

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

Name: Name suppressed

Date Received: 25 May 2020

Partially
Confidential

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Dear Sir/Madam,

I am providing a submission for The Upper House Inquiry into the Point to Point Transport (Taxis and Hire Vehicle) Act 2016.

I have been in the taxi industry for over 20 years. I started as a taxi driver, then my family put together the savings and got a bank loan to purchase this taxi licence in 2002. We worked long hours for a long time to finally pay off the loan. Apart from the house we live in, this is the biggest asset we own. I am now approaching mid 70s and my wife is in her late 60s. We have been relying on the income from the taxi license for funding our retirement living.

Since NSW's legalisation of Uber in December 2015, it has created detrimental impact on both taxi licence resale value and its rental income:

- The rumour/information about the legalisation has already reduced taxi licence resale value which has gone from between \$350,000 to \$220,000 in the 6 months leading to the announcement in December 2015 (please refer to the chart). Since the announcement, the price for a taxi licence has steadily declined to only \$100,000 (as at April 2020). Even then, the buyers for taxi licence are few.
- The taxi license rental income has reduced by in excess of 50% since Dec 2015 to just before Covid19 hit. The rental demand for a taxi licence has fallen drastically. The lack of a level playing field as a result of the Point to Point Reform has resulted many operators and drivers exiting the industry. The taxi licence has suffered lower rents as well as a higher vacancy period.
- In the last five years since the legalisation of UBER, the \$10,000 initial assistance given per plate is less than half a year of loss in rental reduction.
- The Additional Assistance we received is less than half of the rental loss so far. Let alone the loss of asset value.
- When Covid19 hit, the taxi industry was hit hard, the operators have de-registered most of their taxis. My operator who owns a fleet put mine and all his rental licences on hold. There is no income since February 2020. Like many other operators, until the international travel resumes, many operators do not deem feasible to put the taxi back on the road which means no income for taxi

plate owners. This has made the situations for taxi license owners more challenging. The job seekers and various Covid19 assistance excludes the taxi plate owners with “passive involvement” despite that this may be their only source of income. With no resuming of international travel in sight, the taxi license owners are left to suffer this pro-longed Covid19 devastation without help.

- In summary, the PTP reform has largely reduced the demand for a taxi license and hence effectively removed the resell market for our taxi license. With no working capability and reducing taxi license income, we in our retirement age, can only scrape by and watch the value of our investment vanishing.

We urge you to consider the following proposals:

- In the immediate term, the government should provide taxi license owners income assistance to remediate the Covid19 impact.
- Remove any annual licensing release so to help rebuilding the income streams for perpetual taxi licenses.
- In considering the buy back, the value of the taxi license buy back, should have been linked to the value prior to the PTP reform in proximity of \$250,000 to \$300,000. The government should set clear commitment and time frames.
- To fund the assistance for the taxi industry, the government can consider annual levy and entrance levies for the ride sharing companies for their access to the original customer base of the taxi industry. Companies like Uber and other new ride sharing companies have gained enormous profit and should be funded from their corporate income. This will speed up the funding and work its way through to level the playfield between ride-sharing and taxi industry.

*Average transfer price

