

Australian Capital Territory

# Road Transport (Public Passenger Services) Maximum Fares Determination 2008 (No 1)

Disallowable instrument DI 2008–129

made under the

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

## EXPLANATORY STATEMENT

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This instrument revokes Determination DI2007-257 dated 30 October 2007 and notified on 8 November 2007.

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.

The Department of Territory and Municipal Services (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 +4.79%.

Unlike other road transport fee increases, whereby most fees and charges are increased in line with the Wage Price Index, the TCCI model is based on actual cost movements. The 4.79% taxi fare increase has risen above the current rate of inflation of 4.2% due to the higher rates of increase of fuel prices and interest rates.

The waiting time rate has increased from \$45.00 per hour to \$47.50 per hour based on increased traffic congestion. The flagfall rate has been increased from \$4.00 to \$4.20. By increasing the flagfall, the potential increase in the

kilometre rate is 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 \$4.30 to \$4.50 which represents a 4.65% increase.

This determination gives effect to the fare and fee charges recommended and will commence on 1 July 2008.