



Mandatory pre-payment of night taxi fares

The issue of the mandatory pre-payment of late-night taxi fares was raised again in recent days. On 7 June 2012 the [Sydney Morning Herald](#) reported that the deputy coroner, Paul MacMahon, said he would:

make recommendations to the Transport Minister to mandate pre-payments of taxi fares between 11pm and 5am, similar to a system being trialled on the central coast.¹

This resulted from the case of Jeremy Novotny who died from severe head injuries after he jumped from a taxi to avoid paying a fare at Kirrawee in October 2010. He had been drinking with a friend, Logan McGlincy, on the night in question. Mr MacMahon is quoted as saying:

Had such a system been in place on this occasion, perhaps Jeremy and Mr McGlincy would have taken an alternative course of action rather than trying to evade the fare.

1 Fare evasion

The December 2010/January 2011 issue of the journal [Taxi](#), the official journal of the NSW Taxi Council, reported that:

The NSW Taxi Council has been working closely with the Police Transport Liaison Officers to help increase awareness of the problems caused by fare evasion in the taxi industry. A double-page article has been placed in the NSW Police Gazette to highlight the issue and detail the offence codes that Police are to use in charging people with fare evasion....Between January and November 2010 Police prosecuted 291 people for taxi fare evasion in NSW.²

The February/March 2012 issue of [Taxi](#) provides the following figures on fare evasion prosecutions:

Year	Total fare evasion prosecutions
2009	323
2010	334
2011	369

¹ E Partridge, "Pre-payment of night taxi fares urged", *SMH*, 7 June 2012, p 7.
² The article was in fact published in the *Police Monthly* of January 2011.

2 Passenger Transport Regulation 2007

It is an offence for a taxi passenger to refuse to pay a taxi fare. Clause 163(2) of the Passenger Transport Regulation 2007 reads:

- (2) After the termination of a hiring (or on leaving the taxi-cab in compliance with a direction to do so), the hirer must pay to the driver of the taxi-cab the authorised fare for the hiring.

Maximum penalty: 10 penalty units.

3 The Legislative Council Select Committee inquiry

The Legislative Council's [Select Committee into the NSW taxi industry](#) reported in June 2010. Chapter 6 of the report dealt specifically with the issue of pre-payment of fares. It noted that:

NSW Transport and Infrastructure advised that '[u]nder the Passenger Transport Regulation 2007, in NSW a taxi driver may refuse a hiring: 'if the intending passenger cannot, on request, satisfy the driver that the person is able to pay the estimated fare. However, the driver cannot require pre-payment of the fare'.

However, a taxi driver's ability to request proof of ability to pay from passengers, does not guarantee that at the completion of the journey the fare will actually be paid.

The report considered arguments for and against pre-payment. In support of pre-payment of fares, Mr Ernie Mollenhauer, Delegate Nominee, NSW Taxi Drivers Association was quoted as saying:

We just want to be paid for what we do. It avoids physical confrontation or it does not provoke physical confrontation. ... All those who were never planning to pay me get out at the beginning of the journey. If we can ask for a reasonable deposit before the journey commences everybody will be happy. A lot of drivers are stressed and anxious about whether or not they will get paid ... The confrontation that you want to avoid occurs when the runner commences his escapade. Those are far more serious than any confrontation that occurs when you ask for a deposit upfront ... You pay upfront for everything else, why not for a cab? What we would like is to charge a low estimate of the fare, rounded up or down when we get there. It is not unreasonable.³

Speaking against the pre-payment idea, Mr Peter Ramshaw, Chief Executive Officer, NSW Taxi Council, referred to the 'mixed results' of pre-payment in Victoria:

The issue of prepaid fares as we understand it had some mixed results in Victoria where it operated. The notion certainly has some appeal in terms that it seems fair. The potential downside we would be concerned about, that is, it increases, we believe, the opportunity for conflict between the driver and the passenger which often would occur in isolated locations—we are talking about late at night and perhaps drunken or aggressive passengers. The imposition of being asked to pay up-front could provoke some people in some situations and that is something that we would be very concerned about.

³ Parliament of NSW, Legislative Council, [Select Committee into the NSW taxi industry](#), June 2010, p 86.

In the event, the Select Committee formed the view that:

the pre-payment of fares for travel late at night will drastically reduce the incidence of fare evasion. Pre-payment of fares may also encourage more taxi drivers to be on the road at night, because of the guarantee of payment that this system provides.

The Select Committee went on to recommend:

Recommendation 15: That, subject to the successful trial on the NSW Central Coast, NSW Transport and Infrastructure introduce pre-payment of fares for late night travel across the Sydney Metropolitan Area.

Recommendation 16: That NSW Transport and Infrastructure undertake a community awareness campaign to inform prospective passengers of the introduction of pre-payment of fares for late night travel.

4 The Government's response

In [response](#), the then Minister for Transport and for the Central Coast, John Robertson, stated on behalf of the Keneally Government:

Recommendation 15: *Support in principle* – Transport NSW will conduct and evaluate a trial on the Central Coast for the pre-payment of taxi fares before determining whether there is merit in broader application of pre-payment arrangements for the future. Public consultations will be held before the trial to determine the length, operational framework and evaluation requirements for the trial.

Recommendation 16: *Supported* – A community awareness campaign will form part of the pre-payment trial and possible future expansion.

5 Pre-payment in Victoria

Pre-payment of night taxi fares has been in place in Victoria since 2008. According to the Department of Transport [website](#):

[The Taxi Industry Safety Taskforce](#) was established in 2006, leading to a series of initiatives to improve driver safety and well-being. Two major driver safety reforms followed in 2008: introduction of [mandatory pre-payment](#) of fares from 10pm to 5am, and a subsidised scheme to compel taxi operators to make [protection screens](#) available in all cabs so they are readily available to all drivers who want them.

Before the trip begins, the Department's [website](#) advises:

The taxi driver will estimate how much the fare will cost at the start of the trip, using a Victorian Taxi Directorate (VTD) authorised fare estimator if needed. [Our online estimator](#) allows you to get an idea of how much this cost might be. You must pay the driver this amount as a deposit by cash or pre-authorized card payment before the trip starts. The driver will give you a receipt for the amount. If you have vouchers or eTickets these should be given to the driver as prepayment. Drivers have the right to refuse a fare if you do not have the money or cannot demonstrate that you can pay for the trip.

Note: The estimate is not a negotiated amount and the deposit does not represent an agreed amount for the trip.

At the end of the trip the Department's [website](#) advises:

The taximeter displays the fare, inclusive of fees such as phone booking fee or late night surcharge. Tolls and airport fees are additional to the fare on the meter.

If the final taximeter reading plus any tolls or airport fees (the total taxi cost) is less than the prepaid deposit, then the driver must refund the difference to you.

If the total taxi cost is more than the prepaid deposit, then you must pay the balance to the driver.

Note: All fares are to be paid based on the metered amount and any authorised additional charges, not the estimated amount.

If there are problems, the Department's website advises:

Taxi drivers have the right to ask any customer for proof of payment or a deposit up to the estimated fare amount. This conversation can sometimes lead to conflict between drivers and passengers, particularly late at night or early in the morning. Making prepaid fares mandatory will reduce the chance of conflict.

The [Taxi Services Customer Charter](#) and fare stickers in taxis detail the taxi driver's right to ask for a deposit or proof of payment at the start of the trip. Report the taxi service via our [online feedback and complaints form](#) or by [contacting the VTD](#) if:

- you were not given a receipt for your prepayment at the start of the trip
- you were not given an electronic receipt at the end of the trip
- the EFTPOS terminal or taximeter inside the taxi was not working

6 Victorian Taxi Industry Inquiry, Draft Report May 2012

The Taxi Industry Inquiry, chaired by Professor Allan Fels, was established by the Victorian Government on 28 March 2011. The Inquiry's [Draft Report](#) of May 2012 explains (page 35):

The Taxi Industry Inquiry is being conducted by the Taxi Services Commission, a new body established under the *Transport Integration Act 2010*. The Commission has been given a range of powers and responsibilities to facilitate the inquiry, including powers in relation to the collection and disclosure of information, the holding of public hearings and the publication of reports. These powers and responsibilities are contained in the *Transport Integration Act 2010* and the *Transport (Compliance and Miscellaneous) Act 1983*. The Taxi Industry Inquiry's Terms of Reference require the inquiry to undertake a wide ranging review of the Victorian taxi and hire car industry, focusing on core issues related to customer service, safety and the roles and accountability of industry participants. The overall aim of the inquiry is to instigate major and enduring improvements to key aspects of the industry.

In respect to the pre-payment scheme in place in Victoria, the [Draft Report](#) presented the following assessment (at page 413):

In October 2008, pre-paid fares became mandatory between 10pm and 5am to combat fare evasion and remove the possibility of conflict arising when drivers ask passengers for payment. At the start of the trip, drivers estimate the fare and take this amount as a deposit; any difference from the metered fare is settled at the end of the trip. The measure was accompanied by an extensive campaign to notify the public of the new requirement.

There is no concrete data available on the effectiveness of this measure. Fare evasion in itself does not typically lead to a safety camera download; only 20 cases of fare evasion were subject to a download in 2010/11. In these cases, whether or not the vehicle displayed a pre-paid fare sticker was recorded, but this only shows that fare evasion was split evenly between vehicles that did and did not display a sticker. Pre-paid fares were examined as part of the MUARC study, which found that driver support for the initiative was very high, at 87 per cent. While 14 per cent of drivers always required pre-payment, 16 per cent usually did and 47 per cent only required pre-payment sometimes.

Drivers reported using their discretion when deciding to require pre-payment based on their assessment of the passenger's likelihood of disputing or evading the fare and the length of the trip. Just over 80 per cent of drivers reported feeling safer when using pre-paid fares and 88 per cent believed the initiative had resulted in less fare evasion (no driver responded that pre-paid fares increased fare evasion).

It is important to note that as the 'mandatory' aspect of pre-payment is subject to the driver's discretion, a commonly reported problem is that passengers became angry or aggressive when asked to pre-pay. While 88 per cent of drivers in the MUARC survey believed that mandatory pre-payment had resulted in less fare evasion, 26 per cent believed it had resulted in more arguments over fares. Representatives of the major metropolitan networks considered that the pre-paid fares initiative had mixed effects – in some cases, causing more problems that it fixed. However, they were inclined to retain the initiative.

Inquiry finding: The introduction of mandatory pre-paid fares has been moderately successful and should be retained.

The MUARC report cited above refers to - Monash University Accident Research Centre (2011), [Reducing violence against taxi drivers – Evaluation of the Driver Protection Screen and Mandatory Pre-paid Fares Initiatives](#), Report to the Victorian Taxi Directorate.

7 The NSW Central Coast trial

Referred to in the Select Committee report was the trial of pre-payment on the Central Coast. The NSW Department for Transport [website](#) states that:

The NSW Government is conducting a 12 month pre-paid taxi fares trial on the Central Coast. The trial commences on 28 November 2011. The trial is limited to taxis connected to Combined District Radio Cabs Pty Ltd, trading as Central Coast Taxis.

The trial is due to end on 27 November 2012. The Central Coast trial "will operate 24 hours a day" and its application is discretionary on the part of the taxi driver.

According to a NSW Department for Transport [media release](#) of 27 October 2011, a spokesman announced:

This trial comes after Central Coast Taxis approached Transport for NSW because drivers had reported increased incidents of fare evasion," he said. "The trial is about providing a better work environment for our taxi drivers who are simply trying to do a day's work, but it also means that those people who do the right thing will be able to get a taxi when they need one

The same [media release](#) went on to say:

The regulation permitting the trial was submitted to the previous Government, but it was not signed by the then Minister for Transport.

The relevant subordinate legislation is the Passenger Transport Amendment (Taxi-Fare Pre-Payment Trial) Regulation 2011. It inserted clause 163A into the Passenger Transport Regulation 2007. Clause 163A applies to taxi-cabs for which Combined District Radio Cabs Pty Ltd (**Central Coast Taxis**) provides a booking service. Clause 163A(2) provides:

The driver of a taxi-cab may, before a hiring starts or at any time during a hiring, require the hirer to pay a deposit of not more than an amount equal to the driver's reasonable estimate of the authorised fare for the proposed journey or the agreed fare (if agreed in accordance with clause 163 (1)).

Various offences are created, including by clause 163A(3):

A driver who receives payment of a deposit or an agreed fare under this clause must give the hirer a receipt, in the form approved by the Director-General, for the deposit.

(Maximum penalty: 5 penalty units)

By clause 118(2A):

Information about the Central Coast pre-payment trial (as referred to in clause 163A) must also be displayed in a taxi-cab to which that clause applies while that trial is in force.

The [media release](#) of 27 October 2011 set out details of the trial as follows:

- Taxi drivers will have the choice to request pre-payment;
- The driver will estimate how much the fare will cost at the start of the trip, using a Transport for NSW authorised taxi fare estimator;
- The passenger must pay the driver this amount by cash or electronic payment before the commencement of the journey and the driver must give the passenger a receipt for the amount tendered;
- The fare that appears on the taxi meter at the end of the journey will determine what the passenger finally pays;
- If the metered fare is less than the deposit, the driver must refund the difference to the passenger, and if the metered fare is greater than the deposit, the passenger will be required to pay the difference;
- If the passenger refuses to provide a deposit, the driver can refuse to carry the passenger.

The NSW Department for Transport [website](#) explains that, **before the trip begins:**

A taxi driver may request the passenger to pay the estimated fare before the commencement of the journey.

The taxi driver will estimate how much the fare will cost at the start of the trip, using an authorised fare estimator carried in the taxi.

....

The passenger must pay a deposit if asked by the driver. If they do not pay the deposit when asked, the driver can refuse to carry them. When the passenger pays the deposit, the driver will give them a [prepaid taxi fare receipt](#) for the deposit paid. The driver must still turn on the taxi meter.

At the end of the trip:

The taxi meter displays the authorised fare, inclusive of flag fall, and late night surcharge if applicable.

If the final taxi meter reading plus any tolls or booking fees is less than the prepaid deposit, then the driver must refund the difference to the passenger.

If the total taxi fare is more than the prepaid deposit, then the passenger must pay the balance to the driver.

The driver will then give the passenger a receipt showing whether they paid an additional amount or provided the passenger with a partial refund.

The passenger can pay by Cabcharge, EFTPOS or credit card and a surcharge may apply. More information about the credit provider surcharge is at [Maximum taxi fares and charges](#).

Frequently asked questions relating to the trial can be found [here](#).

8 Violence against taxi drivers

The reduction of violence against taxi drivers has been debated for many years, as evidenced by the publication of two papers by Claire Mayhew for the Australian Institute of Criminology in 2000 – [Preventing Assaults on Taxi Drivers in Australia](#) (Trends and Issues No 179) and [Violent Assaults on Taxi Drivers: Incidence Patterns and Risk Factors](#) (Trends and Issues No 179).

Author: Gareth Griffith

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