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1. Introduction

Historically, Western Australia’s on-demand transport industry has been served by taxis and charter vehicles, regulated as two distinct categories. Taxis have operated since the 1950s in the same way – liveried vehicles providing point to point journeys with metered fares for customers who have either hailed the vehicle from a designated rank or at the side of the road or phoned a taxi dispatch service.

The State Government’s reform of the on-demand transport industry has brought taxi and charter on-demand transport services closer together, with legislation that allows for fairer competition between the two.

Under the Transport (Road Passenger Services) Act 2018, the people and services provided by taxis and charter are regulated in three separate ways:

- as on-demand booking services – the people who take the request from the customer and arrange or facilitate a driver and vehicle to provide the service requested
- as a passenger transport vehicle provider; and
- as a passenger transport driver.

Taxis, or on-demand rank or hail vehicles, continue to be the only vehicles that are permitted to take bookings directly at the roadside through physical street hail or from a dedicated taxi rank.

With the exception of Taxi User Subsidy Scheme (TUSS) related fares, the new legislation does not regulate the fares for taxi trips booked through a traditional dispatcher or other network, beyond that the fares should be transparent to the customer. Like on-demand charter vehicles, taxis can set their own charges for booked trips and customers can choose a service based on their own needs and an assessment of price and service quality.

Genuine price competition between taxi and charter, and between taxi services, is now a reality.
1.1 The purpose of this Review

The Department of Transport (DoT) is seeking industry input on the issues and options for regulation of the maximum metered fares for rank or hail on-demand transport services in Western Australia (WA).

The consultation will guide DoT in its recommendations to Government on:

• the types of the fares and charges that should be regulated for rank or hail journeys across WA;
• the maximum rates of these fares and charges that will apply from July 2020 onwards; and
• a process for ongoing review of the regulated rates.

1.2 Considerations

The overarching outcome of the reform, in relation to on-demand transport fares, is that there are to be no surprises for the customer. In other words:

• for a booked hire – the customer knows the fare before the journey commences; and
• for a rank and hail trip – the customer has a good understanding of the potential amount they will be charged at the end of their journey.

In making recommendations to Government about the need for regulation of metered rank or hail fares, and the prescribed level of those fares, it is important that DoT has regard to:

• the level of competition in the market and the potential for higher fares due to concentration of power in a town or region;
• the cost to taxi service operators of providing the service; and
• the fares information provided to customers to ensure they can make informed decisions in their choice of on-demand transport service or service provider.

1.3 Structure of the paper

This paper draws on the structure and themes outlined by the New South Wales Independent Pricing and Regulatory Tribunal in their 2017 issues paper Review of taxi fares in NSW and taxi licences outside Sydney from July 2018.

This paper provides information on:

• the new legislative context for rank or hail fares in Western Australia – Section 2;
• DoT’s current assessment of the level of competition in the WA rank or hail market – Section 3; and
• the elements that need to be considered in the regulation of maximum metered fares for rank or hail journeys – Section 4.

Throughout the paper, there are specific questions posed to readers which DoT is particularly interested in stakeholder comment. These are contained in a framed box, for ease of identification.

This paper does not address eligibility or entitlement issues related to TUSS or the co-payments made to drivers for journeys involving passengers seated in wheelchairs – these matters are out of scope of this paper.

2. Context for rank or hail fare setting

The Act came into operation on 28 February 2019, with the first tranche of regulations commencing provisions related to the authorisation of on-demand booking services (ODBS). The concept of a registered Taxi Dispatch Service no longer exists under the new legislation.

All entities taking bookings for on-demand transport journeys are required to be authorised and, under the Transport (Road Passenger Services) Regulations 2019 (the Regulations), have obligations regarding the setting, display and management of fares to the customer.

2.1 Difference between on-demand rank or hail (taxi) and booked work

The Act is specific in defining an on-demand passenger transport service as one that is for the transport of passengers by vehicle for hire or reward, where the passenger or hirer determines the locations for the beginning and end of the journey and the time of travel.

Taking the hirer or passenger’s request for the journey (i.e. taking or facilitating a booking) can be done:

- before the journey commences by:
  - phoning, emailing or messaging a taxi dispatcher, rideshare or charter service provider; or
  - using an app.

- at the time of the journey by engaging directly with the driver:
  - at a dedicated taxi rank; or
  - as a street hail.

Only taxi vehicles that have authorisation as a Passenger Transport Vehicle (PTV) in the On-demand Rank or Hail (OD-RH) category are permitted to take bookings through rank or hail.

A rank or hail taxi vehicle must have:

- a working fare calculation device (meter) that has been installed in accordance with the manufacturer’s instructions;
- a roof light and roof sign that are clearly visible in daylight and at night;
- external livery;
- signs inside and outside the vehicle to advise passengers that a Camera Surveillance Unit (CSU) is installed;
- a CSU and related signage that meets the CSU Standards 2019 (required to be installed in regional taxis by July 2020);
- “TAXI” or “CT” plates;
- raised lettering on the doors specifying the number plate;
- contact information for the On-demand Booking Service inside and outside the vehicle; and
- a fare schedule.

Taxi drivers must also display their driver ID document and ensure it is visible to all passengers in vehicle.
2.2 Regulation of maximum metered fares

Contract fares are the fares for taxi trips arranged through a dispatcher or network service, where an amount is agreed in advance of the hiring and the meter is not used. Contract fares are not subject to regulation except that the fare should be transparent to the customer. Contract fares are not to be arranged for rank or hail work.

On-demand charter vehicles are prohibited from doing any rank or hail work and passengers must be charged pre-arranged fares.

For rank or hail trips where the meter must be used, the Regulations are specific in that:

- fares for a rank or hail journey that are more than the maximum set in the Regulations, or are for an inappropriate tariff or region, cannot be charged;
- the ODBS must ensure that a fare schedule for rank or hail is prominently displayed in a position where the prospective customer can see it before entering the vehicle;
- the fare schedule displayed must have the ODBS name and be clearly displayed in full view of passengers;
- receipts should be provided to the customer on request and, from 31 December 2019 onwards any receipt given must have the name or authorisation number of the ODBS;
- any credit card surcharge cannot exceed 5%;
- if there is more than one Point of Sale machine, the driver must use the device with the lowest surcharge;

- a driver can request a deposit but it must not exceed 100% of the amount the driver reasonably estimates would be payable under the prescribed maximum fares; and
- other reasonable charges can be included such as airport tolls, parking and cleaning.

While all rank or hail (taxi) vehicles are fitted with meters, drivers and passengers can enter into a pre-agreement as to the fare amount without the use of a taxi meter, provided:

- this pre-agreement is not made in a rank or hail context;
- the pre-agreement of the fare amount occurs before the journey commences; and
- the passenger is provided with a written estimate of the fare.
2.3 The components of regulated metered fares

Under the Taxi Regulations 1995 and Transport (Country Taxi Fares) Regulations 1991, rank or hail (taxi) fares were based on the following structure:

- three metered tariffs – day, night and number of passengers;
- flag fall – a fixed amount to cater for the “dead running” involved in getting to the passenger pick up location or to a taxi rank;
- distance rate – a rate per kilometre travelled;
- detention rate – a rate per hour that is triggered when the vehicle falls below a certain travel speed;
- fees – additional charges usually metered for callouts, booking guarantees and surcharges for peak times and selected public holidays;
- off-meter rates – usually charged on a distance rate for journeys to or from outside the licensed area of operation of the taxi;
- contract fares – agreed in writing by operator and customer prior to the journey; and
- airport fees – applicable only when passing on a fee charged to the operator to access and airport.

Metered fares were set as regulated maximums and reviewed annually or biennially by DoT.

The second tranche of the Regulations, gazetted on 2 July 2019, included fare structures for the ten existing regions (metropolitan and nine regional). These ten fare structures reflect the tariffs, fees and surcharges that were in existence prior to July 2019 (Schedules 2A and 2B).

Off-meter rates were removed from the new fare structures as rank or hail authorisations became statewide, rendering the concept of an ‘out of area return rate’ redundant. Airport fees, parking and cleaning have also been removed from the mandated fare schedule but are included in the regulations and can be charged by the operator if they display these charges on their fare schedule.

With state-wide operation of a rank or hail (taxi) vehicles now possible, the Regulations specify that an on-demand rank or hail vehicle that primarily operates in the metropolitan area must ensure the fares and any other fees charged are in line with Schedule 2A. Rank or hail (taxi) vehicles that primarily operate in a region must ensure the fares they use are in line with the relevant region in Schedule 2B.
### Schedule 2A – Fares: metropolitan region

#### Metered rates (maximums)

<table>
<thead>
<tr>
<th>Tariff</th>
<th>Flagfall</th>
<th>Distance Rate</th>
<th>Detention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tariff 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monday to Friday 6am to 6pm</td>
<td>$4.20</td>
<td>$1.72/km</td>
<td>$49.00/hr</td>
</tr>
<tr>
<td><strong>Tariff 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the following times – Monday to Friday 6pm to 6am</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friday 6pm to Monday 6am</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All day Public Holidays</td>
<td>$6.10</td>
<td>$1.72/km</td>
<td>$49.00/hr</td>
</tr>
<tr>
<td><strong>Tariff 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When carrying 5 or more passengers</td>
<td>$6.10</td>
<td>$2.56/km</td>
<td>$76.00/hr</td>
</tr>
</tbody>
</table>

#### Other amounts (maximums)

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call out fee (But only if a guaranteed booking fee is not payable for the same hire)</td>
<td>$1.50</td>
</tr>
<tr>
<td>Guaranteed booking fee</td>
<td>$9.00</td>
</tr>
</tbody>
</table>

#### Surcharges

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultra peak – From midnight Friday to 3am Saturday or midnight Saturday to 3am Sunday</td>
<td>$3.60</td>
</tr>
<tr>
<td>Christmas Day – Midnight to midnight</td>
<td>$5.10</td>
</tr>
<tr>
<td>New Year’s Eve – 6pm New Year’s Eve to 6am New Year’s Day</td>
<td>$5.80</td>
</tr>
</tbody>
</table>

### Schedule 2B – Fares: Gascoyne region

#### Metered rates (maximums)

<table>
<thead>
<tr>
<th>Tariff</th>
<th>Flagfall</th>
<th>Distance Rate</th>
<th>Detention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tariff 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monday to Friday 6am to 6pm</td>
<td>$4.20</td>
<td>$2.31/km</td>
<td>$49.00/hr</td>
</tr>
<tr>
<td><strong>Tariff 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the following times – Monday to Friday 6pm to 6am</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friday 6pm to Monday 6am</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All day Public Holidays</td>
<td>$6.10</td>
<td>$2.31/km</td>
<td>$49.00/hr</td>
</tr>
<tr>
<td><strong>Tariff 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When carrying 5 or more passengers</td>
<td>$6.10</td>
<td>$3.41/km</td>
<td>$76.00/hr</td>
</tr>
</tbody>
</table>

#### Other amounts (maximums)

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
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<tbody>
<tr>
<td>Call out fee (But only if a guaranteed booking fee is not payable for the same hire)</td>
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<td>$2.65</td>
</tr>
<tr>
<td>Christmas Day – Midnight to midnight</td>
<td>$5.10</td>
</tr>
<tr>
<td>New Year’s Eve – 6pm New Year’s Eve to 6am New Year’s Day</td>
<td>$5.70</td>
</tr>
</tbody>
</table>
2.4 The setting of regulated metered fares

In recent years, taxi fares in the metropolitan area were reviewed based on the Perth Taxi Cost index (PTCI). The PTCI was based on a basket of goods that was agreed to in 2010 by the Taxi Industry Board (TIB) and the then Minister for Transport.

These components were obtained from several official sources, including:

- Notional driver/operator labour wages – Australian Bureau of Statistics (ABS);
- LPG fuel price – then Department of Mines, Industry Regulation and Safety (DMIRS);
- Third Party Insurance – Insurance Commission of Western Australia (ICWA);
- Comprehensive Insurance – Austral Risk Services;
- Repairs and maintenance – ABS and DMIRS;
- Vehicle leasing/finance – Reserve Bank of Australia;
- Government Taxi Lease Plate rate/Annual admin fee – DoT;
- Rank fees – Swan Taxis; and
- Consumer Price Index – ABS.

Until 2014 the PTCI was applied to all regions across Western Australia. After extensive consultation with the then regional taxi operators, it was decided that a Regional Price Index (RPI), produced biennially by the Department of Primary Industries and Regional Development, would be used to determine increases to regional taxi fares during the years when it is produced. In the years when the RPI was not produced, the PTCI was applied across Western Australia.

Country taxi fares are now reviewed using the following calculation:

\[
\text{New fare} = \text{current fare} \times (\text{Taxi Cost Index}) \times (\text{Change in RPI for each region})
\]
3. Competition in the statewide rank or hail taxi market

In considering the need for, and level of, regulated rank or hail (taxi) metered maximum fare rates, it is important to assess the level of competition for passenger transport services across WA.

If a competitive market for passenger transport services in a town or region is working effectively:

- customers will be able to shop around for their service provider – choosing services based on the service offering, the size of the potential fare and the perceived quality of the service; and
- the service provider will be discouraged from charging fares that are above their level of efficient costs, or from providing poor quality service, for fear of losing customers to competitors or potential competitors in the market.
- While many taxi operators do not currently use the flexibility provided in contract fares, the effects of maximum regulated fares are limited to rank or hail work only. A provider who specialises in charter or pre-booked taxi work could compete in a different way.

Basic principle

If there is effective competition in the market, government can take a lighter touch approach to regulation of maximum metered rank or hail fares. If competition is not well-developed or lacking, then fare regulation by government is required.

Competition for passenger transport services can come from a number of sources, including:

- friends and family in private vehicles;
- public transport such as buses and trains;
- on-demand charter services, including app-based rideshare;
- community transport services offered by local governments and non-government organisations;
- courtesy transport services offered by hotels, clubs, restaurants and tourist attractions etc as an add on to their main line of business; and
- disability transport service providers.

The level of competition will depend on how readily these alternatives can substitute for the rank or hail (taxi) service. An alternative service could be a viable substitute for a rank or hail (taxi) service if:

- the trip can be taken at the time the customer wants;
- the trip can go to/pick up from the locations the customer wants;
- the cost of the trip is not prohibitive for the customer;
- the effort or technology needed to organise the trip are not barriers; and
- the passenger has some confidence that the vehicle and driver are properly vetted.
With the exception of participants in the TUSS and recipients of the Country Aged Pensioner Fuel Card Scheme, on-demand charter services could be a reasonable substitute for rank or hail taxi services in a town or area. For example, if a customer is looking for a street hail and none are available, they can readily call or use an app to get a taxi or other booked service dispatched to the location for immediate pick up.

Courtesy transport can only substitute for those rank or hail trips where the destination/start point is covered to the business’ premises (i.e. to the hotel, restaurant, tourist accommodation or attraction). Similarly, community transport is only available for benevolent purposes and is often restricted to certain clients.

Use of private vehicles driven by family and friends and public transport are imperfect substitutes for the on-demand rank or hail service, as these services may not be available at all or are not available when the customer wishes or needs to travel.

It is also noted that for some customers, the cost of the rank or hail (taxi) service, compared to a community or courtesy alternative, can mean that a taxi is not a viable option even if it does go when and where the customer wishes. Similarly, the lack of a smartphone may be a limiting factor to utilising an app-based booked charter trip.

### 3.1 Structure of the rank or hail market

Due to the geographic location and size of the population, most rank or hail service markets have, for many years, been dominated by one of few dispatch providers.

Restrictions on the number of vehicles that can operate as a taxi in Perth and regional WA were removed in July 2019. Taxi drivers operating from ranks or via street hail, or with their own book of clients, can authorise as an on-demand booking service in their own right, rather than affiliate with a larger network. In the Levy area, there is currently a restriction for on-demand rank or hail (taxi) wheelchair accessible vehicles to be affiliated with the Multi-Purpose Taxi Dispatch Service, if they wish to access co-payments.

Operating as an ODBS does have a number of regulatory obligations, which will continue to make affiliation with a larger dedicated dispatch service (for a fee) an attractive option. These include requirements for:

- the development and maintenance of a Safety Management System;
- the keeping of individual job records and their presentation to DoT for validation of TUSS vouchers and wheelchair accessible vehicle co-payments;
- a dedicated complaints handling process and the requirement to notify DoT of certain occurrences and alleged driver conduct;
- management of fare schedules;
- the management of CSU recordings; and
- where applicable, the keeping of individual levy records and the lodging and payment of any Levy liability to government.
It is DoT’s early assessment that there has been a noticeable increase in the number of ODBS offering rank or hail services in Perth, with many smaller, or one-man-band operations authorising as an ODBS or having association arrangements in place. The same situation in regional WA is also evident to some degree.

Even with the increase in the number of taxi booking services, there is no real evidence that rank or hail (taxi) service providers are competing with each other, or with other non-rank or hail services, by offering lower fares. This is in contrast to on-demand charter services, particularly the larger app-based ride-share providers, which seem to readily compete on price and offer promotional discounts to attract customers. Service quality differentiation is more common with some taxi brands labelled as silver, premium, pink, maxi (large vehicles) or environmentally green services.

It is DoT’s preliminary view therefore that, while there is more choice in Perth for the on-demand customer, there is still insufficient competition on the basis of price between taxis themselves, and between taxis and charter, to be confident that removal of the regulated maximum metered fares for rank or hail trips would be beneficial to the customer.

It is also DoT’s view that competition between rank or hail taxi service providers, and from on-demand charter and other community and courtesy transport services, in regional areas is insufficient to justify removal of the regulated maximum metered fares for rank or hail in regional WA.
4. Recommending a maximum rank or hail fare structure

Basic principle

The role of Government is to establish an upper limit on the rank or hail fares that could be charged by an operator, in the absence of an efficient and competitive market, to ensure that the customer is not disadvantaged.

The rank or hail fare structure is made up of:

- the different components of the fare paid by the customer;
- the levels of those components; and
- how those levels vary depending on the time of day (peak versus off-peak).

The fare structure that a rank or hail service provider adopts influences its capacity and willingness to provide services to the market (including a possible 24/7 service) as well as the willingness of the customer to use and pay for those services.

The 2017 Independent Pricing and Regulatory Tribunal report agreed that an “efficient fare structure is one that allows the rank or hail service provider to recover their costs of providing the service in a way that optimises the number of trips taken by customers”.

Put simply:

- A fare structure that is too high may recover the provider’s cost for a single trip but, if it deters customers from using that service, it may not recover the sunk and marginal costs of offering the services to the market overall.
- Alternatively, a fare structure that is too low may lead to many trips being taken by customers, but it may not recover the sunk and marginal costs of providing the services, leading to possible cuts in service quality to reduce costs, which may ultimately deter customers.

Ideally, the fare structure that is adopted by a rank or hail (taxi) service provider:

- should balance the providers’ costs of supplying the services, including their own labour, with the customer’s willingness to pay;
- should not encourage drivers to refuse certain trips or take longer or slower routes;
- should encourage and allow for continuous improvement (investment) in the quality and provision of the service; and
- should be easy to implement when changes are made.

Rather than simply adopting a regulated maximum set of fees and tariffs, a rational operator in an efficiently operating, competitive market would set their fares on the basis of their individual business model – i.e. using their own costs and assessment of customer demand and willingness to pay.
4.1 Fare structure components

As identified in Section 2, WA’s regulated taxi fare components have centred around a flagfall, distance and detention rate that are set for different times of the day (tariffs). In this era of competition, it is important that the customer can make informed choices in their selection of a service and this includes the ability to compare fares across different service types.

The fare structures of both rank or hail (taxi) and on-demand charter services generally include:

- a charge to get access to the service, before any time or distance is applied;
- a charge that reflects the distance travelled;
- a charge that reflects the duration of the trip, including any waiting time or assistance given to the passenger(s) by the driver or where travel speeds are below acceptable levels;
- a modifier for the charges that reflects the potential competing demand for the service at different times of the day (peak versus off-peak); and
- the ability for other charges to be added for airport tolls, parking or cleaning of the vehicle if soiled by the hirer.

There are some differences in the way fare structures of taxis and other on-demand charter services deal with common issues such as short journeys or the additional time taken when traffic congestion is high or when a customer needs more driver assistance.

For example, most rideshare fare structures around the world have a minimum fare that is charged regardless of the length of journey. This serves to encourage the driver to accept shorter journeys, as there is a guaranteed return that is possibly more reflective of the cost of delivering the service. Minimum fares for rideshare in Perth are around $7.00–$8.00, compared to $4.20 for a Perth taxi flagfall.

Similarly, many rideshare fare structures are based on the total duration of the journey from collection of the passenger to completion, rather than a detention rate that only comes into play when travel speeds are below a certain level. The merits of these different approaches in the rank or hail context, particularly where drivers may need to spend some time assisting a more vulnerable passenger getting to and from their destination, have not yet been fully explored.

Regarding tariffs, the current legislation includes a peak, off-peak and a rate for when there are more than five passengers carried.

The concept of a peak and off-peak rate is to incentivise drivers to make themselves available to service customers at times when the overall demand for bookings would be expected to be lower. The higher flagfall and distance rates during the off-peak would mean the potential for fewer journeys at these times could be weighed against the higher takings for the jobs that are undertaken.

In the absence of a mandated 24/7 requirement, on-demand booking services offering rank or hail (taxi) services can consider the use of contract fares that are set at levels to compensate the driver for working unsociable hours, in addition to the maximum metered fares for rank or hail.

The higher rates for carrying five or more passengers have previously been recognition of the higher set up and running costs of the larger, people mover type vehicle needed to carry groups.
4.2 Perth and country fare zones – are they still relevant?

The maximum metered rates that are prescribed in the Regulations for the Perth metropolitan area and nine areas of regional WA vary marginally. They originally reflected the perceived or estimated differences in costs of running a taxi service in the district or region.

With all rank or hail taxi vehicles able to operate state-wide from July 2019, there is now greater flexibility for drivers and taxi vehicle operators to service areas where there is demand. Taxis moving between prescribed fare regions would therefore need to continually consider which fare structure should be applied (i.e. which region are they ‘primarily operating’ within).

Basic principle

Having separate fare structures for different areas across WA is only justifiable if the costs of providing a rank or hail service in the area are materially different from each other.

There is scope within the Regulations to rationalise the number of fare regions. For example, the 10 regions (outlined on the next page) could be collapsed into 3 fare zones representing:

- the Perth, Mandurah and Murray defined Levy area;
- South – Great Southern, South and remaining parts of Peel regions; and
- North and East – Kimberley, Pilbara, Gascoyne, Midwest, Goldfields, Esperance and Wheatbelt.

Another option would be to split the fare zones based on the “remoteness” of the region. Using the Australian Bureau of Statistics’ Accessibility/Remoteness Index of Australia, towns in WA could be categorised as Metropolitan, Rural or Remote, with those areas that are more remote having higher regulated fares that are reflective of the higher costs of running a business.
4.3 How should the maximum metered fares be set?

Basic principle

The regulated maximum metered fares should seek to reflect the average cost of providing a rank or hail (taxi) service in the fare zone at a point in time, with regular reviews.

Over the last few years, reviewing the fare structures against changes in the Perth Taxi Cost Index (TCI), Perth Consumer Price Index (CPI) and Regional Price Index (RPI) have resulted in very low (less than 1%) or no adjustments to fares in metropolitan and regional WA. Reviews indicating that a small increase in the gazetted rates could be justified have been rejected by some taxi dispatch networks concerned about increasing fares at a time when competition from other charter services was on the rise. Some regional operators also felt that the cost of adjusting the meters outweighed any benefit of the small increase in fare.

As such there have been no changes to the regulated maximum metered rates for regional or Perth taxis since 2014.

The items included in the TCI are largely unaffected by the on-demand transport reform, with the exception of the government fees for ODBS and passenger transport vehicle authorisation, and possibly the rank fees that are set and charged by the taxi ODBS.

The TCI basket of goods should include items that capture:

- labour costs involved in providing the service – the booking service and the driver;
- vehicle on-road costs – Motor Injury Insurance, registration, fuel, comprehensive insurance, vehicle leasing or finance, repairs and maintenance;
- government fees – authorisation fees for ODBS, vehicles, drivers; and
- industry fees to affiliate with the booking service (e.g. rank fees).

There has been concern expressed that using the Perth TCI (with its metropolitan-centric costs and charges) in the calculation of regional fares is not appropriate. One alternative would be to create a Taxi Cost Index for each region, where an average cost was identified for each item in the basket of goods. Depending on the size and number of regions, this would be a more complex review process.
5. Frequency and process for review

Basic principle

A regular review schedule for maximum metered fares is necessary to maintain an effective rank or hail (taxi) industry in WA. Given this, the review process should be reflective of the level of involvement desired by the industry, balanced with the findings indicated by DoT’s analysis of industry data.

Until recently, previous reviews of taxi fares have been conducted by the Department of Transport on an annual or biennial basis. Where the review has suggested that an increase in fares could be justified, DoT has then liaised with major Perth or regional taxi dispatchers to seek their view on whether a recommendation to the Minister to gazette new fares should be made. Due to the on-demand transport reform, the last review of Perth and regional taxi fares occurred in 2017, with both showing negligible change in the Taxi Cost Index when adjusted for the rates of inflation in the particular region.

With the reform of the on-demand transport industry in its final stages, it is timely to question whether the process of seeking a collective view from industry before a recommendation to Government to change the fares is warranted. Data from industry would be required as part of each review to update the costs of items used to derive the Taxi Cost Index.

With on-demand booking services able to set their own rank or hail fares below the regulated maximums, any increase in fares that would be suggested by the review could be automatically recommended to government for gazettal. It would then be up to individual operators to determine whether they wish to adjust their fares to the new maximums, taking into account their own business operating costs and assessment of their customers’ willingness to pay the fares.

Recent reviews have also shown that changes in the Taxi Cost Index have been low or negligible on a year to year basis, resulting in the regulated fares being in place for three or four years before sufficient change in costs has warranted a new recommendation.

On this basis, it may be more beneficial to do a full review of fares using a Perth and regional Taxi Cost Index every 2 or more years, rather than annually. This would allow DoT to use the regional CPI figures that are produced every two years for each review.
6. What’s next?

Visit [MySay Transport](https://www.transport.wa.gov.au) to have your say into the future of regulated fares for rank or hail (taxi) services in Western Australia.

The consultation will be open until 5.00pm Monday 13 January 2020.

Once the consultation closes, your contributions will be reviewed and analysed. DoT will report on key outcomes and findings to industry.

Recommendations will then be presented to the Minister for Transport for consideration in the next set of *Transport (Road Passenger Services) Regulations*, to be implemented from mid-2020.

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