

Media release

Tuesday, 12 December 2017

Draft recommendations to maintain taxi fare freeze for Sydney

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on draft recommendations to continue a freeze on taxi fares that has been in place across NSW since 2014.

The recommended fare freeze would apply for rank and hail taxi services only, following the deregulation of fares for booked services from 1 November 2017.

IPART Chair Dr Peter Boxall said the draft recommendations have been put forward to ensure taxi services remain competitive in the face of emerging competition from other point-to-point transport providers.

“Our analysis indicates that current maximum fares are above the efficient cost of providing taxi services in most parts of NSW, evidenced by the high price of licences in many areas,” Dr Boxall said.

“By continuing to hold maximum fares at the same nominal level from 1 July 2018, we recognise that there is enough scope for taxi service providers to compete on price with other taxi service providers for rank and hail business, while also covering their efficient costs. They can also compete with the new hire vehicle services, such as rideshare, who offer booked services that are a close substitute to hailing a taxi.

“We believe that maintaining maximum fares at the current level as competition develops in the point to point transport market is the best way to deliver high quality services at the best price for passengers.”

The only change to fares IPART is recommending is enabling taxis to pass through the new \$1 Passenger Service Levy, introduced by the NSW Government to fund a \$250 million industry adjustment assistance package. The Levy will be effective from 1 February 2018.

Dr Boxall said the review has found that the usage of taxi services has remained stable despite significant growth in the use of point to point transport. Almost all of the growth has been captured by rideshare (see Figure 1 below).

“With a freeze on issuing new annual taxi licences for growth in Sydney, and continued high licence values, taxis’ ability to compete for this additional point to point transport demand is hampered. Putting fares up would only make things worse,” Dr Boxall said.

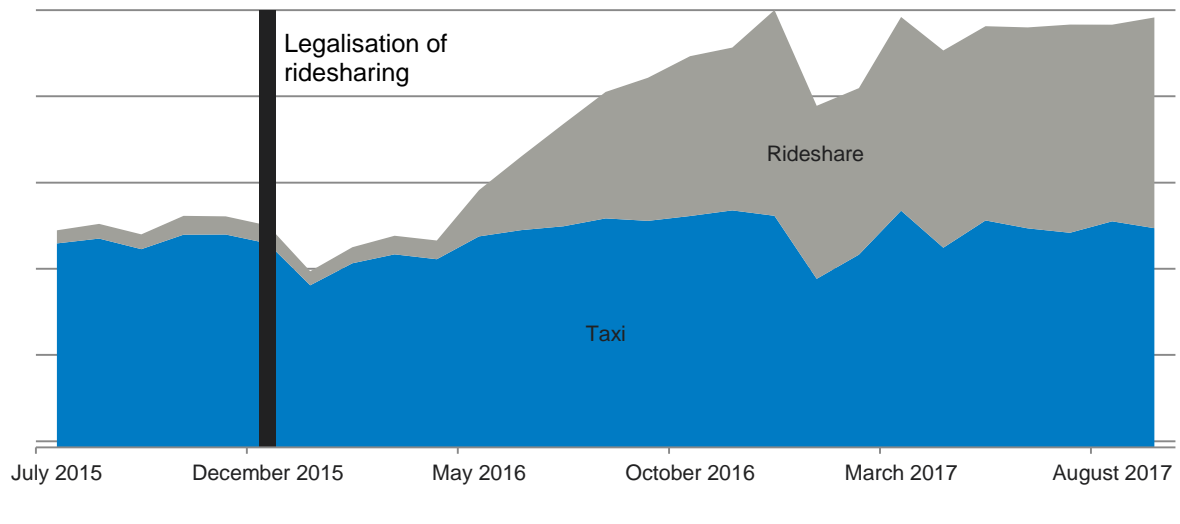
The fare freeze is one of 11 draft recommendations, including the release of additional taxi licences in regional areas.

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More information is available at ipart.nsw.gov.au

Full details of the review are available at ipart.nsw.gov.au. Submissions to the draft report are due by 3 February with public forums to discuss the proposed changes to be held in Sydney, Coffs Harbour and Dubbo early next year.

Figure 1 Growth in the Sydney point to point transport market



Note: The graph shows growth in number of transactions.

Data source: HoustonKemp, *Use of ridesharing and taxi services in New South Wales*, November 2016 data sourced from Data Republic and adjusted based on Taverner Research, *Comparing Surveys of Point to Point Transport Use, November 2014 to February 2017, May 2017*.

