

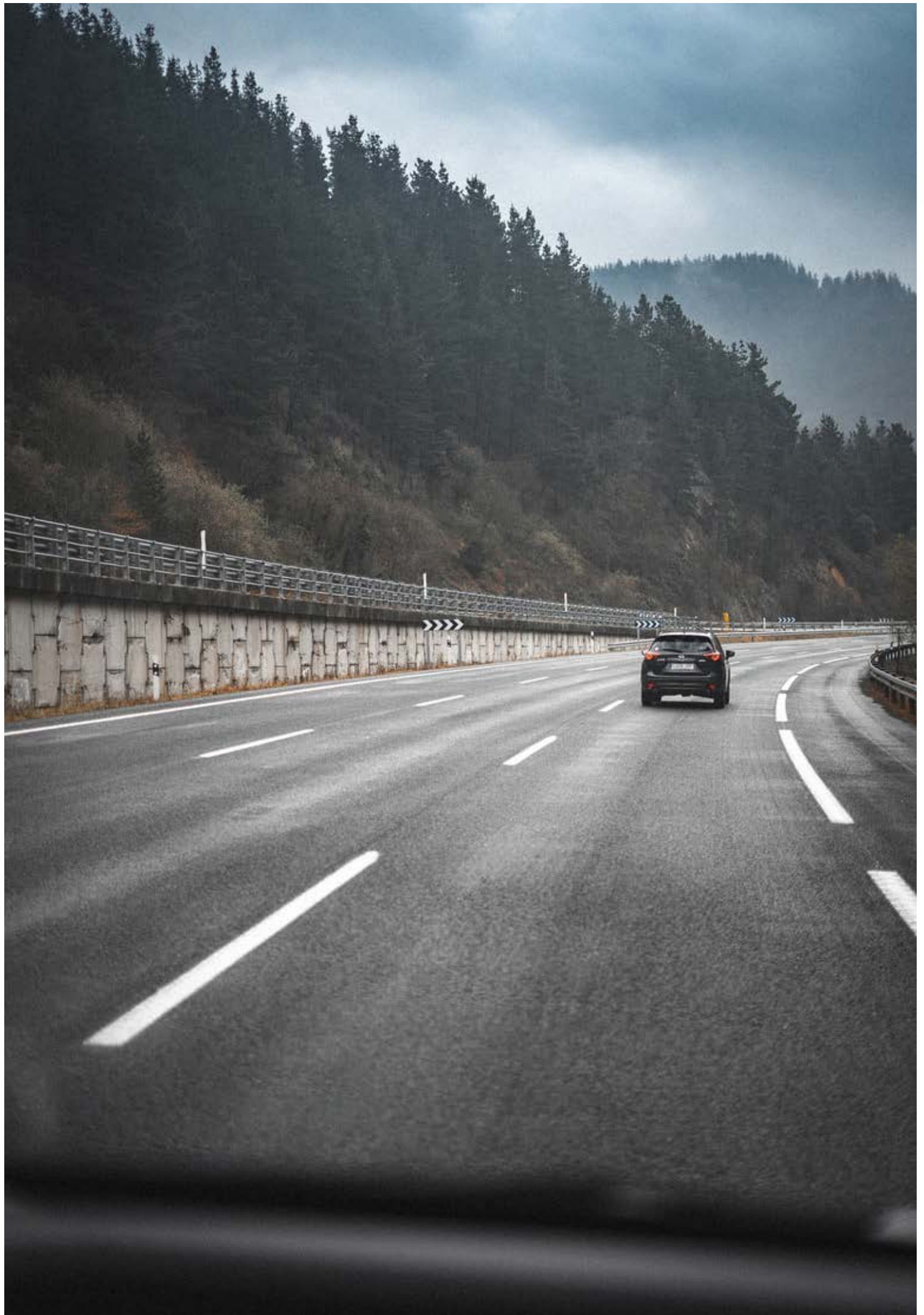
COMMERCIAL PASSENGER
VEHICLES VICTORIA

FARE MONITORING REPORT

2020 - 21

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Executive Summary

Commercial Passenger Vehicles Victoria (CPVV) is required by law to monitor and analyse trends in commercial passenger vehicle (CPV) fares and to identify potential areas for misuse of market power that warrant further investigation.

The 2020-21 Fare Monitoring Report is the third report produced by CPVV looking at fare trends across Victoria for booked trips. CPVV compiled the report using booked commercial passenger vehicle (CPV) trip records collected from booking service providers (BSP).

BSPs must keep trip records as a condition of their registration. Providers of unbooked services must also keep records about unbooked trips, however to date, CPVV has not requested these records. The analysis in this report draws on approximately 32 million booked trip records across Victoria during 2020-21 (as compared to approximately 60 million during 2019-20). While CPVV was supplied a further 4 million trips records in 2020-21 by BSPs, the quality of the data did not allow for those trips to be included in the analysis.

The report provides analysis of the average cost per km and average cost per minute for CPV trips. This is broken down into the following zones: Metropolitan; Regional; Country; and Urban and Large Regional as defined in the Glossary.

In summary, the trip data from 2020-21 for booked trips across all zones in Victoria shows

fares remained relatively consistent across the year. This is similar to findings from 2019-2020. However, the fare cost per km and per minute varied across geographical zones. Regional consistently had the highest fares for both cost per km and cost per minute. Country had the lowest fares for cost per km and Metropolitan the lowest fares for cost per minute.

Based on the data, there is no evidence of misuse of market power in the CPV industry during 2020-21.

Due to the impact of COVID-19 on the CPV industry, this report provides an analysis of CPV fares prior to and during the COVID-19 pandemic. Pre-COVID-19 is defined as July 2019 to February 2020 and, the 'pandemic period' is defined as July 2020 to February 2021.

In the pre-COVID-19 period almost 47 million trips were reported, while in the pandemic period, 19 million trips were reported. This represents a decrease of 58 per cent (23 million trips) in trip volumes in the pandemic period.

CPVV's comparison of pre-COVID and COVID-19 trips found that periodically, there was a slight increase in the average cost per km and average cost per minute during the pandemic period, however there were also times when fares decreased during the pandemic period.

CPVV will continue to work with the CPV industry to explore opportunities and support innovation and services that are safe and accessible.





Context

CPVV's fare monitoring reports provide an analysis of fare trends for CPV services and identify potential areas of misuses of market power. Section 111 of the *Commercial Passenger Vehicle Industry Act 2017* (CPVI Act) requires CPVV to keep Victorian consumers and the Government informed about the economic performance of the industry, trends in fares and potential areas of misuses of market power that warrant further investigation. To achieve this CPVV publishes a fare monitoring report annually.

The introduction of the CPVI Act in 2017 meant significant changes for the CPV industry, including the deregulation of fares for all booked services and unbooked services outside the Metropolitan and Urban and Large Regional zones. The fare monitoring reports are a way to assess the impact of the reforms on fares.

The 2020-21 Fare Monitoring Report is the third year that CPVV has assessed fares. **The two previous reports included:**

Fare Monitoring Report 2018-19

The 2018-19 report was the beginning of monitoring fare and market trends in the CPV industry. It acknowledged that CPVV's capacity to identify and analyse trends within the market would increase as the data available for analysis grew over time, enhancing the information available to consumers and Government regarding the economic performance of the industry.

The 2018-19 report provided an overview of the impact of the 2017 and 2018 reforms on the CPV market and compared fares with pre and post-reform. This highlighted the significant growth in the CPV market post-reform and the challenges moving forward for the industry to supply trip data to enable CPVV to monitor fares.

Fare Monitoring Report 2019-20

The 2019-20 report provided an overview of the changes in the CPV market as the reforms were consolidated. CPVV worked closely with industry to make significant improvements in data collection and strengthened its data analysis capacity internally. The report provided a solid basis for analysis of the post-reform CPV market and fare trends, with 80 per cent of all booked trips reported to CPVV during 2019-20 used in the analysis.

The report acknowledged that the COVID-19 pandemic had a significant impact on CPV trip volumes in the latter part of 2019-20. This was primarily due to the restriction on

movement under public health directions in an effort to reduce the spread and transmission of COVID-19. Trip volumes dropped 57 per cent in the fourth quarter of 2019-20. While most industries had to stop operation for some time in 2019-20, the CPV industry was considered an essential service to the Victorian community and was able to continue to operate.

While this impacted the volume of trips able to be analysed for the 2019-20 report, the analysis found no misuse of market power and overall fares remained constant throughout the year.



Commercial Passenger Vehicle Market

In 2020-21, 250 BSPs were registered with CPVV, including 35 new registrations. The registered BSPs were a mix of rideshare and taxi providers, and were geographically distributed across Victoria.

More service providers in the CPV industry means greater choice for passengers and competitive fares.

In 2020-21 there were approximately 115 000 accredited drivers and 88 000 CPVs registered. These figures represent a 3 per cent increase from 2019-20 but are not reflective of the number of active drivers or CPVs, which varies month to month.

Demand for commercial passenger vehicle services

CPVV's data collection program requires BSPs to provide trip data for all booked trips if requested. In 2020-21, CPVV collected records from approximately 36 million booked trips, as compared to approximately 60 million during 2019-20. Due to the public health restrictions on movement that were imposed to limit the

spread and transmission of COVID-19, the trip count fluctuated month to month. For example, in July 2020 (during the restrictions period) there were approximately 1.8 million trips, while in December 2020 there were approximately 4 million trips.

Impact of COVID-19

The Victorian Government deemed the CPV industry as a high-risk for the spread and transmission of COVID-19. As a result, the industry had a number of requirements under public health directions to ensure the safety of passengers and drivers. These included:

- drivers and passengers mandatory face mask requirement (unless a lawful exemption existed);
- vehicle owners requirement to make available the Service Victoria QR code specifically for CPVs, for passengers and drivers;
- CPV drivers required to undergo surveillance testing depending on the passengers they transported; and
- cleaning requirements imposed for the CPV industry.

A number of the public health requirements have remained in place beyond 2020-21. CPVV ensured that the industry was updated

with current public health directions as they changed and focused on supporting BSPs and CPV drivers as they implemented safety measures to keep themselves and their passengers safe.

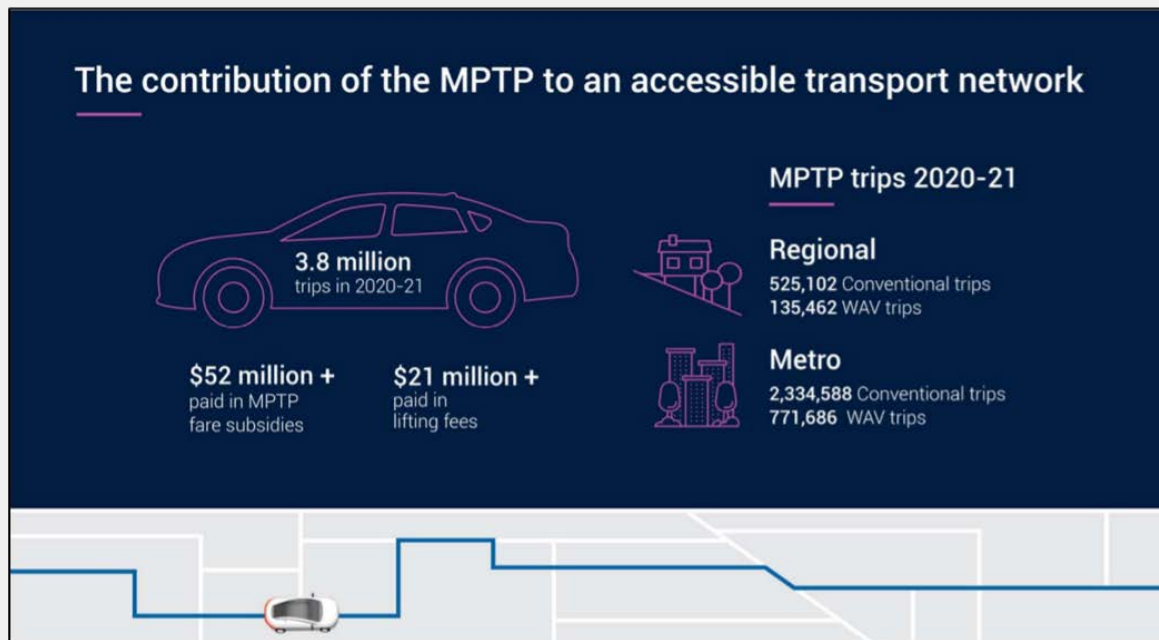
Trip data provided by BSPs to CPVV helped the Victorian Government understand the impact of COVID-19 on the CPV industry. The Victorian Government announced in July 2020 that \$22 million would be dedicated to supporting the CPV industry to ensure that drivers could continue to operate and provide an essential service to the community.

To support the industry in recovering from the impacts of the pandemic, CPVV temporarily suspended all recurring fees for driver accreditation, vehicle registration, and replacement Multi Purpose Taxi Program (MPTP) member cards. These initiatives were vital in allowing the industry to continue to operate. New functions were also added to the CPVV User Portal to make it easier for industry members to interact with CPVV.

Accessible services

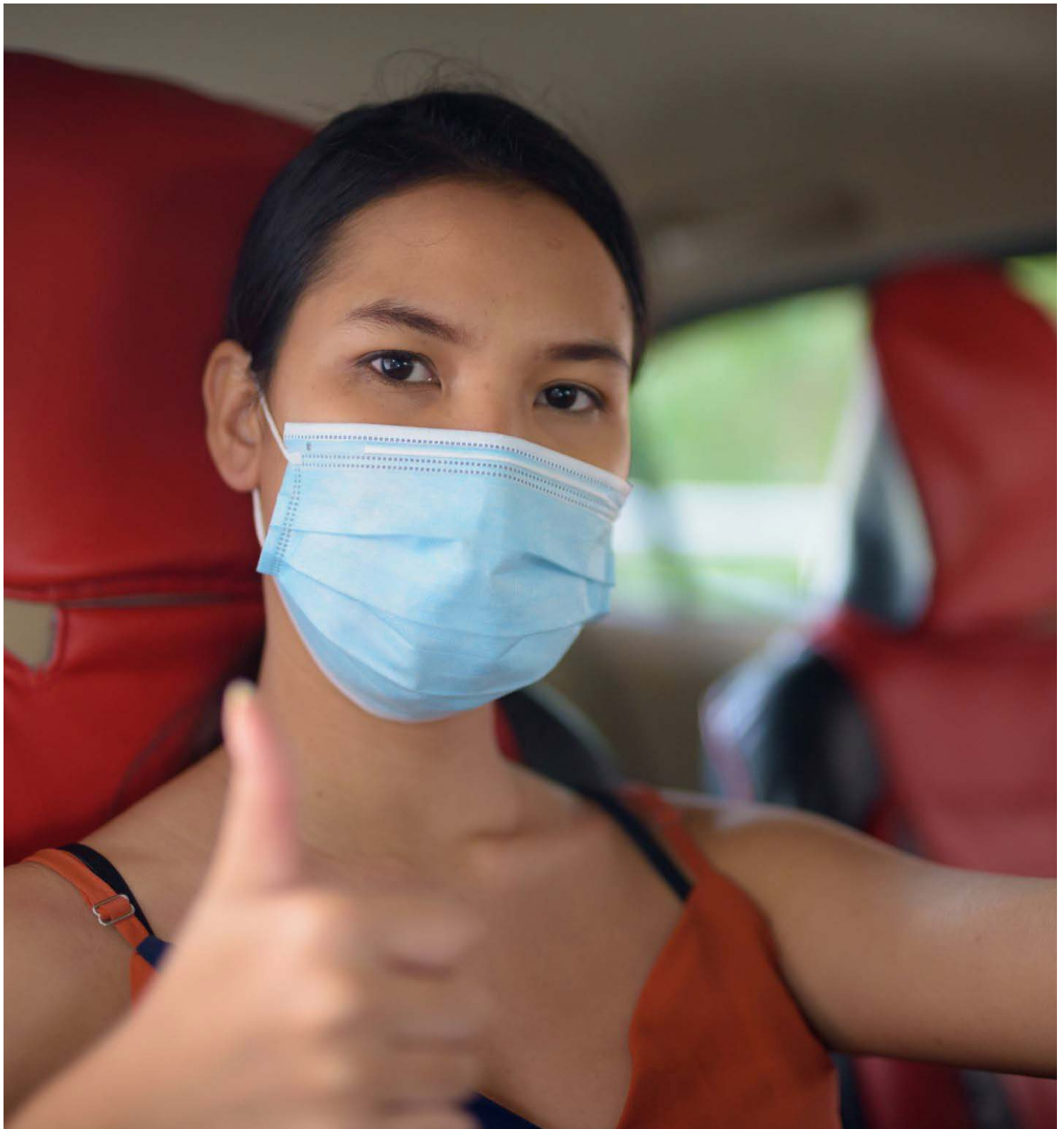
The CPV industry is considered an essential service and unlike some other industries, has been able to operate throughout the COVID-19 pandemic. This reflects the importance of commercial passenger vehicle services to many members of the Victorian community, including those with accessibility and mobility needs such as MPTP members.

The MPTP assists with the travel needs of people with accessibility and mobility needs by offering subsidised CPV fares to members. Demand for MPTP services in 2020-21 decreased when compared with the previous year, with just over 83 000 active MPTP members, and around 3.8 million trips taken. Booked MPTP trips are included in the total trips analysed for this fare monitoring report.



Similar to conventional trips, the public health restrictions needed to prevent the spread of COVID-19 impacted MPTP trip volumes. These trip volumes fluctuated month-to-month.

For example, in July 2020 (during the restrictions period) there were approximately 219 000 MPTP trips, while in December 2020 there were approximately 385 000. Nevertheless, MPTP trips were significantly reduced compared to the last financial year.



Informing the fare monitoring report

Collection of trip data

As a condition of registration, BSPs must collect booked trip records as outlined in the *Commercial Passenger Vehicle Industry Regulations 2018*. BSPs must provide CPVV booked trip records in the prescribed electronic format if requested. Information is provided by CPVV to BSPs about the use of the trip data, which includes to monitor fares. CPVV uses the trip data from BSPs to monitor fares and inform its regulatory approach to the CPV industry. The trip data can be used to understand demand for services, driver shift patterns across BSPs, and trip pick-up and drop-off hot spots. It can also be used to verify the details of CPV trips in relation to investigations, complaints and notifiable incidents.

More recently, trip data was used to understand the impact of COVID-19 on the industry and inform the Government's financial support package.

In line with Victorian Government requirements, CPVV adheres to all obligations required under privacy legislation and its data systems and process are designed, developed and maintained in line with the Victorian Protective Data Security Standards. CPVV does not ask for or accept personally identifiable information in trip data requests. The requirement to provide trip information has been in place prior to the CPV reforms.

Discharge from requirement to provide electronic records

CPVV requires trip data to be provided in an electronic format as the low cost of readily available technology generally makes electronic reporting simple and secure. However, CPVV recognises that for BSPs that complete few trips per year, there is minimal safety benefit in reporting the data electronically. For this reason, CPVV considers any request to be discharged from the requirement to provide records in the prescribed electronic format against the:

- value of the BSPs records for enhancing industry safety;
- safety risk profile of the BSP; and
- reasons the BSP may not be able to provide records to CPVV in the prescribed format.

If a BSP is discharged from the reporting requirement, it is still required to keep trip records and to submit them in hardcopy format if requested.

Approach to analysing fare trends

Using the data collected from BSPs in 2020-21, approximately 32 million of the 36 million booked trips provided to CPVV were analysed for this report. Analysis is provided of the

average cost per km and the average cost per minute across each month and for the different geographic zones (based on where the trip started). The findings are outlined below.

Calculations used

To calculate the average cost per km, the sum of the fare is divided by the trip distance. For the average cost per minute, the sum of the fare is divided by the trip duration (in minutes). Due to the different fare structures used across

the CPV industry, the booked fare may include a variety of fees and charges unique to each service provider. The data does not allow these fees and charges to be identified, or itemised.





Booked CPV fare trends 2020-21

Booked fares are deregulated and set by each BSP. This applies to BSPs that offer rideshare, taxi or hire car services. BSPs must provide passengers (if they request it) with a fare estimate or a fixed fare before the trip is booked.

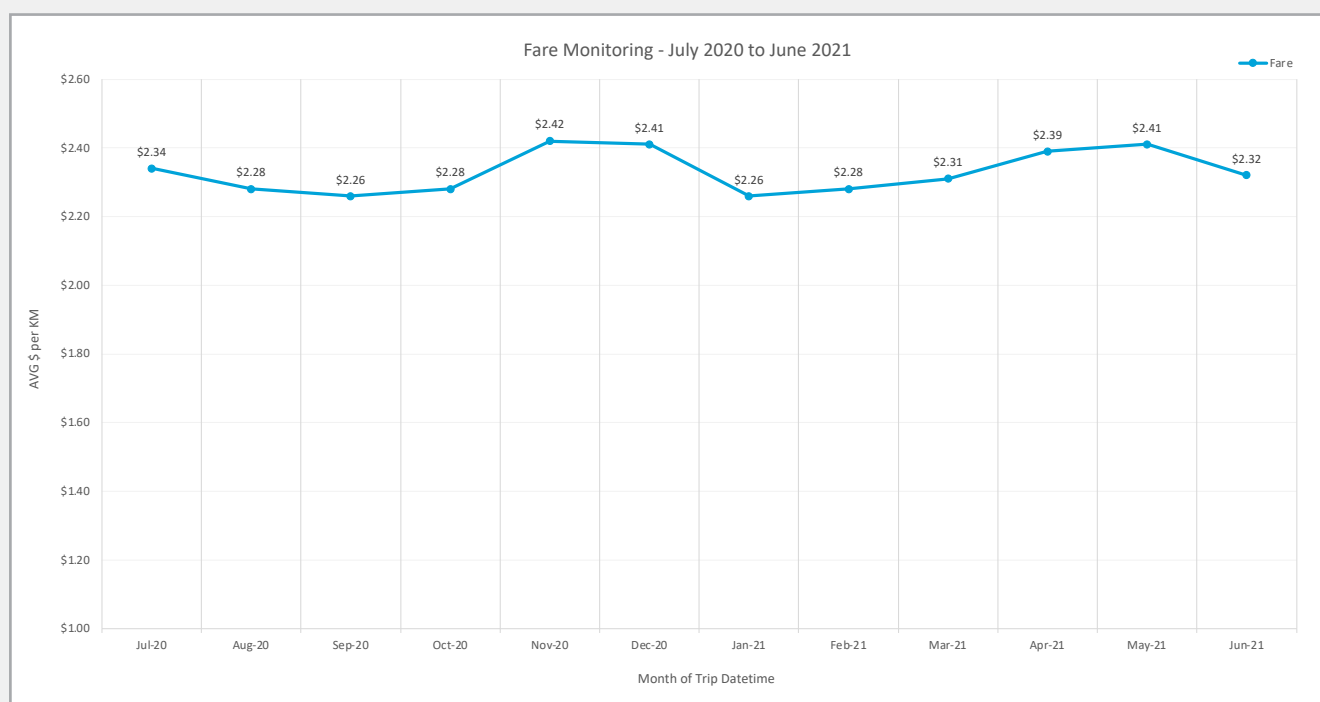
The analysis of trip data from 2020-21 for booked trips across Victoria shows the fares remained relatively consistent across the year. This is true for the average cost per km and cost per minute.

The fare cost per km and per minute across the geographical zones for all trips varied. Regional consistently had the highest fares for cost per km and cost per minute, while Country had the lowest fares for cost per km and Metropolitan the lowest fares for cost per minute.

Average cost per kilometre for all trips across Victoria

In 2020-21, the lowest average cost per km was \$2.26 in September 2020 and January 2021, and the highest was \$2.42 in November 2020 (see Figure 1).

FIGURE 1 AVERAGE COST PER KM – all trips across Victoria

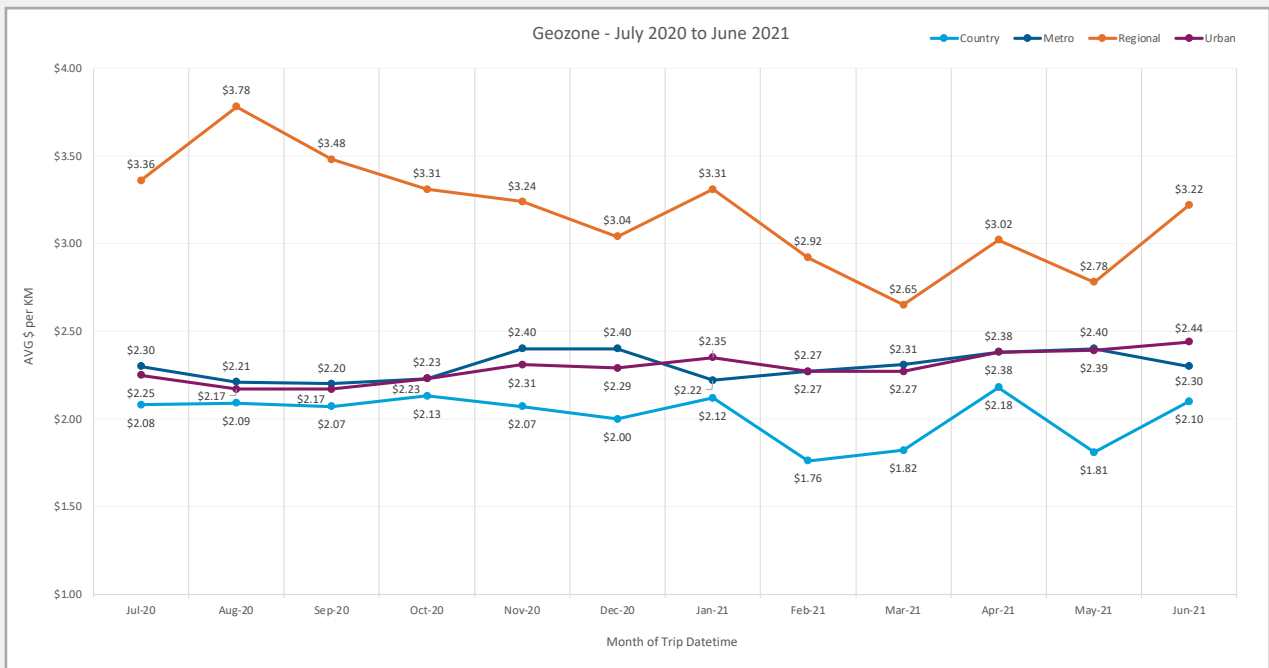


In 2020-21, the fare cost per km across the geographical zones for all trips varied, with Regional offering the highest fares in Victoria and the Country the lowest.

Average fares in Regional peaked at \$3.78 per km in August 2020, up from a low of \$2.65 per km in March 2021. In contrast, average fares in the Country ranged from \$1.76 per km in February 2021 to \$2.18 per km in April 2021.

Trips in Metropolitan and Urban and Large Regional (labelled as 'urban' in the following graphs) were often similar, if not the same, and ranged from \$2.12 per km in January 2021 to \$2.40 per km in November and December 2020.

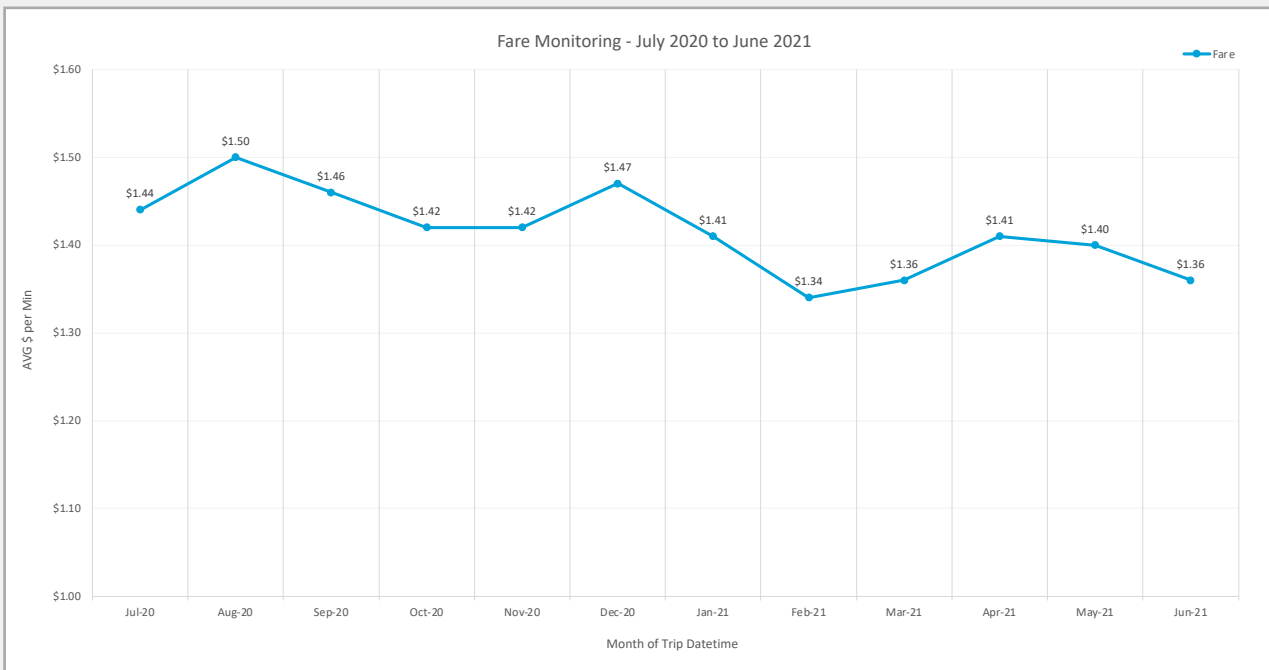
FIGURE 2 AVERAGE COST PER KM – by geographical zone



Average cost per minute

In 2020-21, across all trips the fare ranged from \$1.34 per minute in February 2021 to \$1.50 per minute in August 2020 (see Figure 3).

FIGURE 3 AVERAGE COST PER MIN – all trips across Victoria

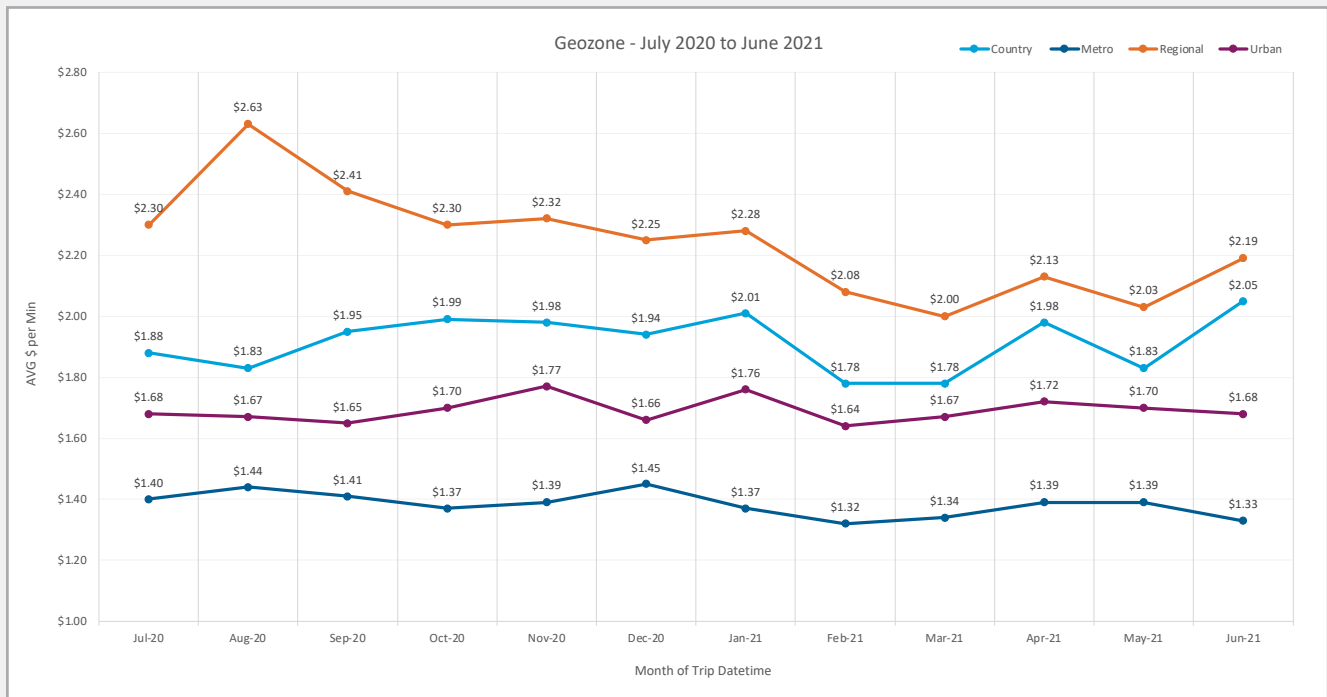


In 2020-21, the fare cost per minute across the zones for all trips varied with Regional offering the highest fares and Metropolitan the lowest.

Fares in Regional varied from \$2.03 per minute in May 2021 to \$2.63 per minute in August 2020. In contrast fares in Metropolitan ranged from \$1.32 per minute in February 2021 to \$1.45 per minute in December 2020.

Trips in Urban and Large Regional remained relatively consistent ranging from \$1.64 per minute in February 2021 to \$1.77 per minute in January 2021. Similarly, trips in Country ranged from \$1.78 per minute in February and March 2021 to \$2.05 per minute in June 2021, although most of the months were at the lower range (see Figure 4).

FIGURE 4 AVERAGE COST PER MIN – by geographical zone





COVID-19 Fare Comparison

Due to the significant impact COVID-19 had on trip volumes, this fare monitoring report takes a closer look at average pre-COVID-19 trip fares versus fares during the pandemic to assess the impact.

In this report, pre-COVID-19 is defined as July 2019 to February 2020 and, the 'pandemic period' is defined as July 2020 to February 2021. While it is acknowledged that COVID-19 has impacted trips outside of these dates, and is likely to continue to do so, these timeframes provide a consistent period to assess the impact on fares.

Prior to COVID-19, almost 47 million booked trips were reported to CPVV, while during COVID-19, 19 million trips were reported. This represents a decrease of 58 per cent in trip volume during the pandemic.

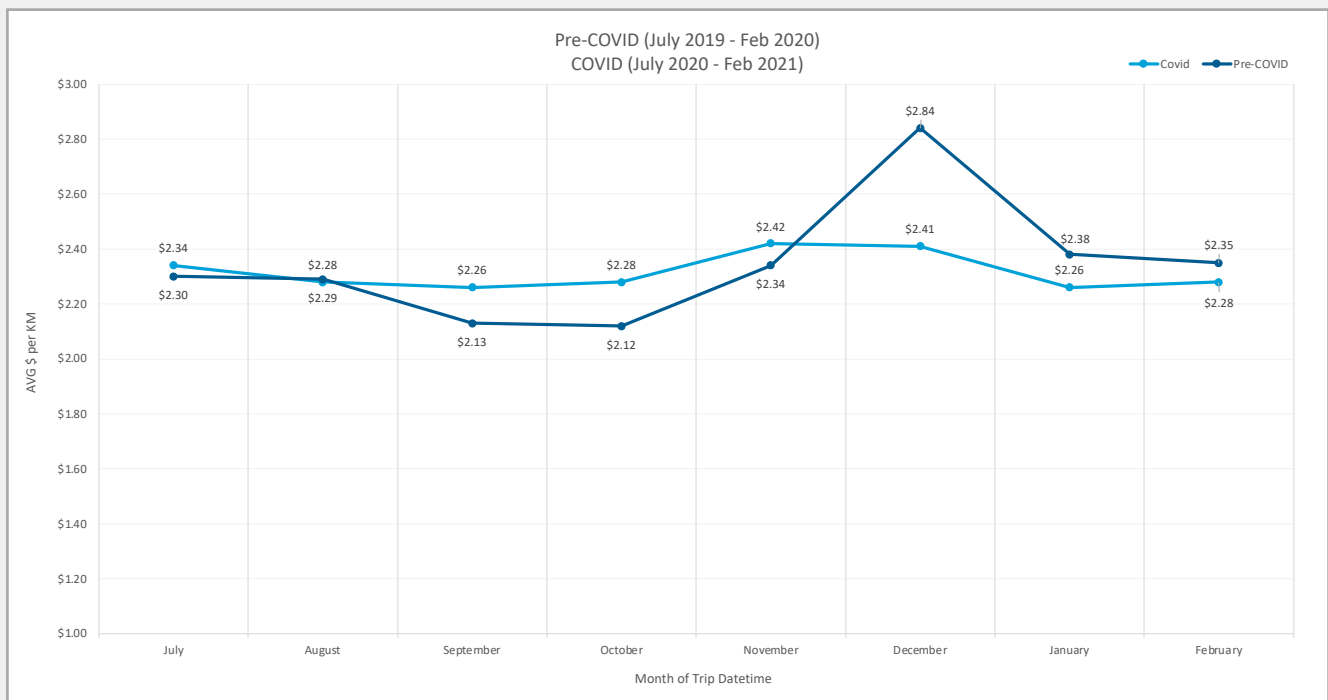
CPVV's comparison of pre-COVID and COVID-19 trips found that periodically, there was a slight increase in the average cost per km and average cost per minute during the pandemic period, however there were also times when fares decreased during the pandemic period.

Average cost per km

The average cost per km was consistent both pre-COVID-19 and during the pandemic. The analysis shows that there was no significant increase in the cost of fares per km which remained fairly stable throughout the period.

Pre-COVID-19, average fares ranged from \$2.12 per km in October 2019 to \$2.84 per km in December 2020. While average fares during COVID-19 ranged from \$2.26 per km in September 2020 and January 2021 to \$2.42 per km in November 2020.

FIGURE 5 AVERAGE COST PER KM – COVID-19 Comparison

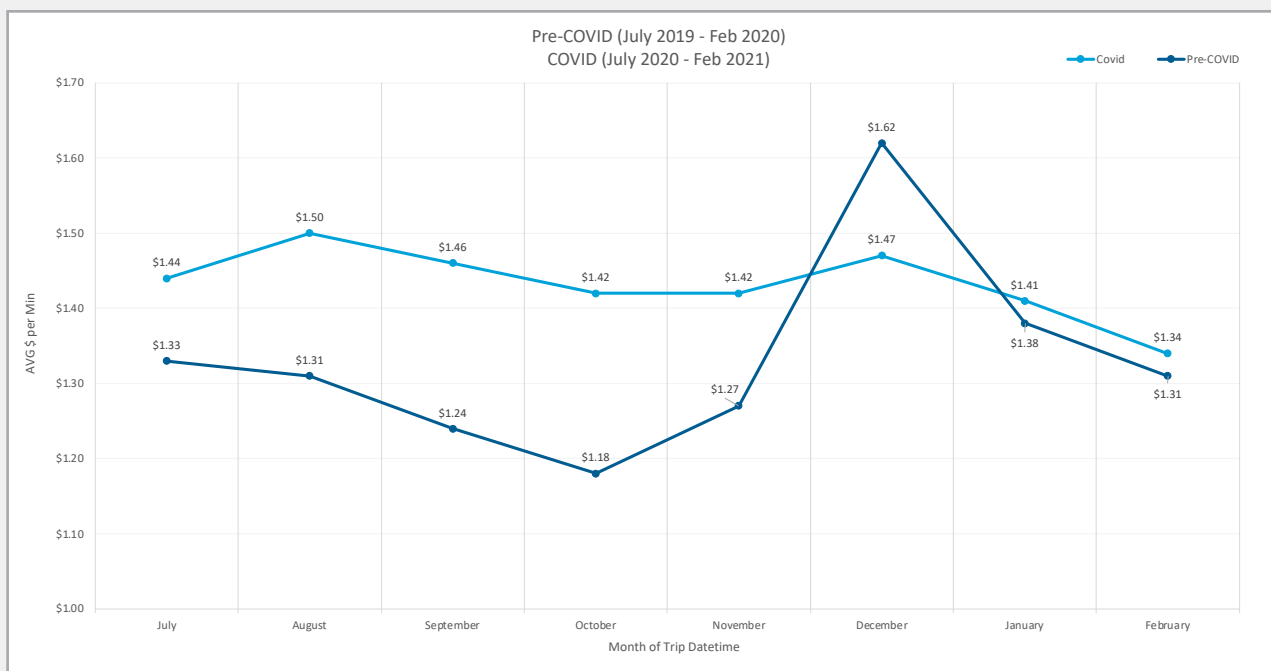


Average cost per minute

The average cost per minute was slightly higher during the pandemic period compared to pre-COVID-19 in most months, apart from December 2020.

During the pandemic period average fares ranged from \$1.34 per minute in February 2021 to \$1.50 per minute in August 2020. In contrast, pre-COVID fares ranged from \$1.18 per minute in October 2019 to \$1.62 per minute in December 2019.

FIGURE 6 AVERAGE COST PER MIN – COVID-19 Comparison



Glossary

Term	Definition
Accredited driver	Means a driver approved by CPVV to drive a commercial passenger vehicle to provide a commercial passenger vehicle service
Active CPV	A CPV that has been used for at least one trip in the specified timeframe.
Active driver	An accredited driver that has provided at least one trip in the month.
Booked trip	Means a trip in a commercial passenger vehicle that is arranged through a booking service.
Booking service	Means a service that receives requests for people to be provided with commercial passenger vehicle services and arranges or facilitates those requests by or on behalf of drivers of commercial passenger vehicles.
Country zone	Covers all other areas of Victoria not listed above as being included in the metropolitan, urban / large regional or regional taxi zones.
CPV	Commercial passenger vehicle (means a motor vehicle that is registered as a commercial passenger vehicle under Part 3 of the CPVI Act).
CPVI Act	<i>Commercial Passenger Vehicle Industry Act 2017.</i>
CPVV	Commercial Passenger Vehicles Victoria – the regulator for the purposes of the CPVI Act.
ESC	Essential Service Commission.
Metropolitan zone	Covers metropolitan Melbourne, extending to Werribee in the south-west, Caroline Springs, Taylors Hill and Hillside in the west, Melbourne Airport and Bulla in the north-west, Mickleham, Wollert and Mernda in the North, Hurstbridge, Wattle Glen, Kangaroo Ground, Coldstream and Lilydale in the northeast, the Basin, Sherbrooke and Belgrave to the east, Rowville, Wheelers Hill, Clayton, Dingley Village, Braeside, Chelsea Heights and Patterson Lakes to the south-east.
MPTP	Multi Purpose Taxi Program.

Regional zone

Covers the areas of the Bellarine Peninsula and Torquay, an area around the fringe of the metropolitan zone that covers Melton and Bacchus Marsh, Sunbury, Gisborne, Riddell's Creek, Romsey, Macedon, Mount Macedon, Woodend, Whittlesea, Wallan, Wandong, Kilmore, Broadford, St Andrews, Yarra Glen, Dixons Creek, Healesville, Launching Place, Warburton, Emerald, Gembrook, Pakenham, Pearcedale, and small blocks surrounding each of the following towns and cities: Mildura, Swan Hill, Echuca, Horsham, Shepparton, Benalla, Wangaratta, Wodonga, Hamilton, Portland, Warrnambool, Colac, Bairnsdale, Sale and Maffra, Warragul and Drouin, and the La Trobe Valley, including Moe, Morwell, Traralgon, and Churchill.

Unbooked trip

Means a trip in a commercial passenger vehicle that is not arranged through a booking service (also known as 'rank and hail' work).

Urban and Large Regional zone

Dandenong, Frankston, the Mornington Peninsula, Geelong, Bendigo, Ballarat, covers the areas of Springvale, Dandenong, Berwick, Cranbourne, Frankston and Mt Eliza), the Mornington Peninsula, (including Mornington, Mount Martha, Dromana, Rosebud, Blairgowrie, Sorrento, Portsea, Tyabb, Hastings, Somers, Point Leo, and Flinders) the previous Geelong Urban taxi zone (extending to Grovedale, Waurn Ponds, Fyansford, Batesford, Lovely Banks, Lara, Avalon Airport and Point Wilson), the previous Ballarat and Bendigo taxi zones.
