

**REPORT on the REVIEW of TAXI FARES in NSW  
Transport – Draft Report and Draft Recommendations  
MAY 2008**

**PREPARED for the INDEPENDENT PRICING and  
REGULATORY TRIBUNAL**

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*Physical Disability Council of NSW (PDCN) is funded by the NSW Government's Department of Ageing, Disability and Home Care. Views expressed by PDCN Inc. are not necessarily endorsed by the NSW Government.*

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### **1. EXECUTIVE SUMMARY**

The Physical Disability Council of NSW (PDCN) would like to thank the Independent Pricing and Regulatory Tribunal (IPART) for providing the opportunity to provide feedback on the 2008 Review of Taxi Fares in NSW and Public Hearings.

The PDCN submission includes seven recommendations in response to draft recommendations identified by IPART. Due to the increasing costs of fuel and salaries PDCN accepts an increase in booking fee of 25% for both urban and country NSW as long as it is paid directly to the taxi driver. With this substantial increase in tax fares, PDCN urges an urgent review of the Taxi Transport Subsidy Scheme.

### **2. SUMMARY OF RECOMMENDATIONS SUPPORTED BY PDCN**

**Recommendation 1:** Without sufficient information with regard to the annual revenue obtained by operators or networks, PDCN would only support an increase of 25% booking fee as long as it is incorporated into the Taxi Cost Index as part of the National driver's labour costs.

**Recommendation 2:** That IPART adopts a better measure that is more reflective of the range of taxi trips to determine the 'fare component'.

**Recommendation 3:** PDCN recommends that the TTSS be immediately reviewed, and that the percentage of fare to be increased from 50% to 75%, and the cap be increased from \$30 to \$40.

**Recommendation 4:** PDCN recommends that the LPG fuel review include fuel costs for taxis not using LPG fuel.

**Recommendation 5:** PDCN supports the removal of the return- trip toll on northbound crossings of Sydney Harbour.

**Recommendation 6:** That the maxi-taxi surcharge be increased from 50% to 75% to provide an additional income to drivers of WATS.

**Recommendation 7:** PDCN supports the continuation of incentive payment to WAT drivers on Easter Friday and XMAS day.

### **3. THE PHYSICAL DISABILITY COUNCIL OF NSW (PDCN)**

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PDCN is the peak body representing people with physical disabilities across New South Wales, representing approximately 900, 000 residents. PDCN focuses on issues

relevant to people with limited mobility, such as access to the built environment, transport and access to aids and equipment.

An inclusive society is achieved when people with limited mobility are involved in every aspect of political, social, economic and cultural life. Access to all modes of public transport is essential to facilitate community inclusion in all aspects of daily living.

PDCN is able to represent the needs and interests of people with limited mobility. Membership of PDCN includes people with a range of mobility issues, from young children and their carers, to aged people, living across NSW in either Greater Sydney Metropolitan area or rural NSW all from a wide range of socio-economic circumstances. PDCN has the background, knowledge and skills to advocate on all levels of Government regarding the needs of people with limited mobility.

PDCN encourages people with limited mobility to become involved in the decision making process, so that Government and non- Government bodies become familiar with relevant issues.

PDCN effectively networks with other advocacy organisations on common goals and issues. Subsequently PDCN strives to bring about significant, permanent and positive changes to the circumstances of people with limited mobility. The goal is to secure equal civil and human rights for our constituency.

Promotional activities assist to educate and inform all members of the community, most frequently through the media. Publications such as 'Words Matter' produced by PDCN facilitate this educative process.

PDCN is funded by the NSW Department of Ageing, Disability and Home Care, employing four staff members, and based in Glebe.

#### **4. IPART DRAFT RECOMMENDATIONS UNDER CONSIDERATION**

1. The maximum fares for taxis in urban and country areas should consist of components and values shown below in Table1.

Table 1 – IPART'S draft recommendations on the fare components from 1 July 2008 <sup>1</sup>		
	<b>Urban</b>	<b>Country</b>
Flag fall (\$)	\$3.10	\$3.60
Distance charge/ Tariff (\$ per km)	\$1.85	\$1.87
Distance tariff (a)	n/a	\$2.65
Night- time surcharge	20% on top of distance rate	20% on top of distance rate

<sup>1</sup> IPART 2008 Review of Taxi Fares in NSW, Table 6.1, Page 54.

Waiting time (\$ per hour)	\$47.72	\$47.94
Waiting time threshold speed (km)	26 km per hour	26 km per hour
Booking fee	\$2.00	\$1.25
Maxi- cab surcharge (b)	50% on top of fare	50% on top of fare
<p>(a) Applies to each kilometer after the first 12 km in country areas, first 12 km are at the normal distance charged.</p> <p>(b) No charge applies where the maxi- cab is hired from a taxi zone or hailed on the street to carry up to 5 passengers.</p>		

2. That taxis should no longer be entitled to charge a luggage fee.
3. That taxis should no longer be entitled to charge passengers the return-trip toll on northbound crossings of Sydney Harbour.
4. in addition to the annual review process, that IPART should undertake a limited review of LPG fuel costs in October of each year.

In the event that these costs have changed by 10% or more (up or down), that IPART should recommended to the Minister that:

- maximum taxi fares should be adjusted to reflect the change in fuel component of the taxi cost index, and this change should be equal to the average charge in the price of LPG (as recorded by Fueltrac) for the 6 months to September
- no changes should be made to the components of the taxi cost index other than fuel
- only the distance-based component of taxi fares should be adjusted.

That the limited review of LPG fuel should be conducted by 30 October and any fare change should be implemented by mid November (subject to how quickly meters and stickers can be updated).

5. That premium taxis should be able to charge an unregulated booking fee for a total of 12 months, subject to the following conditions:
  - The unregulated booking fee should apply only to those passengers that specifically request a premium service
  - Networks must provide standard services at the regulated booking fee and must notify passengers of this at the time the booking is made
  - Networks must disclose the premium booking fee that will apply and the service provided for that fee to the customer at the time of booking
  - Premium taxis must display the booking fee inside the taxi
  - The unregulated booking fee should apply only to pre-booked premium taxis. Fares for all other taxis hired at the rank or hailed in the street (including premium taxis) would be subject to the regulated maximum taxi fares determined by the Minister.

That an appropriate monitoring regime should be implemented and that IPART should review and publicly report on the outcome of the 12 month trial.

6. IPART seeks comments on the following:

- For the purpose of defining an 'average fare', IPART seeks comment on the percentage of paid trips that are made at times when the night time and holiday surcharges apply.
- Whether taxis should be entitled to apply a surcharge on the standard taxi fee for hirings that primarily involve the transportation of goods, and if so, what is the appropriate level of surcharge, and in what circumstances should it apply.

## **5. IMPACT OF IPART DRAFT RECOMMENDATIONS ON TAXI FARES**

In summary IPART has recommended the following increases to current taxi fares from 1 July 2008:

- 3.8 per cent for urban taxis
- 3.2 per cent for country taxis.

In determining this recommendation IPART proposes the following changes to the Taxi Cost Index (TCI) as part of these changes to the cost of taxis in urban and country NSW:

- Recommend the removal of a luggage fee;
- Recommend an increase in the booking fee of 25 per cent;
- Recommend that other components be increased roughly in line with the required average increase, to largely retain the current relativities between fare components;
- Recommend that taxis no longer be required to charge passengers the return-trip toll on north-bound crossings of Sydney Harbour;
- Not to recommend the introduction of a charge for the use of children's car seats; and
- Not to recommend an extension of the hours of the night time surcharge.

Additional comment has been sought on whether there is a case for an additional surcharge for taxis that are required to carry a large volume of goods, and the appropriate proportion of total trips which the night time and holiday surcharges apply.

Tables 2 and 3 summarise the recommended changes for different components of the taxi fare for passengers using taxi networks in country and urban NSW.

<b>Table 2 – Recommended urban fares for urban taxi networks<sup>2</sup></b>		
	<b>Current</b>	<b>Recommended amount and percentage increase</b>
Flag fall (\$)	\$3.00	\$3.10 <b>(3.3% ↑)</b>
Distance charge/ Tariff (\$ per km)	\$1.79	\$1.85 <b>(3.4% ↑)</b>
Distance tariff (a)	n/a	n/a
Night- time surcharge	20% on top of distance rate	20% on top of distance rate
Waiting time (\$ per hour)	\$46.20	\$47.72 <b>(3.3% ↑)</b>
Waiting time threshold speed (km)	25.8 km per hour	26 km per hour
Booking fee	\$1.60	\$2.00 <b>(25.0% ↑)</b>
Maxi- cab surcharge (b)	50% on top of fare	50% on top of fare
<p>(a) Applies to each kilometer after the first 12 km in country areas, first 12 km are at the normal distance charged.</p> <p>(b) No charge applies where the maxi- cab is hired from a taxi zone or hailed on the street to carry up to 5 passengers.</p>		

<b>Table 3 – Recommended country fares for country taxi networks<sup>3</sup></b>		
	<b>Current</b>	<b>Recommended amount and percentage increase</b>
Flag fall (\$)	\$3.50	\$3.60 <b>(2.9% ↑)</b>
Distance charge/ Tariff (\$ per km)	\$1.83	\$1.87 <b>(2.2% ↑)</b>
Distance tariff (a)	\$2.57	\$2.65 <b>(3.2% ↑)</b>
Night- time surcharge	20% on top of distance rate	20% on top of distance rate <b>(no change)</b>

<sup>2</sup> IPART 2008 Review of Taxi Fares in NSW, Table 6.2, Page 62.

<sup>3</sup> IPART 2008 Review of Taxi Fares in NSW, Table 6.3, Page 62.

Waiting time (\$ per hour)	\$47.20	\$47.94 <b>(1.6% ↑)</b>
Waiting time threshold speed (km)	25.79 km per hour	26 km per hour
Booking fee	\$1.00	\$1.25 <b>(25.0% ↑)</b>
Maxi- cab surcharge (b)	50% on top of fare	50% on top of fare
<p>(a) Applies to each kilometer after the first 12 km in country areas, first 12 km are at the normal distance charged.</p> <p>(b) No charge applies where the maxi- cab is hired from a taxi zone or hailed on the street to carry up to 5 passengers.</p>		

## 6. IMPACT OF IPART RECOMMENDATIONS ON USERS OF WATS SERVICES

### Booking Fee

**Recommendation 1:** Without sufficient information with regard to the annual revenue obtained by operators or networks, PDCN would only support an increase of 25% booking fee as long as it is incorporated into the Taxi Cost Index as part of the National driver's labor costs.

The recommendation with the most significant impact on taxi fares for the general public is the sizable increase in booking fees in both urban and country NSW. This will have a great impact on WAT passengers who are often reliant on Government benefits and subsequently have minimal incomes, and may be more reliant on taxi services than other members of the community. As passengers using WATs are unable to hail a taxi or access one from a taxi stand, a booking is made for every new time a taxi is required, hence adding financial strain to users already with minimal incomes. This issue is well documented in the IPART 2008 Review of Taxi Fares in NSW.

The following examples illustrate the financial burden already known to many people reliant on WAT services:

- For people reliant on Government benefits, their capacity to do their shopping and remain active members of their community to become more limited. With an aging population, those reliant on WATs are expected to increase substantially;
- For other WAT passengers who may earn an income, often their wage is small, with many other disability related expenses, leaving only a minimal disposable income to spend on taxi fares. The cost of taxi fares is already a disincentive for people with disabilities trying to gain employment, without another substantial increase in the cost of taxi travel; and
- Due to the limited availability of many modes of accessible public transport, options available to the general public are not available to

passengers needing wheelchair access. For people using WATs for small journeys such as going to the local shops, an increased booking fee will jeopardize their ability to access regular activities such as visiting the shops.

Without sufficient information with regard to the annual revenue obtained by operators or networks, PDCN would only support an increase of 25% booking fee as long as it is incorporated into the Taxi Cost Index as part of the National driver's labor costs.

### **Average fare component**

**Recommendation 2:** That IPART adopts a better measure that is more reflective of the range of taxi trips to determine the 'fare component'.

The items used in table 5.4 and 5.5 identify averages in distance travelled, waiting time, and booking arrangements for the general public. Table 5.4 indicates that in 2007 the average trip travelled for a regular taxi passenger in the Sydney metropolitan was 7 kilometers, with a waiting time of 3 minutes, this being been the maximum taxi threshold speed is less than 25.8 kilometers per hour, and with only twenty percentage of taxi trips booked over the phone. Due to limited ability to access accessible public transport, passengers using WATs will often need to use taxis more frequently and for larger distances, and call for a taxi each time one is required. A WATs passenger may need to travel up to 15 km each way getting to work, or 10 kilometers to see friends and family, and that all trips need to be pre-booked.

In country NSW, the average trip travelled for a regular taxi passenger in 2007 was 3 kilometers, percentage of taxi trips booked over the phone – 50%. As WAT vehicles are often minimal, such as 3 WAT vehicles in the Blue Mountain Local Government Area, being in excess of 1400 square kilometers in area, trips are often greater than 3 kilometers, responses time are excessive, and again all WAT services need to be pre-booked.

Given that the 'average fare component', comprises of a large portion of the Total Cost Index, PDCN suggests that IPART uses a measure that is more reflective of the full range of taxi trips used by all taxi passengers to determine the fare component.

### **Taxi Transport Subsidy Scheme (TTSS)**

**Recommendation 3:** PDCN recommends that the TTSS be immediately reviewed, and that the percentage of fare be increased from 50% to 75%, and the cap be increased from \$30 to \$40.

The IPART 2008 Review of Taxi Fares in NSW indicates that a review of the Taxi Transport Subsidy Scheme is pending the outcome of the Trial Incentive Payment (TIP), though these payments target different beneficiaries. The TTSS promotes access to public transport with a financial subsidy for people with limited mobility, and the Trial Incentive Payment is a recent initiative where WAT drivers are paid an incentive payment of \$8.47 per WAT trip. Funds for this government initiative are limited in duration.

Passengers entitled to the TTSS pay 50% of the fare with a cap of \$30, and the full fare there after. This subsidy has not been reviewed since 1999, regardless of inflation.

With the proposed increased booking fee, WATs passengers will now pay at least \$9.00 including flag fall, booking fee and loading time, before the journey has even begun. As a result passengers will be even more limited in distance travelled before the subsidy ceases, so that passengers are unlikely to be able to travel more than 20 kilometers in the Sydney UBD before the fare subsidy is capped. Due to the increase in booking fee, PDCN recommends that NSW Ministry of Transport immediately reviews the TTSS, and that the percentage of fare be increased from 50% to 75%, and the cap be increased from \$30 to \$40.

#### **Review of LPG fuel costs**

**Recommendation 4:** PDCN recommends that the LPG fuel review include fuel costs for taxis not using LPG fuel.

It is understandable why the taxi industry is seeking a review of fuel as fuel could inflate costs of operating a taxi considerably. As the large majority of WAT vehicles do not use LPG, PDCN recommends that this review be extended to include other taxis that do not use LPG, so that the viability of driving a WAT is not jeopardized even further.

#### **Return-trip toll on north-bound crossings of Sydney Harbour**

**Recommendation 5:** PDCN supports the removal of the return-trip toll on northbound crossings of Sydney Harbour.

PDCN supports the removal of the return-trip toll on northbound crossings of Sydney Harbour as this may encourage WAT drivers to relocate to other parts of the Sydney metropolitan area, where taxi response times are known to be high.

#### **Increase in the maxi-taxi surcharge**

**Recommendation 6:** That the maxi-taxi surcharge be increased from 50% to 75% to provide an additional income to drivers of WATs.

Table 7.1 in the IPART 2008 Review of tare fares in NSW – Taxi fares for various types of trips in selected cities, illustrates that a considerable portion of income is generated from Friday nights bookings. It is assumed that this source of income corresponds with increased patronage of maxi taxis. If this is correct, PDCN suggests that the current maxi- taxi surcharge of 50% be increased to 75% to provide an additional source of income for drivers of WATs

#### **Incentive payment to WAT drivers on public holidays**

**Recommendation 7:** PDCN supports the continuation of incentive payment to WAT drivers on Easter Friday and XMAS day.

Due to increased demand and the limited availability of accessible public transport, PDCN supports the continuation of incentive payment to WAT drivers on Easter Friday and XMAS day.