TC (MPI) Pre-Ask 6

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Question:

Please confirm the calculation of column 10 "Balanced Indicated rate change" of Table 14 (Appendix 3), and provide a sample calculation. One its face, the calculation in Column 10 does not appear to be correct:

			[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
X Taxicab Vehicle-for-Hire	N/A	1	458	4,248,080	9,275.26	-6.28%	4,471.08	103.02	2.0224	8,937.09	9,060.67	4.23%
X Taxicab Vehicle-for-Hire	N/A	2	105	551,673	5,254.03	-6.28%	4,471.08	103.02	1.2117	5,395.59	5,470.20	11.09%
X Taxicab Vehicle-for-Hire	N/A	3	41	232,835	5,678.90	-6.28%	4,471.08	103.02	1.2389	5,514.46	5,590.71	5.05%
X Taxicab Vehicle-for-Hire	N/A	4	5	29,849	5,969.80	-6.28%	4,471.08	103.02	1.3420	5,965.15	6,047.64	8.09%

RESPONSE:

The calculation was correct.

The formula to determine the balanced indicated change is:

- Balanced Indicated Change = (Balanced Indicated Rate / (1 + Expected Drift)) / 21/22 Average Rate - 1

For Taxicab Vehicle-for-Hire in Territory 1, 4.23% = ($9,060.67 / (1 + -6.28%)) / $9,275.26 – 1.

The balanced indicated rate is divided by the expected drift because the basis for the calculation is the 2022/23 average rate for the major class. As such, the balanced indicated rate must be "brought back" to be comparable to the 2021/22 average rate.