

Notice of Inquiry TAXI FARE REVIEW 2007/2008

On 19 September 2007, the Minister for Public Transport ('the Minister') directed the Essential Services Commission ('the Commission'), under section 186(1) of the *Transport Act 1983* ('the Act') and by notice in the Victoria Government Gazette on 14 September 2007, to undertake an independent review of taxi-cab fares in Victoria by 30 June 2008.

Background

Under section 144A of the Act, the Minister is empowered to determine taxi fares and hiring rates. The Act also provides that the Minister cannot determine a fare or hiring rate unless he/she has –

- a) referred the matter to the Commission for investigation and has received a report from the Commission; and
- b) received a report from the Director of Public Transport.

An independent review of taxi fares was conducted by the Commission in 2005. This resulted in an eight per cent increase in taxi fares (September 2005). That review formed the basis for setting fares from September 2005 to September 2007.

Terms of Reference

The Commission was asked to conduct an investigation and report on:

- i. an appropriate price setting model to provide for automated fare adjustments for the next 3–5 years, including the timing of such adjustments;
- ii. the appropriateness of the taxi fare structure within the current market for taxi-cab services in Victoria;
- iii. whether a surcharge on taxi fares on New Year's Eve should form a permanent part of the taxi fare structure for non-metropolitan taxi-cabs and, if so, the amount of such surcharge;
- iv. whether a surcharge on taxi fares should form a permanent part of the taxi fare structure where the hirer pre-books and is supplied a premium service taxi and, if so, the amount of such surcharge;
- v. the distribution of taxi fare revenue and measures that may be considered by Government to improve taxi driver remuneration; and
- vi. information reporting by the taxi industry and performance measurement.

The notice from the Minister and full terms of reference published in the Victoria Government Gazette are available / accessible from the Commission's website (www.esc.vic.gov.au).



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Purpose, Timeframe and Issues

The purpose of the review is to satisfy the requirements of the terms of reference.

An Issues Paper will be released in December 2007 which will invite submissions from members of the public and outline the matters the Commission would like the submissions to deal with. It will also provide information on how to make submissions, and dates and venues of public hearings (as required under section 43(4) of the *Essential Services Commission Act 2001*).

Other key milestones for the inquiry are proposed as follows:

- the draft report is to be released by mid-April 2008;
- a period of approximately four weeks after release for making submissions on the draft report; and
- the final report will be submitted to the Minister for Public Transport by 30 June 2008.

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