



**IPART** Independent  
Pricing and Regulatory  
Tribunal | NSW

Maximum fares for rank and hail taxi  
services from 1 July 2025

## Draft Report

March 2025

Transport »



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## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Tribunal Members

The Tribunal members for this review are:

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Dr Darryl Biggar  
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Sharon Henrick

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## Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

## Submissions are due by Tuesday, 1 April 2025

We prefer to receive them electronically via our [online submission form](#).

You can also send comments by mail to:

Taxi Fares Review  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may decide not to publish a submission, for example, if we consider it contains offensive or potentially defamatory information. We generally do not publish sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please let us know when you make the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's [submission policy](#) is available on our website.

## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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# 1 Executive Summary

Taxis caught from a taxi rank or hailed from the street offer convenient and efficient point to point transport for passengers without the need to book a service. However, passengers using rank or hail services do not have the same opportunity to shop around for prices or providers that passengers using booked services do, so the Government sets the maximum fare components that taxis can charge when they are obtained at a rank or by hailing. These regulated maximum fares also apply to trips booked under the Taxi Transport Subsidy Scheme (TTSS). Fares for all other types of booked taxi trips are not regulated, but the passenger must receive an estimate of the fare in advance.

IPART was asked to review and make recommendations on maximum rank and hail taxi fares to apply from 1 July 2025. Transport for NSW (TfNSW) will consider IPART's recommendations when setting new maximum fares through a fares order to apply from 1 July 2025.

This Draft Report sets out our draft recommendations for urban and country fare schedules, a fixed fare trial for Sydney Airport to Sydney CBD (postcode 2000) trips and other matters, as well as how we developed our draft recommendations. We will consider feedback on this Draft Report before finalising our recommendations by May 2025.

The following sections provide an overview of our draft recommendations and how we developed them, as well as explaining how you can provide feedback on this Draft Report.

## 1.1 IPART was asked to review fares for rank and hail taxi services

IPART has been asked to review maximum **rank and hail** taxi fares under section 74(1) of the *Point to Point Transport (Taxi and Hire Vehicles) Act 2016* (the Act). The Terms of Reference (ToR) direct us to prepare a report that provides:

- a pricing framework and methodology for maximum fares from 1 July 2025 and a methodology for reviewing and adjusting fares in future
- a level and methodology for maxi taxi fares, circumstances for applicability and impacts on wheelchair accessible taxi availability.

In making our investigations we must consider, among other things:

- affordability and availability of taxi services for people with disability
- application of different maximum fare schedules for country and urban areas of NSW
- the cost of providing the services, the need for greater efficiency in the supply of services, consumer protections and social impacts, as well as any other matters which we consider relevant.

We have carefully weighed all the matters in our Terms of Reference to arrive at appropriate draft recommended maximum fare schedules. You can find our Terms of Reference in full at Appendix A to this report.

In addition, we were asked to specifically look at the pricing methodology for fares from Sydney Airport to areas such as the Sydney CBD. You can find the letter from the Minister for Transport directing us to investigate this at Appendix B to this report.

## 1.2 Draft recommended maximum taxi fare schedules

Our draft recommendation is to retain the existing two fare schedules for urban and country areas, and to retain the existing fare components (e.g. flag fall, distance rate and so on).

The full recommended fare schedules are set out in Table 1.1. We also make a draft recommendation for a trial of fixed fares from the Sydney Airport taxi ranks to any part of Sydney CBD (postcode 2000), set at \$55 for standard taxis, inclusive of tolls, charges and the Passenger Service Levy.

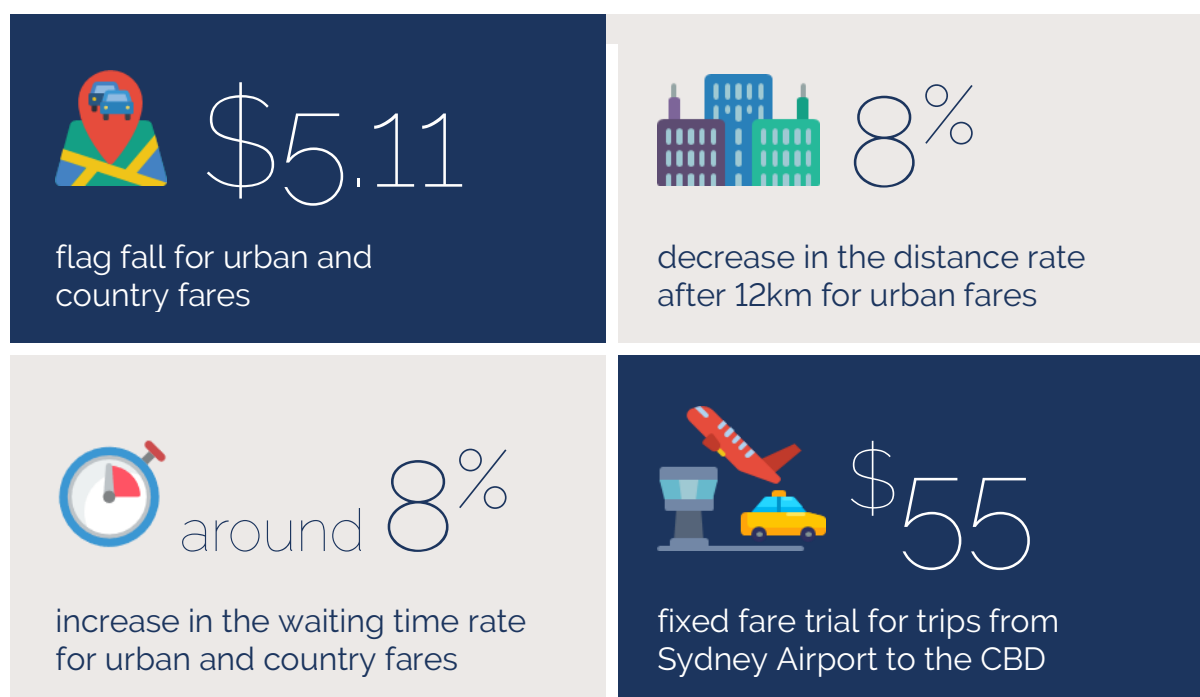


Table 1.1 Draft recommended maximum rank and hail fare schedules from 1 July 2025

Fare Component	Urban	Country
Hire charge (flag fall)	\$5.11	\$5.11
Peak time hiring charge (payable in addition to flag fall) <sup>a</sup>	\$2.56	N/A
Distance rate/km	\$2.34 (first 12km) \$2.11 thereafter	\$2.41 (first 12 km) \$3.30 thereafter
Night rate/km <sup>b</sup> (and holiday distance rate <sup>c</sup> in country areas)	\$2.79 (first 12km) \$2.51 thereafter	\$2.87 (first 12 km) \$3.93 thereafter
Waiting time charge (when travelling under 26 km/h)	\$60.85/hr (101.4c/min)	\$62.67/hr (104.5c/min)
Maxi taxi surcharge <sup>d</sup>	150% max fare	150% max fare

- a. Applied in addition to the flag fall, 10pm – 6am on Fridays, Saturdays, and evenings prior to Public Holidays
- b. Applies between 10pm – 6am all nights of the week
- c. Applies between 10pm – 6am all nights of the week, and all days on Sundays and Public Holidays
- d. The maxi taxi surcharge may only be charged if it is hired from a taxi zone or street hail to carry 5 or more passengers. We are also recommending this it is charged if the vehicle is requested by the hirer at the Sydney Airport taxi ranks, other than for the carriage of a person who uses a wheelchair or mobility aid.

### 1.3 How do the draft recommended fares compare to current fares?

Our draft recommendations include an increase to all fare components by 2.2%, to reflect the forecast impact of inflation during 2024-25, because the new fares will not apply until 1 July 2025. Flag fall for urban and country fares is now the same, whereas previously the urban fare schedule flag fall was lower than the country fare schedule flag fall.

We are also recommending an adjustment of the waiting time rate in both fare schedules to align with the distance rate and the waiting time speed cutoff (26 km/h).

#### 1.3.1 Urban fare schedule

In addition to the 2.2% inflation increase, the draft recommended urban fare schedule balances an increase in flag fall against a decrease in distance rate after 12 km of travel. The draft recommended fare schedule increases most metered fare components by between 2-10% and decreases the distance rate after 12 km by 8%.

Table 1.2 below compares our draft recommended maximum fare schedule with the current Fares Order for urban fares.

Table 1.2 Draft recommended maximum fare components for urban rank and hail taxi services compared to current levels

Fare Component	Current level	Draft recommendation
Hire charge (flag fall)	\$3.60	<b>\$5.11</b>
Peak time charge <sup>a</sup>	\$2.50	<b>\$2.56</b>
Distance rate/km	\$2.29	<b>\$2.34 (first 12km) \$2.11 thereafter</b>
Night rate <sup>b</sup> /km	\$2.73	<b>\$2.79 (first 12km) \$2.51 thereafter</b>
Waiting time	\$56.68/hour (94.4c/min)	<b>\$60.85/hr (101.4c/min)</b>

a. Applied in addition to the flag fall, 10pm – 6am on Fridays, Saturdays, and evenings prior to Public Holidays

b. Applies between 10pm – 6am all nights of the week

The draft urban fare schedule adjusts maximum fares so that:

- maximum fares for short trips (less than 12km) will be slightly higher (by around \$2)
- maximum fares for moderate trips (between 12 km and 25 km) will be around the same as current prices
- maximum fares for long trips (greater than 25 km) will be lower than they currently are.

### 1.3.2 Country fare schedule

In addition to the 2.2% inflation increase, the draft recommended country fare schedule incorporates a small increase to the flag fall. Overall, the draft recommended fare schedule means that maximum rank and hail fares for all trips in the country fare area will be around 3-9% more than their current levels, depending on the length of the trip. Table 1.3 below compares our draft recommended maximum fare schedule with the current Fares Order for country fares.

Table 1.3 Draft recommended maximum fare components for country rank and hail taxi services compared to current levels

Fare Component	Current level	Draft recommendation
Hire charge (flag fall)	\$4.10	<b>\$5.11</b>
Distance rate/km	\$2.36 (first 12 km) \$3.23 thereafter	<b>\$2.41 (first 12 km)</b> <b>\$3.30 thereafter</b>
Night rate <sup>a</sup> /km	\$2.81 (first 12 km) \$3.85 thereafter	<b>\$2.87 (first 12 km)</b> <b>\$3.93 thereafter</b>
Waiting time	\$57.65/hour (96c/min)	<b>\$62.67/hr (104.5c/min)</b>

a. Applies between 10pm – 6am all nights of the week, and all days on Sundays and Public Holidays

The following sections of this overview explain why the draft recommendations adjust fare components in this way.

## 1.4 Fares should be set so that passengers can get rank and hail services in a timely fashion at an appropriate price

If passengers have to wait a long time to get a rank or hail taxi service, it suggests that fares are not high enough to attract sufficient taxi service providers at current levels. On the other hand, if passengers do not have to wait, but taxis spend a long time waiting for a fare at a rank or while cruising, it suggests that fares are too high and potential passengers are seeking alternatives such as booked trips in hire vehicles, public transport, or not travelling at all.

We want to recommend fares that allow passengers to get rank and hail taxi services in a timely fashion at an appropriate price. Therefore, our approach to the review considered evidence about the balance of supply of and demand for rank and hail taxi services at current fare levels, as well as considering the other matters in our terms of reference. This includes the costs of providing services, need for efficiency, consumer protection and social impacts.

In a competitive market, fares should adjust to a level that meets the efficient costs of providing services. Fares for booked services in taxis are no longer regulated so taxi service providers already have the opportunity to innovate and compete with each other and other forms of point to point transport on fares as well as service quality in the booked trip market. We also considered the availability of substitutes to see whether there is enough competition for rank and hail services to suggest that these fares could be deregulated as well.



## 1.5 We found that supply of and demand for rank and hail taxi trips is mostly in balance at current fare levels

We looked at evidence about passenger waiting times for rank and hail taxis from a range of sources and we found that, on the whole, supply and demand for rank and hail taxi services are in balance. This suggests that the current level of fares is on average about the right level.

We discuss our analysis of supply and demand in section 3.1.

## 1.6 We found 3 situations where supply of and demand for urban rank and hail taxi services are not balanced

In the following situations we found that there was either excess supply or excess demand for taxi services:



### Wheelchair accessible services

We found that there is significant unmet demand and excessive waiting times for passengers who need a wheelchair accessible taxi (WAT).



### Services for passengers travelling short distances

We found that there was undersupply caused by drivers refusing to supply services.



### Services for passengers leaving Sydney Airport

We found there is excess supply of taxis, as evidenced by taxis sometimes waiting hours for a passenger, and evidence of over-charging behaviour by taxi drivers.

We therefore considered ways to adjust fares as well as other approaches to address these issues. We discuss our analysis of these 3 types of supply-demand imbalance in section 3.1.2.

## 1.7 We considered other factors when developing draft fare schedule recommendations

We discuss how these additional considerations fed into our draft fare recommendations in Chapter 4.

### 1.7.1 We compared NSW rank and hail taxi fares with taxi fares in other states, and prices for other transport services

We found NSW taxi fares are comparable to **other Australian jurisdictions** in terms of level and structure. For most trips, NSW taxi fares are either on or slightly above the average across equivalent trips. However, flag fall in NSW is among the lowest, and distance rates among the highest.

Although not part of the fare, we looked at the Wheelchair Accessible Taxi Driver Incentive Subsidy (WATDIS or 'lift fee') that the NSW Government pays to the taxi driver for each TTSS wheelchair job. The NSW WATDIS payment is \$15, which is lower than most similar schemes in other jurisdictions across Australia. However, in December the NSW Government announced it would increase the payment to \$25 from March 2025 (with additional rates during nights and public holidays), which brings the lift fee in line with most other jurisdictions.

We analysed **rideshare fares** for various trips in the Sydney metro area. Fares were overall lower than taxis apart from during surge events. For standard fares during the day, rideshare was 20-40% lower than the equivalent taxi trip depending on the route.

We found that **booked taxi fares** were very similar to our estimates using the rank and hail fare schedule.

### 1.7.2 We considered the affordability of rank and hail fares and found that it has improved

NSW taxi fare components have been largely unchanged since 2014. In January 2023, fare components increased by 10c/km on each of the distance charges (in response to a spike in fuel costs).

Other price changes for passengers include changes in tolls over time, and the addition of the Passenger Service Levy (now \$1.32, incl GST) that funds taxi industry adjustment.

Nevertheless, taxi fares are considerably more affordable than they were in 2014, as both CPI and wage inflation have outpaced taxi fare increases.

### 1.7.3 We found that substitutes for rank and hail taxi services are becoming more readily available

Rank and hail fares are regulated on the basis that consumers still require protection from price-gouging when they are not in a position to shop around for alternatives. However, substitutes for rank and hail services are more readily available through mobile phone apps and rank and hail work is reported as decreasing in importance to the industry.

### 1.7.4 We found that the costs of providing taxi services are structured differently from 10 years ago, but are unlikely to have increased overall

Rank and hail taxi service providers and drivers incur costs in order to provide services, including fuel, tolls, radio network fees, vehicle purchase, fit-out and maintenance, insurance, and registration fees. The different arrangements between drivers and operators determine how these costs are shared. Revenue from fares must also cover the cost of driver and taxi service provider labour.

We gathered data on costs of providing taxi services via our annual point to point transport survey. While not always directly comparable to previous surveys due to methodology differences, we found that costs in real terms are unlikely to have increased. For example, licence fees used to be a significant cost category (around 20% of total costs), which has now been reduced to \$200 per year due to regulatory changes.

## 1.8 We developed fare schedule options to address supply and demand issues

Following our analysis of the level and structure of fares, we developed options for changes to fare components from 1 July 2025. Our main objective was to address the supply and demand issues we identified throughout our review by making short trips relatively more expensive and long trips relatively cheaper. We also used our comparison of fares in other jurisdictions, suggestions made in submissions and our analysis of affordability and costs to supply to inform the options we developed. We discuss our rationale, analysis, and other considerations for how we developed our draft recommended fare options in section 3.5.

## 1.9 We assessed the impacts of draft fare schedule options

To compare the different fare schedule options, we assessed their impact on individual trips, and (for urban fares) their likely impact in aggregate on the overall Sydney market.

### 1.9.1 We considered the impact on individual taxi trips

We tested the outcomes of fare changes for different trip distances and different trip types and decided on our proposed options for draft recommended fare schedules. We considered if the changes in what customers would pay for different types of trips was appropriate and if fares maintained affordability. We also accounted for the overall balance of fares for different trip distances and how this may help to encourage drivers to accept short fares.

### 1.9.2 We considered the impact on the overall Sydney taxi market

We modelled the impact of urban fare schedule changes on the Sydney taxi market using our taxi industry model. We considered certain outputs projected by the model, including changes in passenger demand, industry participation levels, and changes in overall and individual drivers' revenue.

### 1.9.3 Our urban fare schedule draft recommendation should help alleviate problems with short fares and excess supply of taxis at Sydney Airport

Our draft recommended fare schedules reweight the current fare components to reduce the incentive for taxis to wait at Sydney Airport for a long distance fare and increase the relative appeal of short trips for taxi drivers.

### 1.9.4 We also considered other options for reweighting the urban fare schedule components

There are multiple ways of reweighting fare components so that shorter trips become more expensive and longer trips cheaper, without necessarily changing the average fare price or the revenue that drivers receive during a shift. Our draft recommendation is for a flag fall increase to \$5.11, a 2% increase in the distance rate for the first 12 km and an 8% decrease to distance rate after the first 12 km, but we also considered:

- the same flag fall increase to \$5.11, but maintaining the current structure of a single distance rate that would decrease overall by 3.5%,
- a larger flag fall increase to \$9, and a larger reduction in distance rate by 24%.

We are interested in your feedback on these options too.

We also considered 2 options proposed by industry stakeholders in submissions, but our modelling suggested that these options were less favourable than the alternative options we considered.

### 1.9.5 Our country fare schedule draft recommendation should address any problems with short fares

We found that the supply of rank and hail taxi services in the country fare area is generally sufficient to meet passenger demand. We also noted that the majority of taxi trips in the country are booked services. Our draft recommended country fare schedule increases the flag fall to \$5.11 to alleviate any issues with short fares.

### 1.10 We consider that the Government's recent package of reforms will improve taxi services for wheelchair users

The NSW Government's [response](#) to the [Availability of Wheelchair Accessible Services Roundtables' Key Findings Report](#), which was released in December 2024 proposes a set of actions and related funding to improve wheelchair accessible services. We consider the Government response appropriate and endorse its measures, in particular the introduction of a standard \$25 Wheelchair Accessible Taxi Driver Incentive Subsidy (lift fee) (an increase from \$15) and two new rates to apply at nights and public holidays.

We outline our considerations and findings on taxi services for wheelchair users in Chapter 5.

### 1.11 Our draft recommendation is to index fare schedules annually by CPI

We found that fares are roughly at the right level and our proposed adjustments in our draft fare schedules should reflect a consumer's ability and willingness to pay for rank and hail taxi services in 2025/26. Our draft recommendation is to increase fare components annually by CPI from 1 July 2026, until fares are next reviewed.

We also recommend that the lift fee is indexed in a similar manner.

We discuss our draft recommendation for indexation in section 3.6.

## 1.12 We made draft recommendations to address issues at Sydney Airport

Our draft recommendation is for a trial of fixed fares for taxis caught from the Sydney Airport taxi ranks to any location within the Sydney CBD (defined as postcode 2000). We recommend that the all-inclusive fare level be set at \$55 for standard taxis and \$75 for maxi taxis. The Passenger Service Levy (PSL), the Airport Ground Transport Access Fee (airport access fee) and any road tolls incurred are included in the fixed fare, and no additional costs (apart from any non-cash payment surcharge) are to be passed onto the passenger.

We also made a draft recommendation to allow maxi taxis to charge the maxi taxi surcharge when a maxi taxi is requested at the Sydney Airport taxi rank, whether or not there are 5 passengers or more.

We outline our considerations and conditions for a fixed fare trial, as well as how we determined our recommended level for a fixed fare in Chapter 6.

## 1.13 We made draft recommendations to itemise passenger receipts

We recommend additional requirements for customer receipts, so that passengers are in a better position to understand what they are being charged for and who is charging them. We are recommending these changes to increase transparency for passengers and accountability for drivers and the taxi industry. We detail our recommendations in section 6.7.

## 1.14 Draft recommendations at a glance

1.	That Transport for NSW apply our recommended maximum fare components set out in Table 1.1 in a Fares Order to apply from 1 July 2025.	32
2.	That Transport for NSW increases maximum fare levels and the Wheelchair Accessible Taxi Driver Incentive Subsidy ('lift fee') annually by CPI (All Capitals) from 1 July 2026 for 3 years.	33
3.	IPART endorses the reforms and related funding outlined in the NSW Government's response to the 'Availability of Wheelchair Accessible Services Roundtables' Key Findings Report, including the \$25 standard lift fee and night and public holiday rates.	43
4.	That Transport for NSW conduct a trial of fixed fares for taxi trips from Sydney Airport to the Sydney CBD (defined as postcode 2000), subject to conditions set out in Table 6.2.	44



5.	That Transport for NSW allows the maxi taxi 50% surcharge when a larger vehicle is requested by the hirer at the Sydney Airport taxi ranks, other than for the carriage of a person who requires wheelchair accessible service.	46
6.	That Transport for NSW requires receipts for rank and hail services to clearly itemise all applicable cost components for the trip's fare, including: the metered fare, tolls incurred by road, extras (e.g. airport access fee), Passenger Service Levy, and any non-cash surcharges.	57
7.	That Transport for NSW requires receipts for all taxi services to include the following information: taxi service provider, taxi plate, driver ID, and a contact number or website.	57

## 1.15 We want your feedback

We want to hear what you think about our draft recommendations. You can make a written submission on this Draft Report by 1 April 2025 and/or attend our online public hearing on 10 March 2025.

You can comment on any aspect of this Draft Report. We also have some specific questions on which we seek comment.

### Questions on which we seek comment

1.	Our draft recommendation for the urban fare schedule is for an increase in flag fall to \$5.11 and a new two-tiered structure for the standard distance rate whereby it declines from \$2.34/km to \$2.11/km after the first 12 km. This is intended to reduce the incentive for drivers to queue at Sydney Airport in the hope of a long trip. It is also intended to increase the incentive for drivers to accept short fares.	34
	a. Is this proposal feasible for industry to implement from a technical perspective?	34
	b. How do you think this would affect passengers' demand for taxis for long trips or drivers' willingness to accept long trips?	34
	c. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?	34
2.	We also considered an option for the urban fare schedule to increase flag fall to \$5.11 and have a single lower standard distance rate of around \$2.21/km, rather than the two-tiered declining rate.	34
	a. How do you think this would affect passenger's demand for taxis for long trips or drivers' willingness to accept long trips?	34
	b. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?	34
3.	We also considered an option for the urban fare schedule to increase flag fall to \$9.00 and reduce the standard distance rate to \$1.75/km.	34
	a. How do you think this would affect passengers' demand for taxis for long trips or drivers' willingness to accept long trips?	34
	b. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?	34

4.	Rank and hail trips are a relatively small part of taxi business in the country fare area. Is rank and hail maximum fare regulation still required in the country fare area? Would other forms of fare regulation be more appropriate for the country fare area?	35
5.	Are there any other measures to encourage appropriate levels of wheelchair accessible taxi services for passengers who need it?	43
6.	Are our draft trial conditions appropriate in ensuring a successful trial for passengers, Sydney Airport, and the taxi industry? Are there any additional parameters that we should consider?	46
7.	Is \$55 an appropriate level for a standard taxi trip from Sydney Airport to the Sydney CBD? Is \$75 appropriate for the same trip in a maxi taxi? If not, what would an appropriate fare level be?	46
8.	We recommend a single fixed fare for all destinations within the 2000 postcode for simplicity. Are there other approaches that are more appropriate?	46
9.	Our draft recommendation for the fixed fare trial is that road tolls cannot be passed through to passengers, in addition to the fixed fare.	47
	a. Would this affect the choice of route that a drive would take?	47
	b. Would a lower fixed fare level but allowance for toll costs in addition to the fare be more appropriate for passengers and drivers? Why/why not?	47
10.	Are there technical barriers to providing the details specified in the draft recommendation on receipts? What about for drivers that use an external payment processing device?	57
11.	Could more detailed information – for example trip distance, time taken, the contribution of each fare component to the final fare components – be included in receipts?	57
12.	Are there other methods to reduce incidents of passengers being overcharged or to increase passengers' confidence that they are being charged the correct amount?	58

We will consider all the feedback we receive, as well as the results of further analysis, in forming our final decisions and recommendations. Our Final Report is to be submitted to the Minister for Transport in May 2025.



## We want to continue to hear from you

Stakeholder engagement has been crucial throughout the review. We are keen to keep engaging with you and hear your feedback on our draft recommendations and consultation questions.

### Have your say

Your input is critical to our review process. You can give feedback by:

Making a written submission through IPART's website by **1 April 2025** and/or

Attending our online public hearing on **10 March 2025**

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## 2 Our approach to the review

Maximum rank and hail taxi fares remain regulated, unlike fares for booked trips in taxis or other forms of point to point transport, to protect consumers who are not in a position to shop around for alternative services or different prices.

Our objective, then, is to recommend fares that ensure consumers are able to get the rank and hail taxi services they want at an appropriate price. The review also encompasses fares for booked trips under the Taxi Transport Subsidy Scheme, because taxis are also required to use the maximum rank and hail fare schedule for these trips.

Our approach to the review was to focus on an assessment of the balance between supply of rank and hail taxi services and demand for them at current fare levels, complemented by benchmarking against similar services, and consideration of affordability for passengers, consumer choice, competition and alternatives to rank and hail taxi travel, the costs of supplying services, and the needs of specific passenger groups.

To inform our analysis, we called for written submissions, met with stakeholders, held a public hearing, and considered data from our annual point to point transport survey, and data supplied by Sydney Airport, Transport for NSW and the Point to Point Transport Commissioner.

Figure 2.1 Our key considerations for this review



The sections below set out our approach to the review in more detail. The following chapters then discuss our analysis, findings and recommendations.

## 2.1 We assessed the balance of supply and demand at current fare levels

We considered data from a range of sources to assess whether the supply of and demand for rank and hail taxi services is in balance at the current fare levels. We looked at waiting times for passengers, waiting time for taxis, and feedback from passengers and taxi service providers about whether and where it is easy or difficult to get a taxi or get a passenger.

If there is excess demand for taxis (that is, passengers have to wait a long time to get a rank or hail taxi service), it would suggest that fares are not high enough to attract sufficient taxi service providers at current prices. On the other hand, excess supply of taxis (that is, passengers do not have to wait, but taxis might spend a long time waiting for a fare at a rank or while cruising) would suggest that fares are too high and potential passengers are seeking alternatives such as booked trips in hire vehicles, public transport, or not travelling at all.

## 2.2 We looked at fares in other jurisdictions and for other point to point transport services

Benchmarking is one way to assess whether prices are appropriate. We compared NSW rank and hail taxi fares to taxi fares in other Australian states and internationally, as well as to rideshare prices in Sydney.

## 2.3 We considered the affordability of rank and hail taxi fares

Affordability varies depending on individuals' financial and other circumstances. To assess the relative affordability of taxi fares we looked at the change in fares compared to inflation over the past 10 years.

## 2.4 We considered consumer choice and competition

Rank and hail fares are regulated on the basis that passengers do not have the opportunity to shop around. However, the advent of smart phones has meant that in most cases passengers who are at a rank or looking for a taxi in the street have the option to book a trip in a taxi or other hire vehicle. If alternatives are readily available, there is less need for regulation of fare levels.

## 2.5 We considered the cost of supplying services

For a rank and hail taxi industry to continue to exist, taxi service providers must be able to cover the costs of providing those services. We can observe whether this is the case as part of the supply-demand assessment – if fares are not at a sufficient level to cover costs, drivers and taxi service providers will reduce or withdraw their supply. We also collected data and considered submissions on the costs of providing services and how they have changed over time.



## 2.6 We considered the needs of specific passenger groups

While our supply/demand analysis gives us information about the average outcomes for passengers at the current average level of fares, we also considered the needs of specific passenger groups, including:

- people with disabilities, particularly people in the Taxi Transport Subsidy Scheme and people who use wheelchairs
- people in regional communities where there are fewer transport alternatives
- people with financial or other vulnerabilities
- passengers leaving Sydney Airport, including those who want maxi taxis.

## 2.7 We considered the structure of fares and how fares should be adjusted in future

As well as making an assessment about the current level of fares and whether and how they should change, we considered the structure of fares, including whether or not to retain two separate fare schedules for urban and country fares, and whether or not to change the current fare components or fare calculation methodology.

We also considered how fares should be adjusted in future.

## 2.8 We assessed the impacts of draft fare schedule options

Following our analysis of the level and structure of fares, we developed options for changes to fare components from 1 July 2025 to ensure that consumers are able to get the rank and hail taxi services they want at an appropriate price.

### We considered the impact on individual taxi trips

We tested the outcomes of those fare changes for different trip distances and different trip types and decided on our proposed options for draft recommended fare schedules. We considered if the changes in what customers would pay for different types of trips was appropriate and if fares maintained affordability. We also accounted for the overall balance of fares for different trip distances and how this may help to discourage drivers from refusing short fares.

### We considered the impact on the overall Sydney taxi market

We modelled the impact of urban fare schedule changes on the Sydney taxi market using our taxi industry model. We considered certain outputs projected by the model, including changes in passenger demand, industry participation levels, and changes in overall and individual drivers' revenue.

## 2.9 Our process for the review included consultation and data analysis

We engaged with many stakeholders during our review process. For this review we have:

- called for and received 84 written submissions, including an additional round of submissions on fares from Sydney Airport
- analysed data from various sources including:
  - our annual point to point transport survey
  - the Point to Point Transport Commissioner's Smart CCTV taxi ranks
  - Sydney Airport
  - Wheelchair Book & Ride service operated by Spinal Cord Injuries Australia (SCIA).
- met with stakeholders
- held a public hearing in October 2024.

## 3 Setting fares so passengers can get rank and hail services when they want at an appropriate price

Our approach to recommending fares began with an analysis of supply of and demand for taxis across NSW. We considered data from surveys, as well as evidence from our consultations to determine if current fare levels are effective in encouraging sufficient taxi services to meet passenger demand. We considered quantitative and qualitative information from our consultation, which included inputs from industry.

We also investigated taxi fares in other Australian and international jurisdictions, and considered competition and the costs of providing taxi services.

This chapter sets out our analysis and findings that led us to develop the recommended fare schedule options.

### 3.1 We assessed the balance of supply and demand at current fare levels

We used a supply-demand approach to assess if current fare levels for rank and hail services are appropriate. We used a similar approach in our 2015 and 2018 taxi fare reviews. Prior to 2014, we reviewed fares annually using a Taxi Cost Index methodology.

We have decided to move away from a cost-based approach due to taxi licensing reforms and other changes in the point to point transport sector which have reduced barriers to entry and introduced competition to the market. In a competitive environment, maximum rank and hail fares serve mainly as consumer protection to ensure passengers are not being excessively charged for services. Effective competition means that in the long run, prices should reflect the efficient costs of providing services. Our assessment considers whether current fare levels are effective in encouraging a sufficient supply of taxi services to meet passenger demand.

#### 3.1.1 In both urban and country fare areas, supply and demand for rank and hail taxi services is mostly in balance

Overall, from the results of our annual point to point transport survey<sup>1</sup> and available passenger queue data, we have concluded that standard taxi supply is generally able to meet passenger demand across NSW, with some exceptions which we cover in section 3.1.2. Passengers are usually able to access the point to point transport services (including rideshare) that they want across all hours of the day and throughout the week. Passengers are also very confident that taxi service coverage is sufficient to successfully meet their needs.

The results from our 2024 passenger survey show strong recovery in usage post-COVID and high rates of consumer satisfaction, showing that overall, fares were around the right level in 2024. To find out more, you can read our [Information Paper](#) and [Consultant's Report](#) on our website.

## Box 3.1 Overall demand for taxis has recovered to pre-COVID levels

### In Sydney

46% of Sydney respondents reported using a taxi in the past 6 months compared to the 44% overall taxi usage reported in 2023, nearing the 49% seen in 2019, pre-COVID. Rank and hail is slightly more common in the Eastern Harbour City (South) region (which includes the CBD), with 40% of respondents using a rank and hail service in the past 6 months there, compared to 36% overall in Sydney.

### Outside Sydney

Overall taxi usage has increased in popularity outside of Sydney, with 43% of respondents reporting that they used a taxi in the past 6 months in 2024, up from 34% in 2023. This now exceeds the pre-COVID level of 38%. In all areas surveyed outside of Sydney, booked taxi services were more popular than rank and hail services. This trend was most prominent in regional towns, with 41% of respondents using a booked service in the past 6 months compared to 29% using a rank and hail service.

Source: 2024 IPART Point to Point Transport Passenger Survey

## Passengers are generally satisfied with their wait times for rank and hail services

From the passengers we surveyed who caught a taxi from a rank, most were able to access one quickly, with 53% waiting less than 5 minutes. Passengers who hailed a taxi tended to wait longer in comparison, with 34% reporting that they waited for under 5 minutes. Wait times were slightly longer for passengers who used booked services compared to both rank and hail, with 18% waiting for less than 5 minutes and 41% waiting between 5 and 10 minutes.

We consider that for most passengers, rank and hail waiting times are satisfactory and supply can effectively meet demand.

## Supply is adjusting to the efficient level in the medium/long term

Since operating area restrictions and restrictions on the number of taxi licences were lifted in 2023, we have observed that more standard taxis overall have slowly begun to enter the market. We have also heard through our consultation that some regional taxi service providers have shifted some of their fleet from taxis to hire vehicles due to the higher costs of operating a taxi vehicle.<sup>2</sup> Hire vehicles can perform booked services but not rank and hail, which also better reflects typical passenger patterns in the country fare area. Through our research, we also found some examples of taxi service providers that offer either discounted pricing or higher quality of service.<sup>3</sup>

We consider that these dynamics represent a gradual transition to an efficient market which has taxi supply at the right level and at the right places where passengers demand rank and hail services. We see this as a step in the right direction in encouraging a competitive market which provides better outcomes for passengers and should drive fares to an efficient level in the long term.

### 3.1.2 We identified 3 instances of supply and demand mismatch

Although we found that taxi service levels were sufficient to meet passenger demand overall, there were 3 specific scenarios where we found clear issues through our research, analysis, and consultation:

#### **Undersupply of wheelchair accessible services for passengers who use wheelchairs**

We found that people that use wheelchairs (and more broadly, people with disabilities) tend to have greater difficulties in accessing wheelchair accessible taxis than the overall population. Often, wheelchair accessible taxis are the only accessible door to door transport service for people who use wheelchairs.

Through our consultation, research and engagement with peak disability advocacy bodies, we found that there were many issues for people who require wheelchair accessible service. These included:

- excessive wait times (upwards of 2 hours) for bookings to be fulfilled
- bookings not being fulfilled at all, leaving passengers stranded<sup>4</sup>
- unsafe passenger handling practices (e.g. passengers not being appropriately secured).<sup>5</sup>

This is supported by the results from our 2024 passenger survey where wheelchair users have much longer wait times and many more “no show” experiences than users of standard taxis.<sup>6</sup>

Passengers who require WATs typically book a service rather than attempting to find one through rank and hail. However, passengers who access WATs through the TTSS have their services priced as maximum metered rank and hail fares. Passengers can book services through:

- the Wheelchair Book & Ride service in Greater Sydney, operated by Spinal Cord Injuries Australia (SCIA) and funded by the NSW Government
- the privately operated 13Cabs service in Greater Sydney and certain regional areas
- their local taxi service provider, operator, or driver.

Through our consultation, we found that passengers have difficulties accessing WATs through these booking channels.<sup>7</sup> SCIA data shows that many WAT drivers do not log into the Wheelchair Book & Ride service at all, possibly in order to preference trips in their vehicles where they can charge the higher maxi taxi rates. Of the 385 WATs currently registered in metropolitan Sydney, SCIA reports that an average of 120 are logged into the Book & Ride portal for some portion of the day.<sup>8</sup> This suggests that driver supply of existing WATs performing wheelchair accessible work is currently lacking, and that lack of appropriate driver supply of these services plays a key role in the undersupply for passengers.



⚠ Drivers of existing WATs should actively prioritise bookings from passengers who use wheelchairs and should be following all safety procedures to ensure that their passengers receive a safe, dignified, and reliable transport service.

IPART supports the additional 'lift fee' incentives and other reforms to encourage WAT drivers to prioritise passengers who require wheelchair accessible services.

### Supply of wheelchair accessible taxis may also be contributing to this shortage

Some evidence suggests that the shortage of services may be due to a reduction in the number of WAT licences on the road. The overall supply of registered WAT licences in NSW has decreased from 731 in September 2022 to 649 in September 2024. However, supply dynamics vary across the state, with some regions appearing to have a greater reduction in vehicle supply than others.

Table 3.1 Registered wheelchair accessible taxis across NSW

Region	Number of WATs at September 2022	Number of WATs at September 2024	Percentage change
Central Coast	22	16	-27%
Central West and Orana	18	15	-17%
Far West	3	1	-67%
Illawarra Shoalhaven	29	20	-31%
Metro	442	405	-8%
New England North West	20	17	-15%
Newcastle and Hunter	61	51	-16%
North Coast	79	74	-6%
Riverina Murray	42	36	-14%
South East and Tablelands	15	14	-7%
<b>Total</b>	<b>731</b>	<b>649</b>	<b>-11%</b>

Source: IPART analysis – data provided by Transport for NSW

Table 3.1 shows that all NSW regions have seen a decrease in registered WATs. Reasons provided for this decline have included:

- decreasing commercial viability of operating or driving a WAT
- rising costs associated with purchasing, maintaining and operating WATs
- ageing vehicles
- difficulty purchasing or modifying a vehicle to comply with safety standards
- an increasing trend for vehicles to be driven on a single shift basis
- shortage of drivers.

Prior to licence supply deregulation, WAT licences were available much more cheaply and easily (for free from 2015, and previously on application for \$1,000 in Sydney and free in country areas) than standard licences (annual lease costs of up to \$30,000 in Sydney). We heard from stakeholders that there was previously perceived value in obtaining a WAT licence compared to a standard taxi licence due to the difference in costs.<sup>9</sup> Adjustments in the supply of WATs may be reflecting this change in relative costs of licences.

However, a decrease in the overall supply of WAT vehicles may not be entirely responsible for the undersupply of **services** for wheelchair passengers. Although WAT drivers are legally required to preference wheelchair users,<sup>9</sup> we have heard through our consultation that some do not, with reports of wheelchair passengers experiencing fare refusal or 'no shows' for their bookings,<sup>10</sup> and data from the operators of the Book and Ride centralised WAT booking service showing that many WAT drivers do not connect to the booking service in any given month.<sup>11</sup> We consider that encouraging existing WAT services to prioritise wheelchair users will help to improve service levels for passengers.

We endorse the reforms and commitments made by TfNSW to ensure wheelchair accessible point to point transport services for the passengers that need them and discuss this below in Chapter 5.

### Undersupply of services for passengers travelling short distances

Six submissions out of the 24 we received from our initial call for submissions noted an issue with short fares. Three were from taxi service providers or drivers who told us that short fares were too low, 2 of which specifically mentioned Sydney Airport, and the other 3 were from peak disability bodies who noted that their members are often refused service for the short trips that their members typically make.<sup>12</sup> The short fare issue was highlighted by drivers again in our second call for submissions regarding fares from Sydney Airport.

Most feedback was about short fares being too low given waiting times, which are exacerbated at Sydney Airport where drivers often queue for hours. Although short fares are not financially unviable for taxi drivers (making many short trips is generally more lucrative than a long fare without a return journey), many drivers are not willing to take short fares due to a widespread perception that short fares are undesirable.

Many passengers have also complained about drivers refusing to take them short distances, requesting excessive fixed fares, and overcharging them for rank and hail services.<sup>13</sup>

Our draft fare recommendation increases flag fall to increase the fare levels for short trips, as well as a split distance rate in urban fares to marginally decrease fare levels for long trips. We discuss this further in section 3.5.2.

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<sup>9</sup> *Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017* (NSW), Clause 65(1)

## Excess supply of taxis queuing at Sydney Airport

Sydney Airport is the most popular place for taxi drivers to pick up and drop off passengers. While taxis can easily access the departures floor to drop off departing passengers, they must wait in a holding bay and queue to access the arrivals hall rank. Queue data from Sydney Airport shows that taxis can queue for an extended period of time (sometimes upwards of 3 hours), with up to 5000 taxis accessing the waiting areas each day.



### Reasons taxi drivers may queue for a fare at Sydney Airport:

- as a way to guarantee receiving a fare (especially for new drivers)
- for the chance of getting a local passenger with a long fare home
- as an opportunity to overcharge unsuspecting tourists

We conducted consultation specifically on fares from Sydney Airport. Both taxi drivers and passengers noted issues with fares taken from the airport. Most issues fell into 2 categories:

- drivers overcharging passengers (particularly tourists) by not running the meter and demanding excessive fares at journey's end, or by adding unwarranted additional charges either to the meter or on top of the existing fare at the end of the journey
- drivers refusing short fares, abusing short fare passengers, or demanding illegal fixed payment for short fares.

We discuss these issues further in section 6.4. To address oversupply issues, our draft fare recommendations rebalance fares in favour of short fares, and our recommendation for a fixed fare trial from Sydney Airport to the Sydney CBD provides passengers with certainty on what they are paying for and provides drivers with less ability to overcharge unsuspecting passengers.

### 3.1.3 We did not find evidence to warrant special event surcharges

Some stakeholders told us that major or special events often come with increased passenger demand for point to point transport services. The submission by the NSW Taxi Council and others indicated that taxi service providers were interested in variable pricing for certain special events or venues to encourage taxi supply.<sup>14</sup>

We considered passenger activity for major events and noted that most high occupancy events (such as sports matches and concerts) have additional public transport services which most patrons use to exit event venues, compared to private vehicles, taxis, and other hire vehicles. We also found that surge pricing for rideshare is sporadically applied to various trips and quickly subsides to standard pricing once rideshare supply is sufficient to meet passenger demand.

Overall, we did not find evidence to suggest unmet passenger demand during events. On balance, we found the drawbacks of a separate event surcharge to outweigh any perceived benefits. The key drawbacks include:

- difficulties in communicating variable pricing and conditions to potential passengers
- difficulties in implementing surcharge boundaries for certain events and certain locations

- highly patronised events such as New Year's Eve and Mardi Gras are not confined to a central location unlike sports matches and concerts
- creating additional opportunities (i.e. possible surcharges) to incentivise poor driver behaviour
- potentially encouraging an excess supply of taxis where they aren't demanded at special event venues, and additional traffic concerns.

## 3.2 We looked at fares in other jurisdictions and for other point to point transport services

We compared rank and hail fares in NSW to fares in other jurisdictions in Australia and overseas, and to competitors such as rideshare services. We found that taxi fares in NSW are comparable to other jurisdictions, and higher than rideshare fares.

### 3.2.1 Taxi fares in Australia

Taxi fares in NSW are comparable to other Australian jurisdictions in terms of level and structure. The fare structure in all jurisdictions provides some form of premium for night and/or weekend trips, either by increasing the flag fall, the distance rate (or both), or by adding a surcharge (Table 3.2 and Table 3.3).

The flag fall in NSW is among the lowest in Australia, while its distance rate is relatively high (Table 3.4). For most trips, NSW taxi fares are either on or slightly above the average across equivalent trips.

Table 3.2 Taxi fare components in other urban jurisdictions

State	NSW	VIC	QLD	SA	WA	NT	ACT	TAS
Weekend/night additional flag fall	-	✓ <sup>a</sup>	✓	✓	✓	✓	-	-
Friday/Saturday night surcharge	✓	✓	-	-	✓	-	-	✓
Higher night distance rate	✓	✓ <sup>b</sup>	-	✓	-	✓	✓	✓
Higher weekend distance rate	-	-	-	✓	-	✓	✓	✓
Higher night waiting time	-	✓ <sup>b</sup>	-	-	-	-	-	-
Times Tariff 2 applies:	10pm–6am	5pm–9am	7pm – 7am	7pm–6am	6pm–6am	6pm–6am	9pm–6am	8pm–6am
Times peak night (Fri/Sat) applies:	10pm–6am	10pm–4am	-	-	12am–3am	-	-	-

a. Only applied at nights

b. Additional rates applied on top during peak nights (Friday, Saturday, nights before public holidays)

Table 3.3 Taxi fare components in other regional/country jurisdictions

State	NSW	VIC	QLD	SA	WA	NT
Weekend/night additional flag fall	-	✓ (nights only)	✓	✓	✓	✓
Friday/Saturday night surcharge	-	-	-	-	-	-
Higher weekend and night distance rate	✓ (Sundays, public holidays, nights after 10pm)	-	-	✓ (Weekends, public holidays, nights after 7pm)	-	-
Increased distance rate after certain distance	✓ (after 12km)	-	-	-	-	-
Country running rate	-	-	-	✓	-	-

Table 3.4 Urban taxi fares across Australian jurisdictions

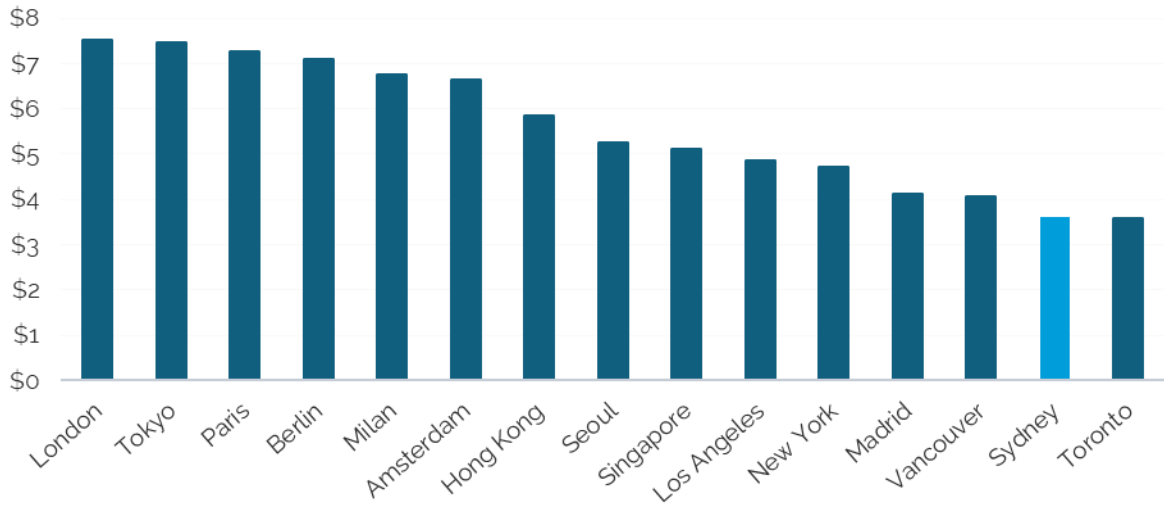
Jurisdiction	Flag fall	Distance rate	Waiting rate
Australian Capital Territory	\$5.85	\$2.45	101.2 c/minute
New South Wales (current)	\$3.60	\$2.29	94.4 c/minute
<b>New South Wales (recommended)</b>	<b>\$5.11</b>	<b>\$2.34/\$2.11</b>	<b>101.4c/minute</b>
Northern Territory	\$5.70	\$1.86	111.1 c/minute
Queensland	\$3.60	\$2.62	98.0 c/minute
South Australia	\$3.90	\$2.19	76.7 c/minute
Tasmania	\$4.60	\$2.29	69.2 c/minute
Victoria	\$5.10	\$1.982	69.4 c/minute
Western Australia	\$5.40	\$2.13	101.7 c/minute

Sources: IPART analysis: [Transport for NSW](#), [Essential Services Commission](#) (Victoria), [Department of Transport and Main Roads](#) (Queensland), [SA.gov.au](#) (South Australia), [Department of Transport](#) (Western Australia), [NT.gov.au](#) (Northern Territory), [ACT Legislation](#), [Tasmania Legislation](#).

### 3.2.2 Taxi fares around the world

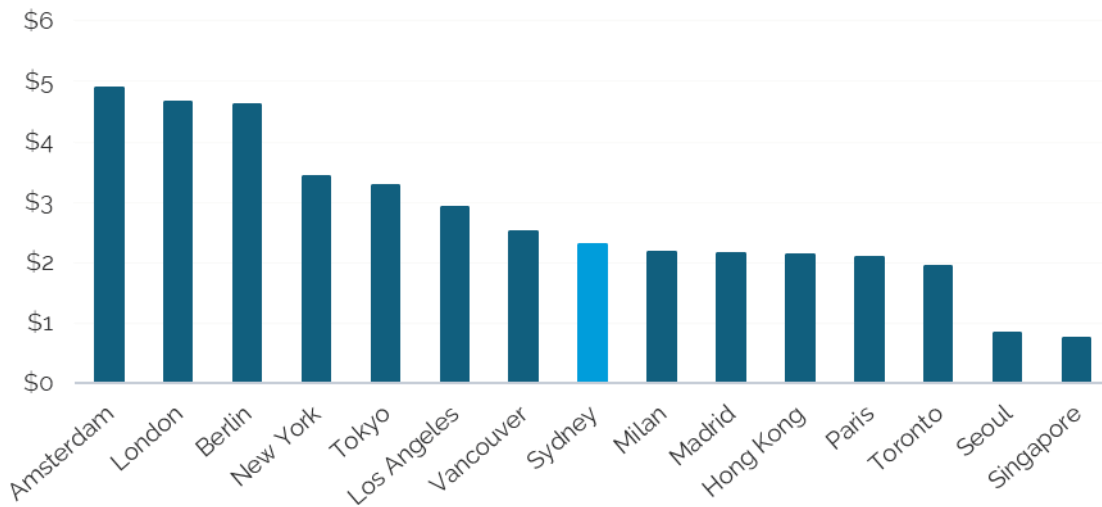
We compared taxi fares in NSW with taxi fares across a sample of major cities around the world with comparable cost of living. The urban flag fall in NSW is among the lowest in the world, while the distance rate is about average.

Figure 3.1 Urban flag fall for major cities around the world, (AUD 2024)



Source: IPART analysis

Figure 3.2 Urban distance rate (\$/km) for major cities around the world, (AUD 2024)



Source: IPART analysis

### 3.2.3 Competitor fares

As part of the broader suite of analysis, we investigated rideshare fares for various trips in the Sydney metro area. Fares were overall lower than taxis except during surge events. For standard fares during the day, rideshare trips were 20-40% cheaper than the equivalent taxi trip, depending on the route.

We note that rideshare business models are different to taxi business models, especially in terms of their willingness to activate surge pricing and other innovative techniques that result in overall lower fares. We exercised caution when comparing rideshare fares and costs against rank and hail taxi services. We note that some submissions requested we take a more forensic investigation into the rideshare industry,<sup>15</sup> however this is beyond the scope of our terms of reference.

We also analysed a basket of typical fares in the Sydney metro area quoted from various taxi service providers' online booking services. As expected from what we heard in our consultation, we found that booked fares were very similar to our estimates using the rank and hail fare schedule.

### 3.3 We assessed the costs to operate a taxi service in 2024-2025

For this review, similarly to our last review in 2018, we are not adopting a marginal cost approach. That is, we are not calculating a cost index to reflect the marginal cost of providing taxi services, and we are not setting fares based on such an index. Instead, we are assessing the state of the point to point market supply and demand and determining whether fares are appropriate.

However, we investigated the cost of operating a taxi service to gain a better understanding of the market. In conjunction with the 2024 passenger survey, we surveyed taxi drivers and operators on the costs of providing rank and hail services. We received 187 full and 543 partial survey completions. We did not assess the costs associated with providing a rideshare service as it was beyond the scope of our terms of reference.

We collected and analysed cost and revenue data from drivers and operators, including revenue (total fares) and takings (what the driver keeps after expenses), and daily, weekly and shift costs such as fuel, operator costs, tolls, fees & levies.

We found that in real terms (i.e. accounting for inflation), driver revenue is lower in 2024 than in 2014, while driver takings are higher. We note that prior to licence deregulation, licence costs accounted for a significant proportion (around 20%) of the total costs of operating a taxi service. That cost is now negligible (\$200 per year).

The highest category of variable costs is fuel, especially for country drivers who do not typically pay many tolls. The variety of arrangements between drivers and operators also has an important impact on the costs of providing a taxi service. For example, drivers who are not operators pay fees to their operators; driver-operators and operators incur several annual costs such as insurance and registration.

### 3.4 We assessed consumer choice, competition and alternatives in the taxi industry

The point to point transport industry has evolved rapidly. The introduction of rideshare services has led to increased competition in the market, especially for booked taxis, as passengers are now able to choose different options other than rank and hail trips.



The proportion of supply and demand from each point to point transport mode varies across areas, and different populations have different attitudes towards rideshare, booked taxis and rank and hail taxi trips. According to our 2024 point to point transport passenger survey, younger people have an overall preference for and satisfaction with rideshare services whereas older people prefer and are more satisfied with taxi services. Respondents from households with lower annual incomes expressed a preference for taxis over rideshare (despite the former being generally more expensive), whereas respondents from high income households expressed a very strong preference for rideshare. This suggests that price-point is not the primary element influencing a consumer's point to point transport preference and that other factors such as availability are at play.

Other alternatives to rank and hail trips are booked trips in taxis, whose fares are unregulated. These alternatives are especially popular in regional areas where most taxi trips tend to be booked.

### 3.5 We developed options for fare schedules to address supply/demand issues

Our analysis considers taxi supply and passenger demand in 2024/25, and our re-weighting of flag fall and distance fare components is based on this analysis. Our draft recommendations take these re-weighted components and increase them by forecast inflation to allow for the fact that they will not apply until 1 July 2025.

#### 3.5.1 We maintain that urban and country fares should remain on separate schedules

The current Fares Order sets maximum fares separately for urban areas and country areas. There are also some towns near the NSW/Victoria border which are exempt from rank and hail fare regulation.<sup>b</sup> Most tariff components are higher in the country fare area, apart from the Friday/Saturday night peak charge which is only applied for urban fares.

Urban and country taxis have historically been subject to different fare schedules due in part to the operating area restrictions applied under the taxi industry's previous licensing structure. We considered whether free entry between the urban and country taxi markets may warrant all fares to remain under the same structure.

Different fare schedules can help to reflect the different costs of operating a taxi service in the urban vs country fare area. Although cost structures differ between the areas (for example, fuel is typically more expensive in the country, but country taxis face less safety equipment requirements), costs are also likely to differ within zones, so our fare setting approach does not specifically account the differences in cost structures.

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<sup>b</sup> The maximum non-cash surcharge (5%) still applies for taxi services in the Exempt Fare Area.

However, we note that the nature of trips in the country are different to those in the urban fare zone, and the respective fare structures reflect this. For example, a higher distance rate is levied for country fares after 12 km to account for 'out of town' trips where a driver is unlikely to find a return fare. We also note that most trips 'within town' in the country tend to be shorter than trips in the urban fare area.

We consider that it is still appropriate for urban and country fares to remain on separate schedules, and our adjustments to the current schedules reflect the different issues identified in respective zones.

### 3.5.2 We recommend an increase in flag fall and a split distance rate for urban fares

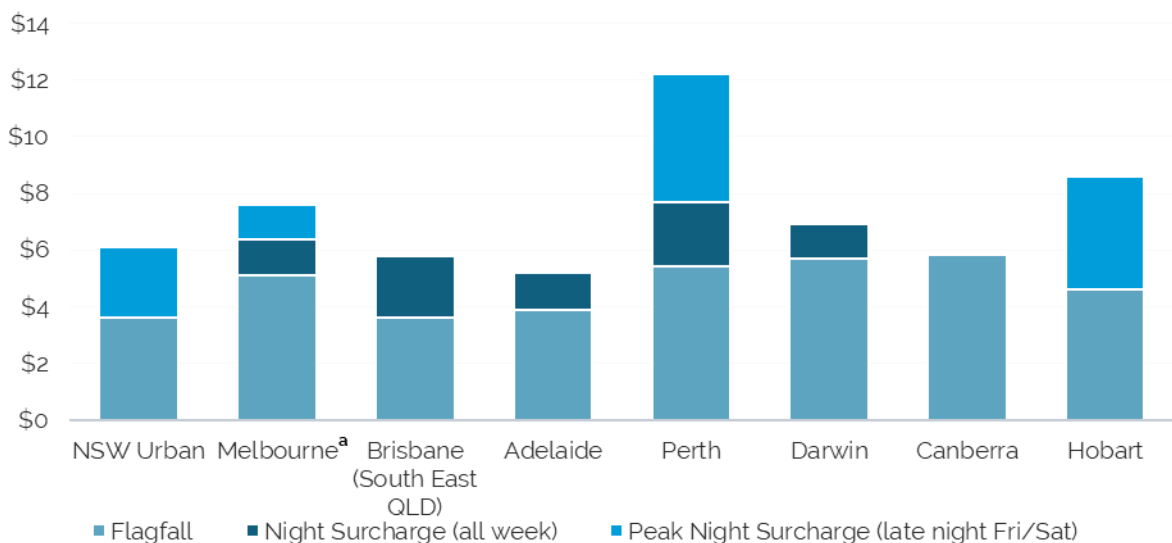
Our draft recommended schedule reweights the current fare components to shift incentives for drivers towards shorter fares as opposed to longer fares. To do this we increased the flag fall and reduced the distance rate, and then applied a 2.2% increase to account for inflation between financial year 2024-25 (when we undertook our analysis) and financial year 2025-26 (when the new fare schedules will apply).

#### We recommend increasing flag fall to \$5.11

Our draft urban fare recommendation increases flag fall from \$3.60 to \$5.11. An increase in the fixed fare component nominally increases the level of short fares and represents a proportionally greater increase especially to short fares. This aims to address short fare refusal, which is most prominent at Sydney Airport but also for certain populations (such as TTSS participants, other people with disabilities, and the elderly) who often take shorter local trips in their communities.

Our recommended maximum flag fall level also brings flag fall in line with other jurisdictions.

Figure 3.3 Urban flag falls across Australian jurisdictions



a. Night surcharge is applied all day on weekends for all states except Victoria

Source: IPART analysis: [Transport for NSW](#), [Essential Services Commission \(Victoria\)](#), [Department of Transport and Main Roads \(Queensland\)](#), [SA.gov.au \(South Australia\)](#), [Department of Transport \(Western Australia\)](#), [NT.gov.au \(Northern Territory\)](#), [ACT Legislation](#), [Tasmania Legislation](#)

Although our draft recommendations result in proportionally higher short fares especially for these vulnerable populations, we consider that our recommended fares are affordable given the lack of change to taxi fares since 2014. We discuss affordability for consumers and demonstrate what new fares may look like in Chapter 4.

### **We propose a split distance rate, with a discounted per km rate after 12 km**

Our draft recommendation proposes a split distance rate, set at:

- \$2.34/km for the first 12 km, and
- \$2.11/km thereafter.

We developed the split distance rate recommendation by applying a 10% discount to the current \$2.29/km distance rate, then increased both values by 2.2% to reflect inflation in the 2024/25 financial year.

Our adjustment to flag fall combined with the split distance rate represents a balance which we consider to be roughly neutral for drivers taking a variety of trips, with short trips becoming a bit more expensive while some longer trips become cheaper. This rebalancing makes shorter trips (under 12km) around \$2 more expensive, whereas trips beyond 25 km become cheaper by 23c per additional kilometre. We outline the effects of our recommended urban fare schedule on a variety of trips in Table 4.1.

We intend for our recommendation for a split distance rate in tandem with the increased flag fall encourages drivers to preference shorter fares as opposed to waiting for a longer fare. We consider that overall, farebox revenue will be similar averaged across a variety of trip types. We also consider that our proposed rebalancing of the fare component levels does not heavily penalise passengers taking short fares, and still fairly compensates drivers for making longer trips.

We want to understand whether our proposal of a split distance rate is appropriate and if it is feasible for industry to implement. See section 3.8 for consultation questions on which we are seeking comment.

### **3.5.3 We also considered different options for flag fall and distance rate in the urban fare schedule**

There are multiple ways of reweighting fare components so that shorter trips become more expensive and longer trips cheaper, without necessarily changing the average fare price or the revenue that drivers receive during a shift. Our draft recommendation is for a flag fall increase to \$5.11, a 2% increase in the distance rate for the first 12 km and an 8% decrease to distance rate after the first 12 km, but we also considered:

- the same flag fall increase to \$5.11, but maintaining the current structure of a single distance rate that would decrease overall by 3.5%

- a larger flag fall increase to \$9, and a larger reduction in distance rate by 24%. This is similar to the level of standard rideshare fares.

We consider that our draft recommended urban fare schedule better rebalances current fare levels to encourage drivers to take shorter fares compared to longer fares. We note that:

- A split distance rate (\$2.34/\$2.11) increases fares more for shorter trips, compared to our alternative of a single distance rate (\$2.21)
- A much lower distance rate (\$1.75) quickly counteracts the higher flag fall (\$9) and maximum fare levels for longer trips might be *too* low and may cause fare refusal for long trips.
  - Although this alternative makes rank and hail fares more competitive with rideshare fares for longer trips, we consider that taxi service providers can discount distance rates (or use a split distance rate) to adjust fares below the maximum allowable levels.

We are interested in your feedback on these alternative options too. We briefly discuss the effects of these fare options on typical trips (compared to our draft recommendation) in section 4.

### 3.5.4 We recommend a small increase in flag fall for country fares

Our recommendation also incorporates an increase in the country flag fall to \$5.11, which matches our recommended level for flag fall in the urban fare area and aligns it to flag fall levels in other states. We also applied a 2.2% increase to other fare schedule components to account for inflation between financial year 2024-25 (when we undertook our analysis) and financial year 2025-26 (when the new fare schedules will apply).

See section Table 3.3 for our interjurisdictional comparison of country fares.

### 3.5.5 We adjusted the waiting time rate to reflect the threshold speed at which the waiting time rate applies

The waiting time rate is applied as a per minute 'time' charge only when the taxi is travelling below 26 km/h. The rationale behind the waiting time rate is to compensate drivers for time spent in heavy traffic or at traffic lights.

We consider that the waiting time rate should be equivalent to the standard distance rate at the threshold speed (26 km/h). This relationship was disrupted when the waiting time rate was not changed alongside the 10c distance rate adjustment applied on 1 July 2023.

Our draft waiting time rate preserves this relationship with our draft standard distance rates for urban and country trips. Our recommendation to increase fare component levels annually by CPI ensures this ratio is maintained until fares are next reviewed.

### 3.5.6 We are not recommending any changes to the peak time hiring charge

The peak time hiring charge is currently a \$2.50 maximum fare component applied for urban fares between 10pm and 6am on Friday and Saturday evenings, and evenings before public holidays. IPART recommended the charge in our 2013 review of taxi fares and TfNSW added it to the Fares Order in 2013. The rationale behind the charge is to make more taxis available at times of high demand, and also to increase services for passengers taking short trips during these times.

We do not recommend changes to the current arrangements. Our analysis of data from our annual Passenger Survey and data from the Point to Point Transport Commission shows that on average, service levels during the peak night period are around the same as overall service levels<sup>16</sup>. We did not identify excessive wait times for passengers during these periods. We also did not hear any issues with the level of taxi or point to point transport services on Friday and Saturday nights during our consultation.

We did receive one submission which suggested to remove the peak time charge due to passenger perceptions of high flag fall.<sup>17</sup> We note that the \$2.50 is a *maximum* charge and taxi service providers or drivers can charge less than this amount if they choose to.

Our CPI adjustment to the charge takes our current recommendation to a maximum level of \$2.56, to apply from 1 July 2025.

### **We are not recommending an extension of the peak time charge to country fares**

We do not recommend extending the peak time charge to the country fare area or allowing for an optional night surcharge for nominated regional locations, as suggested by the NSW Taxicab Council. Although we did hear through our consultation that some country taxi services have some difficulty in attracting drivers for night shifts, these issues were generally centred around quieter evenings like Monday nights.<sup>18</sup> We also heard that businesses were exercising structural reforms to address this driver supply issue, by lowering bailment fees for certain shifts, or rostering drivers to ensure an even split of busy and quiet nights.<sup>19</sup>

We also heard through consultation that trips during these peak periods are typically booked journeys for many taxi service providers.<sup>20</sup> Ease of booking (for example, through mobile phone) allows for fares to adjust during these peak periods and provides a better passenger service compared to waiting outside at a rank or attempting to hail a taxi in the street.

We also considered fares policy in other jurisdictions' country zones. Although most other states and territories have an additional flag fall component at night, most do not increase their distance rates at night unlike NSW (see Table 3.3). We consider our recommendation for a small increase to overall flag fall, as well as the increased night rates as appropriate for country fares.

### 3.5.7 Our draft recommended fare schedules inflate our fare adjustments to apply from 1 July 2025

We applied the adjustments discussed above to the current fare schedule to develop our draft recommended fares. As our analysis is being conducted in the 2024/2025 financial year, but fares apply from 1 July 2025 (i.e. in the 2025/26 financial year), we have increased our adjusted fares by 2.2% (ABS 2024/25 CPI estimate) to better represent passengers' propensity to pay for services in 2025/26.

Table 3.5 How we adjusted our draft fare schedules to apply from 1 July 2025

	Current level	Our adjustment to current fare levels (nominal \$2024/25)	Our draft recommendation (from 1 July 2025)
<b>Urban Fare Schedule</b>			
Hire charge (flag fall)	\$3.60	\$5.00	<b>\$5.11</b>
Peak time charge <sup>a</sup>	\$2.50	\$2.50	<b>\$2.56</b>
Distance rate (\$/km)	\$2.29	\$2.29 (first 12km) \$2.06 thereafter	<b>\$2.34 (first 12km) \$2.11 thereafter</b>
Night rate (\$/km) <sup>b</sup>	\$2.73	\$2.73 (first 12km) \$2.46 thereafter	<b>\$2.79 (first 12km) \$2.51 thereafter</b>
Waiting time	\$56.68/hr (94.4c/min)	\$59.54/hr (99.2c/min)	<b>\$60.85/hr (101.4c/min)</b>
<b>Country Fare Schedule</b>			
Hire charge (flag fall)	\$4.10	\$5.00	<b>\$5.11</b>
Distance rate (\$/km)	\$2.36 (first 12 km) \$3.23 thereafter	\$2.36 (first 12 km) \$3.23 thereafter	<b>\$2.41 (first 12 km) \$3.30 thereafter</b>
Night rate (\$/km) <sup>c</sup>	\$2.81 (first 12 km) \$3.85 thereafter	\$2.81 (first 12 km) \$3.85 thereafter	<b>\$2.87 (first 12 km) \$3.93 thereafter</b>
Waiting time	\$57.65/hr (96c/min)	\$61.32/hr (102.2c/min)	<b>\$62.67/hr (104.5c/min)</b>

a. Applied in addition to the flag fall, 10pm – 6am on Fridays, Saturdays, and evenings prior to Public Holidays

b. Applies between 10pm – 6am all nights of the week

c. Applies between 10pm – 6am all nights of the week, and all days on Sundays and Public Holidays

### Draft recommendation



1. That Transport for NSW apply our recommended maximum fare components set out in Table 1.1 in a Fares Order to apply from 1 July 2025.

### 3.6 We considered methods to index fares in the future

We considered how to index the fares set out in our recommendation, and we recommend TfNSW index fares by the all-group all-capitals quarter-on-quarter CPI starting from July 2026.

While in previous reviews before 2012 we calculated a Taxi Cost Index (TCI) that reflected the specific costs of service provision and used it to adjust fares every year, we have since shifted away from a cost-based approach. We analysed other indexes to inflate fares in between reviews and selected the CPI as it accurately reflects changes in economic conditions for drivers as well as passengers' ability to pay for taxi services, while being transparent and easily understood by the public.

We propose to adjust fares by CPI starting from 1 July 2026 each year for 3 years. Our fare recommendations in this report already include an adjustment to inflate fares to the June quarter CPI for 2025. We also recommend adjusting the Wheelchair Accessible Taxi Driver Incentive Subsidy ('lift fee') in a similar manner to maintain its relativity with fare levels.

### Draft recommendation

- 2. That Transport for NSW increases maximum fare levels and the Wheelchair Accessible Taxi Driver Incentive Subsidy ('lift fee') annually by CPI (All Capitals) from 1 July 2026 for 3 years.

## 3.7 We consider the current fare structure is still appropriate

Rank and hail taxi fares in NSW use a flag fall plus 'time or distance' structure. This type of fare structure applies an initial hiring charge upon entry to the taxi, a per km rate for additional distance travelled above a certain speed, and a per minute rate for time incurred when travelling below a certain speed. This is an appropriate way to vary fares depending on distance and traffic conditions and is consistent with taxi fare structures in other states and countries.

However, the current fare structure for rank and hail services mean that passengers will not know the fare that they will pay until their trip concludes. It is also difficult for consumers to easily estimate the fare they will pay as they need to consider how much they travelled above and below the 26 km/h speed threshold.

Other fare methodologies such as 'time and distance', where per km and per minute rates are levied on the *entire* distance and *entire* duration of a trip, are used for rideshare and in some other overseas cities. This fare structure is also more intuitive for passengers to understand and may be more cost-reflective (i.e. separating the driver labour time component and marginal vehicle cost component).

We asked stakeholders about the current fare structures and possible alternatives in our initial call for submissions. No submissions were in favour of adopting a new fare structure or methodology. During our consultation, industry also noted that it would be difficult to transition to a new fare structure, especially in the short term.






## 3.8 We want to hear from you on fare component levels and structure

We invite your feedback on our draft recommended fare settings and will consider your submissions when we make our final recommendations. We want to understand:

- if our draft fare component and level recommendations are feasible and appropriate for passengers and the taxi industry,
- if there are more suitable fare levels and fare structure,
- whether other approaches to maximum fare regulation are warranted or preferred. For example:
  - a different form of regulated maximums (allowing for flexibility in rank and hail fare structures) as an overall price cap for consumer protections, or
  - fare notification or fare monitoring requirements, or
  - complete deregulation of rank and hail fares.

### Seek Comment

-  1. Our draft recommendation for the urban fare schedule is for an increase in flag fall to \$5.11 and a new two-tiered structure for the standard distance rate whereby it declines from \$2.34/km to \$2.11/km after the first 12 km. This is intended to reduce the incentive for drivers to queue at Sydney Airport in the hope of a long trip. It is also intended to increase the incentive for drivers to accept short fares.
  - a. Is this proposal feasible for industry to implement from a technical perspective?
  - b. How do you think this would affect passengers' demand for taxis for long trips or drivers' willingness to accept long trips?
  - c. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?
-  2. We also considered an option for the urban fare schedule to increase flag fall to \$5.11 and have a single lower standard distance rate of around \$2.21/km, rather than the two-tiered declining rate.
  - a. How do you think this would affect passenger's demand for taxis for long trips or drivers' willingness to accept long trips?
  - b. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?
-  3. We also considered an option for the urban fare schedule to increase flag fall to \$9.00 and reduce the standard distance rate to \$1.75/km.
  - a. How do you think this would affect passengers' demand for taxis for long trips or drivers' willingness to accept long trips?
  - b. How do you think this would affect passengers' demand for short trips or drivers' willingness to accept short trips?



4. Rank and hail trips are a relatively small part of taxi business in the country fare area. Is rank and hail maximum fare regulation still required in the country fare area? Would other forms of fare regulation be more appropriate for the country fare area?

## 4 We considered the impacts of our draft recommendations

We considered the impacts of our recommended fare changes on a selection of different taxi trips, and, for urban fares, their aggregate impact on the Sydney taxi market. We also looked at how different communities might be affected by changes to taxi fares.

This chapter sets out our analysis of the impacts of the urban and country fare schedules.

### 4.1 We considered the aggregate effects of our draft urban fare recommendations on the Sydney taxi market

We wanted to understand the likely aggregate impact of our draft urban fare schedule recommendations on outcomes like number of passenger trips taken, waiting time for passengers, taxi utilisation (the proportion of shift time that a taxi has a paying passenger), revenue per taxi and total revenue for all taxis.

We previously developed a Sydney Taxi Market model for our taxi fare and licence reviews in 2013 and 2015 to assess the impacts of fare changes on taxi licence values and overall demand for taxis in Sydney, given restrictions on licence supply that existed then. The model has now been updated to reflect licence supply deregulation and current estimated customer demand profiles in Sydney. The model is based on the average trip distance and operates under the assumption that all industry participants use the maximum fare levels for both rank and hail and booked fares.

We found that any of the 3 options considered could improve the balance of supply of taxis and demand for taxis, with an increase in overall passenger demand for taxis, and an improvement to taxi utilisation (the proportion of shift time that a driver has a passenger), and only a marginal increase to average time a passenger has to wait for a taxi. We also found that all 3 options considered could improve industry outcomes including overall industry revenue and per-taxi revenue.

Our modelling also indicates that setting fare components lower than our draft recommendations could result in more favourable outcomes for both passengers and the taxi industry, with lower fares resulting in more customers and higher overall taxi revenue.

However, rather than recommending lower maximum fare components, we consider that the levels we have recommended would act as a price ceiling to protect consumers while encouraging competition and innovation by allowing taxi service providers the flexibility to adjust fare components below the maximum levels.

We also note that our modelling is based on Sydney, which is a more competitive market where substitutes are readily available, so the results of our modelling do not apply NSW-wide.

## 4.2 We considered the impact of our draft recommended urban fare schedule on typical taxi trips of different lengths

Our draft urban fare schedule adjusts fares for different types of trips so that drivers are encouraged to provide services particularly for shorter trips. We aimed to minimise the impact on overall fare levels so as to not impact overall driver take-ins and to minimise the financial impact on passengers taking short trips. Most short trips will have maximum fares that are around \$2 higher than current levels, whereas longer trips will become a bit cheaper the further the distance travelled. Table 4.1 shows how maximum fares will change across a variety of urban trips.

Table 4.1 How our draft recommendation affects urban fares

Trip	City trip (2km, 10min waiting)	Shopping trip (4km)	Night trip home (15km)	Average trip (8km)	Medium trip (25km)	Long trip (54km)
<b>2024 levels</b>	\$18.94	\$15.02	\$50.26	\$26.07	\$65.95	\$133.30
<b>2025 levels recommended</b>	\$21.25	\$16.80	\$52.03	\$28.19	\$66.00	\$128.20
<b>\$ change</b>	\$2.31	\$1.78	\$1.77	\$2.12	\$0.05	-\$5.10
<b>% change</b>	12%	12%	4%	8%	0%	-4%

Source: IPART analysis

## 4.3 We considered the impacts of other urban fare schedule options

Our draft recommended urban fare schedule proposes an increase to flag fall (from \$3.60 to \$5.11), and a split distance rate (\$2.34/km for the first 12km, and \$2.11/km afterwards). We also considered alternative urban fare schedule options which are structured differently but result in similar fares on average. Although these fare options result in similar fares for the average trip (around 8km), they affect fares for individual trips differently (outlined below):

- \$5.11 flag fall but maintaining a single distance rate of \$2.21/km
  - Compared to our draft recommendation, trips under 30km result in slightly lower fares, and trips longer than 30km result in slightly higher fares.
  - Compared to current fare levels, trips under 20km have slightly higher fares (up to \$1.50) and trips longer than 20km are cheaper by 8c per additional km.
- A larger flag fall increase to \$9 but offset by a lower distance rate of \$1.75/km
  - Compared to our draft recommendation fares for trips under 4km are around \$1 more expensive, and fares for trips over 4 km are cheaper by 36c per additional km.
  - Compared to current fare levels, fares for trips under 6km are \$1-3 more expensive, and fares for trips longer than 8km are cheaper by 54c per additional km.
    - e.g. a 60km fare becomes around \$30 cheaper compared to current levels, and \$24 cheaper than our draft recommendation.

We are interested in your feedback on these options as well as our draft recommendation. You can find our consultation questions on the alternative fare options in section 3.8.

## 4.4 How our draft fares affect typical country taxi trips

Our draft country fare schedule adjusts the flag fall and also applies a CPI increase to all fare components, so maximum fares for short trips ('within town') are around \$1.40 higher, and longer trips are approximately 2-3% higher overall. Table 4.2 outlines the change in maximum fares for a variety of typical trips.

Table 4.2 How our draft recommendation affects country fares

Trip	Short trip (3km)	Day trip in town (6km)	Night trip in town (6km)	12 km trip	30 km trip	70km trip
<b>2024 levels</b>	\$14.42	\$20.54	\$23.24	\$35.66	\$93.80	\$223.96
<b>2025 levels recommended</b>	\$15.75	\$21.94	\$24.70	\$37.44	\$96.84	\$229.89
<b>\$ change</b>	\$1.33	\$1.40	\$1.46	\$1.78	\$3.04	\$5.92
<b>% change</b>	9%	7%	6%	5%	3%	3%

Source: IPART analysis

## 4.5 We consider that our recommended maximum fares maintain affordability

We considered the affordability of taxi fares to ensure that passengers, especially those from vulnerable communities and those who cannot access alternatives, are protected from excessive prices. We found that fares in NSW are generally affordable as they have increased less than incomes and pensions and are in line with other jurisdictions.

Since 2014, when we first recommended a fare freeze in nominal terms, fares have only changed once for the fuel adjustment in 2023, when they were increased by 10c/km on each of the distance charges. In addition, since 2018 all point to point transport service providers have been required to pay a Passenger Service Levy, which has increased in 2023 to \$1.32 (inc. GST) per trip. It is up to the service providers to decide whether they pass the levy on to passengers.

In the past 10 years, fares have increased by much less than CPI and wages, meaning they are lower in real terms in 2025 than in 2014. Our recommended fare schedules proportionally increase shorter fares more than long fares due to our recommended increase in flag fall for both urban and country fares. On the whole, our recommended changes maintain affordability across all types of trips, as the nominal increase in fare levels is well below inflation from 2014 to 2024.

## 4.6 We looked at how different communities access taxi services

As part of our review, we explored how different communities access and use taxi services, and considered the impact of our recommendations on them. We outline our analysis of taxi services for wheelchair users in more detail in Chapter 5.

#### 4.6.1 Taxi services in regional communities

In regional areas where public transport and rideshare options are limited, taxis are generally the only transport services available for those who do not drive a private vehicle.

We heard that country service providers have found it difficult to attract drivers to provide services during quiet periods such as weekday nights.<sup>21</sup> Some have addressed this issue by rostering drivers across busy and quiet periods, reducing driver pay-ins, or by introducing no-show penalties. However, many noted that drivers are still not willing to work for the low pay available (derived from fares) compared to other industries such as hospitality<sup>22</sup> or other professional driving vocations (e.g. bus driving).<sup>23</sup>

While rank and hail fares are still regulated in the country fare zone, country taxi service providers report that rank and hail only makes up 5-25% of all work.<sup>24</sup> This aligns with the results of our 2024 passenger survey, where regional passengers were much more likely to use a booked taxi service than their urban counterparts. In this scenario, taxi service providers are able to adjust their booked fares to better match labour supply and passenger demand. Some taxi service providers we engaged with noted that they use different tariffs for booked work but do not deviate far from the Fares Order. For example, they will use the metered rates but extend the hours that the higher night tariff applies, have increased the flag fall, or charge a booking fee that increases the fare.

#### 4.6.2 Taxi services for other vulnerable populations

We found that many cohorts of people experiencing vulnerability access taxis through a third party, including through NSW and Commonwealth government contracts for mobility services. These services are generally subsidised fully or partly. While some allow taxis to use metered rank and hail fares, others are based on tendered contract prices.



##### Patient Transport Service

NSW Health

NSW Health service for people who require transport to/from a health facility but do not need an emergency ambulance. Not all trips are done in taxis – some may be done in ambulances.



##### Isolated Patient Travel and Accommodation Assistance Scheme

NSW Health

Financial assistance towards accommodation and travel costs for patients required to travel long distances for specialised health treatment that is not available to them locally.



##### Assisted School Travel Program

NSW Department of Education

Provides free specialised transport to and from school for eligible students with disability, where parents and carers are unable to provide/arrange transport.



##### Travel for Treatment

Department of Veterans' Affairs

Helps DVA clients and their attendant with transport costs to attend healthcare treatment that is covered by their Veteran Card. Passengers are either booked with a local transport provider or issued with a taxi voucher (country only).

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## Commonwealth Home Support Programme

Department of Health and Aged Care/Community Transport Organisation

Supports the needs of older people who experience transport barriers. Referrals are received from My Aged Care, the NDIS, NSW Health and other community organisations.

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## 5 Taxi services for wheelchair users

For many people with a disability, taxis are an essential form of transport to get to crucial medical appointments, employment and broader social occasions. While many people with disability can ride in standard taxi vehicles, some rely exclusively on wheelchair accessible taxis (WATs).

Existing pricing and regulatory considerations include the Taxi Transport Subsidy Scheme (TTSS), with 11,793 wheelchair participants in 2023/24, the WATDIS incentive, interest free WAT loans, and TfNSW's centralised Wheelchair Book & Ride booking service. However, the [Availability of Wheelchair Accessible Services Roundtables Key Findings Report](#) and its contributors recognised that these may be insufficient to incentivise and satisfy the required service level for passengers.

This chapter discusses our findings on taxi services for wheelchair users, and the proposals in the recently released [NSW Government Response to the Key Findings Report](#), which we consider will address the issues that have been identified regarding the shortage of taxi services for people who use wheelchairs.

### 5.1 Wheelchair accessible taxis are not meeting the needs of passengers

Our survey results and stakeholder submissions indicate that wheelchair users have much longer wait times and many more 'no show' experiences than users of standard taxis.<sup>25 26</sup> We have also heard that the rollout of the centralised booking system has been problematic due to poor system integration, limited app functionality and driver behaviours.<sup>27</sup>

Some evidence suggests that the shortage of services may be due to a reduction in the number of WAT licences on the road. The overall number of registered WAT licences in NSW has decreased from 731 in September 2022 to 649 in September 2024.<sup>28</sup> Although the number of WAT licences has decreased, there also appear to be other factors impacting supply of services.

WAT drivers are legally required to preference wheelchair users over non-wheelchair passengers,<sup>c</sup> and WAT service providers must engage with a wheelchair accessible taxi booking service that is approved by the Point to Point Transport Commissioner.<sup>d</sup> However, through our consultation with peak bodies, we found that wheelchair users experienced issues of fare refusal (for short trips or trips that require tying down their wheelchair),<sup>29</sup> and frequent 'no shows' for their bookings.<sup>30</sup>

Data from SCIA suggests that many WAT drivers do not connect to the Wheelchair Book & Ride during shifts and continue to preference non-wheelchair passengers or maxi taxi trips. SCIA advised that, on average, only 28.6%<sup>31</sup> of registered WATs in metro Sydney log in to the Book & Ride portal during a month, suggesting there are a large number of WATs registered but not being made available to the passengers who rely on them.

<sup>c</sup> *Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017* (NSW), Clause 65(1)

<sup>d</sup> *Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017* (NSW), Clause 43

## 5.2 We welcome reforms and commitments to improve services for wheelchair passengers

The Availability of Wheelchair Accessible Services Roundtables Key Findings Report was published in October 2024. The NSW Government's response was published in December 2024 and offers a \$15 million package of short-term actions over 12 months to maximise the capacity of the existing wheelchair accessible fleet. Key reforms and commitments announced include:

- an increase to the Wheelchair Accessible Taxi Driver Incentive Subsidy (see below), including an increase to the standard rate from \$15 to \$25, and 2 new rates for nights and public holidays
- additional funding for the WAT Interest Free Loan Scheme
- exploring booking service capabilities
- exploring other models to provide wheelchair accessible transport services.

IPART endorses the promised reforms and considers them as a key step in ensuring that wheelchair accessible transport service levels are safe, reliable, and sufficient to meet passenger demand.

## 5.3 We consider the new \$25 WATDIS as appropriate

The Wheelchair Accessible Taxi Driver Incentive Subsidy (WATDIS, commonly referred to as a lift fee) is an incentive paid to WAT drivers who pick up eligible TTSS passengers that require use of a wheelchair. The incentive is paid for by TfNSW and not the passenger.

The WATDIS is currently \$15 per eligible passenger. It was previously increased from \$7.70 to \$15 in July 2016, and will increase to \$25 in March 2025. We heard through our consultation that this level was insufficient to encourage WAT drivers to prioritise wheelchair passengers compared to picking up other fares. The key reason that was cited was the additional time taken to safely load and unload a wheelchair passenger into a vehicle, which was not included in the fare.

Stakeholders told us that this process can add around 15-30 minutes to the total trip time.<sup>32</sup> We consider that an appropriate level for an incentive payment should reflect the forgone potential income from the additional time taken to safely load and unload a wheelchair passenger (such as the practical distance travelled within that time or the waiting time rate for that duration).

We also heard that issues for wheelchair passengers are exacerbated at nights, public holidays, and on special occasions such as Mother's Day. SCIA report that Wheelchair Book & Ride's busiest day is Christmas Day, with passengers experiencing extreme wait times and unfulfilled bookings.<sup>33</sup>

We consider that the new lift fees announced in the NSW Government's package, set at:


- a standard rate of \$25,
- \$30 at nights (between 10pm and 6am) excluding public holidays, and
- \$50 flat rate on all public holidays

are appropriate in encouraging WAT drivers to prioritise wheelchair passengers, as they better reflect the additional time (relative to taxi fares) taken to safely load and unload a passenger. We note that NSW's lift fee rates are now comparable with similar incentive schemes in other jurisdictions, and that the increased rates on public holidays will help to encourage sufficient services to improve social inclusion outcomes for people with disabilities. We also recommend that these payments are increased by CPI annually, alongside fares, so they maintain their relativity to fare levels.

### Draft recommendation

-  3. IPART endorses the reforms and related funding outlined in the NSW Government's response to the 'Availability of Wheelchair Accessible Services Roundtables' Key Findings Report, including the \$25 standard lift fee and night and public holiday rates.

### Seek Comment

-  5. Are there any other measures to encourage appropriate levels of wheelchair accessible taxi services for passengers who need it?

## 6 Sydney Airport taxi fares

On 28 October 2024, the Minister for Transport wrote to IPART to request that we consider the pricing methodology for taxi fares from Sydney Airport to areas such as the CBD as part of our review of maximum rank and hail fares. Currently, fares for all taxis caught from the Sydney Airport taxi ranks are subject to the same fare regulation as other rank and hail trips; the meter must be activated and the fare charged may be below the metered fare but cannot exceed it.

We are making a draft recommendation that the Government trial a fixed fare specifically for trips originating from the Sydney Airport taxi ranks to destinations within the Sydney CBD.

### 6.1 Our draft recommendation is a trial of fixed fares from Sydney Airport to the CBD

Our draft recommendation aims to address driver compliance issues and the excessive airport queuing problems whilst also providing passengers with clarity and certainty. We propose a 12-month trial of fixed fares from Sydney Airport to the CBD with the following specifications:

- the maximum fare level set at **\$55** for standard taxis and **\$75** for maxi taxis,
  - taxi service providers and drivers may set their fares at a lower level
- for this type of fare to apply for any trips departing from both the T1 International terminal or T2/T3 Domestic terminals' taxi ranks to any destination in the Sydney CBD,
  - the Sydney CBD defined by any address in the 2000 postcode
  - drivers to choose their preferred route to the destination (i.e. to use or not use toll roads)
- for the maximum fare levels to apply at all times of the day (i.e. no separate night tariff)
- for the Passenger Service Levy not to be passed through to the passenger(s), in addition to the fixed fare
- for incurred road tolls and the airport ground transport access fee not to be passed through to the passenger(s), in addition to the fixed fare.

We are recommending no change to the fare methodology for other taxi trips departing Sydney Airport, which we outline below in Table 6.1. We make a draft recommendation on various conditions of the trial, set out in Table 6.2. Further analysis on what we considered to make these recommendations is contained in this chapter.

#### Draft recommendation



4. That Transport for NSW conduct a trial of fixed fares for taxi trips from Sydney Airport to the Sydney CBD (defined as postcode 2000), subject to conditions set out in Table 6.2.

Table 6.1 Draft fare methodology for trips from Sydney Airport taxi ranks

Origin	Destination	Maximum Fare Methodology
T1 or T2/T3 taxi ranks	Any address within postcode 2000 <sup>a</sup>	<ul style="list-style-type: none"> <li>\$55 fixed fare for standard taxis, inclusive of airport access fee, Passenger Service Levy, and any road tolls incurred</li> <li>\$75 fixed fare for maxi taxis, inclusive of airport access fee, Passenger Service Levy, and any road tolls incurred</li> </ul>
T1 or T2/T3 taxi ranks	All other destinations	<ul style="list-style-type: none"> <li>Standard metered maximum urban rank and hail fares (no change)</li> <li>Airport access fee, Passenger Service Levy, and road tolls may be passed through to the passenger in addition</li> </ul>
Booked taxis from Priority Pickup Zones	All destinations	<ul style="list-style-type: none"> <li>Not subject to maximum fare regulation (no change)</li> </ul>

a. Fixed fare methodology on a trial basis, until the trial concludes

Table 6.2 Draft recommended conditions for the Sydney Airport fixed fare trial

<b>Condition 1</b>	The following is developed by Transport for NSW prior to trial commencement: a clear set of intended and measurable trial outcomes, including <ul style="list-style-type: none"> <li>the effects of taxi queueing</li> <li>trends in complaints and compliance data</li> <li>any effects on WAT availability (across Sydney, not just at Sydney airport)</li> <li>methods for collecting data against trial outcomes</li> <li>agreement on setup and incidental costs</li> <li>an independent post trial evaluation plan</li> </ul>
<b>Condition 2</b>	The trial to only include trips departing from the T1 International and T2/T3 Domestic terminals' taxi ranks to any destination in the 2000 postcode. The trial permits the taxi driver to decide which route be taken.
<b>Condition 3</b>	The trial fixed fare level to be set at \$55 for standard taxis (including GST and Passenger Service Levy), as a maximum fare in the Fares Order. Maxi taxis to have a maximum fare of \$75.
<b>Condition 4</b>	Road tolls and Sydney Airport ground transport access fee NOT to be passed through to the passenger in addition to the fixed fare.
<b>Condition 5</b>	The trial fixed fare should NOT increase using the same proposed CPI methodology as urban fares but should remain fixed until the trial ceases or Transport for NSW reviews taxi fares.
<b>Condition 6</b>	Taxi drivers must activate the fare 'on-meter', and the fixed fare should be visible on the fare calculation device at all times.
<b>Condition 7</b>	Signage and information on the fixed fare trial be readily available in plain English at all airport terminals to educate passengers on the maximum payable fare and inclusions. Information to be available online in other languages and easily accessible (for example, via QR code). Point to Point Transport Commission representatives be present at the ranks for the period of the trial.
<b>Condition 8</b>	The trial run for a period of 12 months, followed by an independent post trial evaluation.

## 6.2 We are recommending a change to the maxi taxi fare conditions

Under the current regulation, the maxi taxi 50% surcharge can only be applied for rank and hail taxi services when there are 5 or more passengers hiring the vehicle. Booked fares in maxi taxis (apart from those under the TTSS) are not regulated.

We are making a draft recommendation that the maxi taxi surcharge should also be allowed to apply when a maxi taxi vehicle is specifically requested by a passenger(s) at the Sydney Airport taxi ranks, other than for the carriage of a person who requires wheelchair accessible service (for example, to carry luggage). Our draft recommendation aims to align fares with previous regulations, where the surcharge could be applied for booked services when the maxi vehicle was specifically requested.

Our proposed recommendation only applies to trips from Sydney Airport, and we are proposing no change to the '5 or more passengers' rule for all other rank and hail trips. We consider that most passengers who require a larger vehicle (e.g. for additional luggage space) are more likely to book a service compared to searching for a maxi taxi at a rank or finding one to hail in the street, except when departing from the Sydney Airport taxi ranks.

### Draft recommendation

- 5. That Transport for NSW allows the maxi taxi 50% surcharge when a larger vehicle is requested by the hirer at the Sydney Airport taxi ranks, other than for the carriage of a person who requires wheelchair accessible service.

## 6.3 We want to hear from you on matters related to our draft recommendation of a fixed fare trial from Sydney Airport

As a fixed fare taxi trial has never been conducted in NSW, we require input from industry and stakeholders to maximise success and mitigate risks. Fixed fares exist from many notable international airports, but Sydney's geography and topography are unique.

We have considered many possible parameters for such a trial, focusing on a single, all-inclusive charge from any airport terminal to any destination in postcode 2000. We would like to learn more about the benefits, risks and logistics of a potential trial as well as gather feedback on our proposed conditions and what impact they might have on driver and passenger behaviour, if at all.

### Seek Comment

- 6. Are our draft trial conditions appropriate in ensuring a successful trial for passengers, Sydney Airport, and the taxi industry? Are there any additional parameters that we should consider?
- 7. Is \$55 an appropriate level for a standard taxi trip from Sydney Airport to the Sydney CBD? Is \$75 appropriate for the same trip in a maxi taxi? If not, what would an appropriate fare level be?
- 8. We recommend a single fixed fare for all destinations within the 2000 postcode for simplicity. Are there other approaches that are more appropriate?



9. Our draft recommendation for the fixed fare trial is that road tolls cannot be passed through to passengers, in addition to the fixed fare.
  - a. Would this affect the choice of route that a drive would take?
  - b. Would a lower fixed fare level but allowance for toll costs in addition to the fare be more appropriate for passengers and drivers? Why/why not?

## 6.4 We considered issues for passengers and taxis at Sydney Airport

Sydney Airport is a popular place for taxi drivers to pick up and drop off passengers and hosts the busiest ranks in NSW. While taxis can easily access the departures floor to drop off departing passengers, for passengers arriving at Sydney Airport, taxis must first wait in a holding bay and queue to access the arrivals hall rank. Taxis are charged an airport access fee of \$5.80 for using the airport ranks which they can pass through to passengers in the fare.

Wait time data shows that airline passengers arriving at Sydney Airport have access to adequate taxi services. In fact, there is often an excess supply of taxis at the airport, as indicated by taxis spending hours waiting in the holding bay. This leads to problems such as traffic congestion in and around the airport caused by taxis queued out of the holding bay, and incentives for bad driver behaviour like refusing short fares or overcharging. The Minister requested IPART to consider airport fares at the same time as announcing tougher penalties for "the minority of drivers who are doing the wrong thing" and committing fare-related offences.

Sydney Airport is also popular among maxi taxi drivers as there are more opportunities to get hired by groups of 5 or more people which triggers the maxi taxi surcharge, or by people with large amounts of luggage that won't fit in a standard taxi (although luggage on its own does not currently trigger the maxi taxi surcharge). This has the potential to incentivise maxi taxi drivers to incorrectly add the surcharge when passengers at the rank choose them over a standard due to luggage volume and not passenger capacity.

According to data supplied by Sydney Airport, taxis have been a declining mode of ground transport since the introduction of rideshare.<sup>34</sup> Passengers also utilise other modes of transport to travel to and from the airport, such as public transport, hire vehicles (including rideshare), or private vehicles (including family/friends pick-up). Sydney Trains provides frequent train services to the CBD via the T8 Airport Line for a \$21 fare<sup>e</sup>. While public transport provides a cheaper and convenient option for the majority of passengers, point to point transport options best meet the needs of some categories of passengers, such as big families, elderly people, people with disabilities, and passengers with luggage.

The Taxi Council has suggested that offering fare certainty to would-be passengers could increase demand for taxis at airport ranks.<sup>35</sup> The Taxi Council is also concerned to address poor driver behaviour.

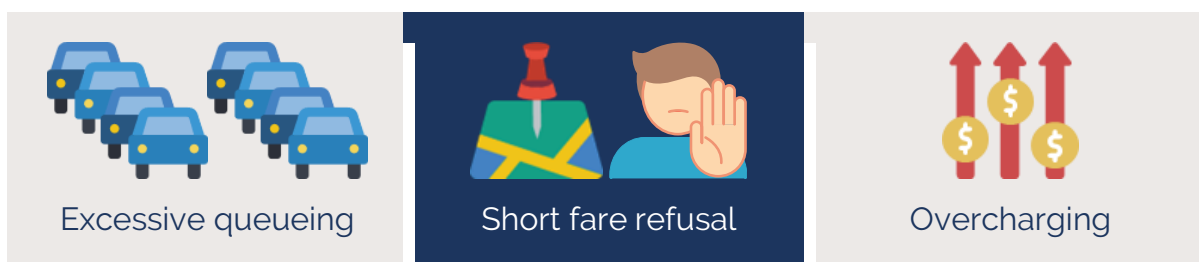
<sup>e</sup> Domestic Terminal to Town Hall at peak time, one-way, for a single Adult Opal traveller. Includes \$17.34 Airport Link station access fee.



### 6.4.1 We conducted additional consultation about taxi trips from Sydney Airport

As part of our consultation for this review, we called for written submissions on taxi trips from Sydney Airport, met with and obtained data from Sydney Airport Corporation, and met with other groups, including Les Clefs d'Or (the association for hotel concierges). We also issued a short pulse survey that captured 101 responses, and IPART staff conducted fieldwork by catching taxis from Sydney Airport to different CBD destinations.

### 6.4.2 We found that oversupply of taxis at Sydney Airport creates long queues of taxis and incentives for bad driver behaviour



#### Excessive queuing

We heard that Sydney Airport is a very popular destination for drivers, who are attracted by the potential for long trips and associated large fares, as well as the high volume of potential passengers which essentially guarantees a fare.<sup>36</sup> Data from Sydney Airport showed that many taxis choose to queue for a fare, with up to 5000 taxis accessing the waiting areas each day.<sup>37</sup> The long time spent waiting to pick up a passenger means that drivers prefer a substantial revenue on the trip to compensate for the time spent idle.

We heard from Sydney Airport that the long queues create strain on the existing airport queue infrastructure and cause congestion that blocks access to the airport for departing passengers. Sydney Airport also noted that the behaviour of drivers dwelling in the holding bay due to low kerbside demand has resulted in increased pollution in these areas, which poses a safety risk, with concerns of bird strikes stemming from rubbish in the T2/T3 holding bay situated adjacent to a runway.<sup>38</sup> Sydney Airport is investigating anti-congestion measures including the introduction of queue reduction targets, which intend to encourage drivers to avoid using the airport as a waiting area.<sup>39</sup>

#### Refusing short fares

We heard from both passengers and drivers that there are issues associated with short (less than 5-10km) trips from Sydney Airport to surrounding suburbs or airport hotels.<sup>40</sup> 80% of drivers who responded to our pulse survey noted that they had issues with short fares specifically from the airport. Our survey results suggested that drivers would generally be unhappy with a fare less than 5-10km from the airport, as they consider the associated revenue is too low to compensate them for the time spent waiting in the queue. While taxi drivers are required to take their passenger's journey (unless they are at the end of their shift and the destination is far from their base), we also heard from Sydney Airport's management<sup>41</sup> and through our research<sup>42</sup> that drivers may refuse or attempt to refuse a short trip or be abusive towards passengers who request one.

We understand negotiations between Sydney Airport Corporation and industry are under way to reintroduce a short fare system where drivers can queue in a shorter line specifically for passengers taking shorter fares. We discuss this further in section 6.5.3. We support any practice that improves services for passengers and creates more equity and fairness for drivers.

### Overcharging

We heard from industry and passengers that overcharging is a particular problem at Sydney Airport,<sup>43</sup> where passengers may be new to Sydney, unaware of correct fare procedures or appropriate fare amounts to their destinations, unfamiliar with the currency or otherwise more vulnerable to overcharging. Online reviews on Google and on sites such as Tripadvisor have numerous examples of passengers reporting taxis overcharging them for trips from Sydney Airport. Les Clefs d'Or concierge and doormen have reported that CBD hotel guests often get charged in excess of \$100 from airport to city hotel trips and often complain about fraudulent charges.<sup>44</sup>

As noted above, the Government announced a new law in December 2024 to disqualify drivers convicted of committing a fare-related offence, on 2 separate occasions to combat such behaviour. The Minister for Transport also asked IPART to investigate a fare methodology from the airport to address airport specific issues.

We conducted fieldwork by taking taxi trips from both terminals to several destinations in the CBD. Although the intent of the fieldwork was to validate our modelling approach used for estimating typical fares from the airport to the CBD, we experienced overcharging in 7 out of the 10 trips that we took. Types of overcharging we encountered include:

- additional toll/extra charges,
- additional manual inputs on the meter,
- meter already activated (and accruing waiting time charges) before we entered the vehicle,
- inefficient routes increasing both distance and waiting time charges,
- improperly calibrated meters (excessively high fares given the distance travelled and time taken).

We consider that our draft recommendation to trial fixed fares from Sydney Airport to the CBD will help to address issues regarding overcharging by providing certainty to customers on what they should be paying.

## 6.5 Our recommendations address issues for passengers and taxis at Sydney Airport

Our recommendations aim to address the most common issues for passengers at taxis at Sydney airport, such as short fare refusal and fare overcharges.

### 6.5.1 A fixed fare reduces opportunities for drivers to overcharge passengers

We are proposing the trial of a fixed fare from all terminals to the CBD (defined as the 2000 postcode). A fixed fare, especially if well-signposted at the airport, can give passengers clarity on what they can expect to pay for their trip, especially if they are unfamiliar with Sydney's geography, fares, and currency. This reduces the scope for bad driver behaviour, such as fare refusal and fare overcharging if passengers are more aware of what they should be charged. Our proposed fare is also inclusive of all tolls (if any toll applies to the trip) and fees (except the non-cash payment surcharge), limiting drivers' ability to charge additional unjustified fees.

### 6.5.2 Fare component adjustments make short trips more appealing for drivers

Our recommendation for a split distance rate in tandem with an increased flag fall is intended to increase the relative appeal of shorter trips for drivers, compared to the current fare schedule. This is especially important at Sydney Airport, where we heard that a lot of passengers are refused short trips to surrounding suburbs or to airport hotels.<sup>45</sup> The proposed fare schedule would encourage drivers to accept short trips rather than wait for longer trips.

### 6.5.3 We considered alternative suggestions from stakeholders

We received 61 responses to our Sydney Airport submission process. We attended a Taxi Council workshop on the topic, engaged with Sydney Airport directly and met separately with GM Cabs and 13cabs, the 2 largest taxi networks in NSW. We also issued a short pulse survey that captured 101 responses, almost all from industry. In addition to various fixed fare proposals, our engagement offered some alternative solutions to improve the issues identified at Sydney Airport.

#### **A minimum fare from Sydney Airport**

The majority of submissions were in favour of a minimum fare from Sydney Airport to compensate for the prolonged queue wait time of drivers.<sup>46</sup> We do not recommend implementing a minimum fare from the airport and consider other measures, such as our recommended rebalancing of fare components, the short fare queuing system, and compliance activity as more appropriate methods to address issues identified with short fares.

There was no consensus on how much a minimum fare should be, or how it should be effectively implemented. Suggestions for a minimum fare level ranged from \$25 to \$45.<sup>47</sup> One submission suggested to implement the minimum fare component as a \$20 flag fall instead.<sup>48</sup>

We consider that a minimum fare from Sydney Airport unfairly impacts passengers and residents that wish to travel a short distance from the airport. It also unfairly rewards drivers for work they have not necessarily undertaken. A minimum fare is likely to encourage further taxi queuing at the airport and result in drivers feeling unfairly remunerated for the additional queue time. We do not recommend financial incentives at a passenger's expense, as an appropriate solution to problematic driver behaviours that could be curbed in other ways.

## Fixed fares to other significant destinations

We received submissions from stakeholders that suggested fixed fares from Sydney Airport to other destinations, such as Parramatta, North Sydney, Sydney Olympic Park, and Manly.<sup>49</sup>

Our current recommendation is to not implement or trial fixed fares from the airport to any other locations apart from the Sydney CBD. We consider that a trial will help to uncover and issues or other considerations that will better inform TfNSW if similar fixed fare approaches are appropriate for other destinations.

We investigated proposals for other destinations but decided against recommending their inclusion in a trial due to:

- lack of significant tourist passenger demand
- low perceived demand for trips directly from the airport (for example, Olympic Park and Macquarie Park)
- boundary setting issues and clear communication of who the fixed fare applies to.

Fixed fares to these destinations were also not popular with industry participants who took our airport fares pulse survey, with most rather expressing interest in nearby destinations (see below).

We also note that implementing fixed fares to other destinations can create confusing boundary effects which are hard to communicate to passengers and drivers. For example, if fixed fares applied to Strathfield and Ashfield, but not for Burwood and Croydon in between, passengers may feel like their trip is unfairly priced and drivers may feel unjustly remunerated if the metered fare differed from neighbouring fixed fares.

Other jurisdictions with successful fixed fare systems, such as Vancouver, Toronto, and Tokyo, address this issue by setting multiple fixed fare zones with clearly defined boundaries which apply across the entire city. We consider that this is difficult to implement with Sydney's geography and not suitable at a trial stage. We also consider that this solution can be overwhelming and unwieldy for passengers to easily understand.

## A fixed fare for destinations near Sydney Airport

Through our airport fares pulse survey, we received keen industry interest in fixed fares to suburbs close to the airport. Behind the Sydney CBD, the most popular suggested fixed fare zones were:

- Airport surrounds (e.g. Alexandria, Marrickville, Brighton-le-Sands)
- Airport neighbours (e.g. Mascot, Arncliffe, Tempe)

We consider that these proposals have a similar rationale to the minimum fare proposals, and we recommend against implementing them for similar reasons. We consider that other measures such as compliance activity, a short fare queuing system (see below), and discouraging queuing at the airport are more appropriate ways to address short fare problems which do not unfairly penalise passengers needing to travel short distances.

## A short fare queuing system

We received commentary from stakeholders that were in favour of some sort of system that shortened queuing time for short trips. Most respondents to our pulse survey preferred a short fare queuing system to address their issues with short trips.

In 2019, Sydney Airport decommissioned their automated short fare system which allowed drivers taking short fares to re-enter the T2 and T3 airport queue in a priority position. The short fare system employed GPS and number plate recognition technology to allow taxis who travelled within a certain radius and returned to the airport precinct within 40 minutes (extended from the original 26 minutes) to bypass the queue.

Reasons given for the decommissioning of the short fare system include inappropriate driver behaviours which had negative impacts on passenger safety and experience. Due to the timed nature of system, drivers were reported to drive unsafely to/from the airport and drop off passengers not at their intended destination. The extension of the return timeframe was intended to address these issues, but instead, extended the feasible short trip distance for a driver to make within the return time frame. However, 68% of respondents to our pulse survey cited that the removal of the short fare arrangements were a key reason why they had issues with short fares from the airport.

Our consultation with the NSW Taxi Council and the 2 largest Sydney taxi networks (13cabs and GM Cabs) rendered support to reintroduce a similar system, in the form of a specific queue for drivers that are willing to take short fares rather than a queue-jump for their next trip. Sydney Airport is working with industry to determine the appropriateness of this arrangement.

## 6.6 Our draft recommendations for a trial fixed fares from Sydney Airport to the Sydney CBD

Our draft recommendation aims to address driver compliance issues and the excessive airport queuing problems whilst also providing passengers with clarity and certainty. 63% of industry respondents from our airport pulse survey were in favour of some type of fixed fare arrangement but opinions differed on what fixed fares should look like. We propose a 12-month trial with the following specifications, to test fixed fare appropriateness and conditions:

### 6.6.1 A maximum fare level of \$55 for standard taxis and \$75 for maxi taxis

We propose a trial of fixed fares from Sydney Airport to the Sydney CBD, with the fare set at a maximum level of:

- **\$55 for standard taxis** and
- **\$75 for maxi taxis.**

This fare accounts for extra charges including the Passenger Service Levy, the airport ground transport access fee, and has allowance for road tolls to be incurred during the trip. Our draft recommendation is to use the fixed fare as a single maximum fare component, and for taxi service providers to be able to set their airport to CBD fare at lower than the specified level.

## **Our draft fare level is around the average price for a trip from the airport to the CBD**

We considered fares for typical trips from either airport terminal to various destinations in the Sydney CBD, and our \$55 draft fare level reflects the average price for a trip inclusive of road tolls, the airport access fee, and Passenger Service Levy. Our fare modelling accounts for standard traffic conditions, and provisions for city traffic, appropriate use of tolled roads, and passenger loading time into the car. We confirmed our fare modelling by undertaking a variety of trips from either airport terminal to various destinations in the Sydney CBD.

Our maxi taxi draft fare level of \$75 represents 150% of the standard fare components for an average typical standard taxi trip from the airport to the CBD, with tolls, the airport access charge, and Passenger Service Levy added on top.

See section 6.8.1 for further analysis on how we determined our draft levels for the fixed fare.

## **Our draft proposal has one fixed price for all hours of the day**

The urban taxi fare schedule has a night distance rate that is 20% higher than the daytime distance rate and applies from 10pm to 6am. Our draft recommendation proposes one fixed price each for standard and maxi taxis for trips from Sydney Airport to the Sydney CBD that does not vary during different times throughout the day. We consider that a simple fare structure without variation will help achieve our intent of increasing passenger certainty and addressing driver compliance issues.

We also note that Sydney Airport is subject to a curfew between 11pm and 6am and most arriving passengers would be using the taxi ranks during the standard tariff hours (6am – 10pm). As driver supply is typically beyond the levels required to meet passenger demand, we expect that the lack of a night rate would not adversely impact supply levels to a point where passengers cannot access taxi services. We suggest this outcome to be monitored throughout the trial period.

### **6.6.2 The airport access fee, Passenger Service Levy, and any road tolls to NOT be passed through to the passenger in addition to the fare**

We recommend that the draft fixed fare levels should not allow for additional charges, and that the airport access fee, Passenger Service Levy, and any road tolls incurred are NOT passed through to the passenger in addition to the fare. We recommend that these additional charges should not be applied in addition to the fare as:

- passengers receive greater clarity on what they should be paying
- tourists are likely to be unfamiliar with Sydney's toll roads and if they are being charged the correct amount
- drivers can no longer add extra additional charges beyond the tolls they incurred (an identified issue).

We consider that passengers should be paying only the \$55/\$75 fare, with the only variation to the fare being the maximum 5% non-cash surcharge if the passenger chooses to pay by card.

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## **We have priced the airport access fee, possible road tolls, and Passenger Service Levy into our draft recommendation**

Our draft \$55 fare level already accounts for the \$5.80 airport access fee, the \$1.20 Passenger Service Levy (not to be passed through to customers for this type of trip), and appropriate use of road tolls for a trip from the airport to Sydney's CBD. See section 6.8 for more details on our pricing considerations when developing our fixed fare recommendation.

## **We consider that this pricing structure encourages drivers to take an optimal route**

Our draft fixed fare already accounts for the possible toll roads that a driver may use to access the CBD from Sydney Airport. We consider that this pricing structure better encourages drivers to use the most optimal route, which is aligned with a customer's preferences, compared to an approach that adds road tolls on top of the fare. See Box 6.1 for our analysis on this topic.

### **6.6.3 We recommend that the fixed fare levels are not indexed with other taxi fares**

Our draft recommendation proposes that maximum rank and hail taxi fare components are annually indexed by CPI from 1 July 2026. We are recommending no indexation to the maximum fare levels set for the trial of fixed fares from Sydney Airport to the CBD. We consider that fare indexation mid-trial would cause passenger confusion and require significant investment to alter signage and any media communicating the trial to passengers.

### **6.6.4 We recommend that the trial fare applies for trips from either airport terminal's taxi ranks to all destinations within the 2000 postcode**

After considering a range of different geographic boundaries, we consider the postcode 2000 destinations as the most appropriate representation of Sydney's CBD for trial purposes. Postcode boundaries are recognisable and finite. A destination's postcode is easy to identify, especially for tourists and those not familiar with Sydney's geography.

## **We acknowledge that the 2000 postcode is a large zone where current fares vary**

Trips from Sydney Airport to the Sydney CBD can range from about 7.5km to 16km in total distance depending on terminal and destination. In typical traffic conditions, trips can range from 15-30 minutes and between \$38-63 depending on which route is used. Our draft recommendation for a \$55 fixed fare means that some trips will become more expensive while other trips will become cheaper. However, passengers gain clarity on the fares that they should be paying and are more immune to overcharging from drivers under a fixed fare arrangement.

We consider that a smaller zone is more difficult to define and communicate to passengers and the industry and would also create confusion for whether a fixed fare should apply or not. We also consider that a split zone would also create boundary issues and be more difficult to communicate without clear geographic boundaries such as a river, motorway, or grid street system.



We also note that fixed fares from airports apply for much larger geographic zones in other cities, such as:

- John F. Kennedy (JFK) Airport to Manhattan (one fare covers 59 km<sup>2</sup>)
- Charles de Gaulle (CDG) Airport to Paris city limits (two fare zones cover 105 km<sup>2</sup>)
- Milan Malpensa (MXP) Airport to Milan city limits (one fare covers 181 km<sup>2</sup>)

compared to the 2.8 km<sup>2</sup> that the Sydney CBD covers.

### **We propose that this fare option is only available in one direction**

Our draft recommendation is to trial this new fixed fare methodology only for trips from Sydney Airport to the Sydney CBD, and for the trial fixed fare not to apply for the reverse trip. We note that:

- bi-directional pricing is more difficult due to the asymmetry of tolls and charges
  - the airport ground transport access charge (\$5.80) and Eastern Distributor (\$9.82) toll roads are only levied outbound from Sydney Airport, so pricing for an inbound fare would likely have to be at a lower level
- fares from the CBD to Sydney Airport are more likely to be booked, whereas taxi passengers who are departing the airport would generally use the ranks as they are more convenient
- it is easier to communicate the fixed fare trial to passengers departing Sydney Airport
- trial monitoring and logistics are streamlined with one location for passengers to depart, rather than the many spots a passenger could leave from in the CBD.

Through our consultation, we heard that passengers might be confused or concerned about why their fare might differ for an outbound trip compared to an inbound trip.<sup>50</sup> We note that while a rank and hail fare from the CBD to Sydney Airport would most likely be below the proposed fixed fare level due to the asymmetry of extra charges, taxi service providers could advertise the same fixed rate for their equivalent booked fares.

### **6.6.5 We recommend that taxi drivers should be able to determine the trip route**

For the purposes of the trial, we recommend the taxi driver be able to decide the trip route. For all other standard rank and hail taxi trips, the passenger is responsible for determining the trip route as the driver is remunerated for the time and distance taken for their journey.

This will allow the driver to exercise judgement on the most effective and efficient way to get a passenger to their chosen CBD location based on traffic conditions and toll implications. We consider that our toll-inclusive fare structure should encourage drivers to choose the most time/toll efficient route which aligns with the passenger's preferences and discuss this further in Box 6.1.



### 6.6.6 We recommend a change to maxi taxi fare conditions at Sydney Airport

Under the current Fares Order, the maxi taxi 50% surcharge can only be applied for rank and hail taxi services when there are 5 or more passengers hiring the vehicle. Booked fares in maxi taxis (apart from those under the TTSS) are not regulated.

Our draft recommendation is to allow the maxi taxi 50% surcharge to be charged when the vehicle is specifically requested (e.g. by lining up in the maxi taxi queue) at the Sydney Airport taxi ranks regardless of the number of passengers, other than when the passenger requires a wheelchair accessible vehicle. Our draft recommendation aims to align fares with previous regulations, where the surcharge could be applied for booked services when the maxi vehicle was specifically requested.

Our proposed recommendation only applies to trips from Sydney Airport, including for the fixed fare trial to the Sydney CBD, and we are proposing no change to the '5 or more passengers' rule for all other rank and hail trips. We consider that most passengers who require a larger vehicle (e.g. for additional luggage space) are more likely to book a service compared to searching for a maxi taxi at a rank or finding one to hail in the street, except when departing from the Sydney Airport taxi ranks.

Our draft trial condition recommends that TfNSW monitors the effects of this policy change on the supply of wheelchair accessible taxi services.

### 6.7 We are making a draft recommendation to clarify payment receipts

To ensure fare transparency for passengers, we are making a draft recommendation for rank and hail taxi receipts to include a clear breakdown of the fare and other cost components. We are also recommending that taxi receipts include information on the taxi service provider, driver, and taxi plate.

Improved identification markers will assist service providers and passengers in reviewing trip details in the case of queries or complaints. Figure 6.1 below demonstrates what a taxi receipt may look like under our proposed recommendations.

Figure 6.1 What taxi receipts might look like under our draft recommendations

***CUSTOMER COPY***		***CUSTOMER COPY***		***CUSTOMER COPY***	
TAX INVOICE		TAX INVOICE		TAX INVOICE	
TSP:	XYZ CABS	TSP:	XYZ CABS	TSP:	XYZ CABS
TAXI NO:	T0001	TAXI NO:	T0001	TAXI NO:	T0001
DRIVER ID:	D123	DRIVER ID:	D123	DRIVER ID:	D123
FARE INC GST:	\$68.86	AIRPORT TO CBD		AIRPORT TO CBD	
TOLL(M2 MAINLINE):	\$9.96	MAXI FLAT FARE*:	\$75.00	STD FLAT FARE*:	\$55.00
TOLL(LANE COVE TNL):	\$4.09				
PSL INC GST:	\$1.32				
-----		-----		-----	
FARE SUBTOTAL:	\$84.23	FARE SUBTOTAL:	\$75.00	FARE SUBTOTAL:	\$55.00
GST INCLUDED:	\$7.66	GST INCLUDED:	\$6.82	GST INCLUDED:	\$5.00
-----		-----		-----	
SERVICE FEE:	\$3.83	SERVICE FEE:	\$3.41	CASH PAYMENT	
SERVICE FEE GST:	\$0.38	SERVICE FEE GST:	\$0.34	-----	
-----		-----		-----	
TOTAL:	\$88.44	TOTAL:	\$78.75	TOTAL:	\$55.00
-----		-----		-----	
		*AIRPORT TO CBD FLAT FARE IS INCLUSIVE OF TOLLS AND OTHER CHARGES		*AIRPORT TO CBD FLAT FARE IS INCLUSIVE OF TOLLS AND OTHER CHARGES	

### Draft recommendations

- 6. That Transport for NSW requires receipts for rank and hail services to clearly itemise all applicable cost components for the trip's fare, including: the metered fare, tolls incurred by road, extras (e.g. airport access fee), Passenger Service Levy, and any non-cash surcharges.
- 7. That Transport for NSW requires receipts for all taxi services to include the following information: taxi service provider, taxi plate, driver ID, and a contact number or website.

### Seek Comment

- 10. Are there technical barriers to providing the details specified in the draft recommendation on receipts? What about for drivers that use an external payment processing device?
- 11. Could more detailed information – for example trip distance, time taken, the contribution of each fare component to the final fare components – be included in receipts?



12. Are there other methods to reduce incidents of passengers being overcharged or to increase passengers' confidence that they are being charged the correct amount?

## 6.8 What we considered when making our draft recommendations for Sydney Airport fares

Our draft recommendation is for a trial of fixed fares for taxis caught from the Sydney Airport taxi ranks to any location in the Sydney 2000 postcode, subject to the draft conditions in Table 6.2. In developing the trial parameters, we analysed trip costs, toll implications, risks, benefits and the impact on passengers and industry.

### 6.8.1 We compared typical fares for trips from Sydney Airport to various destinations in the Sydney CBD

Our recommended fixed fare of \$55 for trips from Sydney Airport to the Sydney CBD is derived from an average of typical trips from both airport terminals to various destinations across the Sydney CBD, inclusive of all extra charges.

We considered 5 zones in the 2000 postcode, namely CBD South (around Central Station), CBD West (Darling Harbour), CBD Middle (between Town Hall and Martin Place), CBD North (around Circular Quay), and Barangaroo. We considered the optimal route for each of the trips we modelled and applied the Eastern Distributor (ED) or WestConnex M8-M4 Link (M8) road tolls when they resulted in an optimal journey.

We found that typical trips under our draft recommended fare schedule range from \$41 to \$65, inclusive of road tolls, the airport access fee, and Passenger Service Levy.

Table 6.3 Typical current and hypothetical fares from Sydney Airport to the CBD, including tolls and extra charges

	CBD South	CBD West	Mid CBD	CBD North	Barangaroo
<b>Current maximum rank and hail fares</b>					
T1 International to CBD	\$45 (no toll)	\$48 (M8)	\$62 (ED)	\$62 (ED)	\$52 (M8)
T2/T3 Domestic to CBD	\$38 (no toll)	\$49 (M8)	\$57 (ED)	\$55 (ED)	\$53 (M8)
<b>Maximum rank and hail fares under our draft fare schedule</b>					
T1 International to CBD	\$48 (no toll)	\$51 (M8)	\$65 (ED)	\$64 (ED)	\$54 (M8)
T2/T3 Domestic to CBD	\$41 (no toll)	\$51 (M8)	\$59 (ED)	\$57 (ED)	\$55 (M8)

Source: IPART analysis

Our draft recommendation considers the same fares but adjusts them to align with our recommended fare schedule. Table 6.3 provides a comparison between the current and hypothetical fares that would arise from the same set of typical trips under our new recommended fare schedules.

We accounted for the airport access charge, toll roads if typically used, the Passenger Service Levy and also add a 2.5 minute allowance for loading passengers and luggage. These new fares are slightly higher than current fares due to our recommended increases in various fare components.

We averaged the basket of hypothetical fares, inclusive of all tolls and charges to reach our recommended fixed fare of \$55 for standard taxis. We applied the 50% maxi taxi multiplier to the non-toll fare component and added the relevant tolls and other charges, then averaged over our basket of trips to reach our \$75 recommendation for maxi taxis.

### 6.8.2 We considered the impact of tolls and different routes

Our fixed fare recommendation for trips from Sydney Airport to the CBD does not allow drivers to pass road tolls through to the passenger, unlike all other taxi trips. We have accounted for the possible toll roads that a driver is likely to use to enter the CBD from Sydney Airport and have factored this into our draft recommended fixed fare price.

We consider that inclusion of tolls in the fare level will:

- provide passengers with further certainty on the fare that they should be paying,
- encourage drivers to take the most time/toll-efficient route for themselves at the time of day,
- reduces opportunities for drivers to overcharge unknowing passengers by adding unwarranted additional charges on top of the fare (an issue we identified through our research).

On the other hand, a fixed fare which excludes toll roads is likely to:

- add variability depending on which toll roads are used
- add confusions as to which extra charges should apply to a journey (e.g. Passenger Service Levy and airport access fee)
- ineffectively remunerate drivers for the additional time taken for using non-tolled roads if a passenger elects to forgo tolls.

We acknowledge that there are many routes a driver can use to get from the airport to the CBD. Our draft fare level accounts for either the Eastern Distributor (ED), WestConnex M8-M4 Link (M8), or no toll to be incurred for a journey from the airport to the CBD. We did not account for the Cross City Tunnel (CCT) as its use is likely to be substituted with the M8 toll. We note that some routes generally use tolled roads, whereas some do not; the Eastern Distributor is most appropriate for the northern end of the CBD, the M8 is better for Darling Harbour and Barangaroo, whereas Botany Road/O'Riordan Street (no toll) is better for destinations near Central Station. We consider that toll inclusion should generally encourage drivers to use the most optimal route at the time (see Box 6.1).

While allowance for a toll is factored into the fixed fare level, it could be viewed as unfair for non-tolled journeys. However, we consider that on the balance, the customer transparency and clarity of an unchangeable fixed fare outweighs the drawbacks.

We are seeking comment on our recommendation to not allow drivers to pass on toll fees to customers for a trial of fixed fares from Sydney Airport.

### Box 6.1 Toll inclusion generally encourages drivers to use optimal routes

Different parts of the CBD are accessed best through certain routes which have exits closest to their locations, to reduce the need to drive through slower city traffic. By including a toll allowance in the fixed fare, drivers are encouraged to choose the options that work best for them given the traffic conditions at the time.

For example, a driver heading from T1 International to Darling Harbour in typical daytime traffic conditions has the option to use either:

- the M8 link (\$4.99 toll) (16 minutes)
- the ED and Cross City Tunnel (\$9.82 toll + \$7.04 toll) (20 min)
- local roads (32 min).

The most price/time efficient route is the M8 link (depending on the drivers' individual preferences). During quieter periods, drivers may elect to use local roads if a tolled route is not much faster than a non-tolled option. We consider that drivers would choose the toll/time optimal route for themselves at the time of journey, which typically aligns with a passengers' interests.

### Box 6.1 Toll inclusion generally encourages drivers to use optimal routes



## 6.9 We assessed the benefits and risks of a fixed fare trial

When considering the suitability of a fixed fare trial from Sydney Airport to the CBD, we were mindful of the possible consequences for passengers and industry. On balance, we determined that the benefits of a trial outweighed the risks. Condition 8 of our proposed trial parameters (see Table 6.2) calls the need for a robust post-trial evaluation which will uncover the actualised risks and benefits. TfNSW will then be able to make an informed decision as to whether fixed fares are appropriate longer term.

### 6.9.1 Impacts of a fixed fare trial for passengers

Fixed fares would provide passengers with certainty and simplicity. It would allow passengers to make a price-informed decision about which ground transport mode to take to the CBD by having all costs available ahead of time. An all-inclusive fare offers transparency because it removes the opportunity for drivers to add erroneous or extra charges at the end of the trip because the fixed fare is non-negotiable.

If a CBD trip or specific location within the postcode 2000 is viewed as undesirable by a driver for any reason, the driver may refuse the fare, express dissatisfaction towards the passenger or drop them at a more convenient CBD location than the one that was requested. This could result in a negative experience for the passenger.

The impacts would likely be compounded for passengers who aren't familiar with Sydney's geography and who may have language barriers. We have heard that taxi trip issues stemming from Sydney Airport are well known, cause reputational damage to Sydney and NSW as a safe and trustworthy destination and lead the tourism and hospitality sectors to encourage pre-paid taxis or rideshare for their clientele.<sup>51</sup>

### 6.9.2 Impacts of a fixed fare trial for industry

Almost all industry stakeholders we engaged with were in favour of a fixed fare from Sydney Airport to the CBD but without consensus on what trial parameters should be.

Fares from the airport to the CBD currently vary depending on the terminal origin, time of day, route, traffic, tolls and CBD drop-off point. This means that some fixed fare trips will be more lucrative to industry than others.

If industry sees the fixed fare as insufficient to account for the probability of a CBD trip against the time spent waiting at the airport, there is potential for a reduction in the excessive queuing currently occurring. This should go toward correcting the supply/demand imbalance we identified at the airport.

Some stakeholders have argued that fixed fares have the potential to return airport transport market share back towards the taxi industry. We anticipate passengers to be receptive to the increased transparency and certainty of fares but what impact that will have, if any, on consumer behaviour remains unknown.

### 6.9.3 Guardrails to better protect passengers

A fixed fare trial brings a substantial change to the way taxis operate to and from the Sydney Airport precinct. To encourage a smooth transition, a collaborative partnership between the airport, industry and government will be required. We are interested in hearing from stakeholders on how best to implement a trial and how to ensure conditions are implemented and maintained.

To protect passengers, we consider compliance measures a key component for trial success. Industry and passengers need to know the parameters for transparency and clarity. Clear signage explaining the fare inclusions should be visible and communicated in simple and accessible language. We recommend a Point to Point Transport Commission presence on site to shepherd the trial's establishment and an increase in compliance activity for its duration.

#### 6.9.4 The importance of evaluation

To thoroughly assess the successes and pitfalls, we recommend the trial occur over a 12-month period. This will allow the capture of impacts across all times, days and months of the calendar year, especially the changes seen across tourism peaks.

There are many complexities but also many potential benefits to a fixed fare from the airport to the Sydney CBD. Evaluating the trial after 12 months will be vital to understanding what has and hasn't worked. It will provide evidence of the effectiveness and impact of the trial and assist TfNSW in determining whether fixed fares from Sydney Airport should be continued, expanded or ceased.

We consider that feedback from Sydney Airport, the taxi industry, but most importantly passengers, are key metrics in evaluating the effectiveness of the trial.

A post-trial evaluation (Condition 8) should be conducted independently and measure the trial's performance against outcomes agreed prior to the trial's commencement (Condition 1).



# Appendices

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# A Terms of Reference

## Point to Point Transport (Taxis and Hire Vehicles) Act 2016 Section 74(1)

### Referral

I, the Hon. Jo Haylen MP, Minister for Transport, with the approval of the Hon. Chris Minns MP, the Premier of NSW, administering the Independent Pricing and Regulatory Tribunal Act 1992, pursuant to section 74(1) of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*, refer to the Independent Pricing and Regulatory Tribunal (IPART) for investigation and preparation of a report containing recommendations on the maximum fares for rank and hail taxi services in New South Wales to apply from 1 July 2025.

Pursuant to section 74(2)(b) of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016, IPART is to consider the following specified matters when making its investigations for the purposes of its report:

1. A pricing framework for maximum fares for rank and hail taxi services including:
  - A methodology or level for fares from 1 July 2025
  - A methodology for reviewing and adjusting fares in future.
2. Level and methodology for determining fares for maxi-taxis, the circumstances in which this fare is to be charged and any impacts on the availability of wheelchair accessible taxis.
3. Ensuring affordability and availability of taxi services for people with disability.
4. Application of different maximum fare schedules for country and urban areas of NSW.
5. The forthcoming review under section 161 of the Point to Point Transport (Taxis and Hire Vehicles) Act 2022, which will assess the effect of the commencement of the:
  - deregulation of taxi licence supply; and
  - removal of operating area restrictions
  - and their impacts on innovative and competitive services as well as on customer satisfaction.
6. IPART is also to consider the following matters in making its recommendations:
  - the cost of providing the services
  - the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
  - the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service
  - the social impact of the recommendation
  - the impact of the recommendation on the use of the public passenger transport network and the need to increase the proportion of travel undertaken by sustainable modes such as public transport
  - standards of quality, reliability and safety of the services (whether those standards are specified by legislation, agreement or otherwise)
  - the effect of the recommendation on the level of Government funding
  - any other matter IPART considers relevant.

IPART should publish a draft report containing its preliminary recommendations and consider public submissions in response to its recommendations.

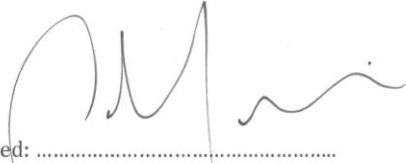
IPART is to deliver a final report to the Minister for Transport within nine months from the date of receiving these Terms of Reference.

Signed:   
The Hon. Jo Haylen, MP  
Minister for Transport

Date: 26/5/24

**Approval of Referral**

I, the Hon. Christopher John Minns, MP, Premier, as the Minister administering the *Independent Pricing and Regulatory Tribunal Act 1992*, approve this referral under section 74(1) of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*.

  
Signed: .....

The Hon. Chris Minns, MP  
Premier

Date: 21/6/24

## B Letter from the Minister for Transport

The Hon Jo Haylen MP  
Minister for Transport



28 October 2024

**Ms Carmel Donnelly PSM**  
**Chair**  
**Independent Pricing and Regulatory Tribunal**  
PO Box K35  
Haymarket Post Shop NSW 1240

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Re: Section 13 requirements for the review on maximum fares for rank and hail taxi services in NSW

Dear Ms Donnelly,

I write to the Independent Pricing and Regulatory Tribunal (IPART) regarding the review of the appropriate maximum fares for rank and hail taxi services in New South Wales that is currently underway.

Taxi trips are an important mode of travel for people accessing Sydney airport. Equally, they are also an important component of work for the taxi industry. The Government understands that there is significant interest in determining fares for these trips, including the potential for fixed fares.

To that end, pursuant to section 13(1)(c) of the *Independent Pricing and Regulatory Tribunal Act 1992*, I am writing to seek consideration of the pricing methodology for taxi trips commencing from Sydney Airport to areas such as the Sydney CBD as part of the current review. The consideration of these trips is timely, as I understand this was last investigated in IPART's review of taxi fares in 2010.

This direction will maintain IPART's independence, while ensuring that the NSW Government is well informed to consider IPART's recommendations.

I look forward to receiving IPART's report.

Sincerely,



Jo Haylen MP  
Minister for Transport

## C Glossary

Term	Description
Affiliated taxi service provider	Provides a taxi service under the brand of an authorised taxi service provider.
Airport access fee	Sydney Airport charges a Ground Transport Access Fee (airport access fee) to taxis and other hire vehicles who access the taxi ranks and priority pickup areas on the airport premises. It is currently \$5.80 per vehicle.
Authorised taxi service provider	Provides a taxi service, sets their own fares, has their own branding, and makes their own arrangements for safety and security. They must be authorised by the Point to Point Transport Commissioner.
Booked service	A point to point transport service in a taxi or hire vehicle that is obtained by making a booking through a booking service provider.
Booking service provider	Takes bookings for taxis and hire vehicles to provide passenger services. They must be authorised by the Point to Point Transport Commissioner.
Country Fare Area	All areas in NSW excluding the Urban and Exempt Fare Areas.
Exempt Fare Area	The townships of Moama, Barham, Tocumwal, Mulwala, Barooga and Deniliquin.
Fares Order	Transport for NSW can make a fares order under section 76 of the Point to Point Transport Act. The current fares for rank and hail taxi services commenced 1 July 2023.
Flag fall	The fixed charge payable for the hiring of a taxi and payable at all times. Also known as the 'hiring charge'.
Hire vehicle	Under the Point to Point Transport Act, a hire vehicle means a motor vehicle that is used to provide a passenger service that is not a taxi service. Includes vehicles that were previously regulated as hire cars (HC licence plates) or tourist vehicles (TV licence plates) as well as rideshare vehicles.
Maxi taxi	A taxi vehicle which can carry 5 or more passengers (in addition to the driver). Maxi taxis can carry up to 11 passengers depending on the vehicle.
Passenger Service Levy	Taxi service providers and booking service providers must pay a Passenger Service Levy of \$1.20 per passenger service transaction to fund the Government's industry assistance package. It can be passed on to customers, and if so, it is subject to GST (\$1.32 including GST).
Point to Point Regulation	<i>Point to Point Transport (Taxis and Hire Vehicles) Regulation 2017</i>
Point to Point Transport Act	<i>Point to Point Transport (Taxis and Hire Vehicles) Act 2016</i>
Point to Point Transport Commissioner	The industry regulator for taxis and hire vehicles in NSW (since 1 November 2017).
Rank and hail taxi service	A service provided by a taxi that is hired at a taxi rank or from the street.
Sydney CBD	The Sydney central business district (CBD) is Sydney's historical and main commercial centre. It does not have a fixed definition, but for the recommended fixed fare trial we propose to define it as locations within the 2000 postcode (the suburbs Sydney, Haymarket, Barangaroo, Millers Point, Dawes Point, and The Rocks). This region ranges from Central Station to Sydney Harbour, and includes parts of Darling Harbour.
Taxi service	Under the Point to Point Transport Act, a taxi service means a passenger service where the transport is by a motor vehicle that plies or stands for hire on a road or road related area or is authorised to do so.
Tolls	All road, bridge, ferry, tunnel and airport tolls and charges that apply to a journey.
TTSS	The Taxi Transport Subsidy Scheme, which provides support for NSW residents who are unable to use public transport because of a disability. The subsidy covers 50% of the total fare with a maximum subsidy of \$60 per journey.
Urban Fare Area	The Urban Fare Area includes: <ul style="list-style-type: none"> <li>• Metropolitan Transport District (Sydney)</li> <li>• Newcastle Transport District</li> <li>• Wollongong Transport District</li> <li>• Blue Mountains Local Government Area</li> </ul>

- Central Coast Local Government Area
- Shellharbour Local Government Area, and
- the townships of Cams Wharf, Fern Bay, Minmi, Toronto, Williamtown, Medowie, Campvale, Ferodale, Raymond Terrace, Fassifern, Hexham, Maitland, Beresfield, Fullerton Cove, Tomago, Camden, Picton, Thirlmere, Tahmoor and Bargo.

WAT	Wheelchair Accessible Taxi
WATDIS (lift fee)	The Wheelchair Accessible Taxi Driver Incentive Subsidy (WATDIS, also commonly referred to as a 'lift fee') is an incentive payment paid to wheelchair taxi drivers when they carry passengers in wheelchairs who are TTSS participants. The payment is made to WAT drivers at no cost to passengers.
Wheelchair Book & Ride	Wheelchair Book & Ride is the centralised booking service for wheelchair accessible taxis in Sydney. Bookings can be made either through the phone or online. Wheelchair Book & Ride is operated by Spinal Cord Injuries Australia (SCIA) and is funded by Transport for NSW.

## D The point to point transport industry

The point to point transport industry plays an integral role in supporting the state's broader transport infrastructure system. It is defined as any passenger service (other than a bus) that can take passengers on the route they choose, at the time that suits them, for a fare<sup>lii</sup>. Generally, it includes those that provide rank and hail services (taxis) and booked services, including offerings from within the taxi, hire car and rideshare sectors.



A **taxi** is a vehicle marked with a TAXI sign on its roof. Taxis can take booked passengers and passengers who hail them on the street or at a taxi rank.



A **hire vehicle** service provides a vehicle with a driver to transport passengers from one point to another for a fare. A hire vehicle can only take booked passengers.

- **Rideshare** includes services such as Uber, Ola and Didi.
- **Limousines and other hire vehicles** include other booked transport services with a vehicle and driver

### D.1 Industry at a glance

The point to point transport industry has returned to pre-pandemic service levels, with more than 68 million point to point trips undertaken in the 2022-23 financial year which was an increase from the 48.5 million trips the previous year. The Point to Point Transport Commissioner's data<sup>liii</sup> shows an increase in rideshare trips and a 5% growth in the number of licensed taxis since August 2023. The NSW Taxi Council reports more than 200 authorised taxi networks, over 5,000 taxi operators and more than 30,000 authorised drivers<sup>liv</sup>.

There have been some new WATs entering the Sydney market; however, there has been a decline in the availability of wheelchair accessible services across NSW. The supply of wheelchair accessible transport services and especially WATs remain a focal issue for TfNSW. As at 30 June 2023 there were:

- 148,822 drivers with a passenger transport (PT) licence code
- \$327.7 million in passenger service levy collected<sup>lv</sup>.

## D.2 The taxi industry has undergone significant changes in the last decade

Regulatory reforms to point to point transport commenced in 2009 and accelerated in 2015 in response to the entry of new business models into the point to point transport sector. In 2017, the Point to Point Act and the Point to Point Regulation commenced. They provide a regulatory framework for service providers in the point to point transport industry, including taxis, rideshare, and hire vehicles.

2001	IPART first reviewed taxi fares
2015	Rideshare services were legalised
2017	New Point to Point Transport regulatory framework commenced
2018	Industry adjustment assistance package established
2018	IPART's last review of taxi fares
2020	Independent Review of Point to Point Transport
2023	Removal of taxi licence restrictions and financial assistance scheme established

## D.3 Fares for booked services are unregulated and open for industry innovation

The TfNSW fares order sets the maximum fare components such as flag fall, distance rates, peak time charge and waiting time. This means that taxi service providers and drivers are not allowed to charge anyone who catches a taxi from a rank, or who hails a taxi from the street, more than the maximum fare. This is in place to protect passengers who don't have the ability to shop around for other services and compare different fare prices.

Booked taxis are not subject to these maximum fares and are free to set prices with passengers in any way they like providing an estimate is provided to and accepted by the passenger prior to the trip.

We note that most country taxi work is in the booked market, where we have seen positive examples of how taxi service providers adjust booked fares according to their market needs and conditions. For example, some use the metered rates but extend the hours or days that the higher night tariff applies, have increased the flag fall, or charge a booking fee that increases the fare. Some also provide fixed fare pricing for certain types of booked trips.



### Box D.1 Examples of booked fare pricing

Taxi service providers (and other hire vehicles) are required to provide a fare estimate to a prospective passenger at the point of booking before a trip commences.

A fare estimate **might** look like:

- an agreed fare for a specified passenger trip, such as:
  - \$15.72 from the Opera House to Westfield Sydney, at the time of booking
  - \$30 for all trips within Dubbo from 7am-7pm, and \$40 from 7pm to 7am
  - \$250 for all trips from Wollongong to Sydney Airport or the Sydney CBD.
- signage at the point of booking, such as a website, that specifies booked fare rates, such as:
  - \$4 per km for the first 10 km, and \$3 per km thereafter
  - \$90/hr pro rata for the trip's duration
  - \$5 hiring charge + \$2.50/km + \$1/min minute waiting time (where vehicle is travelling under 26 km/h) from Monday to Saturday, and \$8 hiring charge + \$3 per kilometre + \$1/min waiting time (where vehicle is travelling under 26 km/h) on Sundays.

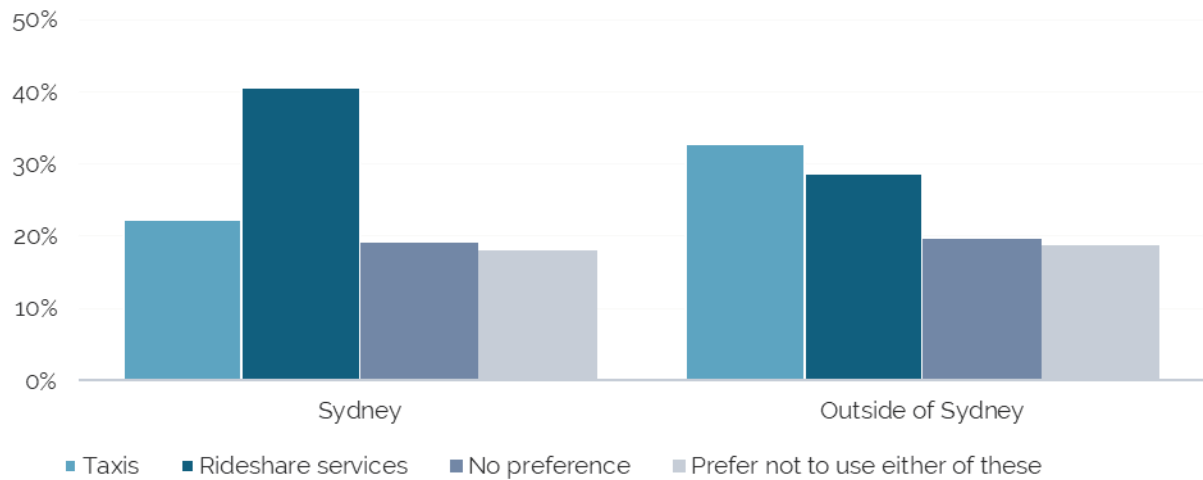
Taxi service providers can set their booked fares at any rate they determine, as passengers can shop around to find a service at a price that suits them.

## D.4 What passengers and their travel preferences tell us

Since 2012, IPART has surveyed Sydney and other NSW residents each year on their experience with taxis and other forms of point to point transport and the reasons they do and do not use it. The surveys show similar trends on the use and perceptions of NSW's point to point transport services to 2023, having returned to pre-COVID-19 levels.

Rideshare continues to be more popular than taxis in Sydney and is generally perceived more positively than taxis in terms of service and value satisfaction. Taxi fares were reportedly higher in Sydney than in all other regions, but rideshare fares had less variation across locations, consistent with findings from previous years. Our results suggest that point to point transport services in NSW are largely meeting the needs and expectations of passengers.

Figure D.1 Point to point transport preferences



Source: 2024 Point to Point Transport Survey

#### D.4.1 Taxi supply in NSW

Since taxi licence supply deregulation in 2023, the supply of WATs has decreased but the supply of standard taxis has slightly increased.<sup>lvii</sup> Barriers to entry have significantly decreased since industry deregulation removed high licence costs and operating area restrictions.

The low barriers to entry to the standard taxi market means that over time, the supply of standard taxis should adjust itself to meet market demand.

Table D.1 Taxi licences over time

Licence Type	February 2022 (pre licence deregulation)	August 2024
Standard Licences <sup>a</sup>	5,643	5,744
WAT Licences	1,032	727
<b>Total Licences (including WATs)</b>	<b>6,675</b>	<b>6,471</b>

a. Some WATs are under a standard taxi licence

Source: Point to Point Transport Commissioner

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- <sup>4</sup> Physical Disability Council of NSW, meeting with IPART, September 2024
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- <sup>7</sup> Spinal Cord Injuries Australia, meeting with IPART, November 2024
- <sup>8</sup> IPART analysis, data provided by Spinal Cord Injuries Australia, November 2024
- <sup>9</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission to IPART review](#), September 2024, p 30
- <sup>10</sup> People with Disability Australia, [Submission to IPART review](#), September 2024, p 2
- <sup>11</sup> IPART analysis, data provided by Spinal Cord Injuries Australia
- <sup>12</sup> Anonymous (W24/1917, W24/1931, W24/1941), [People with Disability Australia, Vision Australia, Spinal Cord Injuries Australia, Submissions to IPART review](#), September 2024
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- <sup>16</sup> IPART analysis, IPART Survey of Point to Point Transport Use 2024, December 2024
- <sup>17</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission to IPART review](#), September 2024, p24
- <sup>18</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission Workshop](#), September 2024
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- <sup>22</sup> NSW Taxi Council Roadshow – Western Region (Orange), 3 October 2024
- <sup>23</sup> Dubbo Radio Cabs, [Submission to IPART review](#), September 2024, p5
- <sup>24</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission to IPART review](#), September 2024, p 13
- <sup>25</sup> Spinal Cord Injuries Australia, [Submission to IPART review](#), September 2024, p 3
- <sup>26</sup> People with Disability Australia, [Submission to IPART review](#), September 2024, p 2
- <sup>27</sup> Spinal Cord Injuries Australia, [Submission to IPART review](#), September 2024, p 4
- <sup>28</sup> IPART analysis, registered WAT data provided by Transport for NSW
- <sup>29</sup> People with Disability Australia, [Submission to IPART review](#), September 2024, p 2
- <sup>30</sup> Spinal Cord Injuries Australia, meeting with IPART, November 2024
- <sup>31</sup> IPART analysis, data provided by Spinal Cord Injuries Australia
- <sup>32</sup> Physical Disability Council of NSW, meeting with IPART, September 2024
- <sup>33</sup> Spinal Cord Injuries Australia, meeting with IPART, November 2024
- <sup>34</sup> Sydney Airport, data provided to IPART, December 2024
- <sup>35</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission to IPART review](#), November 2024, p 37
- <sup>36</sup> For example, Taxi Driver Action, [Submission to IPART review](#), November 2024, p1
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- <sup>40</sup> For example, Taxi Drivers Benefit Association, [Submission to IPART review](#), November 2024, and Taxi Driver Action, [Submission to IPART review](#), November 2024
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- <sup>47</sup> Various, [Submissions received for Call for submissions – Sydney Airport fares](#), November 2024
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- <sup>49</sup> NSW Taxi Council and NSW Country Taxi Operators Association, [Submission to IPART review](#), November 2024, p 37, GM Cabs, [Submission to IPART review](#), November 2024
- <sup>50</sup> NSW Taxi Council, [Submission Workshop](#), November 2024
- <sup>51</sup> Les Clefs d'Or Australia, meeting with IPART, January 2025
- <sup>lii</sup> Point to Point Transport (Taxis and Hire Vehicles) Act 2016 No 34 (NSW), Section 4
- <sup>liii</sup> Point to Point Transport Commissioner, [Annual Review 2022–23](#), page 2
- <sup>liv</sup> NSW Taxi Council, [About us | Industry Profile | NSW Taxi Council](#), accessed November 2024
- <sup>lv</sup> Point to Point Transport Commissioner, [Annual Review 2022–23](#), page 6
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