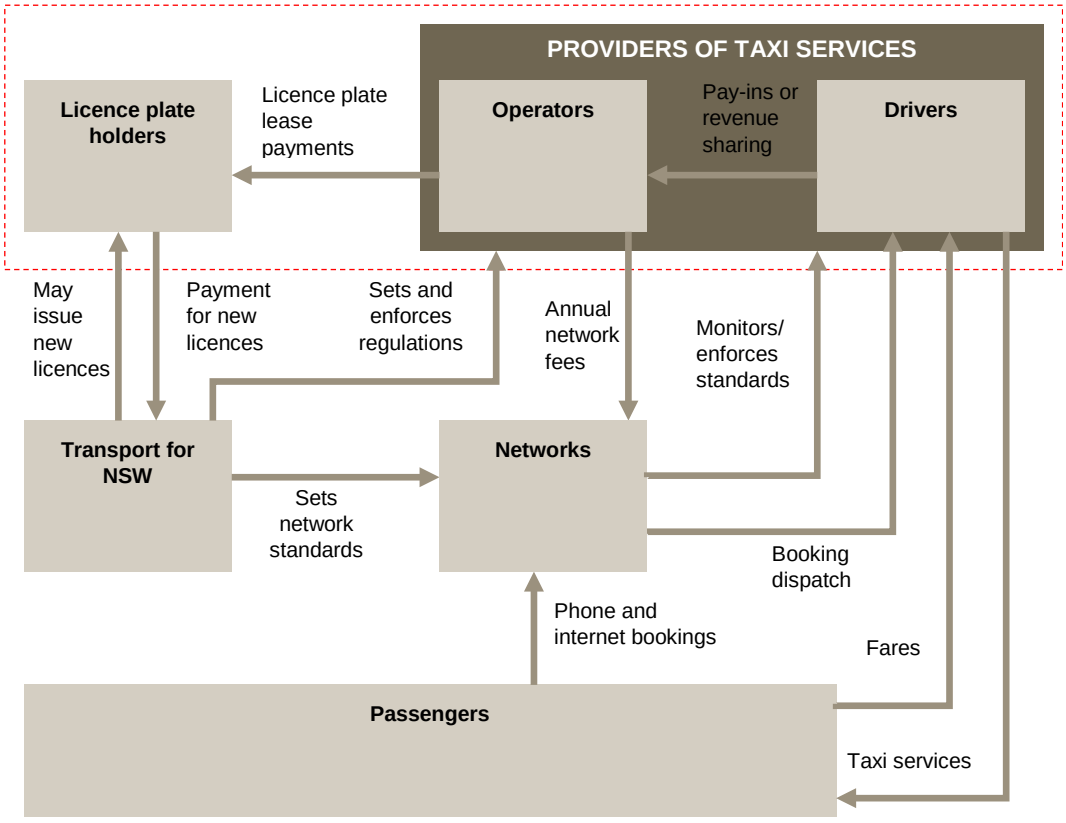
Even though fares in Sydney have increased on average by more than the change in the CPI for the past 10 years, driver earnings remain relatively low, at around $11 an hour.[55] This is because the revenue collected by a taxi (around $160,000 per year), is shared between a range of participants including drivers (21% each for 2 drivers), operators (6%), networks (5%) and licence owners (18%), and around 30% of revenue goes towards covering expenses such as LPG, insurance, maintenance, vehicle lease costs and cleaning.[56] These shares are determined by the market - IPART does not have a role in deciding how the revenue from taxi fares is distributed. This means that when fares rise, drivers do not necessarily earn more. Any additional fare revenue may be captured by other parts of the industry.

Some taxis have different people driving the taxi, operating the taxi, and owning the taxi licence. For other taxis, some of these roles may be undertaken by the same parties. For example, many operators are also drivers, networks may own licences, and some licence owners also operate and drive a taxi.

Figure B.3 provides an overview of the taxi industry structure in NSW. The following sections outline the key participants' roles and responsibilities.

55 The CIE, *Reweighting the Taxi Cost Index*, April 2012.
56 The CIE, *Reweighting the Taxi Cost Index*, April 2012.

Figure B.3 Overview of the taxi industry in NSW



Source: The CIE, *Reweighting of the taxi cost index – final report*, April 2012, p 14.

B.3.1 Taxi drivers

A taxi driver must be licensed to drive in NSW and authorised by Transport for NSW. As at 1 March 2012, there were 18,791 authorised drivers in Sydney, although not all were active.[57]

[57] Information provided by Transport for NSW for the 2012 taxi fare review.

In Sydney, most drivers pay the operator a fixed fee to hire or 'bail' the taxi for a shift.[58] The maximum fee that the operator is allowed to charge the driver is set by the Industrial Relations Commission.[59] It varies across shifts from $266.55 for a Friday or Saturday night shift, down to $175 for day shifts.[60] Drivers also cover the costs of fuel and car washing when they bail the taxi for a fixed fee.

Drivers must wear the approved uniform of the network to which their vehicle is affiliated, and be logged in to that network while available for hire.

B.3.2 Taxi operators

Taxi operators are responsible for the day-to-day management of one or more taxi cabs. Operators may be individuals or corporations, and must be accredited by Transport for NSW. They must also be affiliated with an authorised network, and are required to fit out their vehicle with that network's livery and install the network's communications equipment. They must insure and maintain their vehicle(s).

In addition, operators must hold a taxi licence for each vehicle they operate. Licensing entry to an industry is a common method of ensuring that participants are qualified to be in the industry, and that they maintain standards of safety and quality. However, the taxi industry is one of the few industries where the number of operators is restricted by the number of licences issued.

The cost to an operator of holding a taxi licence varies, depending on whether:

- the operator owns or leases the licence
- the type of licence it is
- the source of the licence (secondary market or Transport for NSW), and
- the market conditions at the time of obtaining the licence (and any change to market conditions subsequently, for leased licences).

Currently, some 60% of operators lease their taxi licences, while the other 40% either own them or hold the new annual licences issued by Transport for NSW since 2010.[61] As at 1 January 2013, there were 2,609 active accredited operators in Sydney, many of whom operate just one taxi.[62]

58 This is known as "method 2."

59 See www.industrialrelations.nsw.gov.au/biz_res/oirwww/pdfs/Awards/Award_0103.pdf

60 Alternatively the operator and driver can agree to divide the revenue that is earned by the drivers – usually 50/50 ("method 1"). While such an arrangement is common is other states in Australia, it is rarely used in Sydney.

61 CIE, *Reweighting of the taxi cost index – final report,* April 2012, p 44.

62 Information provided by Transport for NSW.

Many operators are individuals who also drive their own taxis. Operators may also arrange for other drivers to drive their taxis under a "bailment" arrangement, as mentioned above.

B.3.3 Licence owners

Every taxi must have a taxi licence in order to operate. However, there is no requirement for a taxi licence owner in NSW to play any part in providing taxi services – and many do not. Rather than own their own licence, around 75% of taxi operators lease their licence in order to conduct a taxi business.[63] This indicates that a large proportion of owners hold a licence simply as an investment, whether or not they were previously involved in the taxi industry (such as retired taxi operators). This means that for the owners of these licences, taxi licences are comparable to other financial assets. The expected profits of owning a licence are determined by how profitable it is to either operate a taxi now and into the future, or how profitable it is to lease the licence to another party.

There are currently 5,647 licences in the Sydney taxi market (as at 1 January 2013).[64] Most of these licences are owned by individuals, and more than half are owned by individuals with only 1 licence each. The taxi networks own 446 licences between them.[65] The taxi networks also manage licences for individual owners by organising to lease or sub-lease them to operators.

B.3.4 Taxi networks

All taxis must be affiliated with a taxi network.[66] Taxi networks provide a radio booking service to the taxi operators who are affiliated with them, as well as security monitoring services for taxi drivers and passengers. In some cases, they also provide additional services to operators and drivers, such as training, leasing or sub-leasing taxi licences, insurance broking, and repairs and maintenance. In addition, they monitor and enforce service standards for operators, drivers and vehicles. Networks must be authorised by Transport for NSW.

There are currently 12 networks operating in Sydney, some of which are linked to each other through their business structures.

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63 Transport for NSW information return for 2012 review of fares, 'Leased taxis as at 1 March 2012'.

64 Information provided by Transport for NSW. Transport for NSW has advised that 48 of the licences are 'on hold' – that is, the licence is in force, but a taxi is not currently being operated using the licence.

65 Information provided by Transport for NSW.

66 *Passenger Transport Act 1990*, S 30(1).

C Taxi industry model

We commissioned consultants the CIE to develop a model of the taxi industry for our review of the number of annual taxi licences that should be released in 2013. As part of our fare review, for different fare options, and for a given number of taxi licences on the road, we will use this model to predict:

- outcomes for passengers – waiting times
- taxi use – the total number of trips and taxi occupancy
- impacts on licence lease costs – costs for operators and income for licence owners.

These are the key outputs of the model.

The elements of CIE's model

CIE's work builds on work done by other economists to model taxi markets. The inputs to the model include:

- Data from the taxi driver and operator survey conducted by the CIE for us in 2011 (cost structure of providing taxi services, revenue per shift, hours per shift, share of trips with booking fee).
- Taxi network data on taxis on the road per shift. This data was used to develop a constraint on the percentage of total licences that would be on the road during a shift, ranging from 70% for off-peak shifts to 87% for peak shifts.
- Current fares.
- Data on occupancy rate per kilometre (supplied by the Australian Taxi Drivers' Association based on 5 million kilometres of travel in 12 cabs).
- Bureau of Transport Statistics data on average trip length.
- Data on waiting times from the taxi use survey conducted by Taverner in November 2012.

The model incorporates:

- a demand equation, linking demand for taxi services to the price of services and waiting time
- a waiting time equation, linking the average waiting time to the number of taxis on the road and the share taken up by demand
- a taxi entry condition, linking the decision of a taxi to drive a shift to the returns available.

Other inputs are assumptions that can be changed. The model was calibrated using plausible values for these assumptions so that the base case matched the current industry structure in terms of number of licences, lease value and taxis on the road per shift. Two important assumptions are:

- Base case price elasticity is -0.8; the Victorian Taxi Inquiry's draft report suggested an elasticity of around -1 for Melbourne, while Booz Allen Hamilton, in a report for IPART in 2003, noted that the majority of international studies reported a demand elasticity of -0.2 to -1.0.
- The base case value of time is $30 per hour which is higher than the range normally used in economic appraisals for public transport projects, on the basis that taxi passengers have a higher value of time than public transport passengers. The results of the model are not very sensitive to this assumption.

Accuracy of the model

All models of markets are simplifications of how things actually work. Good models are those that are able to take into account the key features of the market and provide quantitative linkages between changes in certain variables (such as the number of taxi licences) that affect other variables (such as the waiting time for taxis). However, there are a number of reasons why real-world outcomes might be different from modelled forecasts: even where a model accurately quantifies the relationship between variables, the forecast inputs may be different (eg, population might not grow by as much as predicted), and the outcomes might be affected by factors that have not been accounted for in the model.

However, we are confident that the model is a good fit to the data and the relationships between variables. We also tested the model to see how sensitive it was to our assumptions (for example, if price elasticity is actually different from the -0.8 we assumed, how different are the forecast outcomes?).

The model is a long-run equilibrium model, which means it shows what the market will look like once it has fully adjusted to a change (such as increasing the number of licences). It does not show what the impacts will be as the market works through the changes – how quickly passengers will react to lower waiting times or fare changes, whether occupancy will be lower in the short term – or how long it will take to reach equilibrium. While the outputs of the model are subject to the uncertainty inherent in any modelling exercise, and the model does not show the timing of the outputs, the model is clear on the direction of the impacts.

D Fare structures in other cities

D.1 Night time and weekend surcharges

Some form of night surcharge applies in all Australian capital cities every night of the week. However, there is considerable variation in how and when the surcharge is applied. The surcharges that apply in Australian cities are summarised in Table D.1. In summary:

- The surcharge is applied to the distance rate in Sydney, Melbourne, Hobart and Canberra (15% to 20% higher than the daytime rates). In Hobart and Canberra the higher distance rate applies from 8pm and 9pm respectively, but in Melbourne it does not start until midnight.
- In Perth and Brisbane a fixed surcharge applies each night of the week of $1.85 from 6pm and $1.40 from 7pm respectively. These cities also have a higher surcharge that applies from midnight to 5am every day in Brisbane ($3.40 more than the day rate) and just on weekends in Perth and ($4.85 more than the day rate).
- Both the flag fall and the distance rate is increased in Adelaide and Darwin from 7pm and 6pm respectively.
- Perth, Hobart, Canberra and Darwin extend their surcharge to all hours on the weekend.

Table D.1 Additional surcharges applying in Australian capital cities (January 2013)

City	Application of surcharge		
	Time	**Tariff component**	**Additional charge compared to fare at 9 am Monday**
Sydney	Daily, 10 pm to 5 am	Distance rate	20% (+$0.43 per km)
Melbourne	Daily, 12 am to 5 am	Distance rate	20% (+$0.32 per km)
Brisbane	Daily, 7 pm to 12 am 5 am to 7 am	Flag fall	+ $1.40
	Daily, 12 am to 5 am	Flag fall	+$3.40
Adelaide	Mon-Fri, 7pm to 6am, and Sat, Sun & Public holidays, all day	Flag fall Distance rate	+ $1.20 10% (+$0.17 per km)
Perth	Mon-Fri, 6 pm to 6 am and Fri-Sat, 6 pm to 12 am	Flag fall	+ $1.85
	Sat-Sun, 12 am to 5 am	Flag fall	+$4.85
	Christmas Day (all day)	Flag fall	+$4.90
	New Year's Eve, 6 pm to 6 am	Flag fall	+$5.55
Hobart	Mon-Fri, 9 pm to 6 am Sat, Sun & Public holidays, all day	Distance rate	20% (+$0.36 per km)
Canberra	Mon-Fri, 9 pm to 6 am and Sat, Sun & Public holidays, all day	Distance rate	15% (+$0.29 per km)
Darwin	Sat, Sun & Public holidays, all day	Flag fall Distance rate	+$0.80 23% (+$0.34 per km)

Source: Victorian Taxi Directorate website, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 22 January 2013;Queensland Department of Transport and Main Roads website http://www.tmr.qld.gov.au/Travel-and-transport/Taxis.aspx, accessed 22 January 2013; Taxi Council of SA website, http://www.taxicouncilsa.com.au/PDF%20Downloads/Latest_Meter_Fares.pdf, accessed 22 January 2013; WA Department of Transport website, http://www.transport.wa.gov.au/taxis/15154.asp, accessed 22 January 2013; Tasmanian Department of Infrastructure, Energy and Resources website, http://www.transport.tas.gov.au/miscellaneous/understanding_taxis_and_luxury_hire_cars, accessed 22 January 2013; Road Transport Authority website, http://www.rego.act.gov.au/aboutus/publictaxifares.htm, accessed 22 January 2013; NT Department of Transport website, http://www.transport.nt.gov.au/__data/assets/pdf_file/0015/31290/DWN-Standard-Tarrif-Dec-2012.pdf, accessed 22 January 2013.

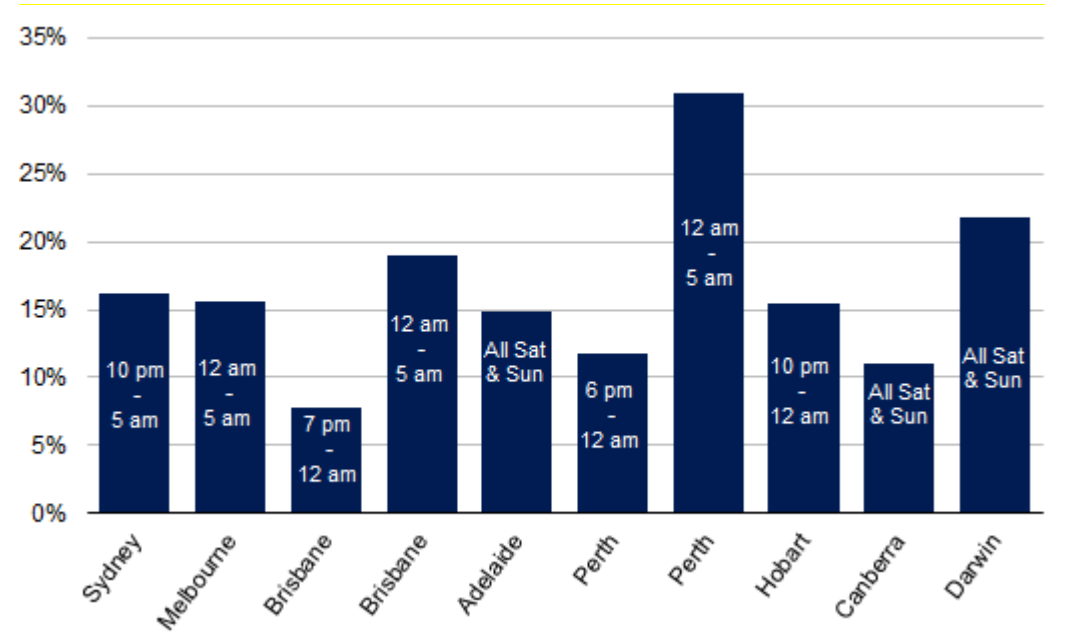
Figure D.1 compares the additional cost of taxi fares on a Saturday night when a night surcharge applies to the same journey on a Monday morning. The comparison uses a 7 km journey charged all at the distance rate.

Figure D.1 shows that for this journey:

- In Sydney, Melbourne, Adelaide, Hobart and Canberra, passengers pay 10 – 16% more to travel on a Saturday night compared to a Monday morning, and in Darwin they pay over 16% more.
- The impact of the surcharge in Brisbane (around 7.5%) is lower than in Sydney between 10pm and midnight, but passengers in Brisbane pay almost 20% to travel after midnight compared to the cost of travelling at 9am.

- Passengers in Perth pay around 30% more when they travel after midnight.

Figure D.1 The additional cost of travelling on Saturday night compared to 9am Monday in Australian capital cities (January 2013)

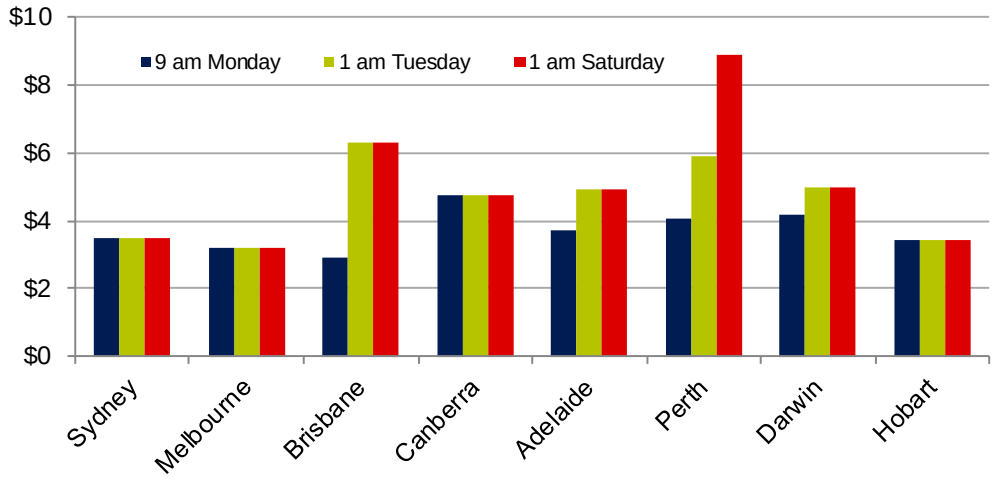


Note: Based on a 7 km journey all charged at the distance rate.
Data source: IPART calculations.

D.2 Flag falls

Figure D.2 shows that the flag fall rate in Sydney is toward the lower range of flag fall rates in other cities. It also shows that in some cities, the flag fall rate is higher at night.

Figure D.2 Flag fall rates for Australian capital cities January 2013



Data Source: Victorian Taxi Directorate website, http://www.taxi.vic.gov.au/passengers/taxi-passengers/taxi-fares, accessed 22 January 2013;Queensland Department of Transport and Main Roads website http://www.tmr.qld.gov.au/Travel-and-transport/Taxis.aspx, accessed 22 January 2013; Taxi Council of SA website, http://www.taxicouncilsa.com.au/PDF%20Downloads/Latest_Meter_Fares.pdf, accessed 22 January 2013; WA Department of Transport website, http://www.transport.wa.gov.au/taxis/15154.asp, accessed 22 January 2013; Tasmanian Department of Infrastructure, Energy and Resources website, http://www.transport.tas.gov.au/miscellaneous/understanding_taxis_and_luxury_hire_cars, accessed 22 January 2013; Road Transport Authority website, http://www.rego.act.gov.au/aboutus/publictaxifares.htm, accessed 22 January 2013; NT Department of Transport website, http://www.transport.nt.gov.au/__data/assets/pdf_file/0015/31290/DWN-Standard-Tarrif-Dec-2012.pdf, accessed 22 January 2013.