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**Inquiry into the Operation of the Point to Point Transport
(Taxis and Hire Vehicles) Act 2016
Hearing Friday 25 September 2020
Questions on Notice and Supplementary Questions**

Questions on Notice

The Hon. MARK BANASIAK: Both of you have called for the abolishment of the passenger service levy. How much has been collected and paid into the passenger service levy is one of the greatest secrets known to man, it seems. From your perspective, how much has Uber and Ola contributed to that fund? I note that under the regulations there is a requirement for the driver to be regular to contribute to that passenger service levy. From your perspective, how much have Uber and Ola contributed to that passenger service levy fund?

OLA RESPONSE:

The Passenger Service Levy is placed on all rides taken in New South Wales on the Ola platform as an additional fee to the rider. Ola began operating in New South Wales after the introduction of the Point to Point reforms, so the levy has been added to all trips in the State from launch to date.

This data is commercially sensitive so we would ask the Committee to please use it in your deliberations, but refrain from publishing or publicly discussing the data.

The Hon. DANIEL MOOKHEY: Yes, and we have had breakdowns between the booking service provider [BSP] and the other forms as well. But within the BSP category, because there are a lot of people who are dual registered—there are people who are registered in taxis who are BSPs as well—it is hard to break it down as well, but to the best of your knowledge there is no publicly available information which would allow us to isolate rideshare, and you are not getting access to that information?

Mr COOPER: That is right. To the best of our knowledge.

The Hon. DANIEL MOOKHEY: Have you sought that information by any chance from Transport?

Mr COOPER: No, we have not sought it out.

The Hon. DANIEL MOOKHEY: Have Ola sought that out or not?

Mr SMITH: Not that I am aware. We sought out similar information in New Zealand. We launched after the deregulation, so the levy has been collected on every ride that our drivers have completed in New South Wales. I am happy to provide the exact number on notice. It will be commercial in confidence.

OLA RESPONSE:

Ola has not sought a breakdown of the Passenger Service Levy or trip data from Transport for NSW or the Point to Point Commission.

This data is commercially sensitive so we would ask the Committee to please use it in your deliberations, but refrain from publishing or publicly discussing the data.

The Hon. MARK BANASIAK: In terms of engagement with government and noting that Ola came late into the market, so more directly to Uber, before the regulation came into effect there was Uber operating and there is contention as to whether it was legal or not legal. What engagement with government did you have before Mike Baird came out and said Uber is now legal? What engagement did you have with government in terms of putting together that regulation?

Mr COOPER: We sought regulatory reform. So we obviously participated in the task force process and then obviously there was consultation on the recommendations and legislation. So we were involved in those consultation processes and we did seek regulatory certainty for ridesharing.

The Hon. MARK BANASIAK: Did you meet specifically with the Premier at any point?

OLA RESPONSE:

Ola began operating after the introduction of the Point to Point reforms and did not meet with the then Premier or Ministers before the reforms.

The Hon. DANIEL MOOKHEY: Do you know the average value of a trip at Uber?

Mr COOPER: That information is commercially sensitive to us, but Ms Gilmore is probably best placed to give an example of some typical trips that you take, particularly with UberPool.

The Hon. JOHN GRAHAM: Mr Cooper, you are asking us to make some recommendations that might be commercially sensitive as well, so I think it is probably in both your companies' interest to provide whatever information you think might inform those recommendations.

Mr COOPER: We would be happy to follow up with some additional information that is commercial in confidence, but obviously just not as part of this appearance.

The Hon. DANIEL MOOKHEY: Basically, am I right to say that the summary of Uber's position is whether or not the Government chooses to compensate taxis is a matter for the Government, but the levy is not the appropriate financing mechanism?

Mr COOPER: That is correct.

The Hon. DANIEL MOOKHEY: Can I hear from Ola on its response to the claims in the taxi industry in this respect?

Mr SMITH: We entered the market after it was deregulated. Effectively we believe that the \$1.10 tax per trip is detrimental to customers. We know our market is pretty price sensitive, which is why they will not tell us their average fare. We will provide ours in commercial in confidence on notice as well.

OLA RESPONSE:

Ultimately the decision to compensate taxis is a matter for the Government, however Ola does not support the ongoing use of the Passenger Service Levy as a funding mechanism for this industry support. The Passenger Service Levy is effectively a \$1.10 tax on every point to point trip in New South Wales and we believe it has a significant negative impact on consumer choice and finances. Point to point transport is a reliable, safe and relatively cost effective option for many New South Wales residents, however many consumers are very price sensitive. Whether they are vulnerable pensioners who use point to point transport to go to appointments and get groceries or a young person who does not drive heading to their first job, there are people who are unfairly disadvantaged by having to pay a tax on their trips. This consumer impact is experienced in both the rideshare and taxi industry, so while we understand the taxi industry's calls for industry support, we would also note they are asking the Government to tax their customers and keep prices high.

COVID-19 has also exposed gaps in our public transport system, including the need to maintain physical distancing from other travelers. Point to point will be a more viable and a preferred option for people going forward, especially those more vulnerable and high risk groups. This levy is a tax on their transport options.

Mr SMITH: Our standard tariff is actually publicly available information on the app—both per minute and per kilometre fixed booking fees—as is the standard taxi tariff. I think, by casual observation, a taxi driver never gives you a discount so we can assume that people will drive on that tariff, which does go up on the weekend, public holidays and the evening. Our fares do go up according to our peak demand algorithm. We can provide you with information on that on notice in confidence, however, I would say that the vast majority of the time the fares are the standard fares on our app.

The Hon. JOHN GRAHAM: How do the standard taxi and standard hire fares compare?

Mr SMITH: It obviously depends on the length of the journey, but we use a rule of thumb of around 20 to 25 per cent cheaper on our platform than a taxi. We invest a significant amount of money in incentivising drivers, so giving them over and above bonuses for doing certain activities, and we also invest a significant amount of money in customer incentives, so there is, as far as we are concerned, very real price competition in the industry.

The Hon. JOHN GRAHAM: I understand the complexity of what is a very simple question, but it is a complex answer because of the dynamic pricing. I think that whatever information you are able to provide us in confidence on notice would be useful. It goes to a couple of questions. Your key recommendation about where the passenger service levy goes or that access to the transport subsidy really informs where the Committee heads on those. It is also really relevant to whether or not the current monitoring of prices by the IPART is providing sufficient information to the public and the Parliament or whether there should be some more detailed scrutiny. The offers you have made are very helpful for the work that we will then do.

OLA RESPONSE:

Ola standard fares and tariffs for New South Wales:

Category		Sedan	SUV	Premium
Base Fare		\$2.50	\$4	\$4.99
Rate per km		\$1.45	\$2.30	\$2.46
Ride time charge per min		\$0.40	\$0.61	\$0.68
Booking Fee		\$0.55	\$0.55	\$1.10
CTP premium*		\$0.74	\$0.74	\$0.74
Passenger service levy		\$1.10	\$1.10	\$1.10
sanitisation fee		\$0.00	\$0.00	\$0.00

* CTP premium varies according to ride distance and time.

Commercial-In-Confidence

Commercial-In-Confidence

Supplementary Questions

1. How often does Uber and Ola drivers inform passengers that they are absorbing the passenger service levy on their behalf?

OLA RESPONSE:

The Passenger Service Levy is an additional fee on each trip and it is paid by the customer. The levy is clearly labelled in the passenger's receipt after the trip.

2. Is this practice, directed and supported by management of Uber and Ola?

OLA RESPONSE:

Ola takes low commissions from drivers and offers highly competitive rates for passengers. We operate on low margins to give more to our users, including more take home income for drivers.

Unfortunately, the New South Wales Government's Passenger Service Levy is a tax we are required to apply to each and every trip in the State, and this needs to be passed onto consumers. Our position is that the Government should remove this levy as soon as possible to take the pressure off consumers' cost of living.