
# Summary of discussion at taxi fare technical workshop on draft urban fares

27 March 2025

## 1 Overview

IPART held an online technical workshop on 20 March on the modelling for the Draft Report that led to the development of the draft urban fare schedule and the proposed fixed fare trial for trips from Sydney Airport to the CBD (postcode 2000). The technical workshop was designed to allow stakeholders to consider and provide feedback on IPART's methodology and modelling approach in making draft recommendations for maximum rank and hail taxi fares to apply from 1 July 2025.

## 2 How the workshop was structured

The technical workshop encompassed three IPART presentations that provide greater explanation of our modelling approach and methodology used in forming draft recommendations presented in the Draft Report for maximum rank and hail taxi fares from 1 July 2025.

Each presentation was followed by discussion, where we sought stakeholder feedback on our methodology. The complete workshop presentation is available through the review's page on the IPART website.

## 3 Fare modelling – basket of taxi fares

IPART presented the modelling approach used to understand the impact of fare schedule changes on the prices that passengers would pay for various types of taxi trips with different trip lengths and times. IPART noted that the draft recommended urban fare schedule would:

- increase the price of shorter trips, while maintaining affordability
- keep fares for moderate trips around the same price
- decrease the price of longer trips by a small amount.

Key themes of the discussion that followed:

- concerns about driver income and whether a fare decrease for longer trips was fair, given possible dead-running costs
- IPART's draft recommendation to increase maximum flag fall from $3.60 to $5.11
  - passenger 'meter shock' may have a negative impact on demand
  - while taxi service providers can set flag fall below the maximum allowable levels, the taxi industry view is that passengers want consistency across taxi service providers
  - alternative approaches such as a zero flag fall and higher distance rate, or a minimum fare were noted by stakeholders
- IPART's draft recommendation for adjustments to the pricing structure to address short fare refusal
  - some stakeholders noted that this recommendation that applies to the entire urban fare area was focused on an issue that is overrepresented at Sydney Airport
  - there was support for different mechanisms to address short fare refusal (such as a short fare queuing system at Sydney Airport) as opposed to a fare mechanism
  - short fare refusal in other locations (for example, the Sydney CBD) is also a problem
  - an industry representative expressed a concern that an additional $1.51 flag fall would be insufficient to encourage drivers to take short fares
- waiting time inputs used in the basket of fare modelling
  - a stakeholder noted that the waiting time input assumptions (for time spent travelling below 26 km/h) used in trip settings for the basket of fares were lower than industry experience
  - IPART to undertake further sensitivity testing on how waiting time impacts average fares for given trip lengths.

# 4 Aggregate modelling – Sydney Taxi Model

IPART presented the modelling approach used to understand the overall industry dynamics as a result of fare level changes (i.e. an increase or decrease in average fares). IPART explained the use of the Sydney Taxi Model to model the effects of a fare increase beyond inflation, and the inputs and settings used within the model.

Discussion centred around calibration inputs used in the model, derived from IPART's 2024/25 driver/operator survey:

- stakeholders noted that the booking share, set at 60%, was not reflective of the typical split between booked and rank and hail work in Sydney
  - IPART clarified that the booking share calibration was unlikely to affect the relativity between modelled options as it was evenly applied across all modelled scenarios
- passenger demand elasticity (how passengers respond to changes in price) was discussed
  - it was noted that there have been changes in customer elasticity over the past decade due to changes in point to point transport industry regulation and composition
  - some attendees thought that elasticity was now higher due to the increased point to point transport alternatives now available

  - others thought that elasticity is lower because the point to point transport sector has reached a new equilibrium after more than 10 years of changes and passengers are loyal to the transport mode rather than responsive to price
  - IPART noted that modelling was undertaken under the assumption of passenger homogeneity with a low passenger elasticity of demand (-0.8) which means that modelled outcomes are less sensitive to overall changes in fare levels
- a stakeholder asked about the relationship between competitor pricing and taxi demand in the model
  - IPART explained that the model was only representative of the taxi market and did not take into account changes to supply or pricing of alternatives
- the average trip of 10 km, 5 minutes waiting time used to calibrate the model
  - a stakeholder noted that the average trip was likely to accrue more time on the waiting rate.

IPART noted that the Sydney Taxi Model was previously used to inform the relationship between fares, licence values, licence releases, and taxi industry activity, but now only reflects fare levels (not fare structure) and was used to understand the outcomes of an overall fare increase or decrease.

IPART welcomed stakeholder feedback on inputs to improve the model's accuracy.

# 5 Fare modelling – Sydney Airport to CBD fixed fare

IPART presented the approach used in making the draft recommendation of a trial of a $55 fixed fare from Sydney Airport to Sydney CBD (2000 postcode). IPART noted the basket of routes and destinations considered, and the provision for efficient use of toll roads. IPART explained that the draft recommended level represented trips under typical traffic conditions and that using an average fixed fare approach means that the fixed fare would sometimes be above, and sometimes below what the price is on average.

Discussion focused on:

- industry acceptance of a fixed fare methodology rather than the standard metered approach
  - stakeholders noted that there was support from industry for this approach
- inclusion of tolls and other charges
  - some stakeholders favoured tolls being added on, saying either that $55 was too low for an all-inclusive fare and/or that an all-inclusive fare would incentivise drivers to use non-toll roads, even if this was not the quickest route
  - a stakeholder noted that IPART did not provision for use of the Cross-City Tunnel, and that the tolled tunnel is commonly used for trips from the Domestic Terminals.
- IPART's draft recommendation to allow the driver to choose the route from the airport
  - stakeholders noted that the route choice is up to the passenger to determine (if they choose) for all other types of taxi trips and did not support IPART's draft recommendation on the basis that a different approach for airport fixed fares would be inconsistent and cause confusion

- the draft recommended level of $55 for standard taxis
  - a stakeholder noted that $55 would be more appropriate if it was not inclusive of tolls and other charges
  - an industry representative advocated for $65 as being more reflective of what a trip from the airport to the CBD would cost.