

Determination of Maximum Taxi Fares (Recovery of Commercial Passenger Vehicle Services Levy from 1 July 2018)

Maximum fares for taxis licensed to the Melbourne Metropolitan zone and the
Urban and Large Regional zone

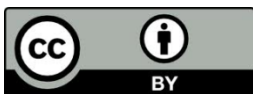
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Preface

This determination sets out the maximum fares that can be charged by taxis licensed to operate in the Melbourne Metropolitan zone and the Urban and Large Regional zone. It amends the Essential Services Commission's (the commission's) previous determination made on 11 October 2016 that took effect on 1 November 2016.

The amendment includes a new component, the CPV levy recovery fare component. This amendment is made recognising a new cost to taxi service providers in the form of a levy imposed on all commercial passenger vehicle transactions (the CPV levy), set to commence on 1 July 2018.

Under the *Commercial Passenger Vehicle Industry Act 2017*, commercial passenger vehicle service providers will become liable for the CPV levy; initially set at \$1 per commercial passenger vehicle transaction. The purpose of the CPV levy is to partly fund regulation of the industry and to fund transitional assistance to a new regulatory framework for certain industry participants.¹

This determination sets the CPV levy recovery fare component at a maximum charge equal to the amount of the CPV levy as determined by the *Commercial Passenger Vehicle Industry Act 2017*, plus 10 per cent GST. This maximum charge includes GST, giving taxi service providers the option of recovering the cost of the CPV levy through GST inclusive fares. As the fares the commission determines are maximum fares, taxi service providers may choose to absorb the cost of the CPV levy by not charging, or charging less than the maximum charge.

The addition of the CPV levy recovery fare component in the commission's determination as a new and distinct fare component provides transparency for consumers. It also signals that the fare component will be removed from the schedule of maximum fares if service providers cease to become liable for the CPV levy at a future date.

Significant reforms to the commercial passenger vehicle regulatory framework will commence soon after this determination is made. These reforms will include the replacement of the taxi licensing system with a registration system; the removal of the regulatory distinction between taxis and hire cars, making them all commercial passenger vehicles; and the associated deregulation of fares for booked trips, including those undertaken by vehicles currently licensed as taxis. These changes will render some of the fare components in this determination, such as booking fees, irrelevant under the new framework. Some of the terminology used in this determination referencing licences will also become outdated upon commencement of the new framework.

¹ The Commercial Passenger Vehicle Industry Act 2017, s.1.

Under the new commercial passenger vehicle regulatory framework, the commission will continue to determine the maximum fares for unbooked commercial passenger services that begin in the Melbourne Metropolitan and Urban and Large Regional zones. The *Commercial Passenger Vehicle Industry Act 2017* provides transitional arrangements for this determination to continue as a determination for unbooked commercial passenger services.²

This determination for maximum taxi fares is a separate process to the commission's current review of maximum fares for unbooked CPVs. This determination has been made, under the *Transport (Compliance and Miscellaneous) Act 1983*, to allow trip providers to choose whether they absorb the cost of the CPV levy or pass it on to passengers.

When the commission has completed its current review of unbooked CPV fares it will issue a new maximum fare determination, under the *Commercial Passenger Vehicle Industry Act 2017*, on the basis of the findings of its review. The new determination will also remove irrelevant fare components and reflect changes in terminology arising from recent commercial passenger vehicle industry reforms. The commission expects to complete its review in the second half of 2018.

² Commercial Passenger Vehicle Industry Amendment (Further Reforms) Act 2017, s. 20.

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Introduction

Statement of purpose

The Essential Services Commission (the commission) is the independent economic regulator responsible for determining the maximum fares that may be charged by taxis licensed to operate in the Melbourne Metropolitan zone (the metropolitan zone) and the Urban and Large Regional zone (the urban zone). The commission's last maximum fare determination for metropolitan and urban zone taxis was made on 11 October 2016 and took effect on 1 November 2016.

The purpose of this determination is to update the previous schedule of maximum hiring rates to give unbooked commercial passenger vehicle service providers the option to transparently recover the cost of a Commercial Passenger Vehicle Service levy, due to come into effect on 1 July 2018.

The commission has made this determination following consideration of the 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*.

Reasons for the making of this determination

The Victorian Government is in the process of implementing major reforms to Victoria's taxi and hire car industry. As part of those reforms it is implementing a levy on the carrying out of commercial passenger vehicle service transactions (the CPV levy) in order to:

- recover the cost of transitional assistance provided to certain participants in the commercial passenger vehicle industry; and
- partly fund the regulation of the commercial passenger vehicle industry.

The *Commercial Passenger Vehicle Industry Act 2017* (the CPVI Act) imposes the CPV levy, which will be collected by the Commissioner of State Revenue.³ Liability for payment of the CPV levy rests with service providers – either the booking service provider, commercial passenger service provider or affiliated service provider depending on the nature of the transaction and any affiliation agreements.

The CPV levy will be imposed from 1 July 2018. The CPVI Act sets the amount of the CPV levy at \$1 per commercial passenger vehicle transaction, unless regulations made under that Act provide for a different amount. At the date of this determination regulations have not yet been made. The

³ Commercial Passenger Vehicle Industry Act 2017, Part 2.

regulations may prescribe a different CPV levy amount provided it remains less than \$2. The CPVI Act also requires the CPV levy amount to be varied annually from 1 July 2019 in line with the December consumer price index for Melbourne, rounded down to the nearest multiple of 5 cents.⁴

The CPV levy imposes a new cost to service providers in complying with relevant legislation. This determination is being made to give service providers the option to transparently recover that cost by adding a new fare component to the schedule of maximum hiring rates. This is consistent with the government's intent that:

"Booking service providers and trip providers will absorb or pass on the costs of the levy as they see fit in the new competitive environment."⁵

Nature and effect of this determination

This determination is made under Division 5A of Part VI of the *Transport (Compliance and Miscellaneous) Act 1983* and determines the maximum charges for taxi services provided by taxis licensed to operate in the Melbourne Metropolitan zone and the Urban and Large Regional zone. It amends the commission's previous determination made on 11 October 2016.

This determination adds a new component to the previous schedule of maximum hiring rates: the CPV levy recovery fare component.

The CPV levy recovery fare component is set at a maximum charge equal to the amount of the CPV levy as specified in the CPVI Act, plus 10 per cent GST.

This maximum charge for the CPV levy recovery fare component is inclusive of 10 per cent GST, thus giving taxi service providers the option to set their GST inclusive fares up to an amount that is sufficient to recover the cost of the levy they are charged on all CPV transactions as imposed by the CPVI Act.

The CPVI Act sets the amount of the CPV levy at \$1 unless and until the commencement of regulations made under that Act that prescribe a different CPV levy amount. The maximum charge for the CPV levy recovery fare component will therefore be \$1.10 from 1 July 2018, unless regulations vary the amount of the CPV levy. The CPVI Act requires the amount of the CPV levy to

⁴ Commercial Passenger Vehicle Industry Act 2017, s12.

⁵ Jacinta Allan, the Minister for Public Transport, Parliamentary Debates (Hansard): Legislative Assembly Fifty-Eight Parliament - First Session, 23 February 2017, p. 399.

be indexed to the consumer price index for Melbourne and adjusted annually from 1 July 2019, rounded down to the nearest multiple of 5 cents.

The maximum charges for all other fare components remain unchanged from the commission's previous determination made on 11 October 2016.

Date at which this determination takes effect

This determination will take effect on 30 June 2018, immediately before the commencement day of the CPV levy.

How to obtain a copy of this determination

A copy of this determination may be downloaded from the commission's website:

www.esc.vic.gov.au

Alternatively, a copy may be requested by contacting the commission:

Essential Services Commission

Level 37 / 2 Lonsdale Street

Melbourne Victoria 3000

P: +61 3 9032 1300 or 1300 664 969

E: publications@esc.vic.gov.au

**The Common Seal of the
Essential Services
Commission** was affixed to
this Determination with the
authority of the Commission.



Date: 9 May 2018

A handwritten signature in blue ink, appearing to read "Ron Ben-David", written over a horizontal line.

Dr Ron Ben-David
Chairperson

Schedule of maximum hiring rates for Melbourne Metropolitan zone taxi licences

The maximum hiring rates in this schedule are set under Division 5A of Part VI of the *Transport (Compliance and Miscellaneous) Act 1983* and are applicable from 1 July 2018 for taxis licensed to the Melbourne Metropolitan zone. All charges are GST inclusive.

1. Definitions

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

2. Maximum hiring rates on fare calculation device

- 2.1 The hiring rates that must be computed and displayed by the fare calculation device operating in the taxi can be to a maximum of the following charges:

TARIFF ONE – DAY TARIFF

Tariff One rates apply as the maximum rates between 9am and 5pm, excluding times when Tariff Three maximum rates apply.

Fare component	Maximum charge
Flagfall	\$4.20
Distance Rate	\$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

TARIFF TWO – OVERNIGHT TARIFF

Tariff Two rates apply as the maximum rates between 5pm and 9am, excluding times when Tariff Three maximum rates apply.

Fare component	Maximum charge
Flagfall	\$5.20
Distance Rate	\$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

TARIFF THREE – PEAK TARIFF

Tariff Three rates apply as maximum rates:

- from 10pm Friday to 4am Saturday;
- from 10pm Saturday to 4am Sunday;
- all day on Christmas Day;
- all day on Boxing Day; and
- from 6pm on New Year's Eve until midnight at the end of New Year's Day.

Fare component	Maximum charge
Flagfall	\$6.20
Distance Rate	\$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

2.2 Fare calculation devices must be programmed to automatically select the correct tariff for the relevant time and date. Manual selection of tariffs is not permitted.

3. CPV Levy Recovery Fee

- 3.1 From 1 July 2018, a CPV Levy Recovery Fee of up to the maximum charge may be charged to the hirer.
- 3.2 The maximum charge for a CPV Levy Recovery Fee is equal to the amount of the levy for a commercial passenger service transaction as specified in the *Commercial Passenger Vehicle Industry Act 2017*, plus 10 per cent GST.
- 3.3 The CPV Levy Recovery Fee may be displayed on the taxi's fare calculation device if the taxi service provider chooses.

Schedule of maximum hiring rates for Melbourne Metropolitan zone taxi licences

3.4 If applied, the CPV Levy Recovery Fee is to be itemised as a charge on the receipt provided to the hirer.

4. Booking Fee

4.1 A booking fee of up to \$2.00 may be applied if the hirer has requested that the taxi meet the hirer at the point of origin of the hiring.⁶

5. Premium Service Charge

5.1 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 5.2.

5.2 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 5.1 may charge the hirer a premium service charge of up to \$11.00.

6. High Occupancy Fee

6.1 A high occupancy fee must not be charged if the taxi does not have 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.

6.2 A high occupancy fee of up to \$14.00 may be charged when:

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

6.2.2 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.

6.3 For the purposes of clause 6.2.2 above, a standard taxi means a taxi with seating for up to four passengers, and includes station wagon type vehicles.

⁶ The booking fee may be displayed on the fare calculation device if the taxi service provider chooses.

- 6.4 For the purposes of clause 6.2.1 above, children under the age of five years are not to be calculated as a passenger.

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 up to the appropriate Taxi Toll payable by the taxi for using the section(s) of 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 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.

8. Melbourne Airport Taxi Rank Fee and Booking Fee

- 8.1 The driver of a taxi who accepts a hiring from the Melbourne Airport taxi rank, after that driver has paid for the use of the Melbourne Airport taxi rank queuing facilities and/or waiting bays, is authorised to charge the hirer an Airport Rank Fee of an amount up to the Airport Access Fee payable by the taxi for using that taxi rank as published from time to time by Melbourne Airport in a daily newspaper generally circulating in Victoria and on Melbourne Airport's website.
- 8.2 An Airport Booking Fee of up to \$3.00 may be charged 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 booking fee (maximum of \$2.00) referred to in item 4 of this schedule.

9. Further Conditions

- 9.1 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 6.2.2 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 for Urban and Large Regional zone taxi licences

The maximum hiring rates in this schedule are set under Division 5A of Part VI of the *Transport (Compliance and Miscellaneous) Act 1983* and are applicable from 1 July 2018 for taxis licensed to the Urban and Large Regional zone. All charges are GST inclusive.

The schedule of maximum hiring rates that may be charged by an Urban and Large Regional zone licensed taxi vary depending on the origin and destination of the taxi trip. Either the Melbourne Metropolitan zone or Urban and Large Regional zone schedule of maximum 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 zone 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 Melbourne Metropolitan zone taxis apply to any hiring of an Urban and Large Regional zone 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 zone 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 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 Melbourne Metropolitan zone taxi licences.

- d) Operators of Urban and Large Regional zone taxi licences 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 fare calculation devices operating 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 Melbourne Metropolitan taxi licences. Drivers of vehicles with fare calculation devices programmed in this manner must charge the appropriate hiring rates for each hiring as determined by items a) and b).

1. Definitions

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

2. Maximum hiring rates on fare calculation device

- 2.1 The hiring rates that must be computed and displayed by the fare calculation device operating in the taxi can be to a maximum of the following charges:

TARIFF ONE – STANDARD TARIFF

Tariff One rates apply as the maximum rates at all times except circumstances when Tariff Two maximum rates may apply.

Fare component	Maximum charge
Flagfall	\$3.60
Distance Rate	\$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

TARIFF TWO – HIGH OCCUPANCY TARIFF

- 2.2 Tariff Two must not be charged if the taxi does not have 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.
- 2.3 Tariff Two may only be charged when:
- 2.3.1 the vehicle has been hired for the carriage of five or more passengers, or

- 2.3.2 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.
- 2.4 For the purposes of clause 2.3.2 above, a standard taxi means a taxi with seating for up to four passengers, and includes station wagon type vehicles.
- 2.5 For the purposes of clause 2.3.1 above, children under the age of five years are not to be calculated as a passenger.

Fare component	Maximum charge
Flagfall	\$3.60
Distance Rate	\$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

3. CPV Levy Recovery Fee

- 3.1 From 1 July 2018, a CPV Levy Recovery Fee of up to the maximum charge may be charged to the hirer.
- 3.2 The maximum charge for a CPV Levy Recovery Fee is equal to the amount of the levy for a commercial passenger service transaction as specified in the *Commercial Passenger Vehicle Industry Act 2017*, plus 10 per cent GST.
- 3.3 The CPV Levy Recovery Fee may be displayed on the taxi's fare calculation device if the taxi service provider chooses.
- 3.4 If applied, the CPV Levy Recovery Fee is to be itemised as a charge on the receipt provided to the hirer.

4. Booking Fee

- 4.1 A booking fee of up to \$2.10 may be applied if the hirer has requested that the taxi meet the hirer at the point of origin of the hiring.⁷

⁷ The booking fee may be displayed on the fare calculation device if the taxi service provider chooses.

5. Premium Service Charge

- 5.1 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 5.2.
- 5.2 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 5.1 may charge the hirer a premium service charge of up to \$11.00.

6. Late Night Fee

- 6.1 A late night fee of up to \$3.40 may be applied to hirings that commence between the hours of 7pm on Friday and 6am on Saturday, 7pm on Saturday and 6am on Sunday, and between the hours of midnight and 6am on all other days. If applied, the late night fee must be entered and displayed on the fare calculation device at the commencement of the hiring.

7. Holiday Surcharge

- 7.1 A holiday surcharge of up to \$4.20 may be applied:
- all day on Christmas Day;
 - all day on Boxing Day;
 - from 6pm on New Year's Eve until midnight at the end of New Year's Day;
 - from 7pm on the evenings prior to every other Victorian public holiday until 6am on the morning of the public holiday.
- 7.2 For the purposes of this clause, public holidays are defined as per the *Public Holidays Act 1993* and:
- 7.2.1 include:
- additional public holidays, as per Section 7 of the *Public Holidays Act 1993*; and

- days that the Minister has appointed as a substitute holiday for Melbourne Cup Day for the relevant non-metropolitan Council, as per Section 8A of the *Public Holidays Act 1993*;⁸

7.2.2 exclude:

- the Monday after 1 January (New Year's Day) when New Year's Day is a Saturday or Sunday;
- the Monday after Christmas Day when Christmas Day is a Saturday and the Tuesday after Christmas Day when Christmas Day is a Sunday; and
- the Monday after 26 December (Boxing Day) when Boxing Day is a Saturday and the Tuesday after Boxing Day when Boxing Day is a Sunday.

7.3 Where the Minister appoints a substitute public holiday for Melbourne Cup Day in a non-metropolitan Council, a public holiday surcharge must not be charged in relation to Melbourne Cup Day in that non-metropolitan Council.

7.4 The late night fee must not be applied in addition to the holiday surcharge.

8. CityLink and EastLink Tolls

8.1 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 up to the appropriate Taxi Toll payable by the taxi for using the section(s) of 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).

8.2 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.

9. Melbourne Airport Booking Fee

⁸ The holiday surcharge may only be applied in the geographic area of the Council subject to the substitute holiday. For example, a holiday surcharge in relation to Geelong Cup Day may only be applied in the area of the urban zone surrounding Geelong.

- 9.1 An Airport Booking Fee of up to \$3.00 may be charged 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 booking fee (maximum of \$2.10) referred to in item 4 of this schedule.

10. Further Conditions

10.1 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 2.3.2 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.