

Essential Services Commission releases final report on 2016 Taxi Fare Review

17 June 2016

Commercial passenger vehicles

Victoria's independent economic regulator, the Essential Services Commission, has today released a final report on its review of maximum taxi fares.

The Commission is required to review taxi fares at least every two years. Its review covers taxis in metropolitan Melbourne, Frankston, Dandenong and the Mornington Peninsula, as well as the regional areas of Geelong, Ballarat and Bendigo.

Taxi fares in these areas are regulated as maximum fares, meaning taxi service providers can charge up to the regulated rates, or discount below those rates.

The Commission has decided to leave maximum fares for metropolitan taxis unchanged.

The review highlighted the changing nature of the commercial passenger vehicle services market, with taxis facing increasing competition from alternative service providers.

"The market has been changing enormously since we last reviewed taxi fares in 2014," Commission Chair Dr Ron Ben-David said.

In its draft report released in May 2016, the Commission proposed a number of changes to peak period maximum fares aimed at giving the taxi industry more scope to compete during busy times such as Friday and Saturday nights.

Dr Ben-David said its decision to leave metropolitan fares unchanged was made after consulting widely with stakeholders.

“We see a lot of merit in the ideas we put forward, but a strong theme that came out of the consultation process was that the industry has many other things on its plate at the moment and now might not be the ideal time for us to change fares”.

The Commission also decided to leave maximum fares unchanged in the Frankston, Dandenong and Mornington Peninsula areas, which adopt the same fares as metropolitan Melbourne.

For the Geelong, Ballarat and Bendigo areas, the Commission is proceeding with its draft decisions, which include an extension of the times at which peak and holiday rates can be charged.

In these areas, a late night fee of up to \$3.40 can currently be charged between midnight and 6am. Taxi service providers will now also have the option of applying the fee on Friday and Saturday nights from 7pm.

Geelong, Ballarat and Bendigo taxis will also now have the option of applying a surcharge of up to \$4.20 from 7pm on the evenings before public holidays. Currently this only applies on Christmas Day, Boxing Day, New Year’s Eve and New Year’s Day.

The Commission stressed that the fares it sets are maximum fares and taxi service providers have the option of charging below the maximum allowable rates.

“These are maximum fares, so it shouldn’t be assumed that they will automatically apply. We expect that taxi service providers in Geelong, Ballarat and Bendigo will think about how they can use this extra flexibility in fares to best service consumers”, Dr Ben-David said.

Taxis in Geelong, Ballarat and Bendigo will have the option to change the additional peak surcharges from 1 July 2016.

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