

WHEELCHAIR ACCESSIBLE TAXIS

Review of Fares and Subsidies

December 2011

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Introduction

Tasmania is the only Australian jurisdiction where fares paid by people travelling in WATs in their wheelchairs (Tariffs 3 and 4) are higher than the fares charged by standard taxis (Tariffs 1 and 2).

To ensure that passengers are not disadvantaged by the higher fares, wheelchair-reliant members of the Transport Access Scheme (TAS) receive a 60 per cent fare subsidy, up to a maximum subsidy of \$30 per trip, which is higher than the 50 per cent subsidy (to a maximum of \$25 per trip) received by non-wheelchair reliant TAS members.

This fare and subsidy arrangement has been in place for many years, and pre-dates the introduction of WATs into the taxi fleet in 2004. The higher fares are intended to provide payment to drivers and operators for the extra time that drivers needed to assist passengers travelling in these vehicles, including time required to secure the wheelchair in the vehicle and the necessity of travelling more slowly when carrying some passengers. The higher TAS subsidies are intended to minimise the cost to passengers of providing this additional income to operators and drivers.

The higher fare structure was retained as one part of a coordinated scheme of initiatives that was introduced in order to encourage operators to take up WAT licences when the WAT scheme commenced in 2004, and to provide an ongoing incentive to give priority to passengers travelling in wheelchairs (rather than focusing on general taxi work).

In addition to the higher fares, WAT licences are available at no cost (compared to about \$140,000 for a Hobart perpetual taxi licence or \$60,000 for an owner-operator taxi licence). A metropolitan WAT must be a new vehicle that complies with the requirements of the *Disability Discrimination Act 1992* (which costs in the order of \$70,000). A trip subsidy was introduced to be paid to the operator of a WAT service for every trip in which a wheelchair passenger is carried. The

subsidy provides a financial incentive for WAT operators to service the wheelchair market, and offsets the high capital cost of a compliant vehicle over its ten-year life.

Are higher WAT fares a problem?

Even though the higher subsidies minimise the impact on passengers of the higher fares for the vast majority of journeys, there are concerns that the higher fares discriminate against some wheelchair-reliant people who use taxis for very long journeys.

Table 1 below shows where the problems might exist.

**Table 1: Current taxi fare and subsidy arrangements:
Net outcome for Tariff 3 passengers vs. Tariff 1 passengers**

Fare	Indicative distance (km)	Fare under Tariff 3			Fare under Tariff 1	
		Total fare	Subsidy paid by TAS (60%)	Fare paid by passenger	Estimated total fare	Benefit/(cost) to WAT user
\$7.00	1.1	\$7.00	\$4.20	\$2.80	\$5.19	\$2.39
\$10.00	2.6	\$10.00	\$6.00	\$4.00	\$7.89	\$3.89
\$12.00	3.6	\$12.00	\$7.20	\$4.80	\$9.69	\$4.89
\$15.00	5.1	\$15.00	\$9.00	\$6.00	\$12.39	\$6.39
\$20.00	7.7	\$20.00	\$12.00	\$8.00	\$16.89	\$8.89
\$25.00	10.2	\$25.00	\$15.00	\$10.00	\$21.39	\$11.39
\$30.00	12.8	\$30.00	\$18.00	\$12.00	\$25.89	\$13.89
\$35.00	15.3	\$35.00	\$21.00	\$14.00	\$30.39	\$16.39
\$40.00	17.8	\$40.00	\$24.00	\$16.00	\$34.88	\$18.88
\$50.00	22.9	\$50.00	\$30.00	\$20.00	\$43.88	\$23.88
\$60.00	28.0	\$60.00	\$30.00	\$30.00	\$52.88	\$22.88
\$70.00	33.1	\$70.00	\$30.00	\$40.00	\$61.88	\$21.88
\$100.00	48.3	\$100.00	\$30.00	\$70.00	\$88.88	\$18.88
\$150.00	73.8	\$150.00	\$30.00	\$120.00	\$133.87	\$13.87
\$200.00	99.2	\$200.00	\$30.00	\$170.00	\$178.86	\$8.86
\$288.50	144.2	\$288.50	\$30.00	\$258.50	\$258.50	\$0.00
\$300.00	150.0	\$300.00	\$30.00	\$270.00	\$268.84	(\$1.16)
\$400.00	200.9	\$400.00	\$30.00	\$370.00	\$358.83	(\$11.17)

The information presented above is a very much simplified example of some WAT fares and possible distances that might accumulate those fares to illustrate the effect of the TAS subsidy on taxi fares paid by WAT users. It is based on the weekday tariffs only (Tariffs 1 and 3) and does not include a component for waiting time. The calculations make various assumptions, and should not be taken to be an exact result for any user's particular journey. Factors like the time of day, the distance travelled and the time taken to complete the journey will affect the overall outcome for each passenger.

As this table shows, where a fare is greater than \$288.50 (an approximate trip of 144 km metered continuously without interruption – or less if the waiting time component is very high), the subsidised fare paid by a wheelchair-reliant user of a WAT (under Tariff 3) begins to exceed the fare paid by an able-bodied taxi user who pays Tariff 1. It is in these cases where it is likely that unlawful discrimination exists.

Consequently, the Government has asked the Department of Infrastructure, Energy and Resources (DIER) to investigate ways in which this discrimination can be removed.

What's going to happen?

There are several options available to the Government to address this issue, and no final decisions have been made.

DIER will be consulting with WAT users, organisations that represent people who use WATs and also peak disability bodies to explain the situation and consider the options.

What are the options?

Option 1 – Remove Tariffs 3 and 4.

This option has been proposed as it removes the immediate appearance of any discrimination against wheelchair-reliant users of WATs. Under this proposal, all WAT users would pay the same fare as users of standard taxis (i.e. Tariffs 1 and 2), regardless of whether or not they are wheelchair-reliant.

As a consequence of this, the TAS fare subsidy would be set at the same rate for all TAS members.

That is, for wheelchair-reliant passengers, the 60 per cent subsidy would be **reduced to 50 per cent.** The difference between the current subsidy levels is provided only to recognise the difference between fares paid by wheelchair-reliant TAS members and fares paid by other TAS members. If fares were equalised, the justification for retaining the two different levels of subsidy would be highly questionable. Due to the multi-faceted nature of taxi fares, and the inherent variability in the actual cost of taxi trips (even of the same distance), the additional subsidy provided to wheelchair-reliant TAS members above the 50 per cent provided to members who are not wheelchair-reliant can only provide an approximation of the subsidy required to offset the difference between Tariffs 1/2 and 3/4. However, for the large majority of WAT trips the 60 per cent subsidy provides an offset that is close to, or exceeds, 100 per cent of that difference.

Upon closer examination this option has two major problems. From a user perspective a 50 per cent subsidy of a lower fare is likely to result in slight increases for mid-length taxi journeys – that is fares between about \$11.00 and \$53.00 (journeys between about 3 km and 20 km). This represents the majority of WAT trips (about 75 per cent). For an average trip (7.36 km), the fare increase would be about 50 cents for each trip. There would be a slight fare decrease for journeys shorter than 3 km and longer than 20 km.

The other result of this would be a reduction in income for WAT operators and drivers of the difference between the fares calculated at Tariff 3 or 4 and the fares calculated at Tariff 1 or 2. On an average fare, this is a reduction of about 15 per cent (\$3.44). Therefore, it is anticipated that, if this option was chosen, the Government would need to pay extra subsidies to WAT operators and drivers to compensate them for this lost income. Legal provisions might also be needed to ensure that drivers received a share of any such payment.

Table 2 on page 8 demonstrates this effect.

Another issue that is relevant to this option is the time at which a taxi driver may turn their meter on, as this could assist in providing payment to drivers for the extra time needed to bring a passenger to a WAT and transfer them into it. At present, a driver cannot activate the meter during this embarkation period, and allowing them to do so could significantly increase the fare for a taxi journey.

However, there might be scope to amend the regulations in a way that would allow drivers and passengers to reach an agreement for the meter to be turned on earlier in some circumstances.

DIER would need to canvass the views of passengers and drivers on this issue if the preferred option was to remove the WAT tariffs.

If this option was to be chosen, the *Taxi Industry Regulations 2008* would have to be amended. When regulations are amended, the Department is required by law to assess whether the proposed amendments would impose a significant burden, cost or disadvantage on any sector of the public.

Table 2: Option 1 - Equalising taxi tariffs and TAS subsidies: impact on Tariff 3 passengers and WAT industry

	Fare under Tariff 3			Fare under Tariff 1			Benefit/(cost) to WAT user if T3 removed	Loss to driver/operator if T3 removed
	Total fare	Subsidy level 60%	Per Trip Cap \$30	Total fare	Subsidy level 50%	Per trip cap \$25		
Indicative trip distance (km)	Total fare	Subsidy paid by TAS (60%)	Fare paid by passenger	Total fare	Subsidy paid by TAS (50%)	Fare paid by passenger		
1.1	\$7.00	\$4.20	\$2.80	\$5.19	\$2.59	\$2.59	\$0.21	\$1.81
2.6	\$10.00	\$6.00	\$4.00	\$7.89	\$3.94	\$3.94	\$0.06	\$2.11
3.6	\$12.00	\$7.20	\$4.80	\$9.69	\$4.84	\$4.84	(\$0.04)	\$2.31
5.1	\$15.00	\$9.00	\$6.00	\$12.39	\$6.19	\$6.19	(\$0.19)	\$2.61
7.7	\$20.00	\$12.00	\$8.00	\$16.89	\$8.44	\$8.44	(\$0.44)	\$3.11
10.2	\$25.00	\$15.00	\$10.00	\$21.39	\$10.69	\$10.69	(\$0.69)	\$3.61
12.8	\$30.00	\$18.00	\$12.00	\$25.89	\$12.94	\$12.94	(\$0.94)	\$4.11
15.3	\$35.00	\$21.00	\$14.00	\$30.39	\$15.19	\$15.19	(\$1.19)	\$4.61
17.8	\$40.00	\$24.00	\$16.00	\$34.88	\$17.44	\$17.44	(\$1.44)	\$5.12
22.9	\$50.00	\$30.00	\$20.00	\$43.88	\$21.94	\$21.94	(\$1.94)	\$6.12
25.5	\$55.00	\$30.00	\$25.00	\$48.38	\$24.19	\$24.19	\$0.81	\$6.62
28.0	\$60.00	\$30.00	\$30.00	\$52.88	\$25.00	\$27.88	\$2.12	\$7.12
33.1	\$70.00	\$30.00	\$40.00	\$61.88	\$25.00	\$36.88	\$3.12	\$8.12
48.3	\$100.00	\$30.00	\$70.00	\$88.88	\$25.00	\$63.88	\$6.12	\$11.12
73.8	\$150.00	\$30.00	\$120.00	\$133.87	\$25.00	\$108.87	\$11.13	\$16.13
99.2	\$200.00	\$30.00	\$170.00	\$178.86	\$25.00	\$153.86	\$16.14	\$21.14
144.2	\$288.50	\$30.00	\$258.50	\$258.50	\$25.00	\$233.50	\$25.00	\$30.00
150.0	\$300.00	\$30.00	\$270.00	\$268.84	\$25.00	\$243.84	\$26.16	\$31.16
200.9	\$400.00	\$30.00	\$370.00	\$358.83	\$25.00	\$333.83	\$36.17	\$41.17
226.3	\$450.00	\$30.00	\$420.00	\$403.82	\$25.00	\$378.82	\$41.18	\$46.18
251.7	\$500.00	\$30.00	\$470.00	\$448.81	\$25.00	\$423.81	\$46.19	\$51.19
277.1	\$550.00	\$30.00	\$520.00	\$493.81	\$25.00	\$468.81	\$51.19	\$56.19
302.5	\$600.00	\$30.00	\$570.00	\$538.80	\$25.00	\$513.80	\$56.20	\$61.20
353.4	\$700.00	\$30.00	\$670.00	\$628.78	\$25.00	\$603.78	\$66.22	\$71.22

Cutting WAT fares without making other adjustments to minimise the effect on operators, drivers and users would most likely impose a cost on the WAT industry, in that its income would be reduced. This would have flow-on effects for users, as wheelchair work would be less profitable and, therefore, less attractive to drivers and operators. Service levels to WAT users could suffer as a result.

It is unlikely that such an outcome could be justified in the interests of the immediate equalisation of fares, and it would not be to anyone's benefit. Therefore, a more thorough consultation and review process would be needed to minimise any impact on the WAT industry and on its wheelchair-reliant customers.

Option 2 – Remove the per trip cap applying to the subsidy for all TAS members

The current caps (or maximum amounts claimable per trip) on the TAS subsidy are \$25 for non wheelchair-reliant members and \$30 for wheelchair-reliant members.

This cap has remained the same for many years, even though taxi fares have increased substantially. This means that over time, the real value of the caps have been diminished.

The cap for non wheelchair-reliant TAS members applies to fares charged under Tariffs 1 and 2, which is the same fare paid by able-bodied taxi users. This means that non-wheelchair reliant TAS members will **always** pay a lower fare than an able-bodied passenger for the same journey, whether or not the cost of the trip exceeds the cap of \$25. Hence there is no price discrimination against these taxi users relative to able-bodied taxi users.

In contrast, as shown in the **Table 1**, the effect of the \$30 cap on WAT fares means that after the fare for a journey reaches \$50, the total amount of the subsidy no longer increases. So whether the fare is \$50, \$100 or \$300, the maximum subsidy that the passenger receives is still \$30. The further the

journey proceeds beyond the capped amount, the more the higher tariff will erode the initial advantage that the \$30 subsidy provides to Tariff 3 passengers as opposed to a full Tariff 1 fare. As explained above, this does not occur for TAS members travelling under Tariff 1.

As shown by the example calculations in **Table 3** below, the removal of the cap would make a significant difference to the final net cost payable by TAS members travelling under Tariff 3.

Table 3: Option 2 – remove the per trip cap for wheelchair-reliant TAS members: impact on Tariff 3 passengers

Fare	Indicative distance (km)	Fare under Tariff 3			Fare under Tariff 1	
		Total fare	Subsidy paid by TAS (60%)	Fare paid by passenger	Estimated total fare	Benefit to WAT user
\$50.00	22.9	\$50.00	\$30.00	\$20.00	\$43.88	\$23.88
\$60.00	28.0	\$60.00	\$36.00	\$24.00	\$52.88	\$28.88
\$70.00	33.1	\$70.00	\$42.00	\$28.00	\$61.88	\$33.88
\$100.00	48.3	\$100.00	\$60.00	\$40.00	\$88.88	\$48.88
\$150.00	73.8	\$150.00	\$90.00	\$60.00	\$133.87	\$73.87
\$200.00	99.2	\$200.00	\$120.00	\$80.00	\$178.86	\$98.86
\$300.00	150.0	\$300.00	\$180.00	\$120.00	\$268.84	\$148.84
\$400.00	200.9	\$400.00	\$240.00	\$160.00	\$358.83	\$198.83
\$450.00	226.3	\$450.00	\$270.00	\$180.00	\$403.82	\$223.82
\$500.00	251.7	\$500.00	\$300.00	\$200.00	\$448.81	\$248.81
\$550.00	277.1	\$550.00	\$330.00	\$220.00	\$493.81	\$273.81
\$600.00	302.5	\$600.00	\$360.00	\$240.00	\$538.80	\$298.80
\$700.00	353.4	\$700.00	\$420.00	\$280.00	\$628.78	\$348.78

As Table 3 shows, if the cap was removed, then a wheelchair-reliant passenger's fare would always be lower than the fare paid by an able-bodied person, regardless of the distance of the journey. Therefore, the higher fares would no longer discriminatory in relation to *any* TAS members, as they would always be mitigated by the TAS subsidy.

While the focus on addressing price discrimination (relative to able-bodied taxi users) requires that the cap is removed for wheelchair-reliant TAS members only, there is no justification for not extending the same reform to all TAS members. This is particularly the case given that all TAS members are faced with increasing taxi fares and have therefore experienced a decline in the real value of the TAS subsidy. Accordingly, this option proposes that no TAS member would have a per trip limit on the amount they can claim from the TAS.

If Option 2 was chosen, it could have a significant impact on the TAS budget. It is likely that further work would need to be done to assess the possible cost to the Government of this option. While extensive analysis could be done based on historic TAS claims, this would be of limited use in predicting changes in the demand for taxi trips (particularly long taxi trips) by TAS members in response to the elimination of the per trip cap. This means that Option 2 carries a degree of unquantifiable risk in terms of the Government's obligation to manage the cost of its subsidy programs.

However, it is intended that in future all TAS members will be issued with a swipe card to enable TAS subsidies to be processed electronically. This arrangement has been successfully trialled in WATs since 2006 and, once it is rolled out across the entire TAS membership, a more detailed assessment of the trip data will be possible.

Option 3 – Deal with discrimination on a case-by-case basis.

In 2010-11, there were 1690 individual trips in WATS where the cap was triggered (that is, where the fare was greater than \$50), which is about four per cent of all wheelchair TAS trips.

However, only one of these trips had a fare greater than \$288, which is the approximate fare at which the subsidised WAT fare becomes greater than the fare at Tariff 1 or 2. This means that of the 138,000 WAT trips undertaken

through the TAS in that year, only one passenger was charged a fare that would be seen as discriminatory.

Given that the number of people affected by this issue is so small, another option might be to introduce a process where passengers who are charged higher fares are reimbursed for the amount over and above the fare an able-bodied person would have paid for the same journey under Tariff 1 or 2.

The main problem with this approach is that it is not possible to calculate what the exact fare for a journey would have been under a different tariff, because of the complexities in the way a fare is calculated with regard to the split between waiting time and the distance rate. Therefore, any “top up” subsidy to the passenger would only ever be an approximation. Doing this could be quite administratively complex, but given the small numbers of fares involved, would probably be manageable.

The advantage of this approach is that the cost to the TAS would not be as great as the cost of removing the cap altogether, as only fares that were extremely high would need to be offset by an additional subsidy.

What about people with disabilities who aren't TAS members and don't get the subsidy?

The TAS assists people who have a permanent and severe disability which prohibits independent access into the community. Assistance provided through the TAS includes parking concessions, vehicle registration and driver licence concessions and taxi fare subsidies.

‘Permanent’ means life-long – that is, the person’s condition must not be able to be corrected by recognised surgery or treatment. Membership of this Scheme is not available to people who have temporary disorders or whose condition is expected to improve in time.

None of the TAS concessions are available to people who have a disability from which they are expected to recover, as the purpose of the scheme is to assist people with permanent disabilities. While anti-discrimination legislation does not distinguish between permanent and temporary disabilities, restriction of TAS benefits to people with permanent disabilities is not, of itself, a discriminatory practice, as the same standards apply for people with temporary disabilities as apply to able-bodied people. Therefore people with temporary disabilities are not treated less favourably than able-bodied people.

However, if a person who is temporarily confined to a wheelchair wishes to travel in a WAT, they will be charged a higher fare than an able-bodied person using the same taxi. If a subsidy is not provided to compensate the person for this higher fare, charging the higher fare unlawfully discriminates against them.

This would only be the case if the person was travelling in a WAT. If the person's condition was such that they were able to transfer into a seat in a taxi, they would only be charged Tariff 1 or 2 – the same as an able-bodied person travelling in the taxi – so in that situation, there would be no discrimination.

Removing the WAT tariffs would be one solution to this issue, as a temporarily wheelchair-reliant person would then pay the same fare as an able-bodied person (that is, Tariff 1 or 2). Even though they would not be eligible for any subsidy under TAS, this would not be discriminatory because they were not paying more than an able-bodied person for the same service.

However, as discussed earlier, removing the WAT tariffs is not a simple solution and creates significant problems of its own.

A more workable solution might be to introduce a subsidy scheme for people who are temporarily wheelchair-reliant, so that if they are not able to transfer into a standard taxi they are not discriminated against when they are charged the higher WAT fares.

At least one other jurisdiction provides taxi fare subsidies for people who are temporarily wheelchair-reliant. However, Tasmania is the only jurisdiction that charges higher taxi fares for wheelchair-reliant passengers travelling in WATs, so in other States, a person who was temporarily in a wheelchair would only be charged the standard taxi tariffs. Therefore, it is unlikely that people in other jurisdictions with temporary conditions could argue that they were being discriminated against by not being eligible for taxi fare subsidies.

DIER would need advice as to how such a scheme should work. In particular it would be necessary to decide whether there should be any lower limit on the length of time a person was expected to be wheelchair-reliant before they could access the scheme. For example, the workload associated with administering an application from a person who only needed a WAT for one journey might be greater than the benefit to that person of receiving a fare subsidy.

Alternatively, an approach could be introduced whereby people who are temporarily wheelchair-reliant could apply for a subsidy after they had taken the taxi journey and paid the higher fare, similar to the suggestion that is discussed in Option 3. However, there are difficulties associated with calculating the exact fare than an able-bodied person would have paid for the same journey and therefore what the subsidy might be for each trip.

A simpler approach might be for the Government to establish a set percentage of the fare that could then be reimbursed to the passenger on application.

What about the high occupancy tariff?

The high occupancy tariff is equivalent to Tariff 4, and can be charged any time a WAT is carrying more than four passengers, regardless of whether any of them is in a wheelchair. A number of issues have been raised in relation to this tariff, and so DIER will examine this as part of the review.

Some operators have suggested that the high occupancy tariff is encouraging drivers to focus on 'maxi taxi' work rather than giving priority to wheelchair-reliant passengers, whereas others see it as an essential part of their income stream. It has also been suggested that the tariff is too low. (Tasmania's high occupancy tariff is one of the lowest of all the Australian jurisdictions.)

DIER has no definite position on the future form of this tariff, and is seeking views from operators, drivers and users on the following questions:

- Should the high occupancy tariff continue to be available for WATs when they are carrying five or more passengers?
- Should it also be available to standard taxis that can carry five or more passengers?
- Should it be the same tariff all day, or should a different tariff apply during the night times and on weekends, as with normal taxi fares?
- Should the high occupancy tariff only be available during certain times of the day (e.g. in the evenings/late at night)?
- Should it be a set surcharge (e.g \$5.00), or a percentage of the applicable tariff at the time (e.g. 30% higher than the standard fare)?
- What should the tariff or surcharge be?
- Should there be an even higher tariff when more than eight passengers are carried? (If so, why?)
- Any other comments or suggestions.

What information does DIER need?

DIER welcomes suggestions from stakeholders as to the most practical way to remove any discrimination in relation to WAT fares. The main issues are

canvassed in this paper and DIER is interested in hearing views on these, including:

- Should the WAT tariffs be removed altogether to remove all possibility of discrimination, even though fare might increase for most users?
- Should the fare cap be removed or increased significantly?
- Would it be easier to deal with higher fares on a case-by-case basis for the very few long journeys that passengers undertake in WATs where the fares would actually be discriminatory? If so, how should the subsidy be calculated?
- How should people with temporary reliance on wheelchairs be compensated for higher taxi fares? If a subsidy scheme was established, what should be the minimum length of wheelchair-reliance in order for a person to qualify for a subsidy?
- Are any changes to the high occupancy tariff needed (as per the questions above)?
- Are there any other issues that have been overlooked?

Who is DIER consulting with?

DIER has discussed the issue of WAT fares with the Tasmanian Anti-Discrimination Commissioner, who supports this project and has provided valuable advice on options for addressing this issue.

DIER has written to several peak bodies and representative groups for people with disabilities and invited them to meet with DIER, as it has also done in regard to each WAT operator in Tasmania.

How can I contribute my views or get further information?

People who use WATs, either in their wheelchair-carrying capacity or as maxi taxis, are welcome to contribute their individual views.

Please contact Barb Dunford on 6233 2865 or David Hope on 6233 3573.

Alternatively, if you would prefer to make a written submission, you can send it to Passenger Transport Policy Branch, DIER, GPO Box 936, Hobart 7001 or email taxi.policy@dier.tas.gov.au .