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SELECT COMMITTEE ON THE NSW TAXI INDUSTRY

QUESTIONS ON NOTICE

Inquiry into the NSW Taxi Industry

To: Mr Peter Ramshaw, Chief Executive Officer, NSW Taxi Council

From Mr Ajaka

1. Recommendation 9 of the NSW Taxi Council submission suggests that 'the government amend the Traineeship Act to incorporate bailee taxi drivers and make them eligible for traineeship support' (Submission 42, p 5). What do you consider would be the benefits of this change?
2. In regards to the Nexus scheme licences:
 - a. Do you believe that the recently enacted changes to the *Passenger Transport Act 1990* have sufficiently clarified the operational status of the Nexus scheme licences?
 - b. Do you consider that any additional action should be taken to address the perceived failures of the scheme?
3. Some Inquiry participants have suggested that the recipients of the Nexus licences should return those licences to NSW Transport and Infrastructure for re-issue through a competitive process? What does the NSW Taxi Council think of this suggestion?
4. Some Inquiry participants have suggested that the recipients of the Nexus licences should be required to retrospectively pay for the licences, or provide financial compensation to the Government for their use? What does the NSW Taxi Council think of this suggestion?

Response to Questions on Notice
following the hearing of 31st March 2010
of the
NSW Legislative Council Select Committee
Inquiry into the NSW Taxi Industry

NSW Taxi Council

27 April 2010

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1 Introduction

The following information is being provided in response to questions taken on notice during the hearing on 31st March 2010 and additional questions on notice.

2 Questions raised during the hearing on Wednesday 31st March 2010

2.1 From The Hon. Greg Donnelly

2.1.1 Copies of contracts used by taxi networks.

I have contacted networks that are members of the NSW Taxi Council inviting them to forward copies of the contract documents that operators and/or drivers are required to sign.

At the time of compiling this response, the following networks have provided me with copies of contracts:

- Taxis Combined Services,
- RSL Ex-Servicemen's Cabs & Co-operative members Ltd.,
- St. George Cabs Co-operative Limited.

Copies of these contracts are enclosed.

Premier Cabs has responded to confirm it does not require operators to sign contracts, they have provided a copy of the acknowledgement taxi drivers are required to sign upon completion of the training provided by the network.

Manly Warringah Cabs (Trading) Co-operative Society Ltd has responded explaining it has a ½ page agreement that operators are offered to guarantee 2 years continuity in return for the provision of free equipment and services. This agreement is offered as an alternative to the operator paying directly for certain equipment and services provided by the network. A copy of this correspondence is enclosed.

2.2 From The Hon. Trevor Khan

2.2.1 Identify providers of EFTPOS equipment in taxis.

The following information has been obtained from the list of approved EFTPOS equipment suppliers published by the Victorian Taxi Directorate.

- Cabcharge,
- LiveTaxiEpay,
- CreditPortal,
- CabFare,
- Suncorp,
- GMCabs.

In addition, I was recently handed information along with a prospectus (dated 24/12/2009) for Cabbiexpress International Limited that claims it has been supplying EFTPOS equipment to the taxicab industry for more than five years.

3 Additional Questions on Notice

3.1 From Mr. John Ajaka MLC

3.1.1 Benefits of traineeship support for taxi drivers

For a Taxi Driver Traineeship to come into existence, the Commissioner for Vocational Training must designate taxi driving as a **recognised traineeship vocation**. This is defined by Section 5 of the Apprenticeship and Traineeship Act 2001. This step has been completed and taxi driving is recognised as a traineeship vocation.

Section 7 of the Apprenticeships & Traineeships Act says that an **employer** who employs a person as an apprentice or trainee may apply to the Commissioner for the establishment of a traineeship. For taxi drivers to become eligible for traineeships and still be covered as bailees under the Contract Determination prescribed by the Industrial Relations Act, the Apprenticeships and Traineeships Act would need to be amended to include "**bailor**" in addition to "**employer**" and a "**bailee**" in addition to "employee".

This currently acts as a barrier to bailor operators and bailee drivers establishing traineeships.

Traineeships for taxi drivers could offer advantages for the following stakeholders:

Trainees

- Free training, makes entry to taxi driving more comparable and hence competitive with other hospitality or service industries.
- Greater security through being indentured for 12 months.
- More support, through the monitoring and support of the traineeship offered by the NSW Government, New Apprenticeship Centres.
- Higher level of compliance with contract conditions as agreements will be under greater scrutiny.
- Higher net income, as a result of a lower or subsidised pay-in.

Operators

- Increased pool of drivers (free training will increase number of trainees)
- Better candidates to choose from, selection occurs before traineeship commences.
- Increased opportunity to offer support and on-the-job training.
- More chance to train drivers to care for vehicles and to understand and practise the "Network Standards".
- Potential for free workers' compensation insurance.

Customers

- Better quality drivers who are more suited to service industry jobs. This will occur since a career in taxi driving will become more competitive in attracting people who would otherwise go into other hospitality industry traineeships.

Networks

- Higher numbers of drivers
- Better quality drivers
- Possibility of controlling the work of trainees to provide a relevant range of experience and improving service levels.

Government

- Higher number of traineeships (low numbers of uptake has been a source of criticism in past).
- Improved service levels in the industry.

3.1.2 In regards to Nexus scheme licences:

- **Do you believe that the recently enacted changes to the *Passenger Transport Act 1990* have sufficiently clarified the operational status of the Nexus scheme licences?**

Recent amendments to the Act have effectively clarified the conditions applying to Nexus Scheme licences. It is my understanding the Act provides for the licences themselves and their “paired” licences to be properly identified, which clarifies which licences are affected. The Act links the operation of the nexus licences with the continued operation of wheelchair accessible taxi cabs under the paired licence and hence clarifies the conditions under which the licences may be operated. The Act also provides limits on the transfer of nexus licences along with the associated paired licence, which very clearly spells out the conditions that were previously well-understood and observed by taxi networks.

I am not aware of any areas of uncertainty surrounding the future operational status of the nexus scheme licences, so I believe the current Act is sufficiently clear in relation to the operation of these licences.

- **Do you consider that any additional action should be taken to address the perceived failures of the scheme?**

The nexus scheme was introduced in an environment that is completely different to the current environment in relation to services for people with disabilities. At a time when it was not unusual for taxi licences in New South Wales to be issued at little or no cost to the recipient, nexus licences were issued to taxi networks to offset the widely acknowledged additional costs of introducing wheelchair accessible taxi services. The efforts of the New South Wales taxi industry, in conjunction with the nexus scheme, resulted in New South Wales being the first jurisdiction in Australia, and one of the first in the world, to provide accessible transport services to people who use wheelchairs. The industry has gone on to provide ever higher levels of wheelchair accessible taxi services. The scheme resulted in services that did not previously exist in most places around

the world being provided to people who use wheelchairs in Sydney. In many places throughout the developed world wheelchair accessible taxi services still do not exist.

Given the history and success of the scheme in addressing service needs, it is not clear what aspects of the scheme are perceived as failures.

The government commissioned Deloitte to investigate and report into the scheme and any deficiencies associated with it. The final report, released during 2009, does not identify any failures, apart perhaps from some deficiencies in the government's record-keeping.

It is widely acknowledged that wheelchair accessible taxi services are not viable in the absence of government subsidy. It is common practice in other Australian jurisdictions and around the world for governments to subsidise the supply of such services one way or another. Hence the need for a subsidy scheme is widely acknowledged and should not be regarded as a sign of failure.

Disregarding the special conditions applying to them, in terms of the manner in which they were issued, nexus licences are not dissimilar to the majority of taxi licences issued at that time and which still exist. If the fact that licences were issued in this manner (or for example by ballot or seniority) is a sign of failure, then it seems the same could be said of the majority of licences issued prior to 1990.

The NSW Taxi Council holds a view, in accordance with the findings by Deloitte, that there is no need to make further changes other than the amendments made to the Act that are discussed in response to the first question above.

3.1.3 What does the NSW Taxi Council think of the suggestion that nexus licences should be returned and re-issued through a competitive process?

The NSW Taxi Council does not think the government has any grounds for re-claiming licences it has issued provided the licence is being operated in accordance with the Act. If such a policy were to be adopted, it seems that the very many more licences issued by ballot, issued to returned ex-servicemen, or through the driver seniority register and other systems that did not involve a competitive process would also need to be recalled and re-issued. Similar arguments would then apply to the current heavily subsidised \$1000 per year wheelchair accessible taxi licences that are available from the government in the complete absence of any competitive pricing process.

Networks that were issued nexus licences effectively paid for this asset by bearing the additional costs of providing wheelchair accessible taxi services. Networks that have since acquired nexus licences and their pairs by purchasing them and paying substantial amounts of transfer tax on their acquisition have also paid "full price" for these assets. It would be immoral for a government to force a person who has already paid for an asset to pay for it again.

Unless there is evidence suggesting that holders of such licences have done something wrong, it seems there are no grounds for forcing current holders to bear the loss of a significant asset. The impact of withdrawing licences would be severe on the individual operators and drivers who are currently relying on these licences for their livelihood.

3.1.4 What does the NSW Taxi Council think of the suggestion that recipients of nexus licences should be required to retrospectively pay for the licences, or pay financial compensation to the government for their use?

It is not clear what benefit would be achieved by this suggestion.

Networks that were issued nexus licences effectively paid for this asset by agreeing to bear the additional costs of providing wheelchair accessible taxi services. During 2004, 273 licences were issued "free" to owners of Hire Car licences as compensation for changes in hire care licence policy. It is not clear why a similar argument would not then arise for these licences which were issued free to people as a form of compensation, as nexus licences could also be viewed as a form of compensation for providing an uneconomic public transport service.

Networks that have since acquired nexus licences and their pairs and paid substantial amounts of transfer tax on their acquisition have also paid "full price" for these assets. It would be immoral for a government to force a person who has already paid for an asset to pay for it again.

As indicated in response to the previous question, the same suggestion could be equally applied to current holders of subsidised WAT licences that are leased from the government for \$1000 per annum. It would simply be wrong for government to ask lessees to retrospectively pay more for these licences.

It must be remembered that taxi services are provided on the back of private investment and private funding, any impact on the viability of participants in the industry will have an impact on service levels for the public.

In relation to nexus licences, the suggestion clearly raises very serious equity concerns for existing owners as well as operators and taxi drivers using the affected licences. Any exercise to calculate the costs borne by taxi networks in relation to the provision of wheelchair accessible taxi services since the introduction of the nexus scheme would be extremely onerous and costly.

Apart from creating a windfall gain for the government commensurate with the loss imposed on current licence holders, there does not seem to be any net benefit.

As the industry must operate on commercial terms, any loss imposed on the industry would need to be recovered. It is therefore inevitable that this cost would be passed on to taxi operators through higher network fees and eventually through the fare review process to taxi passengers. To the extent that higher taxi fares make taxi services less cost-competitive, the industry and the public who pay for the service would suffer across the board as a result.