

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

Name: Name suppressed

Date Received: 25 May 2020

Partially
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NSW LEGISLATIVE COUNCIL INQUIRY INTO THE OPERATION OF THE POINT TO POINT TRANSPORT (TAXIS AND HIRE VEHICLES) ACT 2016.

I wish to impart this submission to the Inquiry Committee for consideration into the review as determined by the Terms of Reference. I have largely drawn upon our personal experiences and views as they have occurred over the duration of our taxi plate ownership and the facts and information are reliable and accurate to the best of our determination.

My wife and I purchased our taxi plate in May 2008 for what we believed was a solid, reputable, semi regulated business model. We accessed a loan of a little over \$200K to set up the business. The business is registered in my wife's name, and together we have operated and administered the business up until recently.

1.) The operation of the regulatory system applying to the taxi industry.

The current regulatory system has maintained well established safety standards and systems such as, yet not limited to the following; comprehensive driver criminal history and CNI checks; Taxi specific Compulsory Third Party, commercial comprehensive, public liability and workers compensation insurances; scheduled vehicle safety and roadworthy inspections; internal and external stored image camera systems with periodic reviewed technical fleet upgrades; network livery; driver employment application and training process; semi-formal set uniforms; duress audio recorded and communication system; 24 hour call centre support and GPS tracking. These regulatory and/or professional standard requirements provide real and perceived safety nets for drivers and consumers. There is a great divide with afore-noted safety systems and requirements with that of the rideshare business model which is of great concern in terms of the level of security being offered to rideshare drivers and consumers. It is my view that the regulatory systems have failed in that they are not consistent across the scope of point to point transport providers.

Unquestionably the regulatory system has also failed to provide a level playing field across the varying business models. As early as 2015 the industry spelled out to the government the need to ensure a communicative and comprehensive examination of the rideshare model in consultation with key industry stakeholders from all relevant parties. The undeniable message was 'not to put the cart before the horse' and to ensure minimum standards of safety, compliance, regulatory requirements, and industrial relation concerns were adequately addressed and implemented prior to any decision being made on opening up the market to any potential new variance of the point to point transport system. Quite simply the government failed on this account and 'put the cart before the horse' creating the need for numerous industry reviews in an attempt to correct the imbalance. There is a significant divide between the regulatory system applying to the taxi industry and that regulating other business models.

2.) Specifically, the system of bailment that operates in relation to the taxi industry, any changes pursued by the NSW government to the system of bailment since enactment of the legislation, and any changes that should be made.

Bailment system is currently at a relative calm in terms of achieving a balance with market share, turnover and income opportunities within the taxi industry.

I would caution against the dangers of changing the current system of bailment as a significant risk of failure exists whilst the industry is at such a vulnerable and precarious point in time, experiencing wide-spread financial stress, long-term viable uncertainty and high turnovers of personnel leaving the industry. Therefore, changes should only be considered in the event of a transition to a significantly modified method of operation of which I will expand on in the following collective points, specifically the final notes in point 5.

3.) The implementation of the industry assistance package for the taxi industry, including the Passenger Service Levy and how it 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 Transport Commissioner.

I will address points 3/4/5 collectively as they are significantly inter-related. In 2016 the New South Wales government announced stage one of the Industry Transitional Assistance Payment scheme for eligible taxi plate owners to an amount of \$20,000 per owner up to a maximum of two taxi licence plates. This payment was received in 2017 and was subject to taxable income declaration from the Australian Taxation Office. As a result, owners received in most cases the equivalent of about \$14,000 after tax.

A further Additional Assistance Payment Scheme was opened for eligible taxi owner applicants from July to October 2018. This required completion of extensive and highly personal documentation, in our case in excess of 45 pages. During November 2018 we were requested to supply approximately twenty additional pages of documents in support of our application. This exhaustive application process alone was prohibitive to many owners and operators. The determination date was set at December 2018, however this date was put back on two separate occasions to March 2019, and finally June 2019.

In July 2019 we received written notification that our application for additional industry assistance funding was unsuccessful, there was no reasonable explanation as to why we had not met the formulative criteria. On 30th July 2019 we wrote the scheme Manager, requesting a review of our application, at the time we had a total of \$6.43 in our business operating account and a business loan just over \$60,000. We received a response from the Scheme Manager on 22 August 2019 pointing out the narrow scope of financial hardship, part of which recommended that the income and asset test for eligibility for the aged pension (as set by the Commonwealth Department of Social Services) be used as a guide when determining financial hardship, hardly applicable to a family of four with young children, somewhat off pension retirement age.

The correspondence further noted that our family had some life savings for cost of family living and superannuation retirement funds. We assumed from this, that we were required to exhaust those life savings before consideration. In closing _____ noted that the scheme was closed

and there was no option provided to seek a review. As of May 2020, our business loan was just under \$77,500 and we have again ceased payments on the loan.

The additional industry assistance scheme was a cruel, farcical process, in so far as it was fundamentally flawed and manifestly unfair setting the criteria to a prohibitively narrow scope, not offering any options for review, and no provision for retrospective claims.

Our total useable government assistance to date is approximately \$14,000.

As previously noted, in 2008 my wife and I invested in one (1) taxi plate business securing a bank loan against the value of our family home to finance the purchase of the business. Our loan total was a little over \$200,000.

We operated the business continually from 2008 within the Newcastle area, and steadily met the required repayments to service our business loan, we are aware of plate sales in Newcastle at a high point of between \$215,000 and \$250,000, dependent on the age and condition of the taxi vehicle attached to the plate. These prices were just prior to Rideshare setting up business in Newcastle during late 2014 - early 2015. Since that time, we have witnessed a steady decline in the value of our taxi plate to a point in 2019 where one of the last taxi plate sales was at a value of \$35,000 inclusive of a vehicle. There has been no sale of plates to date in 2020.

Income and revenue have not escaped the impacts of rideshare upon the industry. We have experienced a gradual decline over the past five years of about thirty five percent reduction in turnover whilst business operating costs and overheads have remained relatively static. To compensate for this loss, owners and/or drivers are having to work significantly longer hours to attempt to draw a minimal wage. The problem is compounded by the fact that many drivers have left the industry due to the decline in income opportunities. In many cases taxi vehicles are parked up for long hours due to a decline in driver numbers and a consistently high turnover of drivers within the industry.

It is prudent to note the correlation between the various individual circumstances and demographics of owners within the industry and the need for further reasonable and appropriate assistance. Many long-term owners are nearing or have passed their retirement age expectations, and have worked tirelessly in the industry to pay down their original business loan only to now have the value of their plate seemingly worthless, with no other options for modest, fair and reasonable retirement funds. Many are now forced to continue working their business with no real hope of a financially meaningful retirement. Additional financial assistance would offer hope for a chance of retiring with dignity and some peace of mind.

There are also many middle-aged owners attempting to support husbands/wives and children. The 'family' scenario applies to our current situation, that being one of harbouring significant business-related debt with little hope of servicing the debt and financially manage the daily cost of living associated with typical family life. We have relied on frequently suspending repayment of our bank loan in order to attempt to manage the basic family needs. On several occasions we have required a redraw of further debt to secure the short term life-line of the business.

We have attempted to manage our life savings to secure an opportunity for modest superannuation retirement funds, however without further industry financial assistance, it is clear our superannuation life savings will only serve to one day attempt to clear the debt as the business loan far exceeds the saleable value of our taxi plate.

A further point for consideration is the need to secure a reliable, sustainable, robust taxi industry into the future. Industry funding would allow for much needed debt relief, purchase of modern fleet vehicles and industry hardware, as well as an opportunity to match modern capital expenditure with network technical innovation and regulatory reforms, thus creating an attractive, 'whole packaged' product for prospective entrants to the industry, put simply it would provide a real opportunity to produce a more competitive business model.

Failure to recognise and act upon the volumes of information provided within this review would undoubtedly lead to the following 'snapshot' of 2023 – 25, wherein the taxi industry business model has succumbed to years of financial stress and now fails to exist. Rideshare companies are increasingly entering the market to fill the void, and after years of development and aggressive marketing and pricing strategies they now need to recoup unsustainable losses for overseas parent organisations. The simplest and most effective way to achieve this is to increase fare costs for the consumer, in most cases at a much higher price point than was historically offered by the regulated taxi business model, who no longer exist to provide a direct competitive benefit for the consumer. The monopoly is created at the expense of the consumer and in many cases the most vulnerable members of the community who have traditionally relied upon point to point transport.








Whilst it is evident there is a clear need for more to be done to assist the taxi industry, it is just as clear there is a revenue stream specifically designed to fund financial assistance strategies. Currently the industry collects and forwards to New South Wales revenue a passenger service levy of \$1.10 per point to point fare for all taxi, rideshare and hire car customers single fares. The levy was introduced to help fund a state government transitional industry assistance package of up to \$250 million to the taxi and hire car industry and commenced on 1 February 2018 for a period of up to five years. As at 6 April 2020, the levy collected has averaged between \$70 million and \$75 million per financial year over the first two fiscal years.

The key to financial industry assistance is this; the industry is collecting and passing on the levy to Revenue New South Wales providing a pool of funding that should be acknowledged as direct and urgent assistance back into the industry, accordingly the industry is not relying on State or Federal re-distributed taxes to fund any assistance package.

Further, it is fair to note that the customer base has quite quickly accepted the levy in the current format with, to the best of my knowledge, little or no resistance to speak of at the political level. Therefore, careful consideration needs to be given to the 'Grand Fathering' of the Passenger Service Levy to ensure a solid cornerstone for current and future retrospective funded assistance for years to come.

New South Wales has many examples of tolls and levy's functioning long past their proposed use by date, to a point where they succeed in achieving intended outcomes before eventually providing welcome state revenue beyond the original calling. I would point to the Sydney Harbour Bridge vehicle toll as a well recognised precedence.

A proposed funding model would reflect the following key issues;

1. A formulative approach to costing a funded assistance package that would consider but not be limited to,
 -  **Loss of Business asset value (applied formula).**
 -  **Loss of income and revenue (applied formula).**
 -  **Concessional to Australian Taxation laws.**
 -  **Paid in financial year instalments.**
 -  **Factor previous funds for recipients of 'Hardship' funding.**
 -  **Consider the future roles of Networks and the Point to Point Commission.**
 -  **Envisage how Taxi V Rideshare business models will look in three to five years.**
2. It is critical that any funding be accompanied by access to professional advisory organisations to provide industry specific advice on how to best utilise funding to offer the maximum benefit unique to each recipients personal and business circumstance. Poor financial decisions may result in wasted opportunities for those that otherwise should be in a position to ensure a robust, viable and financially fluid business for many years to come.
3. Networks and the Point to Point Transport Commission would play a critical role moving forward in terms of how taxi and rideshare businesses co-exist and function as separate business models. Accordingly, a visionary two to five-year plan coupled with a five to ten-year plan and beyond would allow a clear path of choice for investment into the market, allowing for informed decisions as a result of professional input advice based on those future industry operating models. Currently as it stands there is a significant amount of imbalance between existing models, which is undoubtedly negatively impacting consumers, government and regulatory bodies and other key industry stakeholders.

The final point I would like to make following on, concerns the historical or traditional taxi business model and where it fits into a proposed two to five-year industry plan. The demonstrated imbalance between competing business models and a corrective funding assistance package should be viewed in a holistic sense. There is an undeniable need to narrow the gap, but how can we best achieve an outcome sustainably viable to consumers, business operators, networks and governments whilst making future investment in the industry desire-able?

A shift away from the traditional taxi canvas whereby rideshare transitions towards the historical taxi mould and the taxi industry towards a rideshare model would achieve such an outcome. A government funded assistance buy- back would allow current and new investors into the attractive new, competitive market. We already have networks established to manage the new model on behalf of the government owned asset, i.e. the taxi plate, whilst the Point to Point Commission remains as the

State's primary industry regulator and auditor. Taxi plates would be leased off the government and operators would provide transport services in an unmarked approved vehicle classification similar to rideshare and operate off an 'app' based booking system administered via the networks, these already exist. Vehicles would be identified by the affixed taxi plates and a bailee or similar sub-lease arrangement would apply to additional drivers operating shifts on behalf of the registered operator.

Operational costs would be similar to the rideshare classification for vehicle registration, CTP and commercial comprehensive insurance.

Existing networks could expand their client base to include technical and administrative support, maintaining vehicle safety compliance inspection records, personnel training and inductions, Government Passenger Service Levy collection and transactions to existing rideshare platforms allowing for a more fluid, cohesive co-existence between service providers.

There are better ways of doing business in this State and I believe further discussion is required to examine a way forward based on this scenario.