

**Submission  
No 14**

**INQUIRY INTO OPERATION OF THE POINT TO POINT  
TRANSPORT (TAXIS AND HIRE VEHICLES) ACT 2016**

**Name:** Mr Kevin Cole

**Date Received:** 2 May 2020

---

2 May 2020

Hon Mark Banasiak MLC  
Legislative Council  
Parliament of NSW  
Macquarie Street,  
Sydney, NSW, 2000

Dear Mark

**RE: Inquiry into the Operation of the Point to Point Act 2016 (Taxi and Hire Vehicles)**

I, Kevin Bernard Cole have been working in the taxi industry since 1975, first as a part time driver and then in 1977 as an owner and operator. I have served the industry first as a director of Newcastle Taxis and later as the operations manager.

I am writing to respectfully implore you to look into the operation of the regulatory system applying to the taxi industry that I have served in for more than two-thirds of my life. Specifically, I would urge you to look at the following terms of reference:

- 1) The system of bailment that operates in the taxi industry**
- 2) Any changes that should be made or pursued by the NSW government to the system of bailment since the enactment of legislation**
- 3) The implementation of the industry assistance package for the taxi industry, including the passenger service levy has been applied**
- 4) The impact of the legislation on the value of taxi plates**
- 5) The role and function of the point to point commissioner**
- 6) Now and what's next**

Before I flesh out the above points, let me provide some background to the industry to date from the point of view of an operator like myself:

The industry has self-regulated for years as demand required, certainly with regard to:

- taxi identification
- special purpose vehicles
- computer dispatch systems
- disciplinary committees for customer and service complaints
- monitoring of vehicle and driver performance
- operator and driver information sessions

- operator and driver information sessions

The 1990 Transport Act required costly inputs and standards that showed no net gain to the operator, the operators were personally responsible for the following:

- uniforms for drivers
- computer dispatch systems
- lost property department
- cameras / safety shields
- driver point system
- vehicle age regulation
- taxi fleet monitoring systems

From my personal view, as someone who was in charge of implementing these changes to the Newcastle taxi industry, I found that most operators were impacted financially and often to their detriment.

A report on the above changes indicated that the taxi industry would grow and benefit greatly from these new conditions, however, as is well known, the opposite occurred leaving the industry unable to absorb all of these changes and has since never recovered.

I recall on many occasions, we in the taxi industry, offered our advice and experience of what was occurring - however I feel there has never been an adequate line of communication between government and industry to successfully set operators up for success, and honestly, we have all endured many years of struggle.

Currently, conditions in Newcastle are bleak (as everywhere else) as Covid-19 hit and the taxi industry without doubt has been especially affected.

The introduction of ride sharing by the NSW government was an utter blow to the traditional operator taxi industry. Not least because of a loss of income, or a new way of booking transport for the customer- but the way it was handled by government officials, which was apparent in the now infamous game plan known as Greyball where government investigators had to change their identity to keep up with ride-sharing covert plans. The NSW government as far as anyone can tell, allowed UBER to operate unregulated, while in turn creating an imbalanced playing field between ride-share and traditional operators.

Roughly speaking no group has benefitted from these changes, ride sharing is struggling to hold on to drivers and the taxi industry has lost out in equity and drivers. The taxi industry in my opinion is in great danger and is not far from becoming extinct.

The government's latest taxi/hire car and share riding efforts are nothing short of disgraceful, as they stated the aim was to create a level playing field. The taxi industry received some regulation relief but very little financially, as was paid to other groups.

Regulations are the basis for good management and business models to increase revenue and create a safe environment to foster clients and good work ethics.

The question is, has regulation achieved the desired result for the taxi industry? In my opinion, heavy regulation has strangled the ability of the taxi industry to grow and create

a reasonable reward for effort for all participants, drivers are still averaging an income well below the basic wage.

### **1. The system of bailment that operates in the taxi industry**

I believe that the driver bailment agreement has been around for 40 years in various formats (some groups work on a specific amount per shift or a percentage of income per shift.)

I can only speak for the Newcastle transport district; the amount of bailment has risen from 40% - 50% for drivers from the period of 1975 – 2020.

With a bailment fee of 50% this leaves the taxi operator still to personally cover:

- fuel
- workers compensation
- insurance
- registration
- maintenance

These amounts come out of the remaining 50% at a cost to the operator.

Looking at this model, the operator needs to have the taxi operating for a minimum of 13 shifts a week to turn a profit, which unfortunately does not happen in today's market.

The answer for profit comes down to the owner / driver doing as many shifts as possible to meet their expenses. I would also suggest that in this current market, if you are not prepared to drive the taxi, you will not even begin to meet expenses.

### **2. Any changes that should be made or pursued by the NSW government to the system of bailment since the enactment of legislation**

A copy of the metropolitan bailment agreement is attached. It covers Sydney, Wollongong and Newcastle (although Newcastle has a different arrangement with regard to holiday entitlements and sick leave.)

A change back to a 40% commission would leave a balance of income to the bailee and operator although we usually pay a 50% commission. I notice that casual drivers can be entitled to 65% of takings which would in turn leave no profit for the owner. This change would encourage operators to drive themselves on a one-off basis or not engage a driver

### **3. The implementation of the industry assistance package for the taxi industry, including the passenger service levy has been applied**

#### **\*The industry assistance package**

Of 6000 possible applicants, less than 1200 got through this bureaucratic process of repetition.

From a personal perspective, it was apparent to me from what I witnessed and heard amongst my peers, that the applicants that endeared themselves most to the panel

appeared to possess the best story-telling ability, and if you could not state your case in such a manner, it was to your detriment.

An example of this was one of the applicants I know, had his brother a journalist, write his application and received a sizable \$130,000 when other applicants could not match this written level of application and appeared to receive decidedly less or nothing at all.

On complaining about your circumstances, you were told that your result was final, and no response was to be entered into. The minister and panel should have been sacked for complete and utter failure to an industry already on its knees.

Given the recent fire tragedies in our country, I cannot compare my taxi business to someone losing all their treasured possessions, but after the fiasco with the industry assistance package, I had close friends in the industry in tears, and also shockingly threatening self-harm. As one fellow operator put it to me, "if the kids had not come to visit at the weekend, I would have driven the taxi into the bush and not returned" – this is simply heartbreaking and not in the spirit of hard-working Australians, taxi operators who have been severely impacted and left to fend for themselves.

The Transport Minister appeared on TV and pleaded with his government not to drown his electorate in paperwork, but did he worry about the taxi industry, or did he learn a lesson from the industry package?

The taxi industry has endured 5 years of uncertainty, and with little income support compared to total industry loss.

#### **\*The passenger service levy**

The passenger service levy should be extended to perpetuity as the customer base seems to be accepting of this charge; if not perpetuity at least 10 years.

The government must realise that any increase to the levy in the taxi industry, unless justified, causes a loss of patronage and income.

The hire car industry has been paid out at a cost that if the same treatment was afforded to the taxi industry, we would have received a fair and reasonable pay out for our businesses. By collecting the passenger service levy over a longer period and releasing the plates for a lease fee, a neutral financial situation could occur for the government

A ride-share approach is being favoured by the current government and I have no doubt that history will not be kind to this way of working, especially when it comes to reliability, safety or the passenger and value for money for the customer.

The application of this levy has been coordinated in a timely fashion and is set in concrete and is not going away. This levy in reality is the tool that government can use to finally treat the taxi industry as fairly as it has other entities; to meet with the taxi industry and formalise a system of payment that is reasonable for loss of business identity and also, goodwill.

The cost of administration to small and large networks to implement the passenger service levy would be in the order of \$375.00 per vehicle per year. Financial assistance toward this is really needed.

#### **4. The impact of the legislation on the value of taxi plates**

In December 2015 my plate has a valuation of \$ 215000.00 and the lease fee was \$400.00 plus GST.

*Today the plate value may be \$0.00 - \$30,000 and a lease fee of \$90.00.*

The stark difference between the above cannot be overestimated, and the devastating impact that has had on me and my family and my future retirement prospects.

What impact does legislation play in this equation? I would say that the experts report suggested a growth in my taxi business and all share riding participants, as well as:

- a level playing field
- creation of more users and competition
- that taxis were a monopoly and had control of the market
- that as an individual I would not be at a disadvantage
- expert advice suggested no loss of income

\* these points above are quotes government and experts given between 2015 - 2020

The impact of legislation on the Newcastle taxi industry would be vast, and to put a figure on the financial loss would be in my opinion \$33,250,000.00 in plate loss and \$ 22,000,000.00 in revenue loss.

It is safe to say that legislation, share riding principles has reduced my taxi business to a zero-net worth with a lease fee that will not pay my phone bill.

#### **5. The role and function of the point to point transport commissioner**

The role of the point to point commissioner in my opinion should have been greater than education and legislation in the first year of change, also I would say that there was very little infringement activity.

Uber was allowed to grow at a rate not sustainable for drivers and the market, also the entry of other share riding identities took all profit from this side of the industry.

At a guess the average share riding driver realised that this was not a full-time occupation as the reward did not match initial hype at best, just a part time occupation to earn some extra dollars.

This is standard in the life of a traditional taxi driver- a world of long hours for very little reward and expenditure of costs to run a vehicle.

By allowing the ride sharing Uber, DiDi, Ola and anybody else from try cycles to pedal cars to expand their businesses - at the cost of shrinking the market share of the taxi industry.

It could be said I have a biased view on this. What is left of a once proud taxi industry, is a model that includes share riding applications and pockets of cooperative networks.

It could also be said that, the commissioner did the job that was asked of her by the government of the day- allowing a one-sided growth in the industry at the complete expense of the taxi industry.

## 6) Now and what's next

The taxi industry has generated wealth, paid taxes and provided a 24/7 service for decades through many challenges. The NSW government is complicit in unregulated ride-sharing gaining a competitive advantage over hard working people of the taxi industry.

I felt compelled to write to you, to ask for your help and hope all I have explained above gives you a good idea of what we have suffered, that has led to the taxi industry as we know it becoming a sunset industry:

- \*all taxi plate owners need fair and reasonable compensation
- \*the NSW government needs to create a neutral financial package for the industry
- \*taxi operators have been driven to consider self-harm and no way out
- \*an acceptance that deregulation of the taxi industry is to its detriment
- \*that the industry was best served by owner drivers, not investors
- \*having unsuitable, unsafe drivers and drivers picking and choosing fares is nit to the benefit of anyone
- \*clamping down is needed on networks and point to point not acting strongly enough on driver compliance
- \*taxi general expenses are still too high compared to other entrants
- \*taxi investment and lease fees have caused many to become unemployed and financially unstable

My family has been involved in the taxi industry since 1963. Today, at the age of 67, I should be discussing my retirement options with my family- instead – I have to choose between joining the ride share model with local company 13 Cabs and losing my plate or, put my old Schmidt meter in my cab and take my chances working an extraordinary amount of hours for my age, accepting that my once proud industry is finished as I know it, and the security of my retirement is in grave jeopardy.

Attached is a copy of the taxi industry payment and driver award, and the a2b latest industry report.

Kind regards, 

Kevin Bernard Cole