

Unbooked Taxi Fare Review 2020

Consultation Paper

2 April 2020

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Introduction

There are two types of commercial passenger vehicle services:

1. Unbooked or rank and hail – taxi trips hailed from the street or at a designated taxi rank.
2. Booked services – booked services are trips ordered in advance via an app, over the phone or internet. Taxis, hire cars and rideshare services all provide booked commercial passenger vehicle services.

We are required to review (and set) the maximum amounts taxis¹ can charge for unbooked trips every two years.² The fares we set are maximums, so taxis can charge below the maximum fares we set. We also note that fares for booked trips in commercial passenger vehicles are not regulated.

The maximum fares for unbooked trips apply to trips that begin in the Melbourne Metropolitan Zone (metro zone) and or the Urban and Large Regional Zone (urban zone).³ The metro zone covers most of metropolitan Melbourne. The urban zone includes Geelong, Ballarat, Bendigo, Frankston, Dandenong and the Mornington Peninsula. For trips that begin in all other parts of Victoria taxi service providers set their own prices for unbooked fares.

Our objective under the Commercial Passenger Vehicle Industry Act for determining maximum fares is to promote the efficient provision and use of taxis.⁴ This objective complements our objective under the Essential Services Commission Act, which is to promote the long term interests of Victorian consumers.⁵

In regulating the maximum fares for unbooked taxi services we must also have regard to a range of other matters: such as the degree of and scope for competition within the industry and the financial viability of the industry.⁶ In making a determination we must ensure that the expected costs of the proposed regulation do not exceed the expected benefits, and that the determination takes into

¹ In this paper we have used the term taxi to refer to vehicles that are properly equipped and registered to provide unbooked commercial passenger vehicle services in Victoria.

² Commercial Passenger Vehicle Industry Act 2017, section (s.) 110F(2)

³ Commercial Passenger Vehicle Industry Act 2017, s. 110A.

⁴ Commercial Passenger Vehicle Industry Act 2017, s. 110C.

⁵ Essential Services Commission Act 2001, s. 8.

⁶ Given that unbooked taxi services are prescribed services, the maximum charges for unbooked taxi services are prescribed prices and the commercial passenger vehicle industry is a regulated industry for the purposes of the Essential Services Commission Act 2001, we must also have regard to a number of other matters: Essential Services Commission Act 2001, s. 8A and s. 33.

account and clearly articulates any trade-offs between costs and service standards.⁷ We must also adopt an approach and methodology which we consider will best meet the objectives set out above.⁸

We seek stakeholder views on maximum fares

This paper starts the formal consultation on our review of the current determination for maximum unbooked taxi fares. It gives stakeholders the background information they might need to provide their views on the maximum fares.

We are interested in stakeholders' views on how we should assess maximum fares. We are also interested in whether there are any changes that have happened in the commercial passenger vehicle industry since our last review in 2018, or any other matters, we should consider while assessing maximum fares.

Our questions to stakeholders are listed below:

1. What do you think are the advantages and disadvantages of each of these approaches to assess the level of maximum fares? What is your preferred approach?
 - **market outcomes:** using supply and demand in the commercial passenger vehicle industry to assess maximum fares
 - **updating the taxi cost index:** using the taxi cost index from our previous review to assess how maximum fares should change
 - **review of cost basket:** using a new taxi cost index to assess how maximum fares should change
 - **keeping fares unchanged**
 - **varying fares by CPI:** using changes in the consumer price index as a proxy for changes in the cost of providing taxi services
 - **other approaches:** we are open to considering the use of other approaches for assessing maximum fares.
2. What developments in the commercial passenger vehicle industry should we consider in setting maximum fares (particularly since the last review)?
3. What do you think about the implementation of 'time **and** distance' tariff since the previous review? Should we remove 'time **or** distance tariffs' and require the use of 'time **and** distance tariffs'?

⁷ Essential Services Commission Act 2001, s. 33(4).

⁸ Essential Services Commission Act 2001, s. 33(2) and s. 8A(2).

The key dates for the review are:

Activity	Indicative timeline
Submissions on consultation paper close	5pm 7 May 2020
Release draft decision	June 2020
Submissions on draft decision close	July 2020
Release final decision and price determination	September 2020

We are committed to providing opportunities for stakeholders to engage with us and provide views on our proposals – consistent with the requirements of our stakeholder engagement framework.⁹ The nature of our engagement will also be informed by feedback to this paper. If our assessment approach requires data collection from stakeholders, recognising the current challenges across the economy, we will provide as much time as possible for stakeholders to provide data prior to the draft decision.

How stakeholders can get involved

We invite stakeholders to make submissions in response to this issues paper.

Submissions should be made by **5pm 7 May 2020**. We may place lower weight on submissions received after this deadline.

To make a submission on this paper please email submissions to transport@esc.vic.gov.au or by mail to:

Taxi fare review 2020
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

Stakeholders can also make submissions via Engage Victoria (www.engage.vic.gov.au).

⁹ The commission's Charter of Consultation and Regulatory Practice is available at our website <https://www.esc.vic.gov.au/about-us/how-we-regulate/stakeholder-engagement-framework>.

Submissions will be made available on the commission's website, except for any information that is commercially sensitive or confidential. Submissions should clearly identify which information is sensitive or confidential.

In making a confidential submission, please set out the basis for your claims.

We seek views on assessment approaches

We consider it is important that providers of taxi services and their customers have an opportunity to share their views on how we set taxi fares. We are interested in stakeholders' insights to help us determine what approach we should use to assess maximum fares to best meet our legislative objectives.

We are open to considering a variety of approaches for assessing the level of maximum fares. This paper sets out a number of different approaches we could use.

We discuss five options for assessing maximum fares below. Each option varies in the level of complexity and the administrative burden it would place on regulated businesses. In using any of these approaches we would also need to consider other relevant matters in accordance with our legislative objectives and requirements.¹⁰ Table 1 below provides a simple comparison of the five options.

Table 1: Comparison of potential approaches for assessing the level of maximum fares

	Complexity	Administrative burden	Impact on price
Option 1: Market outcomes	Highest	High	Unknown
Option 2: Current taxi cost index	Medium	Low	Small increase
Option 3: Update taxi cost index	High	Medium	Unknown
Option 4: No change	Low	Low	None
Option 5: Vary by CPI	Low	Low	Increase

One thing to note is that in setting maximum fares we cannot determine the earnings received by drivers. Driver earnings are only partly determined by the fares they can charge for each trip. They are also determined by what share of fares taxi operators take, the number of trips they do, along

¹⁰ Essential Services Commission Act 2001, s. 8, s. 8A and s. 33; Commercial Passenger Vehicle Industry Act 2017 Act s. 110C, s. 110E

with distance travelled (demand) and the number of other commercial passenger vehicle services (supply). These other factors are outside of our control. Moreover, as it has become easier to book other commercial passenger vehicle services using smartphones, increases in fares will have a bigger impact on demand for these services.

Option 1: Market outcomes approach

Market outcomes are the levels of demand and supply that prevail in the commercial passenger vehicle industry.

We would use a market outcomes approach to inform our assessment of what should happen to maximum fares. Market outcomes assist us in assessing the direction of efficient costs relative to maximum fares. Analysing the balance between supply (taxi shifts) and demand (taxi trips) for commercial passenger vehicles can give us information as to what should happen to the level of the maximum fares at particular times and places — that is, whether there is a case for maximum fares to change or stay the same (including at different times of the day, week or year).

Specifically, we measure market outcomes using the number of trips taken (both booked and unbooked) by passengers as a proxy for taxi demand and the number of active vehicles. Shift hours worked by drivers is the proxy for the supply of taxis.

We use occupancy rates (times at which a taxi has a paying passenger) and waiting times for drivers and passengers as measures of the balance between supply and demand. We also consider the trends in customer satisfaction and complaints in relation to provision of taxi services.

As part of the market outcomes approach, we update our taxi cost index to account for the change in efficient costs of providing unbooked taxi services. This can help us identify if a change in cost is driving a change in supply or not.

The market outcomes approach requires the most input from taxi operators and booking service providers as we need to collect a range of data such as taxi trip and shift data (most likely using our compulsory information gathering powers).

For taxi operators and booking service providers, compiling the required data could place a costly administrative burden on them (particularly for smaller operators). We recognise that asking industry participants to provide detailed information may be particularly challenging in the current market. However, a strength of this approach is that we have information on where current maximum fares are relative to the efficient level given the levels of supply and demand observed.

We used a market outcomes approach in our previous two reviews

Our 2016 and 2018 reviews used a market outcomes approach. These left maximum fares unchanged.¹¹ We found the overall costs of operating taxis had come down and competition (from an increase in supply of taxis as well as ridesharing services) had put downward pressure on prices.

In maintaining maximum fares at the same level rather than reducing them, we also considered the changes experienced by the commercial passenger vehicle industry including government reforms, such as the removal of quantity restrictions on taxis and the legalisation of ridesharing services.¹²

Our last two reviews both took place after significant reforms had been made to the commercial passenger vehicle industry and there was uncertainty about how these reforms had affected supply and demand. The data intensive market outcomes approach provides a detailed picture of the state of supply and demand. This is useful at a time when there is uncertainty about industry conditions and extensive consultation is possible: as was the case for our two previous reviews. Similar consultation and data collection may not be possible at the present time

Index-based approaches

The following two options are cost index-based approaches.

A cost index provides a way to estimate and track the cost of a good or service over time. To measure changes in the costs of operating a taxi over time, we constructed a taxi cost index in 2013. To do this, we:

1. identified the cost components associated with operating a taxi
2. calculated the share of each cost component as a proportion of the total cost (**cost share**)
3. assigned a cost inflator to each cost component to measure the change in each cost component

We then updated the index by:

4. multiplying the cost share for each cost component by the change in its respective cost inflator (**index contribution**)
5. determining the sum of the index contribution for each cost component.

¹¹ Essential Services Commission, Unbooked Commercial Passenger Vehicle Fare Review 2016: Final Decision, 17 June 2016; Essential Services Commission, Unbooked Commercial Passenger Vehicle Fare Review 2018: Final Decision, 13 September 2018.

¹² Essential Services Commission, Unbooked Commercial Passenger Vehicle Fare Review 2018: Final Decision, 13 September 2018, pp.4-6.

We seek views on assessment approaches

Frequency of indexation

One matter we would need to consider under any index approach we might use is the frequency with which we would update the index for the purpose of setting fares. Most cost inflators are available on a quarterly basis, but given the cost associated with changing fares, less frequent changes might be preferable. We could change fares based on updates to the index annually, every two years, or only when the cost index shows a change in total costs above a certain amount (for example plus or minus five per cent).

Option 2: Updating the current 'taxi cost index'

We could update our taxi cost index (including a cost category for driver labour) to assess how taxi costs have changed since our last review in 2018.

We have undertaken some preliminary analysis and updated our current taxi cost index for changes in costs between December 2017 and December 2019. This is the most recent two years for which cost inflator data is currently available.

Between December 2017 and December 2019 taxi costs increased by 0.4 per cent. This is mainly driven by the increase associated with driver labour costs and an offsetting decrease associated with the decline in LPG prices between December 2017 and December 2019.

If we use this approach, we would need to update the index to reflect the most recent data that will be available when we make our final decision: data covering the period June 2018 to June 2020. It is likely that when we update the index the suggested change in fares could be different to what our index suggests now.

Using our current index has the benefit of being quick, transparent, and not requiring taxi operators or booking service providers to provide any further information on their costs for this review. The downside of this approach is that it may not fully account for technological or other changes that may have occurred in the commercial passenger vehicle market since we last reviewed costs. For example the shift from LPG vehicles to hybrid vehicles may have changed taxi operators' costs.

Table 2 shows the changes in our taxi cost index including a cost component for driver labour.

Table 2: Indicative change in taxi cost index for taxi operators:

December 2017 to December 2019

Cost Components	Change for cost component	Cost share	Contribution to overall change in index
Fuel	-15%	15.4%	-2.3%
Network (equipment)	-8.4%	2.9%	-0.2%
Network (labour)	5.4%	2.9%	0.2%
Comprehensive insurance	9.9%	2.7%	0.3%
Workers compensation	5.4%	0.7%	0.0%
Vehicle	2.0%	5.2%	0.1%
Registration ^(a)	-65.6%	1.8%	-1.2%
Repairs and maintenance	7.4%	8.0%	-0.6%
Administration	5.3%	5.4%	0.3%
Taxi operating costs	-5.0%	45%	-2.3%
Driver labour	4.9%	55%	2.7%
Total	Not applicable	100.0%	0.4%

Source: ESC analysis; (a) includes TAC charge

Driver earnings

We cannot guarantee that changes in the driver labour cost component would flow through to driver earnings. Taxi operators must pay drivers at least 55 per cent of fares earned (but can pay more).¹³ As a result if taxi operator costs decreased by 24.4 per cent and the driver labour cost component increased by 20 per cent, the taxi cost index (including driver labour) would show a change in costs of zero per cent.¹⁴

¹³ Commercial Passenger Vehicle Industry Act 2017, s. 97(2).

¹⁴ $(1+0.20)*0.55 + (1-0.244) *0.45 \approx 0$

One way to deal with this issue would be to change the share of fares that drivers and operators receive under the implied conditions for driver agreements.¹⁵ The driver share in the implied conditions could then be increased (or decreased) in line with increases (or decreases) in the share of driver labour in the total cost of operating a taxi. The driver share is set in legislation; we cannot change this, but it can be changed by an act of parliament or Commercial Passenger Vehicles Victoria.

We update the taxi cost index using our cost basket and publicly available data

To reflect changes in the cost of drivers supplying labour in maximum fares, we added a cost component to measure changes in wages for transport related jobs. The other cost components in the cost basket were identified in our 2014 survey of taxi operators.¹⁶ If we were to use our current taxi cost index, we would not change the cost components included further (including the cost shares i.e. the weighting given to each cost component) or cost inflators in the index.

Table 3: Taxi cost components (2014)

Cost component	Description	Cost inflator
Fuel	Total fuel costs incurred by a taxi.	FuelTRAC (liquefied petroleum gas, Melbourne)
Network	Costs associated with booking service affiliation. Taxi operators receive access to services such as centralised booking and dispatch and networked security alarms.	Consumer Price Index (CPI) (telecommunications equipment and services component, Melbourne); Wage Price Index (WPI) (Victoria)
Insurance	Comprehensive insurance and workers' compensation insurance.	Insurance Council of Australia comprehensive car insurance index; WPI (Victoria)
Vehicle cost	Includes costs associated with purchasing or leasing a vehicle, including fit-out.	Imputed based on CPI (motor vehicle, Melbourne) and Reserve Bank of Australia lending rates for small business
Registration/TAC	Includes vehicle registration and compulsory third-party insurance (Transport Accident Charge).	Imputed based on actual Transport Accident Charge
Repairs	Includes cost of taxi operators' own time, staff costs and cost paid to other businesses for maintenance and repairs.	CPI (maintenance and repairs of motor vehicles, Melbourne)

¹⁵ Commercial Passenger Vehicle Industry Act 2017, s. 97(2).

¹⁶ Essential Services Commission, Taxi fare review 2013-14 — Final report, March 2014

Administration	Includes cost of taxi operators' own time, staff costs and costs paid to other businesses for administration (e.g. accountant).	WPI (Victoria); CPI (all groups, Melbourne)
Driver labour	Labour involved in driving a taxi.	WPI (transport, postal and warehousing, Australia)

With the exception of the fuel index (which we obtain from FuelTRAC) all inflators come from publicly available sources including the Australian Bureau of Statistics, Reserve Bank of Australia, Transport Accident Commission and Insurance Council of Australia.

Option 3: A review of our cost basket

In undertaking this approach, we would review the cost basket and inflators in our taxi cost index and construct a new taxi cost index. We would need to identify the cost components associated with providing taxi services, and the cost share for each cost component (i.e. the weighting given to each cost component). We would need to determine whether to include all the cost components used in the cost basket from our previous review, and whether to include additional cost components. To do this, we could undertake a survey of taxi operators on their current costs.

In refreshing the cost basket, the factors we would adjust for include:

- Driver costs – our previous review did not explicitly consider driver labour costs as a separate cost component. Driver share was accounted for by determining the total cost and multiplying that to account for the drivers share (currently 55 per cent mandated revenue share). This is consistent with the driver (bailee) as the direct provider of taxi services to customers after having rented (bailed) the vehicle from an operator under a commercial arrangement.
- Changes in technology – some cost components may no longer be relevant and there may be new ones due to changes in technology. For example, we note that since we constructed our taxi cost index hybrid taxis have become more common and LPG taxis have become less common.
- Other changes to costs – some costs may have changed since our previous review (for example changes to legislation may have increased administration costs for taxis).

This approach would require significantly more evidence from taxi operators than the alternative of updating the current taxi cost index.

It is also uncertain what the outcome of using this approach would be. That is, we would need to collect a range of cost and market data from taxi operators. Also, we would need to account for differences across different taxi operators.

We seek views on assessment approaches

Option 4: Keeping fares unchanged

Another option would be to keep maximum fares at their current levels if stakeholders submit that due to the coronavirus pandemic they are unable to participate fully in the review.

If we were to adopt this approach stakeholders would need to explain how the coronavirus pandemic has affected their ability to participate. We would also only adopt this approach if the information we obtain and the analysis we undertake as part of this review suggest it would be appropriate.

Once stakeholders are in a better position to participate in a regulatory process we could then amend our determination if any changes to the maximum fares were appropriate.

The benefits of this approach are that it would provide stakeholders some certainty during an uncertain time and industry participants would not be required to provide cost or market outcomes data if unable to do so.

Option 5: Varying fares by CPI

Another option that could be used would be to vary fares to reflect changes in the consumer price index. This measure was recommended by the recent 2019 parliamentary inquiry into the Commercial Passenger Vehicle Industry Act 2017 reforms.¹⁷ The inquiry commented on the impact of market reforms, which have resulted in lower incomes for many drivers of booked and unbooked vehicles.¹⁸

As an indication of what impact indexation by CPI may have on fares, the consumer price index increased by 4.1 per cent between December 2017 and December 2019: the most recent two years of data currently available. However, when we make our decision in September we would use the data available then. This data will cover the period June 2018 to June 2020. The change in the CPI for this period is likely to be different to the change between December 2017 and December 2019.

If we were to adopt this approach after this review it is not a guarantee that we would continue to use it in the future.

¹⁷ Parliament of Victoria, Legislative Council Economy and Infrastructure Committee, Inquiry into the Commercial Passenger Vehicle Industry Act 2017 reforms, November 2019, pp.50-51.

¹⁸ Parliament of Victoria, Legislative Council Economy and Infrastructure Committee, Inquiry into the Commercial Passenger Vehicle Industry Act 2017 reforms, November 2019, p. ix and p.44.

We seek views on the impact of changes to market conditions

Developments in the commercial passenger vehicle industry could have a potential impact in the context of our role in regulating maximum fares. In the case that regulatory changes have increased costs we would need to assess who bears those costs (taxi drivers, operators or booking service providers) and how they affect the total cost of operating a taxi.

Some key changes are discussed below. Further background information on the commercial passenger vehicle industry can be found in Appendix A.

Commercial passenger vehicle service levy

The commercial passenger vehicle service levy applies to every taxi, hire car and ride-share trip provided in Victoria.

The State Revenue Office for Victoria collects this levy. Depending on how the service is provided (booked or unbooked) and the nature of the relationship between the owner and driver of the vehicle, the party liable for paying the levy is different.¹⁹ We are interested in whether administering the levy imposes an additional cost burden associated with unbooked taxi journeys, and if so the size of the cost and who bears the cost in practice.

Safety obligations

The regulatory framework in the Commercial Passenger Vehicle Industry Act 2017 (CPVI Act) and the Commercial Passenger Vehicle Industry Regulations 2018 establish safety standards and safety duties for each industry participant to ensure the safety of their commercial passenger vehicle service.²⁰

Those safety standards and duties include requirements for industry participants to notify Commercial Passenger Vehicles Victoria (CPVV) of any notifiable incident that occurs in relation to

¹⁹ Commercial Passenger Vehicle Industry Act 2017, s. 236

²⁰ Commercial Passenger Vehicle Industry Act 2017, Commercial Passenger Vehicle Industry Regulations 2018

the use of a commercial passenger vehicle service²¹ and a requirement for registered booking service providers to establish and maintain a register of safety risks.²²

Multi Purpose Taxi Program

The Multi Purpose Taxi Program (MPTP) assists with the travel needs of people with severe and permanent disabilities by offering subsidised taxi fares to members. There are two key changes that are likely to impact the program in the near future:

- CPVV introducing more transport options for MPTP passengers, so that customers can choose the type of commercial passenger vehicle (including rideshare).²³
- The National Disability Insurance Scheme is being progressively rolled out across Victoria. It may change the way MPTP users' trips are funded.²⁴

We are interested in stakeholder views on how these proposed changes may influence the demand, supply and cost of unbooked taxis.

Time and distance tariffs

In our 2018 decision on maximum fares we gave unbooked taxis the choice of using 'time **and** distance' tariffs. These tariffs calculate fares using a time rate and distance rate that apply at the same time. Under 'time **or** distance' tariffs only the time rate or distance rate applies (depending on the speed of the vehicle). This form of tariffs has been used in the taxi industry for decades. Equations one and two below show how taxi fares are calculated using these tariff structures.

Equation 1: 'time **and** distance' tariffs

Taxi fare = kilometres travelled × distance rate + duration of trip in hours × hourly rate

Equation 2: 'time **or** distance' tariffs

*Taxi fare = (kilometres travelled at speed above 21 kilometres per hour × distance rate)
+ (amount of time spent at speed below 21 kilometres in hours × hourly rate)*

²¹ Commercial Passenger Vehicle Industry Act 2017, s. 272; Commercial Passenger Vehicle Industry Regulations 2018, regulation (r.) 7

²² Commercial Passenger Vehicle Industry Regulations 2018, r. 5(1).

²³ Commercial Passenger Vehicles Victoria, 'MPTP Expansion Program trial with Uber in Greater Geelong', available at: <https://cpv.vic.gov.au/about-us/news/taxis/mptp-expansion-program-trial-with-uber-underway-in-greater-geelong> [accessed 20 March 2020].

²⁴ National Disability Insurance Agency, 'Transport funding', accessed 20 March 2020, available at: <https://www.ndis.gov.au/participants/creating-your-plan/plan-budget-and-rules/transport-funding> [accessed 20 March 2020].

We seek views on the impact of changes to market conditions

We consider ‘time **and** distance tariffs’ have the following benefits over ‘time **or** distance’ tariffs:

- passengers are better placed to estimate the distance of their trip and the time it will take, than trying to estimate the speed they will be travelling at all times during the trip (as required under time or distance tariffs)
- easier to compare fares between service offerings
- fares are more predictable ²⁵

During our 2018 review it was our understanding that many of the older meters still in use by taxis could not be programmed to calculate ‘time **and** distance’ tariffs. This was a key reason behind us not mandating ‘time **and** distance’ tariffs. Our intention was to give the industry the option to make their fares more flexible without forcing potentially unnecessary expenditures on them. Metering technology may no longer be a barrier to implementing ‘time **and** distance’ tariffs. We seek stakeholder views on this.

Other changes to fares

Following our previous review we introduced a cleaning fee to allow drivers to be compensated in the event a passenger soiled their vehicle (for example with vomit). We also updated our determination so that taxis may pass on the new Avalon Airport access fee to passengers.

We are interested in hearing stakeholders’ views and experiences with the cleaning fee and airport access fees.

Changes in supply and demand

Changes in supply and demand are two other factors that may have a potential impact in the context of our role in regulating maximum fares.

We are interested in stakeholders’ views on the impact of changes in:

- the demand for taxi services and
- the supply of commercial passenger vehicles

on taxi service providers since our last review in 2018.

²⁵ Our 2018 final decision found a greater number of trips tended to be within one, two, and three standard deviations of the mean using ‘time and distance’ tariffs, which means that fares are actually likely to be less variable using time and distance tariffs

We seek views on the impact of changes to market conditions

Appendix A: Industry context

This Appendix provides context for the review, including a brief overview of the commercial passenger vehicle (CPV) industry. We also recap the key outcomes of our 2018 unbooked commercial passenger vehicle fare review and outline some of the industry reforms since our last review.

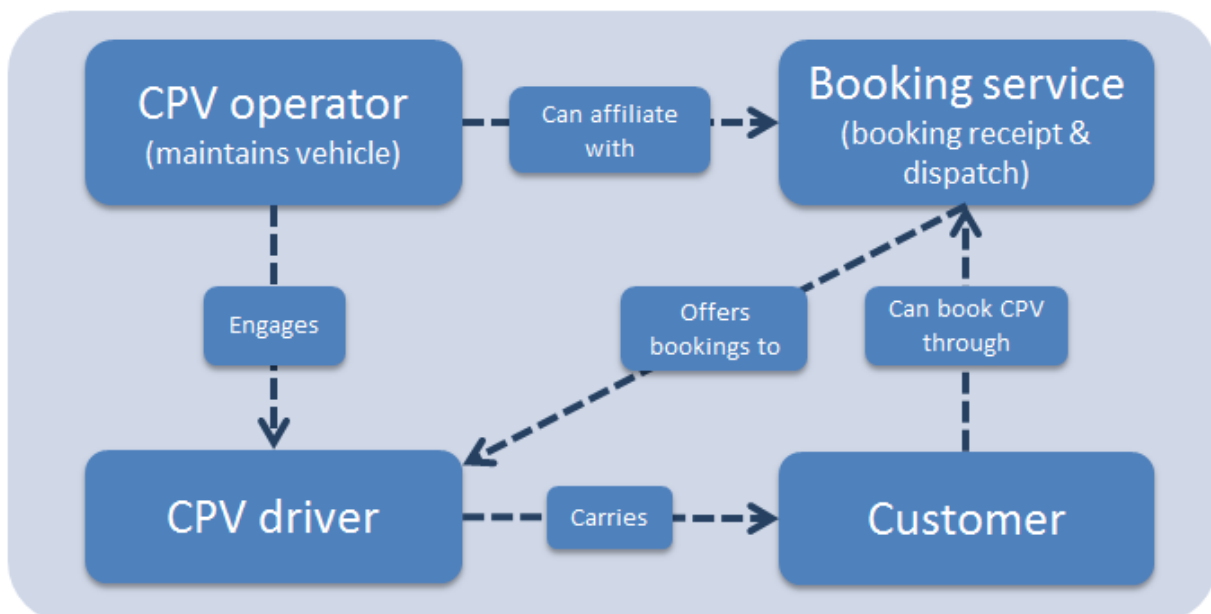
The commercial passenger vehicle industry

The commercial passenger vehicle industry provides flexible motor vehicle transport services where passengers choose their points of departure and destinations. This differs from other commercial modes of transport which generally have fixed routes.

Commercial passenger vehicle industry participants

There are three types of commercial passenger vehicles: hire cars, taxis, and ride-share services. All of these services are operated by three main types of industry participants: vehicle operators, vehicle drivers and booking services. The main functions of these participants are shown in Figure A.1. Individual entities may assume multiple roles within the supply chain. For example, it is becoming more common for operators to drive their vehicles and some booking services operate vehicles.

Figure A.1 Commercial passenger vehicle industry participants



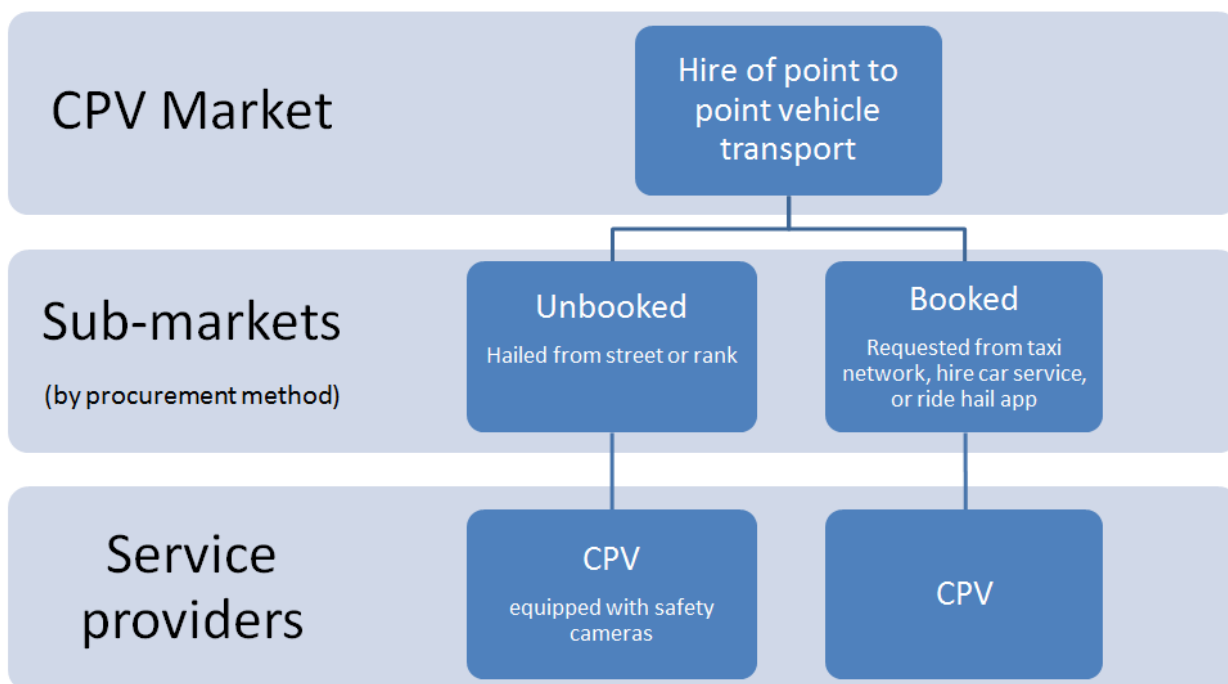
Sub-markets and service providers

To reflect the way services are procured, the commercial passenger vehicle industry may be segmented into two sub-markets: the booked market and the unbooked market.

The booked market refers to all trips that have been provided through a booking service provider such as Silver Top or GoCatch.

By contrast, unbooked trips are all other commercial passenger vehicle trips. In practice this means unbooked trips occur when a commercial passenger vehicle is hailed from the street or from a rank. Any commercial passenger vehicle may be registered to provide unbooked trips provided it complies with specific legislative requirements (e.g. a fare calculation device is installed²⁶ and a security camera is installed²⁷). Figure A.2 illustrates the differences between booked and unbooked commercial passenger vehicles.

Figure A.2 Sub-markets for commercial passenger vehicle services



Hire cars and ride-share vehicles that operate exclusively in the booked market are not subject to fare regulation. Fares for taxis requested through a booking service provider are also not subject to regulation. In the unbooked sub-market, negotiation of fares between service providers and customers may be difficult or impractical. Customers do not have complete information on the

²⁶ Commercial Passenger Vehicle Industry Regulations 2018, r. 12.

²⁷ Commercial Passenger Vehicle Industry Regulations 2018, r. 14.

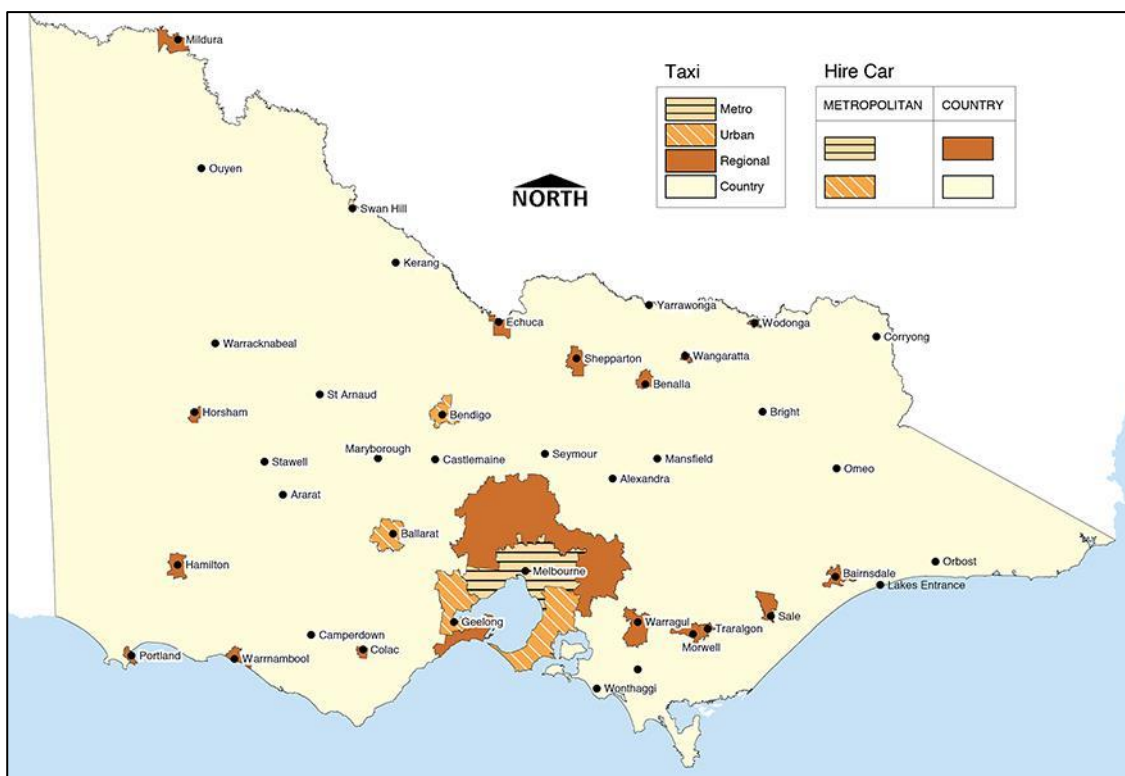
availability of services and fares offered by other service providers. In the booked market, customers are typically better placed to negotiate prices. It is easier to seek a fare estimate up-front and compare service providers over the phone or the internet.

Commercial passenger vehicle zones

The maximum fares that we set for unbooked commercial passenger vehicles only apply to trips that begin in the Melbourne Metropolitan Zone or the Urban and Large Regional Zone. These areas are based on zones determined by Commercial Passenger Vehicles Victoria (CPVV) defining the boundaries of where taxis were allowed to operate before taxi licences were abolished.

There are four zones in Victoria: the Melbourne Metropolitan Zone, the Urban Zone, the Regional Zone and the Country Zone (see Figure A.3).

Figure A.3 Historical taxi zones of Victoria



Summary of our 2018 review of unbooked commercial passenger vehicle fares

Our last unbooked commercial passenger vehicle fare review was completed in September 2018. Following our review, we released a determination making some changes to maximum fares. Those fares came into effect from 1 October 2018 and can be found in Appendix C.

At the time of our 2018 review, the industry was going through significant changes. Reforms had just been made that allowed the entry of new ride-share services and a large number of new taxi operators.

This intensified the competitive pressure on existing taxi and hire car services and overall, we observed that passengers were using taxis less.

Our 2018 review concluded that although there are some signs that taxi service providers were under competitive pressure to reduce their fares, maximum fares should remain unchanged.

Increasing maximum fares could not only make passengers worse off but also taxi service providers worse off. We noted our decision set maximum fares and that taxi service providers were free to charge less.

In addition, we gave unbooked taxi service providers the choice of using 'time **and** distance' tariffs since they are easier for passengers to understand.

A cleaning fee was also introduced – allowing for recovery of reasonable costs of up to a maximum fee of \$120 to compensate for the time required to clean a vehicle after it has been soiled (for example with vomit) by a passenger.

We also amended our determination so that taxis may pass on the new Avalon Airport access fee to passengers.

Recent reforms affecting unbooked taxis

Since our last review there have been some changes to the way the commercial passenger vehicle industry is regulated. The impact of these changes is not as large as those related to the reforms that happened around the time of our last review.

Reforms with particular relevance to our current review include:

- additional safety duties; maintaining a register of safety risks and reporting notifiable incidents and
- changes to the Multi-Purpose Taxi Program (MPTP)

Additional safety duties for CPV industry participants

From 1 March 2019 registered booking service providers must establish and maintain a register of safety risks associated with the provision of commercial passenger vehicle services by associated drivers. The register must contain:

- the identification and description of the risk
- an outline of the action to be taken to mitigate or eliminate the identified risk and
- the person, or class of person responsible for taking the actions referred to above.

Furthermore, the responsible person must review and if necessary, revise this register annually.²⁸

In addition, Commercial Passenger Vehicles Victoria must be notified in writing of the following incidents, if they occur in relation to the use of a commercial passenger vehicle to provide a commercial passenger vehicle service:

- an incident in the death of or serious injury to any person
- an incident resulting in attendance by a police officer or health professional.²⁹

A potential change to the Multi-Purpose Taxi Program (MPTP)

The MPTP program offers subsidised taxi fares to support the travel needs of people with severe and permanent disabilities. The program pays for 50 per cent of the cost of each taxi trip, up to a maximum of \$60 per trip.³⁰

The National Disability Insurance Scheme (NDIS) is being progressively rolled out across Victoria. This may affect the way the taxi trips of MPTP program users are funded.

The intent is that eligible users will receive transport support through the NDIS. There will be interim measures to increase transport funding for NDIS participants who are significant users of the taxi subsidy scheme. The Commonwealth government will be fully reimbursing states and territories for their taxi subsidy schemes for NDIS participants from 1 January 2020 until 31 October 2021.³¹

²⁸ Commercial Passenger Vehicle Industry Regulations 2018, r. 5 and r. 6.

²⁹ Commercial Passenger Vehicle Industry Regulations 2018, r. 7; Commercial Passenger Vehicle Industry Act 2017, s. 272.

³⁰ Commercial Passenger Vehicles Victoria, 'Multi Purpose Taxi Program': available at <https://cpv.vic.gov.au/passengers/mptp>. [last accessed 20 March 2020]

³¹ National Disability Insurance Agency, 'Delivering the NDIS plan: Flexibility in transport funding for NDIS participants', available at: <https://www.ndis.gov.au/news/4318-delivering-ndis-plan-flexibility-transport-funding-ndis-participants> (accessed on 17 February 2020)

Providers will be able to claim some of their vehicle running costs when offering transport to a participant in conjunction with the community activities identified in their NDIS plan. These costs – which are in addition to the support worker’s time – are factored at a per kilometre rate and can be claimed by providers as a separate item as part of the support they are delivering to participants.³²

In addition to this Commercial Passenger Vehicles Victoria (CPVV) has started a trial providing MPTP trips using ride-share services. As part of CPVV’s MPTP Expansion Program, 500 Greater Geelong-based MPTP members will be sent invitations to participate in the Greater Geelong trial, with sign-ups limited to 100. Eligible MPTP members will be able to choose subsidised travel with Uber between Wednesday 25 March 2020 and Sunday 31 May 2020 (inclusive), in addition to their regular taxi services. At this stage, the trial does not involve wheelchair accessible vehicles.³³

Competition in the commercial passenger vehicle industry

Since our last review, platforms based on smartphone technology have continued to increase in number and market share.

For instance, the use of smartphone booking applications (booking apps) has increased the level of competition between existing taxi operators, hire car firms, taxi booking service providers, and newer ride-share booking service providers.

These ride-share booking service providers include services such as Didi, Ola, Bolt, and Uber. Fares for these trips are calculated through the app, varying with trip time and distance travelled. A base fare rate is set by the booking service provider.

Some service providers vary their rates using an algorithm that increases fares above the base rate during times of peak demand and limited supply. This provides for dynamic pricing in response to supply and demand.

Smart phone technology has also significantly changed the way that passengers can book a commercial passenger vehicle. It is now common for passengers to book taxis using an app.

The increasingly wide variety of booking apps has had two notable impacts:

³² National Disability Insurance Agency, ‘Delivering the NDIS plan: Flexibility in transport funding for NDIS participants’, available at: <https://www.ndis.gov.au/news/4318-delivering-ndis-plan-flexibility-transport-funding-ndis-participants> (accessed on 17 February 2020)

³³ Commercial Passenger Vehicles, MPTP Expansion Program trial with Uber in Greater Geelong, available at: <https://cpv.vic.gov.au/about-us/news/taxis/mptp-expansion-program-trial-with-uber-underway-in-greater-geelong> [last accessed 7 March 2019].

1. It has made bookings of taxis and hire cars where the customer requests an immediate pick up much easier. As a result, booked services are becoming a substitute for unbooked services.
2. Booking apps have introduced some degree of flexibility to fares for booked services. Since the deregulation of booked fares on 2 July 2018, some taxi booking service providers and operators have been providing discounted trips to and from airports.

However, apart from some booking services offering fixed fares, overall there has been very little change to the tariff structures for taxis.

Appendix B: The legislation governing our role in regulating maximum fares

Table B.1: Relevant sections of the Essential Services Commission Act 2001

	Section detail
s. 8 (1)	<p>Objective of the Commission</p> <p>In performing its functions and exercising its powers, the objective of the Commission is to promote the long term interests of Victorian consumers.</p>
s. 8 (2)	<p>Without derogating from subsection (1), in performing its functions and exercising its powers in relation to essential services, the Commission must in seeking to achieve the objective specified in subsection (1) have regard to the price, quality and reliability of essential services.</p>
s. 8A (1)	<p>Matters which the Commission must have regard to</p> <p>In seeking to achieve the objective specified in section 8, the Commission must have regard to the following matters to the extent that they are relevant in any particular case—</p> <ul style="list-style-type: none">(a) efficiency in the industry and incentives for long term investment;(b) the financial viability of the industry;(c) the degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries;(d) the relevant health, safety, environmental and social legislation applying to the industry;(e) the benefits and costs of regulation (including externalities and the gains from competition and efficiency) for—<ul style="list-style-type: none">(i) consumers and users of products or services (including low income and vulnerable consumers);(ii) regulated entities;(f) consistency in regulation between States and on a national basis;(g) any matters specified in the empowering instrument.
s. 8A (2)	<p>Without derogating from section 8 or subsection (1), the Commission must also when performing its functions and exercising its powers in relation to a regulated industry do so in a manner that the Commission considers best achieves any objectives specified in the empowering instrument.</p>
s. 32(1)	<p>Price Regulation</p> <p>The Commission may regulate prescribed prices for or in respect of prescribed goods and services supplied by or within a regulated industry.</p>
s. 32(2)	<p>In this section—</p>

prescribed goods and services means any goods or services made, produced or supplied by or within a regulated industry which goods or services are specified in the empowering instrument as being goods or services in respect of which the Commission has power to regulate prices;

prescribed price means the price or price-range however designated for the supply or sale of any goods or services by or within a regulated industry or particular factors used in price-fixing or terms and conditions relating to the price at which particular goods or services are supplied or sold, being a price, price-range, factor or term and condition specified in the empowering instrument as being a price, price-range, factor or term and condition which the Commission has power to regulate.

s.33(1) Price determinations

This section is subject to anything to the contrary in the empowering instrument specifying the prescribed prices or prescribed goods and services in respect of which the Commission is exercising its power of regulation.

s.33(2) In making a price determination, the Commission must adopt an approach and methodology which the Commission considers will best meet the objectives specified in this Act and any relevant legislation

- s. 33(3) In making a determination under this section, the Commission must have regard to—
- (a) the particular circumstances of the regulated industry and the prescribed goods and services for which the determination is being made;
 - (b) the efficient costs of producing or supplying regulated goods or services and of complying with relevant legislation and relevant health, safety, environmental and social legislation applying to the regulated industry;
 - (c) the return on assets in the regulated industry;
 - (d) any relevant interstate and international benchmarks for prices, costs and return on assets in comparable industries;
 - (e) any other factors that the Commission considers relevant.

s. 33(4) In making a determination under this section, the Commission must ensure that—

- (a) the expected costs of the proposed regulation do not exceed the expected benefits; and
- (b) the determination takes into account and clearly articulates any trade-offs between costs and service standards.

s. 33(5) A price determination by the Commission may regulate a prescribed price for prescribed goods and services in any manner the Commission considers appropriate.

- s. 33(6) Without limiting the generality of subsection (5), the manner may include—
- (a) fixing the price or the rate of increase or decrease in the price;
 - (b) fixing a maximum price or maximum rate of increase or minimum rate of decrease in the maximum price;
 - (c) fixing an average price for specified goods or services or an average rate of increase or decrease in the average price;
 - (d) specifying pricing policies or principles;
 - (e) specifying an amount determined by reference to a general price index, the cost of production, a rate of return on assets employed or any other specified factor;
 - (f) specifying an amount determined by reference to quantity, location, period or other specified factor relevant to the rate or supply of the goods or services;
 - (g) fixing a maximum average revenue or maximum rate of increase or minimum rate of decrease in the maximum average revenue in relation to specified goods or services;
 - (h) monitoring the price levels of specified goods and services.
-

Table B.2: Relevant sections of the Commercial Passenger Vehicle Industry Act 2017

s. 110A **Definitions**

In this Division—

"applicable unbooked service" means an unbooked commercial passenger vehicle service in respect of carriage on a journey that begins in—

- (a) the Melbourne Metropolitan Zone; or
- (b) the Urban and Large Regional Zone;

"Melbourne Metropolitan Zone" means the Melbourne Metropolitan Zone established under section 143B(1)(a) of the Transport (Compliance and Miscellaneous) Act 1983 (as in force immediately before the commencement of item 10.7 of Schedule 1 to the Commercial Passenger Vehicle Industry Amendment (Further Reforms) Act 2017;

"Urban and Large Regional Zone" means the Urban and Large Regional Zone established under section 143B(1)(b) of the Transport (Compliance and Miscellaneous) Act 1983 (as in force immediately before the commencement of item 10.7 of Schedule 1 to the Commercial Passenger Vehicle Industry Amendment (Further Reforms) Act 2017.

s. 110B **Application of Essential Services Commission Act 2001**

(1) For the purposes of the Essential Services Commission Act 2001 —

(a) this Division is relevant legislation; and

(b) the commercial passenger vehicle industry is a regulated industry in relation to applicable unbooked services.

(2) If there is any inconsistency between this Division and a provision of the Essential Services Commission Act 2001, the provision of this Division prevails.

s. 110C **Objective of the ESC**

The objective of the ESC in relation to the commercial passenger vehicle industry is to promote the efficient provision and use of applicable unbooked services.

s. 110D **Powers in relation to fares regulation**

for the purposes of Part 3 of the Essential Services Commission Act 2001 —

(a) applicable unbooked services are prescribed services; and

(b) the maximum charges for the services covered by paragraph (a) are prescribed prices.

s. 110E **Price determinations**

Without limiting section 33(5) of the Essential Services Commission Act 2001, the manner in which the ESC may regulate prescribed prices includes determining different prices according to—

- (a) the time of day at which, or day of the week or kind of day on which, an applicable unbooked service is provided;
- (b) the speed at which the commercial passenger vehicle used in the provision of the applicable unbooked service is travelling;
- (c) the distance travelled by the commercial passenger vehicle used in the provision of the applicable unbooked service;
- (d) the type of commercial passenger vehicle used in the provision of the applicable unbooked service;
- (e) the occupancy of the commercial passenger vehicle used in the provision of the applicable unbooked service, including where there is more than one passenger;
- (f) where a journey in respect of which the applicable unbooked service is provided begins or ends;
- (g) the prevailing economic conditions, including the price of fuel and the consumer price index; and
- (h) any other matter the ESC considers to be relevant.

s. 110F **Exercise of regulatory functions**

(1) The ESC must make a determination under this Division of the maximum charges for applicable unbooked services before the first anniversary of the day on which this section comes into operation.

(2) The ESC must complete a review of a price determination no later than 2 years after it is made.

s. 110G **Offence to charge or ask for a fare for an unbooked service in excess of the maximum fare**

A person who drives a commercial passenger vehicle for the purpose of providing an applicable unbooked service must not charge or ask for a fare for the service that is in excess of the fare or hiring rates permitted by a determination of the ESC under this Division.

Penalty: 60 penalty units.

Appendix C: Current maximum fares

Metropolitan zone and East Urban area

The maximum fares in Table C.1 below currently apply to the Melbourne Metropolitan Zone and the East Urban Area. The East Urban Area is the part of the Urban and Large Regional Zone that includes Frankston, Dandenong and the Mornington peninsula.

Table C.1: Maximum fares for the metro zone and East Urban Area - ‘time or distance’ tariffs³⁴

	Tariff 1 ‘Day’ (9am-5pm)	Tariff 2 ‘Overnight’ (5pm-9am, excluding peak)	Tariff 3 ‘Peak’ (Fri & Sat nights 10pm-4am)
Standard fare components	Maximum charge up to		
Flagfall (\$)	4.20	5.20	6.20
Distance rate (\$/km) (when speed is above 21 km/hr)	1.622	1.804	1.986
Waiting time (\$/min) (when speed is below 21 km/hr)	0.568	0.631	0.695
Other fare components (applicable to tariffs 1, 2 and 3)	Maximum charge up to		
High occupancy fee ^(a)			\$14.00
Airport rank fee ^(b)	For trips from the airport rank		rates vary
Holiday rate ^(c)			Tariff 3 rates
CPV levy recovery fee			\$1.10
CityLink and EastLink tolls ^(d)			rates vary
Cleaning fee	Up to a maximum of \$120		

(a) For taxis carrying 5 to 11 passengers.

(b) As published by that airport in a daily newspaper generally circulating in Victoria and on that airport’s website.

(c) For trips commencing on Christmas Day, Boxing Day, New Year’s Day and from 6pm on New Year’s Eve.

(d) As published from time to time in the Victorian Government Gazette in accordance with the Melbourne City Link Act 1995 or the EastLink Project Act 2004 as applicable.

³⁴ Essential Services Commission, *Unbooked Commercial Passenger Vehicle Fare Review 2018*, September 2018, p. 29.

Table C.2: Maximum fares for the metro zone and east urban area - ‘time and distance’ tariffs ³⁵

	Tariff 1 ‘Day’ (9am-5pm)	Tariff 2 ‘Overnight’ (5pm-9am, excluding peak)	Tariff 3 ‘Peak’ (Fri & Sat nights 10pm-4am)
Standard fare components	Maximum charge up to		
Flagfall (\$)	4.20	5.20	6.20
Distance rate (\$/km) (at all times)	1.342	1.490	1.648
Duration rate (\$/min) (at all times)	0.344	0.379	0.408
Other fare components (applicable to tariffs 1, 2 and 3)	Maximum charge up to		
High occupancy fee ^(a)			\$14.00
Airport rank fee ^(b)	For trips from the airport rank		rates vary
Holiday rate ^(c)			Tariff 3 rates
CPV levy recovery fee			\$1.10
CityLink and EastLink tolls ^(d)			rates vary
Cleaning fee	Up to a maximum of \$120		

(a) For taxis carrying 5 to 11 passengers.

(b) As published by that airport in a daily newspaper generally circulating in Victoria and on that airport’s website.

(c) For trips commencing on Christmas Day, Boxing Day, New Year’s Day and from 6pm on New Year’s Eve.

(d) As published from time to time in the Victorian Government Gazette in accordance with the Melbourne City Link Act1995 or the EastLink Project Act 2004 as applicable.

³⁵ Essential Services Commission, *Unbooked Commercial Passenger Vehicle Fare Review 2018*, September 2018, p. 31.

Western Urban area

The maximum fares in Table C.2 below currently apply to the Large Regional areas. The Large Regional areas are all areas of the Urban and Large Regional Zone that include Geelong, Ballarat and Bendigo.

Table C.3: Maximum fares for Geelong, Ballarat and Bendigo - 'time or distance' tariffs ³⁶

Fare component		Maximum charge
Standard fare components		
Flagfall (\$)		3.60
Distance rate (\$/km) (applies when speed is above 21 km/hr)		1.838
Waiting time (\$/min) (applies when speed is below 21 km/hr)		0.643
High occupancy trips		
For trips with 5-11: not applicable for wheelchair passenger trips		
Flagfall (\$)		3.60
Distance rate (\$/km) (applies when speed is above 21 km/hr)		2.757
Waiting time (\$/min) (applies when speed is below 21 km/hr)		0.965
Other fare components		
Late night fee	For trips commencing between 7pm on Friday and Saturday nights through to 6am the following morning; and from midnight to 6am on all other days	\$3.40
Holiday rate ^{(a)(b)}		\$4.20
CPV levy recovery fee		\$1.10
CityLink and EastLink tolls ^(c)		rates vary
Airport rank fee ^(d)	For trips from the airport rank	rates vary
Cleaning fee	Up to a maximum of \$120	

(a) For trips commencing between 7pm on evenings prior to all public holidays, through to 6am the following mornings and trips commencing on Christmas Day, Boxing Day, New Year's Day and from 6pm on New Year's Eve.

(b) The 'late night fee' does not apply during times that the holiday rate applies.

(c) As published from time to time in the Victorian Government Gazette in accordance with the Melbourne City Link Act 1995 or the EastLink Project Act 2004 as applicable.

(d) As published by that airport in a daily newspaper generally circulating in Victoria and on that airport's website.

³⁶ Essential Services Commission, *Unbooked Commercial Passenger Vehicle Fare Review 2018*, September 2018, p. 28.

Table C.4: Maximum fares for Geelong, Ballarat and Bendigo - 'time and distance' tariffs ³⁷

Fare component		Maximum charge
Standard fare components		
Flagfall (\$)		3.60
Distance rate (\$/km) (at all times)		1.494
Waiting time (\$/min) (at all times)		0.491
High occupancy trips		
For trips with 5-11 passengers: not applicable for wheelchair passenger trips		
Flagfall (\$)		3.60
Distance rate (\$/km) (at all times)		2.441
Waiting time (\$/min) (at all times)		0.529
Other fare components		
Late night fee	For trips commencing between 7pm on Friday and Saturday nights through to 6am the following morning; and from midnight to 6am on all other days	\$3.40
Holiday rate ^{(a)(b)}		\$4.20
CPV levy recovery fee		\$1.10
CityLink and EastLink tolls ^(c)		rates vary
Airport rank fee ^(d)	For trips from the airport rank	rates vary
Cleaning fee		Up to a maximum of \$120

(a) For trips commencing between 7pm on evenings prior to all public holidays, through to 6am the following mornings and trips commencing on Christmas Day, Boxing Day, New Year's Day and from 6pm on New Year's Eve.

(b) The 'late night fee' does not apply during times that the holiday rate applies.

(c) As published from time to time in the Victorian Government Gazette in accordance with the Melbourne City Link Act 1995 or the EastLink Project Act 2004 as applicable.

(d) As published by that airport in a daily newspaper generally circulating in Victoria and on that airport's website.

³⁷ Essential Services Commission, *Unbooked Commercial Passenger Vehicle Fare Review 2018*, September 2018, p. 29.

Appendix D: Glossary

Term	Definition
Booking service provider	A person, company or association who provides a service that reserves CPVs to transport passengers at a certain time, departure point, and destination.
Commercial Passenger Vehicle (CPV)	Any motor vehicle used or intended to be used for carrying passengers for hire or reward, excluding a bus used to provide a bus service.
CPV levy	Under the Commercial Passenger Vehicle Industry Act 2017, commercial passenger vehicle service providers will become liable for the CPV levy; initially set at \$1 per commercial passenger vehicle transaction. The purpose of the CPV levy is to partly fund regulation of the industry and to fund transitional assistance to a new regulatory framework for certain industry participants.
CPV operator	A person who owns, maintains and operates a CPV. A CPV operator may engage a driver for their vehicle or they may drive the vehicle themselves.
Day tariff	The maximum tariff rates applicable from 9am to 5pm in the metropolitan zone.
Distance rate	A fare component that is a fee per kilometre travelled. In current taxi fares the distance rate applies when travelling over 21 kilometres per hour.
Fare calculating/metering device	A device required in all taxis to calculate and display taxi fares. The Taxi Services Commission is responsible for specifying the functional requirements of fare devices.
Fare structure	Refers to the system by which fare components apply to calculate the fare of a trip. For example, individual fare components include: the flagfall, distance rate, waiting time rate and booking fee.
Flagfall	A fare component that is a fixed fee charged regardless of the distance travelled or journey time.
High occupancy	The carriage of five or more passengers at a time in a commercial passenger vehicle.

High occupancy vehicle (HOV)	A class of taxi which can carry up to 11 passengers. Higher taxi fares apply to HOVs if carrying at least five passengers or if the hirer requests a HOV. The higher rate does not apply when the hirer is a wheelchair passenger.
Metropolitan zone (metro zone)	Referred to in legislation as the 'Melbourne Metropolitan Zone', the zone comprising key areas of metropolitan Melbourne (see Commercial Passenger Vehicles Victoria website for zone maps).
Multi Purpose Taxi Program (MPTP)	A government program that subsidises taxi fares for people with severe and permanent disabilities.
National Disability Insurance Scheme (NDIS)	A national scheme for people with disability. It provides funding directly to individuals.
Overnight tariff	The maximum tariff rates in the metro zone applicable from 5pm to 9am (excluding the peak tariff period).
Peak tariff	In the metro zone, the maximum tariff rates applicable from 10pm to 4am on Friday and Saturday nights, all day Christmas Day, Boxing Day, from 6pm on New Year's Eve and all day New Year's Day.
Price determination	A price determination is the legislative instrument we use to regulate maximum fares.
Rideshare services	Booked commercial passenger vehicle services that use the driver's personal vehicle to provide a transport service. These services are offered to passengers through a registered booking service: generally a smartphone application.
'Time and distance' tariff	A 'time and distance' tariff calculates fares for CPV trips using a time rate and distance rate that apply at the same time.
'Time or distance' tariff	A 'time or distance' tariff, calculates fares for CPV trips using only the 'time or distance' rate that applies (depending on the speed of the vehicle). The current maximum fares are 'time or distance' tariffs.
Unbooked market	A sub-market of the market for commercial passenger vehicle services, whereby the service is provided other than as a result of the provision of a booking service (e.g. services are procured either from taxi ranks or hailed from the street). The rank and hail market is serviced exclusively by taxis.

Urban zone	Referred to in legislation as ‘the Urban and Large Regional Zone’, the zone comprising of Geelong, Ballarat, Bendigo, Frankston, Dandenong and the Mornington Peninsula (see Commercial Passenger Vehicles Victoria website for zone maps).
Waiting time rate	A fare component that is a per minute charge. In current taxi fares the waiting time rate applies when travelling at 21 kilometres per hour or slower (also referred to as the ‘time rate’).