



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Maximum rank and hail taxi fares from 1 July 2025

Technical Workshop, 20 March 2025

Agenda

- 01 Welcome and Acknowledgement of Country
- 02 Fare modelling – basket of taxi fares
- 03 Aggregate modelling – Sydney Taxi Model
- 04 Fare modelling – Airport to CBD fixed fare
- 05 Next steps and closing remarks



Welcome and Acknowledgement of Country

Jonathan Coppel
Deputy Chair



Secretariat Presentation

Martin Tran, Analyst, Pricing and Policy

We found that current urban fares are around the right level

We found that current fare levels are effective in encouraging a sufficient level of rank and hail taxi service to meet urban passenger demand, except for:

- passengers who require wheelchair accessible taxis
- passengers making short trips
- passengers leaving Sydney Airport (where there is oversupply)



Passengers are typically able to access rank and hail taxi services in a timely manner



Passengers are generally confident that taxi service coverage can meet their needs



Urban passengers are satisfied with the availability of point to point transport options

What our draft urban fare schedule aims to do



Encourage drivers to take short fares

- We heard that drivers can be reluctant to service shorter trips as they find the prices not worth their time
- We also heard that passengers can be refused service for shorter trips



Reduce excessive queuing at Sydney Airport

- One incentive to queue is the opportunity to get a passenger making a long trip
- We also heard that drivers feel that current fares do not compensate for long queue wait times (especially for shorter trips)

Our draft urban fare schedule aims to encourage drivers to take shorter fares

Urban Fare Schedule	Current	Draft Recommendation
Hire charge (flag fall)	\$3.60	\$5.11
Peak time hire charge	\$2.56	\$2.56
Distance rate (\$/km)	\$2.29	\$2.34 (first 12km) \$2.11 thereafter
Night rate (\$/km)	\$2.73	\$2.79 (first 12 km) \$2.51 thereafter
Waiting time charge	94.4 c/min	101.4 c/min

- Our draft urban fare recommendation increases the relative incentive for drivers to make shorter trips (comparative to longer trips) by:
 - increasing flag fall and short-run distance rate
 - decreasing the distance rate after 12 km
- We are considering other ways to adjust fare components to achieve a similar effect

Other ways we could adjust fare components

We want to encourage drivers to accept shorter fares and increase the relative incentive for those types of trips



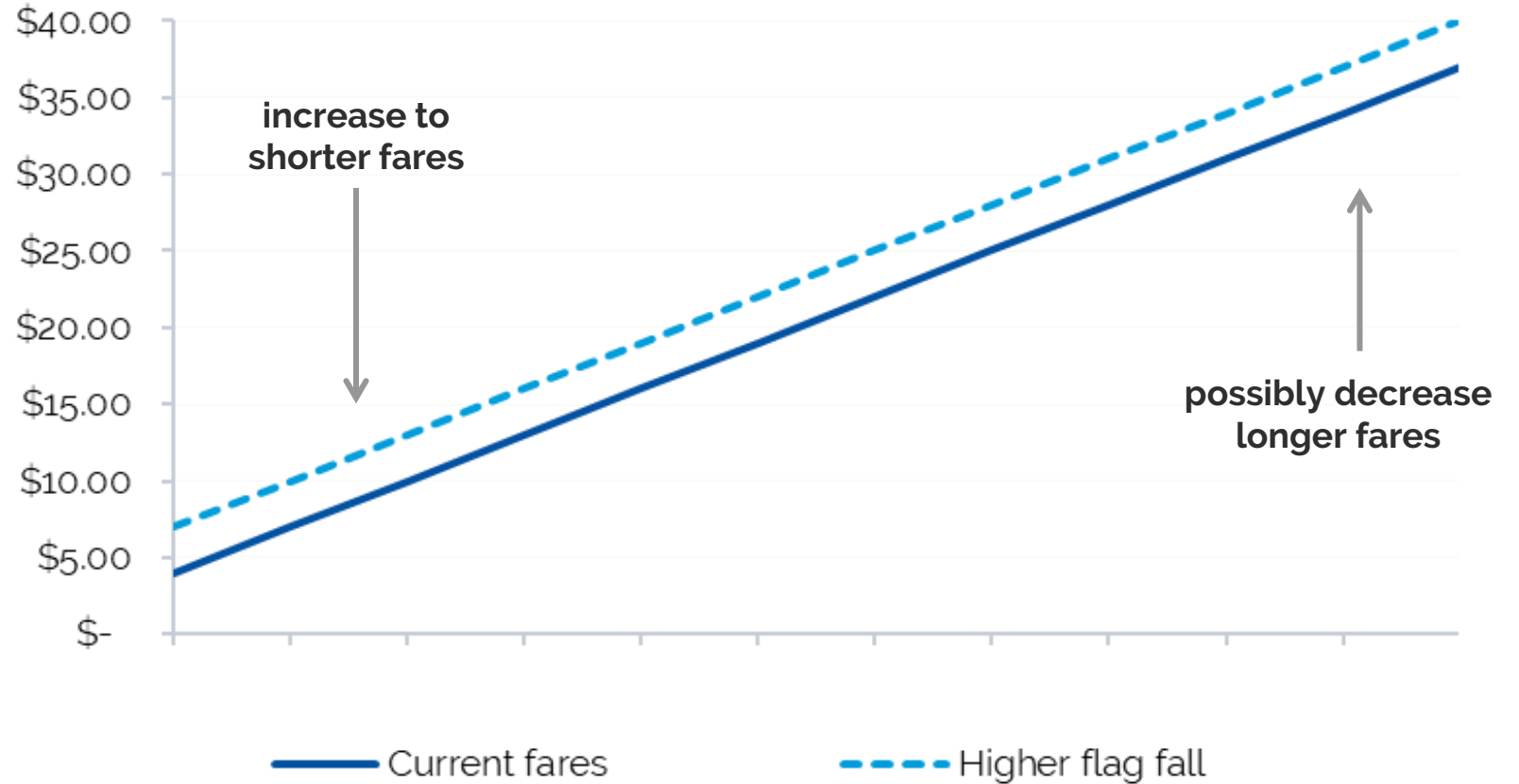
Note: Diagram is indicative and not to scale

Other ways we could adjust fare components

We consider that we could encourage drivers to take short fares by:

- **increasing flag fall**
- decreasing distance rate
- a split distance rate
- a minimum fare

or a combination of these.



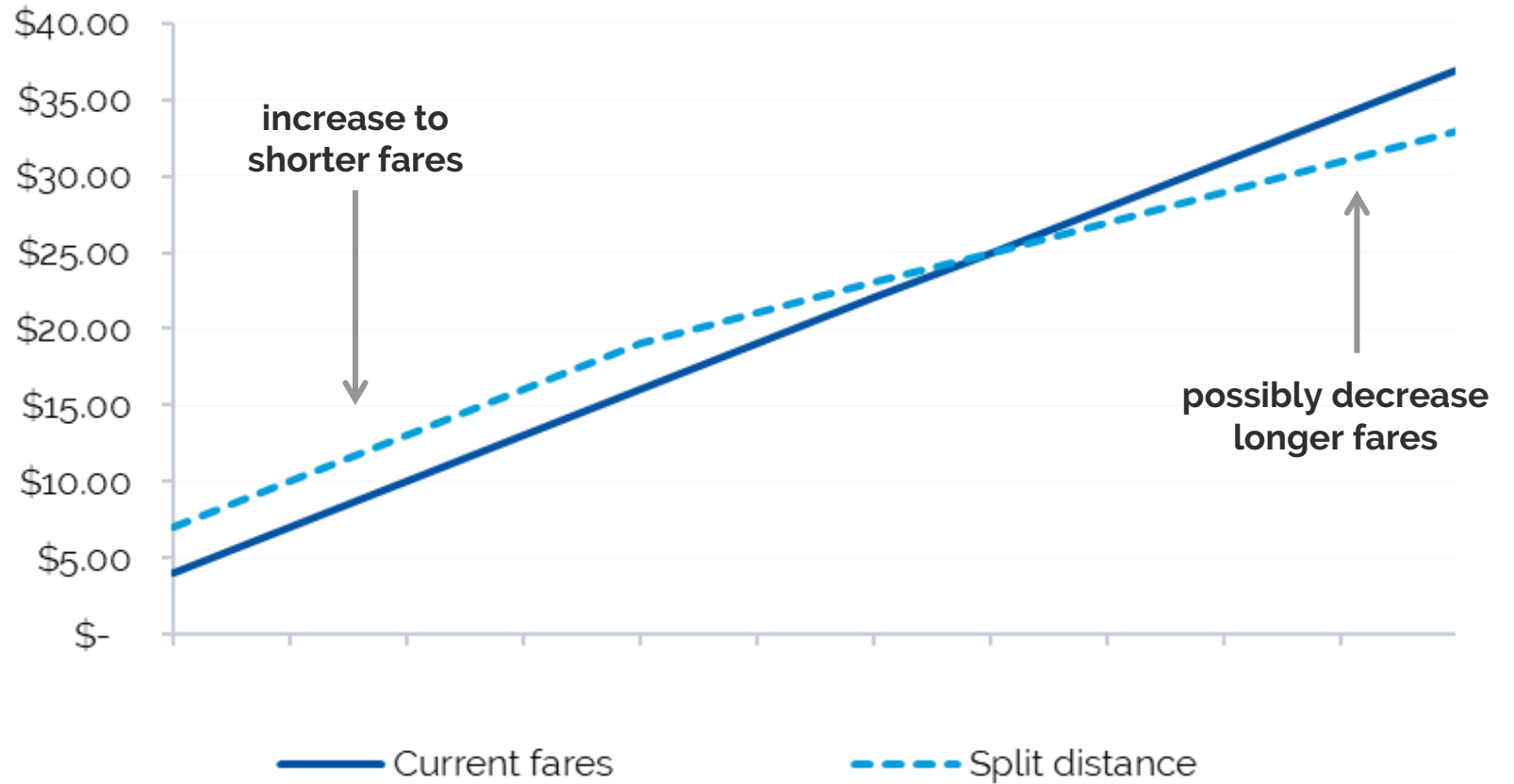
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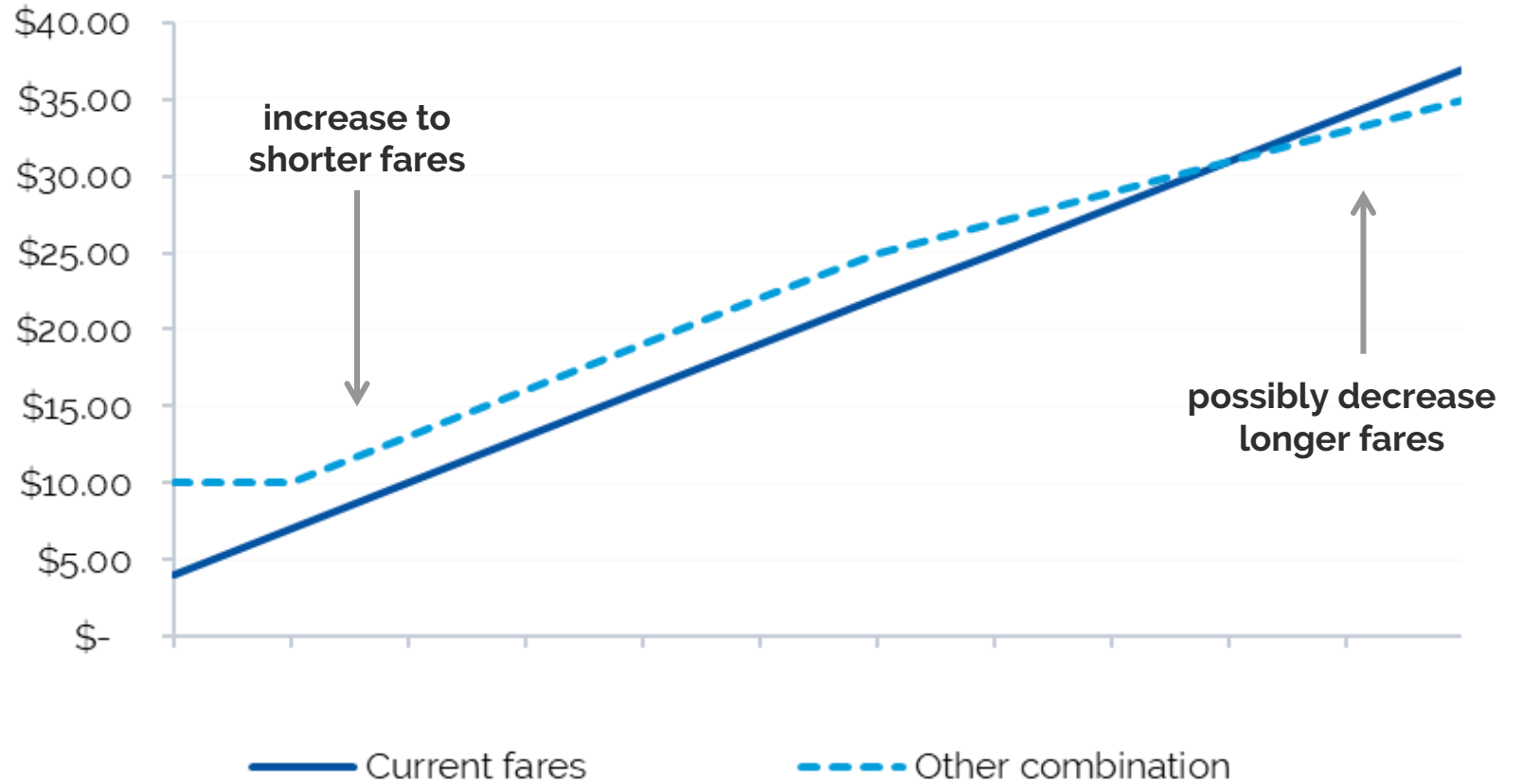
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We considered the effect of fare changes on the prices of various taxi trips

- We considered a variety of trip lengths ranging from short local trips (1-2 km) to longer trips (60 km)
- We want to encourage drivers to accept shorter fares by increasing the price of short trips by a reasonable level
- We want to know how we can best adjust the current urban fare schedule to do so, without significantly impacting affordability

Trip	Short local	Short city	Local	Average	Medium	Long	Very long
Current Fares	\$12.33	\$18.54	\$19.20	\$30.65	\$65.95	\$101.24	\$136.53
Draft Rec	\$14.15	\$20.94	\$21.17	\$34.90	\$66.00	\$98.66	\$131.32
<i>\$ change</i>	\$1.82	\$2.40	\$1.97	\$2.36	\$0.05	-\$2.58	-\$5.21
<i>% change</i>	15%	13%	10%	7%	0%	-3%	-4%

We want your feedback on:

- what is the shortest practical taxi trip?
- what prices would be acceptable for drivers to make short trips?
- what prices would discourage excessive queuing with the intent of getting a long trip from Sydney Airport?
- how often certain types of trips occur i.e. how many long/short trips does a driver typically do per shift?
- what other types of taxi trips should we consider in our basket of fares?

We also modelled the effects of fare changes on the aggregate taxi market

We engaged the CIE (Centre for International Economics) to update our taxi industry model (Sydney Taxi Model) for our current review.

The model considers:

- the fares that we want to model
- driver/operator costs, passenger demand, and the average trip

and finds the equilibrium that best matches

- taxi supply at a given time of day
- taxi availability and occupancy at that time
- passenger demand at a given time.

The model outputs various metrics for both consumers and the taxi industry.

- We modelled the effect of our draft urban fare recommendations on the overall taxi market in Sydney
- We found that our draft recommendation had very similar outcomes to current fares, as they result in similar fares on average
 - We considered that current fares are typically sufficient to maintain an appropriate level of supply to meet passenger demand
- The other options we considered performed very similarly in the model as they resulted in similar fares on average

Our modelling inputs and outputs

Fare Inputs

- fare components
 - flag fall, distance rate (day and night), waiting, peak charge, booking fee
- fare settings (time of day when tariffs apply)



Economic Inputs

- changes in costs (beyond inflation) – set at 0%
- demand growth for taxis
- demand elasticity



Calibration Settings

Driver/Operator Survey Data

- costs of operation
- 'on road' information
 - booking share (60%)
 - trips per taxi
- the average take-in (≈\$32)
 - 10 km, 5 min waiting time

Passenger Demand Data

- Melbourne unbooked data (ESC)
- Sydney CCTV SmartRanks (P2P)
- Sydney Airport taxi queue data



Outputs

- Consumer surplus
- Passenger demand for taxis
- Number of active taxis
- Trips per year per taxi
- Revenue per taxi
- Overall industry revenue
- Driver employment levels
- Vacant taxi availability
- Taxi utilisation
- Passenger waiting time

Cost inputs we used in our model (per taxi per year)

Operator costs for 24/25 (from survey)

- Fuel: \$13,800
- Insurance: \$12,500
- Admin, cleaning, and other: \$14,000
- Maintenance: \$5,700
- Vehicle purchase/lease (annual): \$7,200
- Network fees: \$7,700

Total operating costs: \$61,000

2012 costs

- Fuel: \$14,615
- Insurance: \$13,200
- Admin, cleaning, and other: \$12,400
- Maintenance: \$7,600
- Vehicle purchase/lease (annual): \$5,800
- Network fees: \$7,200
- Plate lease costs: \$28,800

Total operating costs: \$89,600

Results of our modelling for urban fares

Our modelling estimates that setting fares at a level **lower than the current maximum** could improve various metrics for both passengers and the taxi industry.

If fares are set lower than the current maximum:



Passenger demand
for taxis



Overall per taxi
revenue



Waiting times for
passengers



Percentage of time
with a passenger



Trips per year
per taxi



Overall number
of taxis

Results of our modelling for urban fares

We estimate that increasing overall fare levels could result in lower passenger demand, and lower trips and revenue per taxi.

We also found that waiting times for passengers would slightly decrease.

If fares are set higher than the current maximum:



Passenger demand
for taxis



Overall per taxi
revenue



Waiting times for
passengers



Percentage of time
with a passenger



Trips per year
per taxi



Overall number
of taxis

Results of our modelling for different fare options

We ran our proposed fares (and other options, including those provided by stakeholders) through the Sydney Taxi Model.

	Draft Rec	Option 2	Option 3	Taxis NSW	ATDA
Consumer surplus	0%	1%	9%	-10%	-7%
Taxi demand	0%	0%	5%	-5%	-4%
Number of licensed taxis	0%	0%	-3%	2%	2%
Taxi industry revenue	0%	0%	-2%	1%	1%
Driver employment	0%	0%	-3%	2%	2%
Trips per year per taxi	0%	1%	8%	-7%	-5%
Revenue per licensed taxi	0%	0%	1%	-1%	-1%
Average waiting time	0%	0%	4%	-3%	-3%
Occupied time	0%	1%	8%	-7%	-6%

We considered typical trip conditions for the Sydney Airport to CBD fixed fare

Our draft recommendation for a **\$55** fixed fare from Sydney Airport to the Sydney CBD is based on the average fare for trips from either T1 International or T2/T3 Domestic to:

- Central Station, Barangaroo, Darling Harbour, Pitt Street Mall, and Circular Quay

We considered the distance and waiting time accrued in typical day-time traffic conditions and included:

- the \$5.80 airport access fee
- Passenger Service Levy
- toll roads (Eastern Distributor or M8) when efficient

We demonstrate our modelling approach in the Draft Report.

Our price provisions for appropriate use of toll roads



- Our methodology included use of toll roads where efficient and appropriate – for all trips except to Central Station
- This reduces the duration spent on the waiting time rate, increases the route distance, and makes for a more efficient trip for the passenger and the driver
- We did not price for the Cross City Tunnel as its use is likely to be superseded by the M8-City West Link-Anzac Bridge route.

We will consider variability in peak and off-peak fares to inform our final decision

We heard in our public hearing that our draft proposal of **\$55** was much lower than prices for trips in peak traffic. We note that:

- the nature of a fixed fare means that the price will sometimes be lower (and sometimes higher) than what a trip would normally be
- pricing should be competitive as to not discourage passengers, to improve demand and reduce airport taxi queueing times
- we will consider fare sensitivity to peak traffic conditions

We will conduct further analysis on the variation of fares from Sydney Airport to the CBD to inform our final recommendations.

We welcome feedback and input from the industry to inform our methodology for our final recommendation for a fixed fare.

Next steps




Contact us

Jennifer Vincent

 (02) 9290 8418

 Jennifer.Vincent@ipart.nsw.gov.au

Tess Bellamy

 (02) 9113 7712

 Tess.Bellamy@ipart.nsw.gov.au

Visit our webpage

 [Rank and Hail Taxi Fares Review](#)