
Office of Utilities Regulation

Hackney Carriage Operators' Fare Application

Recommendation to the Minister of Transport and Works



OFFICE OF UTILITIES REGULATION

May 21, 2008

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DOCUMENT TITLE: Recommendation to the Minister of Transport and Works on Hackney Carriage Fare Application

PURPOSE OF DOCUMENT

This Document sets out the Office's Recommendation on Hackney Carriage Operators' Fares

RECORD OF REVISIONS

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APPROVAL

This document is approved by the Office of Utilities Regulation.

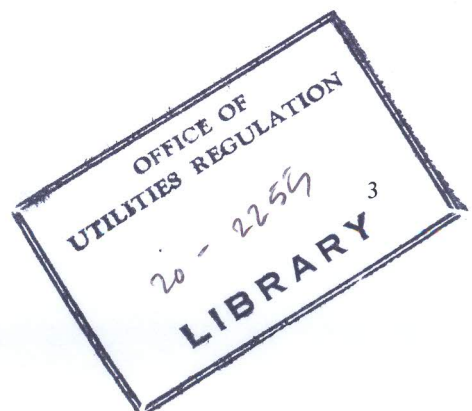
On behalf of the Office:


J. Paul Morgan
Director General

May 21, 2008

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EXECUTIVE SUMMARY

I. Background

The Jamaica Association of Hackney Carriage Operators submitted a proposal for a fare increase to the Minister of Transport and Works and the Transport Authority on behalf of its members¹. The Transport Authority solicited views and data from other associations. The Transport Authority referred the submissions and its findings to the Office of Utilities Regulation with a request that the Office advise the Minister on the level of adjustment of fares to be allowed. The Office made further direct contact with the Association to glean vital data to facilitate the completion of its analysis of the rate proposal.

Jamaica Association of Hackney Carriage's fare proposal

	Existing Rate \$	Proposed Rate \$
First Km	125	250
Each Additional Km	25	50
Waiting period of 5 Minutes	10	50
After Midnight	25%	25%
Operation outside zone	N/A	25% additional on each Km

II. Analysis of the Office

Calculation of unit fixed and variable costs				
	Variable cost per Km	Variable costs	Fixed costs	Total costs
	J\$/Km	J\$	J\$	J\$
Depreciation			168,034	168,034
Interest			141,120	141,200
Fuel cost	7.73	233,572.98		176,332
Lubricants cost	0.23	7,046.67		7,047
Driver wages	23.90	520,000.00	520,000	520,000
Insurance cost			130,000	130,000
Maintenance costs	8.23	159,000.00		179,000
Tyre costs	0.62	12,000.00		12,000
Licence costs			31,800	31,800
Subtotal	28.95	874,378.90	470,954	1,345,333
Overheads	1.33	40,078.13		40,078
Profits	1.33		24,270	24,270
Total	45.05	971,697.78	495,224	1,466,921
Variable cost per passenger (Km)	45.05	50.27		
Fixed cost per passenger			204.98	

¹ The proposal was made to the Minister on March 5, 2008.

III. **Fare structure**

In accordance with the existing fare structure, and the rate proposal, the Office recommends retaining the two-part rate structure, comprising a fixed charge (Base Stage Fare) and a variable charge, representing a charge for each Km travelled. The fixed charge represents recovery of the fixed yearly cost of the Hackney Carriage business over the number of trips for each year. The variable charge represents the cost of providing each additional Km of service². The rates that have been derived reflect the total economic cost of operation and are based on the crucial assumptions of expected demand, distance travelled, performance, maintenance costs, efficiency measures, cost of capital return, inter alia.

Base Stage Fare (the fixed charge) equates to **\$204.98**.

A charge of **\$50.27** is applicable for each additional Km travelled.

Notwithstanding the above, the Office notes that it may be impractical to properly institute and apply the variable charge based on Km travelled with the absence of a standardized metering system. The Office therefore strongly recommends that operators be required to utilise meters in charging for their services. A possible interim solution is to divide each operating zone into sub-zones and rates being charged on the basis of operation within and across sub-zones.

IV. **Rates for service outside operating zones**

The Association made a proposal that each trip be charged 25% additional on each Km outside of the operator's licensed zone of operation. The Office agreed with this proposal, given that the operator on returning from such assignment is not allowed to provide any service until that operator gets back into its licensed zone. If the operator is not allowed to make such billing the operator stands to lose out in full cost recovery because of the additional dead mileage and the opportunity forgone in fixed charging revenue. The Office believes therefore that an additional 25% would be fair and allowed for cost recovery.

V. **Rates beyond Midnight**

The Association requested that the rate structure include a charge of 25% additional for services provided beyond midnight. The Office recognises that this service may well be requested at these hours and this hour would well extend beyond a typical eight-hour work day. The Office believes that this request is fair, as operating at these hours represent overtime work. The Office recommends that this 25% be applied to the Km charge.

VI. **Rates for five-minute waiting period**

The Office calculated the opportunity cost to the operator of waiting for five minutes. The Office carried out this cost calculation by ascertaining a value for five minutes of service based on the total worked minutes each year in which to

² Please note that the fixed charge and variable charge include a reasonable rate of return.

obtain the calculated revenue requirement to cover economic cost of operation. The Office ascertained a rate of J\$51 for each 5-minute of operation (and subsequently waiting period). The Office recommends that a maximum of J\$51 be charged for each additional 5-minute period of waiting.

VII. Rates beyond four-hour of service

The Association proposed that a client that requires the service of a Hackney Carriage beyond four hours should arrange the rate with the operator. The Office is of the view that this is economic vis-à-vis opportunity cost considerations. With each trip constituting a fixed and a variable charge and service with one client beyond an hour would indicate the foregoing of one fixed charge of J\$204.98. The Office recommends that operators could charge per 5-minute period of waiting time. Therefore each operator has a per-hour opportunity cost of J\$612, because there are 12, 5-minute waiting periods in an hour. Therefore for each additional hour beyond the first hour of service to that client the operator could charge an additional J\$612.

Jamaica Association of Hackney Carriage's fare proposal

	Existing Rate \$	Proposed Rate \$
First Km	125	250
Each Additional Km	25	50
Waiting period of 5 Minutes	10	50
After Midnight	25%	25%
Operation outside zone	N/A	25% additional on each Km

The Office recommends:

- 1. Base Stage fare of J\$204.98**
- 2. A charge of J\$50.27 for each additional kilometres thereafter**
- 3. A 25% additional charge for service beyond midnight. This 25% should be applied to the variable rate only.**
- 4. That a 25% additional be charged on each kilometer outside of the operators' licensed operating zone.**
- 5. A maximum charged of J\$51 for each five-minute period of waiting time.**
- 6. A review of the fares in the event that there is a 35% change in either fuel price or exchange rate, or there is a combined change in both.**
- 7. The Office recommends that a maximum of J\$612 be charged for each additional hour beyond the first hour for service to one client.**
- 8. The Office recommends the implementation of a standardized metering system to ensure proper billing and to remove any arbitrary charging of passengers.**

VIII. Recommended administrative rates

For the purposes of ease of administration the following rounding-off could be employed:

Base Stage fare	\$200.00
Variable Km charge	\$ 50.00
Waiting	\$50.00 per 5 minutes
Long term hire	\$600.00 per hour

IX. Additional options based on trips per day assumption

The Office's analysis hinges largely on the assumption that each hackney carriage will average eight trips per day for the operating year. The Office however presents a matrix that shows the various rates that would result at different assumptions on the average trips per day over a one-year period of operation. This table provides additional options on fares as it relates to the assumption or projected average number of trips to be made each day over a one-year period. The Office presents these rates below. The table also includes the eight-trip assumption used in the recommendation.

Number of trips per day	Base Stage rate	Per Km charge	5 – minute waiting period	Long term hire (per hour rate)
6	\$273.30	\$62.88	\$49	\$582
8	\$204.98	\$50.27	\$51	\$612
10	\$163.98	\$42.71	\$53	\$632
12	\$136.65	\$37.67	\$55	\$657

CHAPTER 1: INTRODUCTION

Background

1.0 The Jamaica Association of Hackney Carriage Operators submitted a proposal for a fare increase to the Minister of Transport and Works and the Transport Authority on the behalf of its members.³ The Transport Authority solicited views and data from other associations. The Transport Authority referred the submissions and its findings to the Office of Utilities Regulation with a request that the Office advise the Minister on the level of adjustment of fares to be allowed. The Office made further direct contact with the Association to glean vital data to facilitate the completion of its analysis of the rate proposal.

Legal and Regulatory Framework

1.1 There are three main regulatory bodies for the public passenger transport sector under existing legislation. These are the Minister of Transport and Works (MTW), the Transport Authority (TA) and the Office of Utilities Regulation [(OUR) "the Office"].

1.2 The MTW is responsible for the overall policy decision-making in the sector.

1.3 The OUR is mandated to regulate the sector through the Office of Utilities Regulation (Amendment) Act 2000. Section 4(4) provides that:

"The Office shall have the power to determine, in accordance with the provisions of this Act, the fares which may be charged in respect of the provisions of a prescribed utility service."

The Transport Authority regulates through the following Acts of Parliament:

- The Public Passenger Transport (Kingston Metropolitan Transport Region) Act;
- The Public Passenger Transport (Rural Area) Act;
- The Transport Authority Act and;
- The Road Traffic Act.

1.4 Section 16 of the Transport Authority Act provides that the Authority may set fares for the sector 'with the approval of the Minister'.

³ The proposal was made to the Minister on March 5, 2008.

- 1.5 It is evident therefore that there is an overlap of the responsibilities of the OUR and the Transport Authority under the provisions of the various Acts. Until the legislative changes are enacted to regularise the situation, the policy of the Government is that the role of the Office at this time is limited to that of advisor to the Minister on the economic regulation of the public passenger transport sector. The Transport Authority's responsibility for the sector extends beyond economic regulation. The Authority has responsibility for the licensing of all public passenger vehicles including taxis. In addition, the Authority is mandated to develop, implement and enforce quality of service standards for all operators in the sector.

Purpose of document

- 1.6 The Jamaica Association of Hackney Carriage Operators submitted an application on behalf of Hackney Carriage operators to the Minister of Transportation and Works and the Transport Authority. The Transport Authority referred the submissions and its own findings to the Office of Utilities Regulation with a request that the Office provides advice to the Minister on the level of adjustment of fares to be allowed.
- 1.7 This document sets out the recommendation of the Office to the Minister for a new fare regime for Hackney Carriage operators.



CHAPTER 2: PROPOSALS FROM ASSOCIATIONS

Jamaica Association of Hackney Carriages

2.0 In submitting its proposal for increases in fares, the Jamaica Association of Hackney Carriages noted that the increase is necessary as all inputs used in the provision of their service increased in excess of 100% since the last adjustment. The Proposal went on to note that *“due to investigation and discussion with our passengers and their ability to pay us we therefore submit our request asking for an increase”*.

2.1 The Association proposed a fare structure and increase as follows:

Jamaica Association of Hackney Carriage's fare proposal

	Existing Rate J\$	Proposed Rate J\$
First Km	125	250
Each Additional Km	25	50
Waiting period of 5 Minutes	10	50
After Midnight	25%	25%

2.2 The Association, in a letter dated May 7, 2008 addressed to the Minister, requested the following:

- a. Journeys outside operator's licence area should attract 25% more for each Km;
- b. Passengers who require service for more than 4 hours should arrange a rate with operator.

2.3 In response to requests from the Office, the Association presented data on the fixed and operating costs of operation for a typical hackney carriage over a one-year period as well as relevant efficiency and other performance indicators.

Fixed cost	J\$
Badge	1,500
Fitness	6,000
Road License	1,0000
Vehicle Registration	6,000
L/Form	1,000
Operational Cost	J\$
Battery	8,000
Brake Fluid	1,000
Coolant	3,000
Engine Oil	6,000
Petrol	260,000
Steering Fluid	1,000
Transmission oil	7,200
Tyre	48,000
Washing and detailing	156,000
Tyrod end	15,000
Ball joint	30,000
Rock arm	15,000
Brake shoe	7,500
Wiper blade	1,800
Shocks	36,000
Disc pad	13,500
Labour (mechanic)	60,000
Labour (servicing)	20,000

Efficiency and performance indicators	
Average miles per gallon	20
Average operational KM per trip	40
Average number of trips (calls) per day	8
Average work days per year	260

CHAPTER 3: OUR ANALYSIS

Methodology

- 3.0 The fare structure for route taxis is broken out into a Base Stage Rate and a variable rate for each additional Km travelled. The Base Stage Rate recovers the fixed costs of operating the Hackney Carriage over a one-year period. The variable rate recovers costs that are the function of distance travelled. It is therefore necessary to break out the costs into fixed and variable components. In addition, the operating characteristics of a typical taxi operator have to be established in order to derive unit cost of operation. Unlike Route taxis, the Hackney Carriage fare is structured based on trips and not on a per passenger basis. Therefore the hirer of the vehicle, whether it is for the benefit of one or more persons, must bear the entire cost of the trip.
- 3.1 With regard to expenditure items, there was inconsistency between the levels of line items of expenditure submitted by the Association and the expenditure that was submitted for determining the fares for route taxis. In other words, while the Association submitted a substantially lower Km travelled per year relative to route taxis, its projected maintenance costs was on par with that of route taxis. The Office is not convinced of the distance travelled cost relationship proposed by the Association, particularly in the context of its most recent recommendation for fares for route taxis (Tra 2008/01). The Office relied on benchmarks, mini samples and surveys and other research findings to make adjustments where applicable.

Operating characteristics

Number of seats

- 3.2 As noted above, unlike Route Taxis, Hackney Carriage charges the hirer the total cost of operating each trip. Therefore a single passenger is responsible for the entire charge for hire for a trip.

Number of Operating days per year

- 3.3 It was assumed that the Hackney Carriage operates for 302 days per year (six days per week for 52 weeks excluding 10 days of public holiday). The Association's estimate of 260 days was not accepted.

Kilometres operated per day

- 3.4 This is the daily chargeable distance (Km). The Office has adopted the Association's submission of an average of eight (8) trips per day. The Association submitted that each trip averages about 8 Km. This would therefore reflect a daily operating distance of 64 Km. On a yearly basis this would result in total operating Km of 19,328. The level of fuel expenditure proposed by the Association would suggest that taxis are operating far in

excess of this number. This would also account for the levels of some of the proposed expenditure items submitted by the Association. As operating distance is a driver for both cost and revenues it is important that this assumption be realistic. At the level of operation assumed by the Office, operation and maintenance expenditures will therefore be less than the Association's proposals.

Kilometres travelled per day

3.5 In estimating the kilometres travelled per day the Office has assumed an additional 56.25% of dead mileage or distance travelled and not charged for. This takes into account travel to and from points of operation, detours and administrative usage.

Number of trips per year

3.6 This is calculated as:
(number of trips * number of operating days per year)

Depreciation rate

3.7 The motor vehicle is depreciated over six years at 16.67% per year.

Kilometres travelled per quart of lubricant

3.8 An estimated oil change of four quarts every 6,000 kilometres amounts to 1,500 Kms per quart of lubricant.

Kilometres travelled per litre of fuel

3.9 This was estimated to be 9.18 Km/litre of the equivalent of 25 miles per imperial gallon. The US Department of Energy estimates that a 2003 Toyota Corolla has a fuel efficiency of 25 miles per US gallon (30 miles per imperial gallon) for city travel and 34 mpg (40 miles per imperial gallon) for highway travel. The OUR's estimate is lower than that of the Department of Energy as it takes into consideration the state of local roadways which sometimes require travel at lower speeds which would reduce fuel efficiency.

Operating kilometres per litre of fuel

3.10 The above was modified by the dead mileage as per:

$$\text{Operating Km per litre} = \text{Km travelled per litre} * \frac{\text{Km operated per day}}{\text{Km travelled per day}}$$

Number of tyre change per year

3.11 At 64 kilometres travelled per day and 19,328 Km on an annualised basis, and assuming that a tyre will give approximately 25,000 kilometres of usage one set of tyres (4) is needed annually.

Assumptions for Hackney Carriage operations	
Number of operating days per year	302
Km operated per day	64
Km travelled per day	100
Annual depreciation rate (%)	16.67
Km travelled per quart of lubricant	1,500
Km travelled per litre of fuel	9.18
Km travelled per tyre	25,000
Number of tyre change per year	4

Financing assumptions

Exchange rate

3.12 The current rate of US\$1 to J\$72 is assumed.

Interest rate

3.13 An add-on rate of 14% which is equivalent to a rate of 19.4% on the reducing balance for a 5-year loan is assumed. This is the current rate of one of the major commercial banks.

Capital cost of vehicle

3.14 Operators typically purchase used vehicles whether imported or sourced locally for the purpose of operating a taxi. The Office used a value in the range of J\$1 million (US\$14,000), representing a 5-year old mid-sized vehicle, as appropriate. Older vehicles would increase maintenance levels and would have shorter useful lives thus reducing the time available to recover capital invested.

Financial Parameters	
Exchange rate (J\$ to US\$)	72
Interest rate on loan (add on % per year)	14
Capital cost of vehicle (US\$)	14,000

Operating expenditures

Annual insurance

3.15 The Office accepts the estimate of the Transport Authority of \$130,000 as comprehensive insurance for motorcars.

Vehicle servicing and maintenance

3.16 As mentioned above the level of servicing and maintenance expenditure correlates with the number of Km operated. The expenditures proposed by the Association do not reconcile with the assumption of projected Km to be travelled. The Office is of the view that there should be consistency in the assumptions for both Km travelled and expenditure and has based the allowed expenditures on the same moderate level of operation that is

assumed in the chargeable Km operated. On the basis of 19,328 of operating Km and 30,200 of total Km travelled, the Office has allowed the following expenditure for servicing and maintenance:

Servicing	\$40,000
Parts	\$65,000
Other repairs	\$10,000
Battery	\$4,000
Washing & cleaning	\$40,000

Tyre cost

3.17 At an estimated \$3,000 for each tyre the total cost for the year is \$12,000 based on the assumption of 4 tyre changes (1 complete set of 4) per year as detailed above.

Driver wages and benefits

3.18 The Office has explicitly included a provision for driver wages rather than an indirect allowance of one day per week use of the vehicle as may be the common practice. This allows for a better estimation of costs and revenues. The amount allowed is \$520,000 per annum. It is counted among the variable cost as the Office is of the view that it is more reflective of reality for drivers to be compensated on a per trip basis.

Fees and dues

3.19 The Transport Authority has detailed the regulatory fees charged for taxi operations. Other dues and fees are as recommended by the Authority.

OUR approved expenditure estimates		
	J\$	J\$
Annual Insurance		130,000
Servicing	60,000	
Parts	65,000	
Other repairs	10,000	
Battery	4,000	
Washing and Cleaning	40,000	
Annual Vehicle service and maintenance		159,000
Tyre changes		12,000
Driver wages and benefits per year		520,000
Licensing fee	8,500	
Badge	1,500	
L form	1,000	
Vehicle registration	6,00	
Fitness	4,000	
Taxi association dues	10,800	
Total fees and dues		31,800

Overheads

3.20 An allowance of 15% on variable costs, except fuel, is made for overheads.

Profit margin

3.21 The Office has included interest on the capital invested in the allowed expenditures however the operators will need an outlay of working capital to cover ongoing expenses. The Office has allowed a gross profit margin of 15% on total expenditures.

Unit cost of operation

3.22 The Office has allocated expenditure into fixed costs (items that do not vary with the level of operation) and variable costs. The unit variable cost was derived by dividing the variable cost by the Km operated.

3.23 The unit fixed cost was derived by dividing the fixed cost by the annual number of trips.

Calculation of unit fixed and variable costs				
	Variable cost per Km	Variable costs	Fixed costs	Total costs
	J\$/Km	J\$	J\$	J\$
Depreciation			168,034	168,034
Interest			141,120	141,200
Fuel cost	7.73	233,572.98		176,332
Lubricants cost	0.23	7,046.67		7,047
Driver wages	23.90	520,000.00	520,000	520,000
Insurance cost			130,000	130,000
Maintenance costs	8.23	159,000.00		179,000
Tyre costs	0.62	12,000.00		12,000
Licence costs			31,800	31,800
Subtotal	28.95	874,378.90	470,954	1,345,333
Overheads	1.33	40,078.13		40,078
Profits	1.33		24,270	24,270
Total	45.05	971,697.78	495,224	1,466,921
Variable cost per passenger (Km)	45.05	50.27		
Fixed cost per passenger			204.98	

3.24 Base Stage Fare equates to **\$204.98**

- 3.25 A charge of **\$50.27** is applicable for each Km travelled from the point of pick up of the passenger(s).
- 3.26 The table above indicates that fuel comprises approximately 24% of variable costs (excluding labour cost) and foreign exchange movements will affect other expenditure items (lubricants, parts and tyres). The Office recommends that a combined movement of 35% from the assumed fuel price and exchange rate should trigger a review and adjustment in the variable rate.

Opportunity cost for 5 minutes of waiting

- 3.27 The Association proposed that the charge for each 5-minute waiting period move from the current charge of J\$10 to J\$50. The Office in reviewing this proposal and making a recommendation calculated the opportunity cost of each 5-minute of a Hackney Carriage operator. The opportunity cost will reflect the value of each 5-minute of waiting of a Hackney Carriage operator. It represents the revenue earned on average in each 5-minute period, necessary to meet the revenue requirement for a year. The Office therefore divided the total revenue requirement of a Hackney Carriage by the number of five-minute period in each working year⁴. That is:

$$\text{5 minutes opportunity cost} = \text{total revenue requirement} / \text{number of 5-minute periods in a working year}$$

Therefore:

Revenue Requirement	J\$1,466,921
Number of five-minute period in each working year	28,992
Value per each five-minute of work	J\$51

- 3.28 The Office therefore determines each 5-minute of working time to be J\$51. Therefore each 5-minute period of waiting is valued at J\$51. The Office recommends the maximum charge for each 5-minute period of waiting to be J\$51.

Rates beyond 12 midnight

- 3.29 The Association requested that the rate structure include a charge of 25% additional for services provided beyond midnight. The Office recognises that this service may well be requested at these hours and this hour would well extend beyond a typical eight-hour work day. The Office believes that this request is fair, as operating at these hours represent overtime work and

⁴ The number of minutes in a working year is 302 days * 8 hours of each day* 60 minutes (302*8*60 = 144,960 minutes). Dividing 144,960 by 5 (representing each 5 minute period), results in 28,992 five-minute periods.

a lower frequency of trips. The Office recommends that this 25% be applied on the Km charge only.

Rates for service outside operating zones

- 3.30 The Association made a proposal that each trip should be charged 25% on each Km outside of the operator's licensed zone of operation. The Office agreed with this proposal, given that the operator, on returning from such assignment, is not allowed to provide any service until that operator gets back into its licensed zone. If the operator is not allowed to take such a fare the operator will not have full cost recovery because of the additional dead mileage incurred and the lost opportunity cost in fixed chargeable revenue. The Office believes therefore that an additional 25% would be fair and allow for cost recovery. It will also allow for the non-cross-subsidization of service outside the licensed operator's area.

Rates beyond four-hour of service

- 3.31 The Association proposed that a client that requires the service of a Hackney Carriage beyond four hours should arrange a rate with the operator. The Office is of the view that this is economic vis-à-vis opportunity cost considerations. With each trip calculated to recover the fixed and variable charge based on 8 trips for an 8-hour day, service with one client beyond an hour would indicate the foregoing of one fixed charge of J\$204.98 for each hour. If the vehicle is stationary, the variable costs are also not being recovered. The determined rate is calculated on the average length of trips which could vary individually. A trip of over four hours is beyond a reasonable time of hire.
- 3.32 The Office recommends that operators could charge per 5-minute period of waiting time based on the rate determined by the Office. Therefore each operator has a per-hour opportunity cost of J\$612, given that there are 12, 5-minute waiting periods in an hour. Therefore for each additional hour beyond four hours of service to that client the operator could charge an additional J\$612.

A zonal system

- 3.33 Given the above fare structure, the Office envisages that difficulty may arise in charging per Km, given the current absence of meters. The Office suspects that there may be arbitrary measurement of the distance travelled and so may compromise the integrity of the charging system. The Office believes that a sub-zonal charging system could reduce the arbitrariness in the charging system. In this system, from a central point to be determined, customers may be charged a fixed amount for travel within a sub-zone

depending on the dimensions of the zone. Travel across sub-zones would be charged on the basis of each sub-zone traversed. These points could be classed into sub-zones of 1, 2 and 3. These points could be ascertained by mapping points on the Map of the Kingston Metropolitan Area (KMA). By identifying the point of origin and noting the Km in radius from this point, the zones could be determined. The sub-zones or the sub-zonal system could be made public and displayed on the Hackney Carriages. This could remove the randomness in the system and provide for an averaging of the cost to provide service and ensure full cost recovery.

Additional options based on trips per day assumption

3.34 The Office's analysis hinges largely on the assumption that each hackney carriage will average eight trips per day for the operating year. The Office however presents below, a matrix that shows the various rates that would result at different assumptions on the average trips per day over a one-year period of operation. This table provides additional options on fares as it relates to the assumption or projected average number of trips to be made each day over a one-year period. The table also includes the eight-trip assumption used in the recommendation.

Number of trips per day	Base Stage rate	Per Km charge	5 – minute waiting period	One hour opportunity cost
6	\$273.30	\$62.88	\$49	\$582
8	\$204.98	\$50.27	\$51	\$612
10	\$163.98	\$42.71	\$53	\$632
12	\$136.65	\$37.67	\$55	\$657

CHAPTER 4: RECOMMENDATIONS

The Office recommends:

- 1. Base Stage fare of J\$204.98**
- 2. A charge of J\$50.27 for each additional kilometres thereafter**
- 3. A 25% additional charge for service beyond midnight. This 25% should be applied to the variable rate only.**
- 4. That a 25% additional be charged on each kilometer outside of the operators' licensed operating zone.**
- 5. A maximum charged of J\$51 for each five-minute period of waiting time.**
- 6. A review of the fares in the event that there is a 35% change in either fuel price or exchange rate, or there is a combined change in both.**
- 7. The Office recommends that a maximum of J\$612 be charged for each additional hour beyond the first hour for service to one client.**
- 8. The Office recommends the implementation of a standardized metering system to ensure proper billing and to remove any arbitrary charging of passengers.**

For the purposes of ease of administration the following rounding could be employed:

Base Stage fare	\$200.00
Variable Km charge	\$ 50.00
Waiting	\$50.00 per 5 minutes
Long term hire	\$600.00 per hour