

DRAFT REPORT – CHANGES PROPOSED FOR NSW TAXI FARES

6 May 2013

The Independent Pricing and Regulatory Tribunal (IPART) has made draft recommendations to restructure Sydney and other urban taxi fares to better meet passenger needs and encourage more taxis on the roads at times of peak demand.

In its draft report for the *2013 Review of Taxi Fares*, IPART is recommending that urban taxi fares fall slightly by an average of 1% alongside changes to fare structures to encourage taxi drivers to accept short fares and to operate on Friday and Saturday nights.

IPART Chairman Peter Boxall said the proposed new fare structures are complementary to the Government's recent decision to release additional peak taxi licences, as they reward drivers for operating in times of peak demand. Together these measures are expected to result in a 6% increase in total taxi trips and a 6% reduction in passenger waiting times on Friday and Saturday nights.

"These proposed changes are all about making it easier and cheaper for passengers to catch a taxi, and more profitable for operators and drivers to provide the service when it's needed," Dr Boxall said.

The draft recommendations for Sydney and other urban taxi fares include:

- Increasing the flag fall from \$3.50 to \$4.00 and reducing the distance and waiting time rates by 7% and 5% respectively to increase the incentive for drivers to accept short fares.
- Adding a flat rate peak surcharge of \$2.50 for all fares between 5pm and 5am on Friday and Saturday nights to encourage more taxis to be on the road when they are needed. The existing 20% night time surcharge would apply only after midnight (instead of 10pm) every night of the week as an incentive for drivers to remain on the road after midnight.
- Removing the northbound return toll on the Sydney Harbour Bridge and Tunnel to increase transparency and avoid confusion and double dipping.

Overall, fares would fall by an average of 1% depending on when and how far passengers travel. All passengers travelling more than 4km during the day will pay less. Passengers travelling between 10pm and midnight on Sunday to Thursday nights are likely to see significantly lower fares (a \$14 saving on a 25km trip). However, on Friday and Saturday nights, the new peak surcharge would mean that passengers travelling between 5pm and midnight would pay up to \$3 more, with higher fares in place to encourage more taxis to provide services during these peak times.

No changes are recommended to taxi fares in country areas this year, but IPART proposes extending taxi licencing reforms to other urban areas and country areas to make taxi services more efficient.

Dr Boxall said the draft recommendations are based on a different approach to that used in previous years which has simply passed on estimated annual cost increases and embedded inefficient costs in fares.

“Taxi fares have gone up by more than the rate of inflation for the past 10 years,” Dr Boxall said. “Sydney taxi fares are relatively high compared with those in Melbourne and other parts of Australia, and are the major reason Sydneysiders choose not to catch a taxi.

“Fares have become inefficient and unaffordable for many passengers, and there is no evidence that past fare increases have improved the income of drivers and operators.

“It’s time for a new approach that encourages passengers to catch taxis by improving both their affordability and availability, which leads in turn to more paid trips for drivers and operators.”

Dr Boxall said the draft decision to reduce rather than increase average fares considered modelling of the likely impacts of the recent NSW Government decision to release additional taxi licences this year, with licence costs expected to fall as more licences become available. IPART continue to monitor LPG costs on a 6 month basis and to recommend additional fare changes if necessary.

“Our modelling suggests that not only passengers but also drivers and operators could all benefit from the proposed recommendations,” Dr Boxall said.

IPART is seeking feedback on the draft recommendations from both consumers and the taxi industry.

A public forum will be held on 21 May, with submissions to the draft report due by 31 May 2013. The final report is expected to be provided to Transport for NSW by 14 June with any fare changes to be effective from July 2013.

The draft report, along with further information on IPART’s review, is available at IPART’s website <<http://www.ipart.nsw.gov.au>>.

Attached: Draft recommendations table: Urban taxi fare schedule.

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