

JOINT MEDIA RELEASE

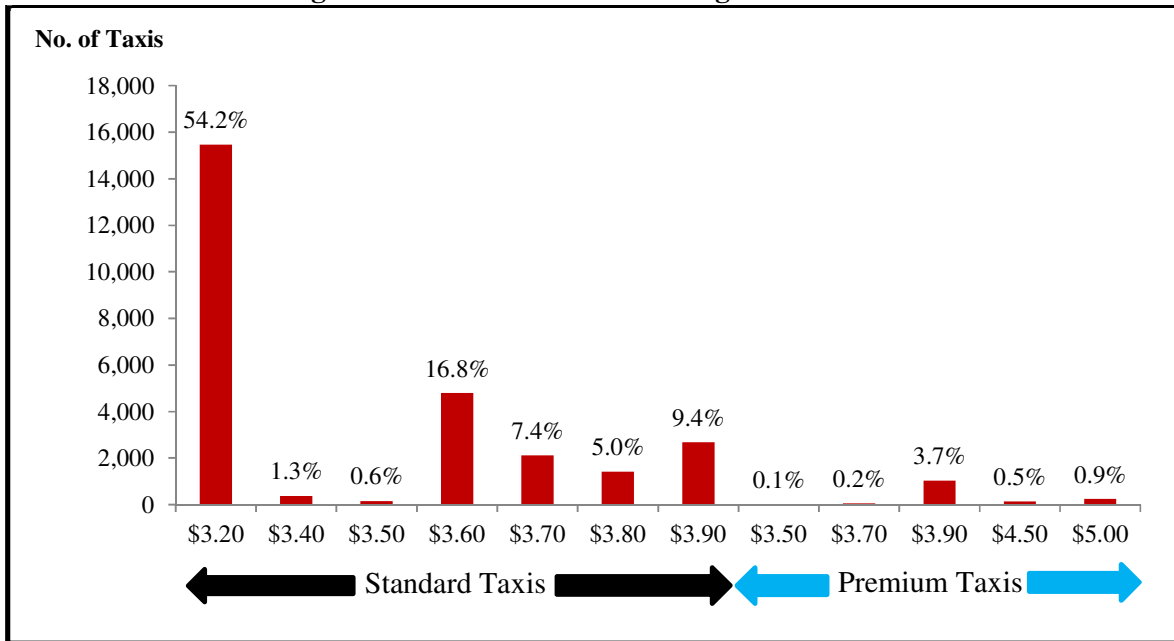
SOME PARTS OF TAXI FARE STRUCTURE TO BE STANDARDISED TO PREVENT FURTHER FARE COMPLEXITY

Singapore, 31 March 2015 – As announced at the 2015 Committee of Supply Debate, the Land Transport Authority (LTA) and the Public Transport Council (PTC), after having consulted commuters, taxi drivers and taxi companies, will standardise some parts of the taxi fare structure, to prevent taxi fares from becoming even more complex for commuters in the future. The proposed requirements are expected to be implemented in the second half of 2015 after the necessary legislative processes are completed.

Conflicting Interests amongst Stakeholders

2. The taxi fare structure today consists of four main components – the flag-down fare, unit fares, surcharges, and booking fees, with most of the variation occurring in the flag-down fare component. Standard taxis, which make up about 95% of the total taxi population, have a flag-down fare ranging from \$3.20 to \$3.90. More than half of standard taxis charge the lowest flag-down fare of \$3.20. Premium taxis, on the other hand, charge a flag-down fare ranging from \$3.50 to \$5.00.

Figure 1: Distribution of Taxi Flag-down Fares¹



3. During consultations, some commuters were not unhappy with the different flag-down fares, as this meant that they could pay lower fares some of the time. Others suggested standardising flag-

¹ As at February 2015, based on a total of 28,537 taxis.

down fares to a single rate to minimise confusion. However, most commuters did not want flag-down fares to be levelled upwards in any fare harmonisation exercise.

4. On the other hand, taxi companies indicated that if they were required to harmonise flag-down fares, they would likely do so by levelling them upwards, in part to be fair to taxi drivers who currently charge higher flag-down fares. Similarly, taxi drivers preferred flag-down fares to be levelled up.

Balanced Approach to Manage Conflicting Interests

5. It will not be possible to fully satisfy these conflicting interests. LTA and PTC will adopt a balanced approach, which focuses on preventing taxi fares from becoming even more complex in the future.

6. As mandating the harmonisation of flag-down fares may lead to higher flag-down fares for commuters, we will leave them as they are for now. Over time, taxi companies may, on their own accord, adjust and harmonise flag-down fares within their own fleets in response to market conditions.

7. The PTC will, however, require taxi companies to standardise the other taxi fare components, namely, the unit fares, surcharges, booking fees and additional passenger fees. This will prevent taxi fares from becoming even more complex for commuters in the future, like what has happened for flag-down fares today, and facilitate comparison across taxi companies. As these fare components do not differ greatly within each taxi company today, taxi companies should not revise rentals or make significant adjustments to fares in order to comply with the new requirements.

Unit Fares

8. Unit fares are based on distance travelled and waiting time. Today, all standard taxis have the same unit fare of 22 cents, while most premium taxis charge a unit fare of 30 cents except for a few models belonging to some of the taxi companies.

9. The PTC will require the unit distance travelled and unit waiting time to remain the same across all taxi companies. The unit fares will be based on every 400 metres travelled after the first kilometre² to the tenth kilometre; every 350 metres travelled above 10 kilometres; and every 45 seconds of waiting time. Based on this, the PTC will require each taxi company to have only one set of unit fares for all its standard taxis; and one set of unit fares for all its premium taxis. To allow for competition, different taxi companies can charge different unit fares.

Surcharges

10. Taxi companies levy two types of surcharges today: time surcharges (peak-period and midnight surcharges) and location surcharges (city area surcharge and surcharges levied at specific locations such as the airport). Most commuters feel that surcharges play an important role in better matching supply and demand, for example, during peak periods and at locations where demand for

² The flag-down fare covers up to the first kilometre.

taxi is high, or at far-flung locations which are less attractive for taxi drivers to ply. Cities such as New York, London and Perth also use surcharges to better match taxi supply and demand. Removing surcharges will lead to longer waiting times during certain timings and at certain locations, and also affect the income of taxi drivers.

11. Hence, surcharges will not be removed, but taxi companies will be required to levy the same surcharge across all its taxi models and across all taxi companies. Taxi companies are already levying similar surcharges today, and the PTC will introduce regulations to ensure that this remains so:

- a. For time surcharges, the PTC will mandate that they must be based on the same percentage of metered fare and have the same applicable timings across all taxi companies.
- b. The city area surcharge amount, applicable timing and geographical boundary must be the same across all taxi companies.
- c. For other location-based surcharges, the PTC will mandate that where a location surcharge is levied at a location by one or more taxi companies, they must all levy the same surcharge amount for a given time period. (Taxi companies can of course choose not to levy a location surcharge at that location. For example, not all taxi companies levy a location surcharge at Marina Bay Sands and Tanah Merah Ferry Terminal today.)

Booking Fees

12. The PTC will require the timings used for defining peak-period bookings and advance bookings to be the same across all taxi companies. Each taxi company will be required to have only one booking fee each for peak-period, off-peak and advance bookings for all its standard taxis; and likewise for all its premium taxis. The majority of taxi companies are already doing this today.

Additional Passenger Fees

13. Currently, some taxi companies levy an additional passenger fee when their larger taxis³ carry more than four adult passengers or its equivalent. PTC will mandate that the additional passenger fee, if levied by a taxi company, be the same across all its selected taxi models.

Additional Regulations

14. If taxi companies wish to introduce new fare components, they must submit an application to the PTC for approval.

15. For any taxi fare components which are mandated to be the same across all taxi companies, such as the surcharges, or the unit distance travelled and unit waiting time of the unit fares, the PTC will require that any change to the fare components must be agreed upon and implemented by all taxi companies, to ensure that these components remain standardised. The PTC need only be

³ These are SMRT's London Taxis and Ssangyong Rodius, Premier's Kia Carnival, and Prime's Toyota Wish, Honda Stream, Honda Freed, Toyota Estima and Toyota Vellfire.

informed in advance, and it will not be necessary to seek its approval. This is in line with our deregulated taxi fares policy, which has been in place since 1998, even as we try to ensure some standardisation of the taxi fare structure. Only if taxi companies cannot reach agreement amongst themselves, should they apply to the PTC to arbitrate.

16. The proposed requirements above are summarised in the Annex and will apply to taxis owned by taxi companies as well as individually-owned taxis. The regulations are expected to be implemented in the second half of 2015 after the necessary legislative processes are completed.

Summary of Proposed Requirements to Standardise Some Parts of Taxi Fare Structure

	Taxi Company A	Taxi Company B
Unit fares	Unit fares must be based on: <ul style="list-style-type: none"> (a) every 400 metres travelled after the first kilometre and up to the tenth kilometre; (b) every 350 metres travelled after the tenth kilometre; (c) every 45 seconds of waiting time. 	
	Allowed only one set of unit fares for standard taxis; and one set of unit fares for premium taxis.	Allowed only one set of unit fares for standard taxis, and one set of unit fares for premium taxis.
Surcharges	<u>Peak Period surcharge</u> must be based on: <ul style="list-style-type: none"> (a) the same percentage of metered fare (currently 25%); (b) the same applicable timing*. 	
	<u>Midnight surcharge</u> must be based on: <ul style="list-style-type: none"> (a) the same percentage of metered fare (currently 50%); (b) the same applicable timing (currently from 12 midnight to 6am). 	
	<u>City area surcharge</u> must be based on: <ul style="list-style-type: none"> (a) the same amount (currently \$3); (b) the same applicable timing (currently from 5pm to 12 midnight); (c) the same geographical boundary, i.e. the Central Business District. 	
	<u>Location surcharge</u> must be the same at each location. Taxi companies can of course choose not to levy a location surcharge at that location.	
Booking fees	<ul style="list-style-type: none"> (a) <u>Peak period booking fee</u> must be based on Peak Period* timing; (b) <u>Off-peak booking fee</u> is for hours outside Peak Period*; (c) <u>Advanced booking fee</u> is for bookings made 30 minutes or more in advance. 	
	Allowed only one set of booking fees for standard taxis; and one set of booking fees for premium taxis.	Allowed only one set of booking fees for standard taxis; and one set of booking fees for premium taxis.
Other fees	Allowed only one <u>additional passenger fee</u> , if levied, for all its selected taxi models.	Allowed only one <u>additional passenger fee</u> , if levied, for all its selected taxi models.

* Currently, all taxi companies have defined peak periods to be from 6am to 9:30am on Mondays to Fridays (except public holidays), and 6pm to 12 midnight on all days (including public holidays).