



ACT
Government

FURTHER CONSULTATION ON TAXI LICENCES AND FARES

REFORM OF ON-DEMAND TRANSPORT
INDUSTRY IN THE ACT

DISCUSSION PAPER

SEPTEMBER 2018

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CONTENTS

MINISTERS' INTRODUCTION	2
THE CAP ON TAXI LICENCES.....	4
BACKGROUND	4
CURRENT LICENCE REGULATION	4
Taxi licences	4
Hire cars and rideshare.....	4
TAXI MARKET OPERATIONS	4
What does a licence cap do?	4
Why would you apply a cap on licences?	5
What has been the impact of the licence cap in the ACT?.....	5
Wheelchair accessible taxis (WATs).....	6
What is the “right” level of taxi supply licences?	7
On what basis should the Government adjust WAT supply?	8
WHAT'S YOUR VIEW?	9
POSSIBLE ENVIRONMENT CONDITIONS ON FUTURE ON- DEMAND TRANSPORT LICENCES	10
WHAT'S YOUR VIEW?	10
MAXIMUM FARES FOR BOOKED TAXI SERVICES	11
REGULATION	11
Fare review.....	11
MARKET	11
What does a maximum fare limit do?	11
Why limit taxi fare prices?.....	11
What has been the impact in the ACT?	12
What do you think is the best way moving forward?	12

WHAT'S YOUR VIEW?	14
ANNUAL INCREASES IN MAXIMUM TAXI FARES.....	15
DETERMINING REGULATED FARES	15
OTHER JURISDICTIONS.....	15
WHAT'S YOUR VIEW?	15
HOW TO PROVIDE YOUR VIEWS	16
ENDNOTES	17

MINISTERS' INTRODUCTION

The ACT's reform to the on-demand transport industry (including taxis, rideshare and hire cars) has had a significant impact on consumers and industry participants.

The package of 2015 reforms has recently been reviewed and the ACT Government has decided it needs further community input on four key questions:

- 1) What factors should the Government consider when thinking about increasing or removing the regulated cap on taxi licences?
- 2) Should there be any environmental conditions on newly registered taxi or rideshare vehicles?
- 3) Should there continue to be regulated maximum fares for booked taxi services?
- 4) What is the best way to index maximum fares for taxi services in the future?

These are complex issues which will have impacts for on-demand transport industry users and participants across the ACT. Given this, we have decided to conduct a dedicated consultation process with a focus on these four key questions.

The ACT on-demand transport industry is being subjected to a range of internal competitive pressures, as well as the cross-border competition from a largely de-regulated NSW on-demand transport market. It is essential that the settings which shape the performance of this industry in the ACT be put in the best position to meet the ongoing needs of users, drivers, licence holders and booking services.

Until recently, the cap on taxi licences was 358, across both perpetual and Government-issued plates, with the Government lifting the cap to 500 during September 2018. We will release up to 80 plates by early 2019. We want to know from the community and industry whether there should be a cap on licences at all, or should it be a question for the market itself to determine, like rideshare and hire car licence numbers.

With the significant growth of rideshare and the growth in taxi licence numbers in the ACT, there are questions about the environmental impact of on-demand transport. More cars can lead to higher emissions, depending on the age, type and fuel used by on-demand transport vehicles. This raises the question about whether any environmental conditions should apply to any on-demand transport licences issued in the future.

The ACT has long-regulated the maximum taxi fare, and has worked with industry on a complex model for this indexation of the fare level. Maximum fares do not apply in either the rideshare or hire car markets, where services are booked and a fare estimate is provided before the trip commences. This raises the question of whether booked taxi fares should be deregulated and left as a matter of negotiation between the consumer and the transport booking service. This could provide for more effective competition between taxis and rideshare services, while retaining a maximum fare for 'rank and hail' taxi services.

If the maximum fare remains regulated, the best method to index that fare is also a subject of discussion. The current model for indexing is complex, and a simpler, more predictable model could potentially be used.

The ACT Government is working hard to deliver an integrated on-demand transport industry which delivers for, and is responsive to, all Canberrans. This consultation will assist us in considering the best path forward on some key elements of delivering the best on-demand transport system for our Territory.

We welcome your views and strongly encourage you to participate in this consultation.

Gordon Ramsay MLA
Minister for Business and
Regulatory Services

Shane Rattenbury MLA
Minister for Justice, Consumer Affairs
and Road Safety

THE CAP ON TAXI LICENCES

BACKGROUND

Taxi supply in the ACT is limited through a prescribed cap on the number of available licences. From 2011 to 2018, this cap has been 358 licences; however, the ACT Government has recently decided to increase the cap to 500, in recognition of the significant population and visitor growth experienced in the ACT since 2011.

The ACT Government recognises that the cap has a considerable impact on the operation of the market, its participants and consumer responsiveness. Rideshare and hire car vehicle licence numbers are not currently regulated.

CURRENT LICENCE REGULATION

Taxi licences

While the current regulated cap of 500 ACT taxi licences is a significant increase from the 2011 cap of 358, the Government does not intend to release more than 408 licences to the market prior to the early part of 2019 while the community consultation takes place.

The 408 taxi licences available in the market will comprise:

- by vehicle type – 377 available standard taxi licences and 31 available wheelchair accessible taxi licences.
- by licence type – 217 perpetual licences (no longer issued), 10 Government transferable leases (no longer issued) and 181 Government non-transferrable leases.

Under cross-border arrangements, a limited number of NSW taxis can also provide services within the ACT (these are currently restricted to those permitted as at 31 July 2016).

Hire cars and rideshare

Hire cars and rideshare are not subject to any regulatory limitations on permitted supply. Hire car supply in the ACT was deregulated in 2005.

Rideshare service numbers were not regulated as part of the 2015 reforms which permitted rideshare to operate in the ACT.

TAXI MARKET OPERATIONS

What does a licence cap do?

A cap on the number of taxi licences means that only a certain number of taxis can provide services within the ACT, regardless of consumer demand.

If the level of taxi supply is greater than customer demand then the financial returns to service providers may be below that needed to remain viable over the long term. In such circumstances there is the potential for a market to self-adjust. Service providers can decide to leave the market until the financial returns available reach a level that balances supply and demand.

If the level of taxi supply is less than customer demand, then services can be subject to higher costs or reduced availability. In this case, the market cannot self-adjust.

Why would you apply a cap on licences?

Restrictions on taxi licence numbers have applied in the ACT since early in the last century. The Productivity Commission¹ has suggested that safety is enhanced and fares constrained through such restrictions, arising from:

- limiting the number of taxis allows taxi providers to get an income sufficient to ensure that vehicles meet the prescribed safety standards; and
- if taxis had no incentive to reduce prices, open entry could lead to more taxis in the market and, as a result, prices would rise (rather than fall) as each taxi attempts to cover its costs from the same pool of customers.

It is clear that safety issues should be addressed regardless of taxi supply through a well-targeted safety regulation and enforcement regime. In the ACT, there are regulated vehicle safety requirements and inspections of taxis, as with other public passenger vehicles. These requirements are enforced by Access Canberra.

In the ACT there has been a substantial increase in on-demand transport services with the introduction of rideshare. If passengers are unhappy with the price of a taxi, they now have an alternative service model. Regulation of booked taxi fares is discussed in Section 3.

What has been the impact of the licence cap in the ACT?

In the ACT the implications of a licence cap have been assessed as largely negative. The 2002 ACT Independent Competition and Regulatory Commission (ICRC) report noted that regulation of the number of taxi licences was an artificial barrier to competition and that it (and pricing regulation) had resulted in reduced service levels, inflated fares and monopoly profits which licence holders capitalised on. Further, there are costs that the community is incurring as operator leasing costs need to be recouped. The recent evaluation of 2015 industry reforms highlighted a continuation of these negative outcomes.

The benefits to various stakeholders of a licence cap have, over time, included underpinning financial returns to taxi industry participants including booking services, perpetual licence holders, operators and drivers.

During the 2017 evaluation of taxi reforms, taxi operators and drivers queried the benefit of regulatory arrangements going forward. With the introduction of rideshare, taxi operators and drivers have suggested that such support was no longer there for them. Taxi operators have also cited limits on supply as affecting their ability to affiliate with alternate transport booking services (TBSs).

Taxi licence lease fees and TBS fees are two of the major costs cited by taxi operators as requiring urgent attention to promote a level playing field with rideshare. While lease fees for taxi licences from Government have been reduced to \$5,000 per year, lease fees for perpetual taxi licences remain at around \$20,000 per year.

In 2002, the ICRC also considered the potential critical mass required by a taxi network to adequately cover the ACT – that figure was in the order of 60 to 70 taxis. This is still relevant as a consideration given the growth in the market since that time. For smaller TBSs this means that their ability to provide effective customer service across the whole of the ACT could be hampered as they are not readily able to build a fleet that can service the market.

There have been unconfirmed reports of the subleasing of non-transferrable taxi licences leased from Government as parties try to access supply within existing limits. Apart from being a matter

for compliance investigation, the supply limits could be viewed as not being in line with demand for taxi licences.

Wheelchair accessible taxis (WATs)

There is a regulated cap on the number of WAT vehicle licences, as part of the broader maximum limit for ACT taxi licences supply. Currently, 31 WAT licences are available under the regulated cap, with the last increase determined in June 2017.² All of these are leased from the Government. Demand for WAT services has increased since the introduction of a centralised booking service and is expected to continue to grow. The evaluation report suggested that WAT services were not seeing growth in new service providers and competition to benefit passengers needing wheelchair access. This may change over time if new services develop in the broader market, but there is no evidence at this time.

Standard hirings, however, remain a large component of work undertaken by the average WAT vehicle.

Economic modelling

During the evaluation of 2015 industry reforms, the Centre for International Economics (CIE) suggested that removal of restrictions on supply of Government-issued taxi licences would push licence lease prices down and lead to greater entry into the taxi market.

CIE modelling for the 2015 industry reforms had forecast a long term decrease in network charges by around \$9,000 per taxi due to competition. The modelling suggested the potential to accommodate a greater number of taxis if costs could be reduced, with potentially positive implications for consumer service. Updated CIE modelling has confirmed the decrease has not been as expected and the costs of operating a taxi service have not fallen as much as anticipated.

Stakeholders

Who is affected by taxi reform?

Consumers – passengers, including people with disabilities, using taxi, hire car or rideshare services (ACT population and visitors)

Transport booking services (TBSs) – TBSs provide booking requests from passengers to drivers (11 accredited for taxis in the ACT, as at 1 July 2018)

Taxi operators – people who supply taxi vehicles and either lease or own taxi licences (around 170 are licensed in the ACT)

Taxi drivers – people who drive taxi vehicles (around 2,000 are licensed in the ACT)

Perpetual taxi licence holders – parties who earn income from leasing or operating taxi licences (around 168 parties, of which all but five lease their licence holdings)

ACT Government – regulates the market and leases taxi licences

For **consumers**, uncapping supply could result in benefits if the reduction in licence lease costs was passed on through lower prices for taxis. Even if these benefits were not passed through, it could support greater availability of services to consumers.

For **taxi licence operators and drivers**, uncapping supply would reduce the current negatives from limiting taxi supply discussed earlier, supporting lower licence lease costs and potentially TBS fees. However, they would also face a potential increase in competition for market from new taxi operators and drivers. There would also be greater opportunity for taxi drivers to operate their own vehicles, rather than drive for someone else operating a taxi licence.

The above benefits would be at the expense of holders of **perpetual taxi licences** (higher priced³) and **TBSs**, while some TBSs would benefit from having access to new operators and drivers to expand their services.

Other services – Rideshare and hire cars

Community surveys suggest that, overall, passengers are satisfied with the quality and price of rideshare and hire services – see evaluation *Summary Results of Community Engagement*. Rideshare and hire car numbers are not limited. Taxi services compete with these services.

Other Australian jurisdictions

Other Australian state and territory approaches to taxi supply regulation are varied.⁴ Victoria and Western Australia are or have moved to deregulate. Other jurisdictions regulate taxi supply, although some, such as NSW and Tasmania, do not regulate WATs.

What is the “right” level of taxi supply licences?

During the evaluation, some stakeholders argued that the regulated limit of 358 taxi licences was too high, given the surrender from use of licences between 2011 and 2015 and the introduction of rideshare. However, the substantial growth of rideshare has shown that there has been an unmet demand for on-demand transport services. Further, there is a substantial waiting list for Government-issued taxi licences (currently around 250 applicants).

The Government recently announced a further increase in the regulated cap on taxi licences, and a release of additional licences to increase the number of taxis available in the market. This has been done to recognise increases in population, tourism and overall market demand.

The process of a Government setting supply limits to match demand is not easy or straightforward. The decision to remove any potential limit to the availability of taxi licences is not an easy decision, either. Ready access to relevant information and evidence to support decisions is affected because services are provided by private commercial parties. Moreover, different stakeholders have different ideas and information to base arguments on what is the ‘right level’ of taxi supply.

The Government could use one or several of the following factors as a basis for increasing or removing the cap on taxi supply. Whatever method is chosen, it needs to be assessed in the context of future potential fluctuations in population, workforce, tourists and other economic factors.

Population growth or visitor growth to Canberra. Often, population trends are one of the most stable representations for the size and direction of an economy and by extension, demand levels within an economy. However, population volumes, especially in smaller economies where there are fewer industries or economic sectors, can undergo unexpected and negative change. Similarly, visitor numbers may indicate a long term trend of tourism-industry success. [However, in a jurisdiction where major ad hoc or scheduled events occur, visitor volumes could change substantially from year to year.]

Indications of demand. Reliable, long-term data that reveals consumer demand for on-demand transport services at competitive prices would provide a strong basis for considering supply on services. In the on-demand transport industry in the ACT, highly reliable demand data is difficult to obtain and use for the purposes of predicting future demand. As examples, the industry can provide data on the volume of booked trips, as a level of evidence. However, data on volumes of rank-and-hail trips are less complete or reliable. In another example, hire car services are not required to report trip volumes unless they are associated with Transport Booking Services. In all, while trip data may suggest a certain level of demand, it may fail to reflect larger actual demand, where prices, or types of services, or supply levels are otherwise any different.

Consumer metrics. The actions of specific consumers can inform some industries of relevant demand levels. One such metric that could be valuable is passenger levels at the Canberra Airport. Airport passengers are particularly intensive users of on-demand transport. The Canberra Airport has a strong understanding of passenger flows and their intra-day and weekly flow to and from the Airport. Airport data, therefore, may give an indication of how many on-demand transport vehicles are required for passengers, and when. However, this data presents a challenge when considering the broader supply of taxis for the entire Canberra market. Airport demand fluctuates significantly, and therefore attempting to adjust the broad taxi supply around Airport demand could lead to an excess supply for the entire jurisdiction when Airport demand is low.

Industry metrics – demand for licences. The volume of individuals who have formally expressed an interest in obtaining a taxi licence could give an indication of industry demand. These individuals may have studied the market and discussed joining the industry with experts. In the ACT, potential taxi owners can join a wait list for a taxi licence, which is managed by Access Canberra. As of August 2018, around 250 individuals are members of that list.

Financial modelling. Modelling can provide a useful method for organisations to predict demand for products and services, and a means of pricing and determining supply. Modelling can incorporate a large number of factors and data to help determine these outputs. Economic modelling was, in fact, used by the evaluation to predict demand and benefits to the community for a changing on-demand transport industry. However, a shortcoming of some models is the quality of their output depends in part on the quality of data used as an input. For example, unreliable data on demand at a fixed point in time could make it difficult to reliably model potential future demand. A further challenge may be accommodating large and unexpected changes in demand.

Basket of factors. No one set of data may be entirely reliable as a basis for setting or removing a regulated cap on licences. Instead, another approach could be to weigh a set (or 'basket') of factors. For example, a 'basket' of data, such as population growth, visitor growth and Airport passenger growth could be combined, on a weighted basis, to present a basis for changing the regulated cap.

Other factors. Other factors might also be considered as a basis for adjusting or removing the regulated cap. Such factors may include seasonal fluctuations in demand, sitting periods for the Commonwealth Parliament or other events which may have a significant impact on the demand or supply of on-demand transport services.

On what basis should the Government adjust WAT supply?

WAT services play a critical role in connecting people with a disability to health services, employment, amenities, family and social networks. It is an important measure of an inclusive

community that the transport services which underpin this access are provided in a manner which enables demand to be met.

Finding the right basis to change or remove the regulated cap on WAT licence supply is also a challenge. Some data such as trip volumes, provided through booking services may suggest broad demand. However, this data may underestimate true demand for WAT services if potential users are unable to indicate their preference for WAT services. In addition, the growth in membership in the Taxi Subsidy Scheme could also indicate growing demand. However, a number of TSS members make little or no use of WAT services, making this data over time unreliable.

There may be other factors which the Government could take into account in relation to assessing the level of WAT supply, such as the views of people with a disability, their families, carers, service providers and advocacy organisations, gathered through surveys, or a more detailed assessment of the factors which drive demand for WAT services.

WHAT'S YOUR VIEW?

What factors should the Government consider when thinking about increasing or removing the regulated cap on standard-taxi supply?

What factors should the Government consider when thinking about increasing or removing the regulated cap on WAT supply?

POSSIBLE ENVIRONMENT CONDITIONS ON FUTURE ON-DEMAND TRANSPORT LICENCES

Fuel type/efficiency

As part of the evaluation of 2015 industry reforms environmental impacts were investigated, including those relating to the types of vehicles providing on-demand transport services. Taxis utilising hybrid power plants were suggested to be the more energy efficient part of the ACT's on-demand transport fleet.

Fleets of on-demand transport vehicles may continue to rise in the ACT with certain geographical concentrations, in particular if the cap on taxi licences is removed. Increasing the number of vehicles on the roads would generally be expected to increase emissions, given the use of fossil fuels, even in hybrid vehicles.

Further, while data is not readily available for the ACT, there is anecdotal information that suggests that rideshare activity has increased vehicle emissions in other jurisdictions, as these vehicles assume a dual, private/rideshare role.

To mitigate potential environmental impacts, one option could be to require vehicles joining the fleet in the future to have certain fuel efficiency measures, or have hybrid or all-electric power plants. Such requirements could be applied to future taxi licences only, or to all future on-demand licences, including rideshare and hire cars.

Any such environmental conditions for vehicles may impose additional costs for on-demand transport providers. Those service providers may then seek to pass on costs to consumers.

Age of standard-taxi and rideshare vehicles

In the ACT vehicle age limits apply to taxis, although not hire cars or rideshare vehicles. A standard taxi cannot be registered if, in its first registration as a taxi, the vehicle is more than six years old; or if the vehicle has been used as a taxi for more than six years; or the vehicle is older than eight years. Some standard-taxi operators suggested to the Evaluation that the age of the vehicle be raised to 10 years as a way to help operators lower their capital costs. Another taxi operator suggested that operators may not necessarily retain vehicles to a greater age, once they weigh the cost of maintenance with higher purchase prices for newer vehicles. In the ACT, all on-demand transport vehicles are of comparable ages. Rideshare averages the newest fleet, at 5.56 years, compared to taxis at 6.18 years and hire cars, at 6.82 years.

WHAT'S YOUR VIEW?

Should any environmental conditions, such as fuel type or efficiency, be applied to future on-demand transport vehicles?

Should the maximum age of standard taxis on registration be raised? Should there be a maximum age of a rideshare vehicle on registration?

If environmental conditions are applied, should those vehicles be included or excluded from within any regulated cap on vehicle numbers? (For example, no regulatory cap on vehicle licences for taxis meeting environmental requirements.)

Would consumers be willing to accept a fare increase to facilitate environmental benefits?

MAXIMUM FARES FOR BOOKED TAXI SERVICES

Fare levels offer a readily identifiable measure of outcomes for consumers using on-demand transport.

REGULATION

Taxi fares in the ACT are subject to regulated maximum pricing.⁵ The maximum amounts are determined through ‘fare reviews’ using a cost-centred formula: the Taxi Cost Composite Index (TCCI).

Fares for hire cars and rideshare are, for the most part, not regulated. However, some fare components are regulated to ensure consumer accessibility for services and prevention of price gouging – such as jump-the-queue pricing, upfront tipping, and surge pricing during emergencies. Consumers are assisted by requirements for fare estimates to be provided at the time of booking a trip.

Fare review

In 2017, the Justice and Community Safety Directorate (JACSD) commissioned PSI Asia Pacific Pty Ltd (PSI) to undertake a taxi fare review. The review did not recommend a change in current maximum fare levels based on the application of the TCCI.

Having no change in maximum taxi fares represents a decrease in real costs to consumers over time. During the evaluation, the CIE did suggest a decrease in fares to recognise reduced costs for industry suppliers as part of the reforms based on its modelling.

MARKET

What does a maximum fare limit do?

It means that taxis can only charge fares up to the regulated prices. For example, a taxi could offer discounts or have a regular fare price below the maximum.

Depending on market conditions, consumers could pay more per trip if the maximum prices are set at higher level. Under such an adjustment, taxi drivers and operators could be the direct beneficiaries. If the maximum prices are set too low, the viability of taxi services could be reduced, leading to providers exiting the industry.

Why limit taxi fare prices?

The ACT taxi market has historically been highly regulated, which can impact on pricing to consumers. If supply does not match demand, taxi services can be ‘rationed by price’ (e.g. higher prices can reduce demand) or availability (e.g. how long customers wait).

The ACT has traditionally only had one main TBS, which has meant there has not been competition from other providers to keep prices in check.

What has been the impact in the ACT?

Regulated taxi fare levels have been unchanged since the ACT Government's reforms. The last review conducted in late 2017 did not support a change.

Consumers have quickly taken up rideshare services, whose prices are set by private providers rather than by the market. Consumer surveys have indicated that the travelling public is generally happy with the price and quality outcomes.

What do you think is the best way moving forward?

Effective competition is needed to allow for deregulation. Competition in the market can act to ensure that there is downward pressure on prices for consumers.

Stakeholders

Consumers – Booked services

Deregulation of maximum taxi fares for booked services would permit potentially higher prices to consumers. Whether, or when, that would actually occur would depend on market conditions.

Currently, taxis can set prices at a lower level than the prescribed maximum.⁶ Emerging evidence of taxis undertaking some price competition under the regulated maximum appeared late in the evaluation.

Consistent with requirements on rideshare services in the ACT, fare estimates prior to the consumer's acceptance of a hiring would be needed to support consumer decision making.

Consumers – Rank and hail

During the initial 2015 Review⁷, the limited ability to compare prices due to a lack of consumer information in rank and hail transactions was noted and recognised in the recommendation for regulated fares to remain for rank and hail services. The (lack of) availability of taxis at particular locations can also limit consumer options.

While market conditions suggest some substitution between rideshare and hire car, there have not been any actions to address the limits for the consumer to shop around.

Deregulation of fares for rank and hail would also potentially promote the issue of driver behaviour and touting, which are generally viewed negatively by consumers and the public.

Consumers – Vulnerable users

Deregulation of maximum fares may affect access to transport services as it may result in higher fares. This would lower affordability for vulnerable persons and those living with disabilities that are reliant on the community safety net provided by taxi services.

The ACT currently recognises a range of persons for transport concessions. Any participants in these programs, below, who use taxis could be materially impacted by a rise in taxi fares:

- Special Needs Transport Assistance Program;
- WAT priority services;
- Taxi Subsidy Scheme (TSS) Smartcard;
- Pension Concession Card (primary) – issued by the Department of Human Services;
- Health Care Card (primary) – issued by the Department of Human Services;
- Gold Card – issued by the Department of Veterans Affairs;

- Vision Impaired Travel Pass – issued by Transport Canberra;
- Companion Card – issued by the Community Services Directorate; and
- Seniors Card – ACT (issued by COTA ACT, ACT Public Libraries and Access Canberra) and other governments⁸.

Industry providers

Allowing deregulation of fares for booked services could align taxi pricing with rideshare and hire car services. Since the reforms were announced taxi industry members have argued for deregulation and the ability to surge price to provide a level playing field for competition. It was also suggested as a means for taxis to attract driver services as drivers are choosing between taxi and rideshare services, either as extra income or moving only to provide rideshare services.

Any consideration of taxis using surge pricing to attract drivers would need to be weighed against its effects on customer demand for services. In a market with deregulated taxi fares, such matters would be a commercial decision.

Taxis have an opportunity to be price competitive when rideshare prices are subject to surges. This is supported through surveys and anecdotes, which indicate consumers using rideshare are selecting between services based on price (e.g. ridesharing into town on Friday night but taking a taxi home to avoid surge pricing).

Government

If fares increase, concession costs for the ACT Government could also increase were they not limited in some way. Some aspects may be affected by consumer choice such as selecting transport during a surge period rather than waiting. If deregulation occurred, the Government could limit subsidies to exclude surge pricing components.

As an option, the Government could maintain regulated maximum taxi fares for vulnerable users. This may, however, promote lesser service outcomes as drivers may receive a lower income from servicing this group of consumers.

Market competition

Market conditions and behaviours are supportive of the beginnings of effective competition in the ACT market, but there remains a need to consider measures that make sure the market works for consumers.

The ACT market remains concentrated, with a dominant taxi TBS and a dominant rideshare TBS. In such a market there is the potential for rideshare as well as taxis to increase prices over time, with reduced downward pricing pressure if fares are deregulated. Maintaining regulation of some fares (such as rank and hail) may still constrain fares provided consumers are aware of the pricing differences.

Other jurisdictions

Other Australian jurisdictions vary in their consideration of taxi fare regulation with their reforms:⁹

- New South Wales and Western Australia¹⁰ do not regulate fares for booked taxi services. Regulation of fares for rank and hail taxi hirings remain;
- Victoria has partially deregulated taxi fares¹¹;
- Queensland has deregulated booked fares but retained regulation for rank and hail, Taxi Subsidy Scheme and wheelchair accessible taxis¹²;
- South Australian taxis have maximum scheduled fares¹³;

- Northern Territory has a new calculation method for regulated taxi fares, with an annual review mechanism¹⁴; and
- the position for Tasmania is still subject to review.¹⁵

WHAT'S YOUR VIEW?

Can booked services fares be deregulated now, with the deregulation of the taxi licence cap, or later?

Should fare estimates be required for any deregulated taxi fares, as they are with hire cars and rideshare?

Should some components of booked fares be subjected to restrictions (as they are applied to hire cars and rideshare for surge pricing in emergencies)?

Should rank and hail taxi fares remain subject to a regulated maximum?

Should regulated fares for booked services remain for selected vulnerable persons?

ANNUAL INCREASES IN MAXIMUM TAXI FARES

DETERMINING REGULATED FARES

The Taxi Cost Composite Index (TCCI) was established as a cost base for determining changes to maximum taxi fares following the ICRC's Determination of taxi fares for the period 1 July 2004 to 30 June 2007.

The PSI Report, industry and CIE comments during the evaluation highlight the difficulties with operation of the TCCI, both in terms of the weighting of the model but even more with the quality of the underlying data on which it is based. A review of the TCCI, as suggested by the CTIA, would need to take into account any deregulation of fares and other industry changes.

Even if the ACT Government was to review the TCCI settings, the concerns with the quality of underlying data raise its effective representation of the costs across the industry as a whole. Effort and resources would be required by both Government and industry to address the current failings.

OTHER JURISDICTIONS

Across other Australian jurisdictions the approaches to determining the amount of regulated taxi fares vary.

In NSW, there are substantive reviews undertaken by the Independent Pricing and Regulatory Tribunal.¹⁶ These involve seeking submissions and consideration of factors such as: the cost of providing the services; efficiency in supply; the protection of consumers from abuses of monopoly power; the social impact; and the impact on the use of the public passenger transport network.

In comparison, the Northern Territory Government applies the Australian Consumer Price Index (CPI) to determine taxi fares.¹⁷ To ensure the fare setting methodology does not increase fares to the extent that taxis are no longer an affordable transport option, there is a full comparison of fares every three years. Prior to 2016, a complex Basket of Costs model had been used.

WHAT'S YOUR VIEW?

How should we determine the annual increases in regulated taxi fares? Cost composite model, CPI or another method?

Should a regular review of the maximum fare be undertaken on a periodic basis (say every three years) to make sure the method is accurately reflecting costs and expectations?

HOW TO PROVIDE YOUR VIEWS

We would like to hear from you. You can provide a written response to this consultation paper by 20 November 2018, either by post or email.

Email address: regulatoryreform@act.gov.au

Postal address: Review of ACT Taxi Licences and Fares
Policy and Cabinet, CMTEDD
ACT Government
GPO Box 158
CANBERRA ACT 2601

NOTE: Unless a submission is clearly marked "In Confidence", it will be treated as a public document and may be made publicly available on a website of the ACT Government.

Members of the community and industry can also provide input through a survey on www.yoursay.act.gov.au.

ENDNOTES

¹ Productivity Commission <https://www.pc.gov.au/research/completed/taxi-regulation/taxiregulation.pdf>, p.11

² See https://www.accesscanberra.act.gov.au/app/answers/detail/a_id/3225/~/taxi-industry-reforms for supporting analysis on the WAT licence release.

³ TBSs charging taxi operators and drivers higher affiliation fees.

⁴ <http://taxi.vic.gov.au/about-us/news>; <https://dipl.nt.gov.au/transport/transport-strategies-and-plans/commercial-passenger-vehicle-reforms/ridesharing>; https://www.transport.wa.gov.au/mediaFiles/taxis/ODT_P_Reform_FAQs_b.pdf; <https://www.transport.tas.gov.au/passenger/taxi>; [https://www.transport.tas.gov.au/_data/assets/pdf_file/0013/124240/Taxi, Luxury Hire and Restricted Hire Vehicle Information Sheet.pdf](https://www.transport.tas.gov.au/_data/assets/pdf_file/0013/124240/Taxi,_Luxury_Hire_and_Restricted_Hire_Vehicle_Information_Sheet.pdf)

⁵ <http://www.legislation.act.gov.au/di/2017-247/current/pdf/2017-247.pdf>

⁶ Some practical concerns have been raised through Evaluation that may limit the opportunity to reduce fares such as requirements around the operation of taxi meters.

⁷ <http://www.cmd.act.gov.au/policystrategic/regreform/2015-taxi-industry-innovation-reforms/taxi-industry-innovation-review-discussion-paper>

⁸ <https://www.transport.act.gov.au/myway-and-fares/mywayguide/concessions#cards>

⁹ Fares in other markets have also been affected by levies to support transitional assistance as part of reform packages.

¹⁰ https://www.transport.wa.gov.au/mediaFiles/taxis/ODT_P_Reform_Customers_QandA_d.pdf

¹¹ <https://transport.vic.gov.au/ways-to-travel/taxis-hire-car-and-ridesharing/industry-reforms/>

¹² <https://www.tmr.qld.gov.au/business-industry/Taxi-and-limousine/Industry-information/Taxi/Taxi-fares-service-areas-and-maps>

¹³ https://dpti.sa.gov.au/_data/assets/pdf_file/0003/256746/Taxi_Review_factsheet_4_Oct_2016.pdf

¹⁴ <https://transport.nt.gov.au/transport/transport-strategies-and-plans/commercial-passenger-vehicle-reforms/taxi-fare-review>

¹⁵ http://www.transport.tas.gov.au/passenger/taxi/taxi_and_hire_vehicle_industries_regulatory_review

¹⁶ <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/pricing-reviews-transport-services-admin-taxi-fares-and-licences-from-july-2018/publications-taxi-fares-and-licences-from-july-2018/final-report-taxi-fares-in-nsw-and-taxi-licences-outside-sydney-from-1-july-2018.pdf>

¹⁷ <https://transport.nt.gov.au/transport/transport-strategies-and-plans/commercial-passenger-vehicle-reforms/taxi-fare-review>