

Australian Capital Territory

Road Transport (Public Passenger Services) Maximum Fares for Taxi Services Determination 2007 (No 1)

Disallowable instrument DI2007—130

made under the

Road Transport (Public Passenger Services) Act 2001, s60 (power to determine maximum taxi fares)

EXPLANATORY STATEMENT

This instrument revokes Determination DI 2006-140 dated 28 June 2006 and notified on 29 June 2006.

Section 60(1) of the *Road Transport (Public Passenger Services) Act 2001* specifies that the Minister may, in writing, determine the maximum fares relating to hiring or using a taxi. A determination under section 60(1) is a disallowable instrument.

In 1998, the ACT taxi industry was declared a regulated industry, being an industry whose infrastructure facilities are wholly or substantially owned, controlled or operated by a single entity. A consequence of the taxi industry being declared a regulated industry was a requirement to refer ACT taxi fares to the Independent Competition and Regulatory Commission (ICRC) for investigation and determination.

However, with the accreditation in March 2007, of a second taxi network, it is no longer the case that the ACT taxi industry is operated by a single entity.

Disallowable instrument DI2007-117 removed the fare setting process for the taxi industry from the scope of the ICRC.

The Department requested the taxi industry to make a submission for annual fare increases and has adopted an approach based on the Taxis Composite Cost Index (TCCI) methodology for the review of taxi fares for the coming financial year. The Department engaged an independent consultant to review the industry's submission to ensure the process remained transparent and defensible.

The Consultant recommended that, based on the TCCI methodology to calculate the fare adjustment for the coming year, the figures and calculations contained in the submission are accepted as correct and the Department accepts the proposed fare increase utilising the TCCI weighted adjustments of +4.90%.

The waiting time rate has increased from \$40 per hour to \$45 per hour based on increased traffic congestion. The flagfall rate has been increased from \$3.60 to \$4.00. By increasing the flagfall, the potential increase in the kilometre rate is greatly reduced. This reduces the overall costs on long trips such as the outer suburbs to the city. The baby capsule fee has been increased from \$4.15 to \$4.30 which represents a 3.60% increase rather than 4.90%.

This determination gives effect to the fare and fee charges recommended and will commence on 1 July 2007.