



TAXI FARE DETERMINATION 2014

Metropolitan and Urban and Large Regional Taxi
Zones

June 2014

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PREFACE

This determination of maximum taxi fares for the Metropolitan and Urban and Large Regional taxi zones is the first from the Essential Services Commission (the Commission) following the introduction of reforms to the taxi industry.

The Commission has made this determination following consideration of the Commission's objectives and matters to which it must have regard as set out in the *Essential Services Commission Act 2001* and the *Transport (Compliance and Miscellaneous) Act 1983* (as amended by the *Transport Legislation Amendment (Foundation Taxi and Hire Car Reforms) Act 2013*).

This determination maintains fares at their current levels as implemented on 19 May 2014. These fares were proposed by the Commission in its 2013-14 fare review provided to the Minister for Public Transport on 31 March 2014, and were implemented by the Minister on 19 May 2014.

Dr Ron Ben-David
Chairperson

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1 Introduction

Under the Victorian Government's reforms to the taxi and hire car industry, the Essential Services Commission (the Commission) is responsible for setting maximum taxi fares for the Metropolitan and Urban and Large Regional taxi zones.

This is the first determination made by the Commission following the industry reforms.

1.1 BACKGROUND

In September 2012, the Taxi Industry Inquiry handed its final report to the Victorian Government, recommending a broad program of reform focused on improving performance and customer outcomes within the Victorian taxi and hire car industry. In response to these recommendations, the Victorian Parliament passed legislation amending the *Transport (Compliance and Miscellaneous) Act 1983* (the Transport Act).¹ In this determination, we refer to the Transport Act with these amendments as the 'amended Transport Act'.

Under the amended Transport Act, the Commission must make an initial determination of maximum taxi fares, and complete a review of maximum taxi fares at least every two years from the date of the previous review. Previously, taxi fares were determined by the Minister, following a recommendation from the Commission.

The Commission's new powers, including the power to set maximum taxi fares, will come into effect on 30 June 2014, when the amending legislation commences. However, under section 162E (2) of the amended Transport Act, the initial determination must be made before the first anniversary of the relevant amending legislation receiving Royal Assent (i.e. by 28 June 2014). For this reason, this determination is being made now but it will only take effect on 1 July 2014.

¹ The amending legislation is the *Transport Legislation Amendment (Foundation Taxi and Hire Car Reforms) Act 2013*, which received Royal Assent on 28 June 2013, and the *Transport Legislation Amendment (Further Taxi Reform and Other Matters) Act 2014*, which received Royal Assent on 13 May 2014.

1.1.1 THE COMMISSION'S 2013-14 FARE REVIEW

On 2 February 2014, under Division 9 of Part VI of the Transport Act, the Minister for Public Transport requested the Commission to investigate and report on taxi fares throughout Victoria, and issued terms of reference to the Commission. The terms of reference required the Commission to consider the Victorian Government's response to the final recommendations of the Taxi Industry Inquiry, where relevant to fare setting, and to consider the matters it would have to consider in making a price determination for taxi fares under the amended Transport Act had the Commission's new powers to set maximum taxi fares commenced.

The Commission's final report on the review was provided to the Minister on 31 March 2014. The Commission proposed an average fare increase of 12.5 per cent, as well as changes to the tariff structure in the Metropolitan and Outer Suburban zones. The fares proposed by the Commission were accepted by the Government and implemented on 19 May 2014.

1.2 SCOPE OF THE COMMISSION'S DETERMINATION

On 30 June 2014, as a result of the amending legislation, the Victorian taxi industry will be structured according to a new system of zones, with varying fare regulation arrangements. The Melbourne Metropolitan and Urban and Large Regional zones will be subject to maximum fare regulation by the Commission as outlined in this determination, whereas a price notification system will be in force in the Regional and Country taxi zones.

2 Statement of purpose

This determination is a determination of maximum charges for taxi services in the Metropolitan and Urban and Large Regional zones made under section 162C of the amended Transport Act.

3 The Commission's powers and objectives

Under section 162C of the amended Transport Act and Part 3 of the *Essential Services Commission Act 2001* (the ESC Act), the Commission has the power to set the maximum charges for taxi services for the Metropolitan Melbourne and the Urban and Large Regional zones.

As stated in section 162B of the amended Transport Act, our objective in setting maximum charges is to '*promote the efficient provision and use of commercial passenger vehicle services*'. A further objective under the ESC Act (section 8 (1)) is to '*promote the long term interests of Victorian consumers*'.

4 Reasons for the making of this determination

Both the ESC Act and the amended Transport Act require the Commission to consider and have regard to a number of matters in reaching its determination.

- Section 8A (1) of the ESC Act lists matters to which the Commission must have regard, to the extent that they are relevant. These matters include industry efficiency and incentives for long term investment, and industry financial viability.
- Section 33 (3) of the ESC Act lists matters to which the Commission must have regard in making a price determination, including the efficient costs of service provision and the return on assets in the industry.
- Section 162E (1) of the amended Transport Act requires the Commission to have regard to recommendations 12.1 to 12.9 and 13.1 to 13.5 in the final report of the Taxi Industry Inquiry.

Further, section 162D of the amended Transport Act sets out the manner in which the Commission may regulate taxi fares, including based on time of day, or day of the week, or kind of day, or where the journey begins or ends.

These matters were all considered as part of the Commission's 2013-14 taxi fare review as required by the terms of reference.

In making this determination, the Commission has again considered its objectives and the matters to which it must have regard. In particular, the Commission has considered whether, since its 2013-14 fare review final report, there have been any changes in the circumstances relevant to the matters which the Commission must consider, as set out in the ESC Act and amended Transport Act.

The Commission has concluded that there have been no material changes in circumstances since finalisation of its 2013-14 fare review. Having considered its objectives and the matters to which it must have regard, the Commission has reached the same conclusions as in the 2013-14 fare review. **The maximum fares to be implemented under the Commission's determination for the Metropolitan and Urban and Large Regional taxi zones are the same as those recommended by the Commission in its 2013-14 fare review** (which were implemented by the Victorian Government on 19 May 2014). The maximum fare schedules are presented in attachment A.

Having considered its objectives and the matters to which it must have regard, the Commission makes this determination for the same reasons it made its recommendation in the 2013-14 review. Accordingly, the detailed reasons for this determination can be found in the 2013-14 fare review final report. The report is provided in attachment B.

5 The determination

The Commission has determined the maximum fares for the Metropolitan and Urban and Large Regional taxi zones, as presented in attachment A.

In this determination, the Commission has decided that the maximum hiring rates in both the Metropolitan taxi zone, and Urban and Large Regional taxi zone, do not apply to 'out of area' hiring (as defined in clause 2 of each Schedule). This hiring structure was in place prior to the Commission's determination and the Commission, having considered the matters to which it must have regard, sees no reason to change these.

Further, the Commission has decided to include CityLink and EastLink tolls in this determination. The Commission sees no reason to change the current position in which drivers are able to pass on the charge of tolls to the hirer in full.

The determination is effective on 1 July 2014.

Attachment A: Schedule of hiring rates

SCHEDULE OF HIRING RATES (GST INCLUSIVE)

METROPOLITAN ZONE TAXI LICENCES

The hiring rates in this schedule are set under Division 5A of Part VI of the amended Transport Act and are applicable for Metropolitan taxi zone licences from 1 July 2014. Under section 144 (1)(db) of the amended Transport Act, no taxi is permitted to charge a fare or hiring rate in excess of those outlined in this determination.

Definitions

In this schedule, the term 'hirer' includes an agent or agency representing the passenger/s or hirer/s.

1. Unless the hiring is an 'out of area' hiring as defined in clause 2 of this schedule, the maximum hiring rates that may be charged must be computed by the taximeter installed in the taxi as follows:

1.1. TARIFF ONE – BETWEEN THE HOURS OF 9AM AND 5PM

(unless peak times rate applies)

Flagfall	\$4.20 inclusive of the first 61.65 metres
Distance Rate	\$0.10 for each additional 61.65 metres to the destination (\$1.622 per kilometre) while the vehicle speed is greater than 21 kmph
Detention Rate	\$0.568 per minute (\$34.08 per hour) while the vehicle speed is less than 21 kmph

1.2. TARIFF TWO – BETWEEN THE HOURS OF 5PM AND 9AM

(unless peak times rate applies)

Flagfall	\$5.20 inclusive of the first 55.43 metres
Distance Rate	\$0.10 for each additional 55.43 metres to the destination (\$1.804 per kilometre) while the vehicle speed is greater than 21 kmph
Detention Rate	\$0.631 per minute (\$37.86 per hour) while the vehicle speed is less than 21 kmph

1.3. **TARIFF THREE – PEAK TIMES**

Peak times are defined as – 10pm Friday to 4am Saturday, 10pm Saturday to 4am Sunday, all day Christmas Day, Boxing Day, and from 6pm on New Year’s Eve until midnight on New Year’s Day.

Flagfall	\$6.20 inclusive of the first 50.35 metres
Distance Rate	\$0.10 for each additional 50.35 metres to the destination (\$1.986 per kilometre) while the vehicle speed is greater than 21 kmph
Detention Rate	\$0.695 per minute (\$41.70 per hour) while the vehicle speed is less than 21 kmph

1.4. Taximeters must be programmed to automatically select the correct tariff for the relevant time and date. Manual selection of tariffs is not permitted.

2. **OUT OF AREA HIRINGS**

2.1. For the purposes of this schedule, the ‘area’ is defined as the area within an 80 kilometre radius of the intersection of Bourke and Elizabeth Streets, Melbourne.

2.2. For hirings to or from a place outside the ‘area’, any hiring rate or fixed amount may be charged, providing that the hiring rate or fixed amount is agreed by the hirer or intending passenger prior to the commencement of the hiring.

3. **BOOKING FEE**

A booking fee of \$2.00 may be applied if the hirer has requested that the taxi meet the hirer at the point of origin of the hiring. If applied, the booking fee must be entered and displayed on the taximeter at the commencement of the hiring.

4. **PREMIUM SERVICE CHARGE**

4.1. If a taxi is nominated as participating in a ‘premium service’ scheme provided by a network service provider, and displays badging or signage indicating its

participation in such a scheme, the driver of that taxi may charge a 'premium service' charge in accordance with clause 4.2.

- 4.2. Where a hirer has booked the taxi through a network service provider that provides a 'premium service' scheme, and has specifically requested the hire of a vehicle that participates in that scheme, the driver of a taxi referred to in clause 4.1 may charge the hirer a premium service charge of \$11.00.
- 4.3. The premium service charge must not be added to, or otherwise included in, any fare calculation for the purposes of subsidised taxi fares under the Multi Purpose Taxi Program.

5. HIGH OCCUPANCY FEE

- 5.1. A taximeter must not be programmed to calculate and display the high occupancy fee unless that taximeter is fitted in a taxi with the capacity for the carriage of five or more passengers in fixed seats. 'Fixed seats' does not include positions for the carriage of persons in wheelchairs.
- 5.2. A high occupancy fee of \$14 may be charged when:
 - 5.2.1. the vehicle has been hired for the carriage of five or more passengers, or
 - 5.2.2. the vehicle has been hired on the specific basis that a vehicle larger than a standard taxi is required by the hirer, regardless of the number of passengers to be carried, except where such a booking is for the carriage of a person(s) who uses a wheelchair or other mobility aid.
- 5.3. For the purpose of clause 5.2.2 above, a standard taxi means a taxi with seating for up to four passengers, and includes station wagon type vehicles.
- 5.4. For the purpose of clause 5.2.1 above, children under the age of five years are not to be calculated as a passenger.

6. CITYLINK AND EASTLINK TOLLS

- 6.1 The driver of a taxi carrying a passenger or parcel on a toll road (CityLink or EastLink) is authorised to charge the hirer an amount equal to the appropriate Taxi Toll payable by the taxi for using that toll road (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).

- 6.2 The driver must not charge or pass on any toll incurred while using a toll road when the taxi is not carrying a passenger or parcel. Hirers must be given the choice of using or not using a toll road if a toll road is one of the route options available for that trip.
- 6.3 Drivers must not charge any amount greater than the authorised Taxi Toll appropriate to the section(s) of the toll road used during a hiring, as set out in the Victorian Government Gazette.

7. MELBOURNE AIRPORT TAXI RANK FEE AND BOOKING FEE

- 7.1. The driver of a taxi who accepts a hiring from the Melbourne Airport taxi rank, after that driver has paid for the use of Melbourne Airport taxi rank queuing facilities and/or waiting bays, is authorised to charge the hirer an Airport Rank Fee of \$2.70.
- 7.2. An Airport Booking Fee of \$3.00 applies where a hirer has pre-booked a taxi to meet the passenger at Melbourne Airport. The Airport Booking Fee may be charged in addition to the standard \$2.00 booking fee referred to in item 3 of this schedule.
- 7.3. The Airport Rank Fee and Airport Booking Fee must not be added to, or otherwise included in, any fare calculation for the purposes of subsidised taxi fares under the Multi Purpose Taxi Program.

8. MULTIPLE HIRING

While carrying more than one hirer in accordance with the provisions of regulation 40 of the *Transport (Taxi-Cabs) Regulations 2005*, the hiring charge for each hirer must not exceed 75 per cent of the metered fare.

9. FURTHER CONDITIONS

Fees or charges which are not permitted include:

- any additional charge for the carriage of goods or luggage accompanied by a passenger, except where clause 5.2.2 applies
- any additional charge for cleaning of the taxi (money freely offered by the passenger as a tip may be accepted)
- any charge that would result in a person with a disability paying more than an able-bodied person would for the same service.

SCHEDULE OF HIRING RATES (GST INCLUSIVE)

URBAN AND LARGE REGIONAL ZONE TAXI LICENCES

The hiring rates in this schedule are set under Division 5A of Part VI of the amended Transport Act and are applicable for Urban and Large Regional zone licences from 1 July 2014. Under section 144 (1)(db) of the amended Transport Act, no taxi is permitted to charge a fare or hiring rate in excess of those outlined in this determination.

From 30 June 2014, pursuant to section 143B (8) of the Act, a number of taxis will be newly classified as Urban and Large Regional zone taxis. Some of these taxis will have been fitted with taximeters programmed to calculate and display the hiring rates set out in the schedule of hiring rates for Metropolitan taxis. In recognition of this, the schedule of hiring rates that may be charged by an Urban and Large Regional licensed taxi will vary depending on the origin and destination of the taxi trip. Either the Metropolitan or Urban and Large Regional schedule of hiring rates may be charged, depending on the following:

- a) Unless item c) applies, the hiring rates set out in this schedule apply to any hiring of an Urban and Large Regional taxi where the pick-up and/or drop off point is located within the boundaries of the Geelong SA3, the Ballarat SA3, and the Bendigo SA3, as determined by the *Australian Statistical Geography Standard 2011* (that is, within the areas of the Urban and Large Regional zone surrounding Geelong, Ballarat and Bendigo).
- b) Unless item c) applies, the hiring rates set out in the schedule of hiring rates applicable to Metropolitan taxis apply to any hiring of an Urban and Large Regional taxi where the pick-up and/or drop off point is located within any part of the Urban and Large Regional zone not identified in item a) above.
- c) In the case of a hiring of an Urban and Large Regional taxi where:
 - i. neither the pick-up point nor drop-off point is located within the Urban and Large Regional zone, or
 - ii. the pick-up point is located in a section of the Urban and Large Regional zone identified in item a) and the drop-off point is located in a section of the Urban and Large Regional zone identified in item b), or

- iii. the pick-up point is located in a section of the Urban and Large Regional zone identified in item b) and the drop-off point is located in a section of the urban and large regional zone identified in item a),

the hiring rates applicable to that hiring may be calculated according to either this schedule of hiring rates or the schedule of hiring rates applicable to the Metropolitan zone.

- d) Operators of Urban and Large Regional taxis who wish to make their taxis available for hire in the areas of the Urban and Large Regional zone identified in both items a) and b) may have the taximeters fitted in those vehicles programmed to calculate and display the hiring rates applicable under both this schedule of hiring rates and the schedule of hiring rates applicable to Metropolitan taxis. Drivers of vehicles with taximeters programmed in this manner must charge the appropriate hiring rates for each hiring as determined by items a) and b).

Definitions

In this schedule, the term 'hirer' includes an agent or agency representing the passenger/s or hirer/s.

- 1. Unless the hiring is an 'out of area' hiring as defined in clause 2 of this schedule, the maximum hiring rates that may be charged must be computed by the taximeter installed in the taxi as follows:

1.1. TARIFF ONE – STANDARD RATE

Flagfall	\$3.60 inclusive of the first 54.40 metres
Distance Rate	\$0.10 for each additional 54.40 metres to the destination (\$1.838 per kilometre) while the vehicle speed is greater than 21 kmph
Detention Rate	\$0.643 per minute (\$38.58 per hour) while the vehicle speed is less than 21 kmph

1.2. TARIFF TWO – HIGH OCCUPANCY RATE

Flagfall	\$3.60 inclusive of the first 36.27 metres
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Distance Rate \$0.10 for each additional 36.27 metres to the destination (\$2.757 per kilometre) while the vehicle speed is greater than 21 kmph

Detention Rate \$0.965 per minute (\$57.90 per hour) while the vehicle speed is less than 21 kmph

1.3. A taximeter must not be programmed to calculate and display the high occupancy rate unless that taximeter is fitted in a taxi with the capacity for the carriage of five or more passengers in fixed seats. 'Fixed seats' does not include positions for the carriage of persons in wheelchairs.

1.4. The high occupancy rate may be charged when:

1.4.1. the vehicle has been hired for the carriage of five or more passengers, or

1.4.2. the vehicle has been hired on the specific basis that a vehicle larger than a standard taxi is required by the hirer, regardless of the number of passengers to be carried, except where such a booking is for the carriage of a person(s) who uses a wheelchair or other mobility aid.

1.5. For the purpose of clause 1.4.2 above, a standard taxi means a taxi with seating for up to four passengers, and includes station wagon type vehicles.

1.6. For the purpose of clause 1.4.1 above, children under the age of five years are not to be calculated as a passenger.

2. OUT OF AREA HIRINGS

For hirings to or from a place more than 80 kilometres outside the boundary of the Urban and Large Regional zone, any hiring rate or fixed amount may be charged, providing that the hiring rate or fixed amount is agreed by the hirer or intending passenger prior to the commencement of the hiring.

3. BOOKING FEE

A booking fee of \$2.10 may be applied if the hirer has requested that the taxi meet the hirer at the point of origin of the hiring. If applied, the booking fee must be entered and displayed on the taximeter at the commencement of the hiring.

4. PREMIUM SERVICE CHARGE

- 4.1. If a taxi is nominated as participating in a 'premium service' scheme provided by a network service provider, and displays badging or signage indicating its participation in such a scheme, the driver of that taxi may charge a 'premium service' charge in accordance with clause 4.2.
- 4.2. Where a hirer has booked the taxi through a network service provider that provides a 'premium service' scheme, and has specifically requested the hire of a vehicle that participates in that scheme, the driver of a taxi referred to in clause 4.1 may charge the hirer a premium service charge of \$11.00.
- 4.3. The premium service charge must not be added to, or otherwise included in, any fare calculation for the purposes of subsidised taxi fares under the Multi Purpose Taxi Program.

5. LATE NIGHT FEE

A late night fee of \$3.40 may be applied to hirings that commence between the hours of midnight and 6am. If applied, the late night fee must be entered and displayed on the taximeter at the commencement of the hiring.

6. HOLIDAY SURCHARGE

A holiday surcharge of \$4.20 applies all day on Christmas Day, Boxing Day and New Year's Day and from 6pm on New Year's Eve until midnight on New Year's Day. The late night fee must not be applied in addition to the holiday surcharge.

7. CITYLINK AND EASTLINK TOLLS

- 7.1 The driver of a taxi carrying a passenger or parcel on a toll road (CityLink or EastLink) is authorised to charge the hirer an amount equal to the appropriate Taxi Toll payable by the taxi for using that toll road (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).
- 7.2 The driver must not charge or pass on any toll incurred while using a toll road when the taxi is not carrying a passenger or parcel. Hirers must be given the

choice of using or not using a toll road if a toll road is one of the route options available for that trip.

7.3 Drivers must not charge any amount greater than the authorised Taxi Toll appropriate to the section(s) of the toll road used during a hiring, as set out in the Victorian Government Gazette.

8. MELBOURNE AIRPORT BOOKING FEE

8.1. An Airport Booking Fee of \$3.00 applies where a hirer has pre-booked a taxi to meet the passenger at Melbourne Airport. The Airport Booking Fee may be charged in addition to the standard \$2.10 booking fee referred to in item 3 of this schedule.

8.2. The Airport Booking Fee must not be added to, or otherwise included in, any fare calculation for the purposes of subsidised taxi fares under the Multi Purpose Taxi Program.

9. MULTIPLE HIRING

While carrying more than one hirer in accordance with the provisions of Regulation 40 of the *Transport (Taxi-Cabs) Regulations 2005*, the hiring charge for each hirer must not exceed 75 per cent of the metered fare.

10. FURTHER CONDITIONS

Fees or charges which are not permitted include:

- any additional charge for the carriage of goods or luggage accompanied by a passenger, except where clause 1.4.2 applies
- any additional charge for cleaning of the taxi (money freely offered by the passenger as a tip may be accepted)
- any charge that would result in a person with a disability paying more than an able-bodied person would for the same service.

Attachment B: Taxi fare review 2013-14 final report

Note: the Commission's 2013-14 taxi fare review final report is available from its website, www.esc.vic.gov.au.