

**Submission
No 50**

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

Name: Mr James Madden

Date Received: 26 May 2020

Re: Inquiry into the operation of the Point to Point Act 2016 (Taxi and Hire Vehicles)

I, James Fielding Madden have worked in the taxi industry since 2007, after a successful career in Sales and Marketing, working with top 100 companies like Unilever and BP/Castrol. I first came into the taxi industry as a driver to earn a decent living whilst looking for another job. I enjoyed the industry and became an operator after 8 months.

I, like other operators in the taxi industry, am writing to implore you and the committee to earnestly investigate the operation of the regulatory system applying to the taxi industry in New South Wales, specifically the following terms of reference.

- (a) The operation of the regulatory system applying to the taxi industry.**
- (b) 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.**
- (c) The implementation of the industry assistance package for the taxi industry, including the Passenger Service Levy and how it has been applied.**
- (d) The impact of the legislation on the value of taxi plates.**
- (e) The role and function of the Point to Point Transport Commissioner.**
- (f) Any other related matter.**

As an operator in Newcastle I have seen the taxi industry go from a very reliable, safe and affordable transport solution for NSW to one that has become high cost, safe, yet unreliable, due to low tech systems, high yield profit taking and operators with poor management culture.

The Taxi industry in NSW has been self – regulated (by government regulations), for many years via NSW departments of Transport. This has been detrimental to operators as the cost of these changes has been borne by the operators without fair compensation via fare increases. The self - regulation included computer dispatch systems, monitoring of operator/driver performance. Taxi identification, disciplinary action for service and customer complaints, lost property, operator and driver training and vehicle fitout.

Since the introduction of Rideshare in 2015, all taxi operators in NSW have suffered financial loss in income and increases in costs. CTP increased from \$3,000 pa up to a high of \$8,800 pa to the current level of \$5,226 pa. Along with CTP rises all taxi operators have to pay Workers Compensation insurance yet they do not have employees, only contractors. Do Rideshare companies pay Workers Compensation as they operate similarly? To make ends meet most operators are working over 80 hours per week driving where the wheels are only turning for 22 hours a week – that means that the car is only earning around 40% of the time it is on the road, whilst also spending over 12 hours per week on bookwork and compliance. Most drivers earn \$10 hour on average, yet go out and spend 50 hours per week on the road. My tax return for last financial (2018/2019) year stated that I earned \$9,000.00 for the year. This is simply unattainable and could see me going bankrupt within the next 6 months. I earn less than those on the dole and I work 70+ hours a week.

For this to continue, will see the demise of the taxi industry, the trend cannot continue without major changes to compliance costs and a levelling in costs between Rideshare and Taxi's.

Currently there is a major gap in CTP Insurance premiums between Taxi's and Rideshare – Taxi's current premium with Allianz is \$5,226.00, yet Rideshare pay only \$325.00, yet Rideshare vehicles can be out on the road just as long per shift as a taxi and open to the same hazards and dangers on the road, without the experience that most Taxi operators and drivers.

Most Operators have invested from \$300,000 to \$600,000 per plate into the industry, in good faith and currently have mortgages or personal loans repaying upwards of \$2,500 per month. They need to be compensated fairly for their investments in supporting the NSW Transport system 24/7. The NSW government actively participated in the Taxi plate market over many years supplying regulations and compliance in the industry, yet still could not coordinate operators and networks to supply a 24/7 service that suited all passengers. The NSW Government reaped billions of dollars from the sales of taxi plates and to date have not fully supported those that invested in the industry. The NSW government needs to actively pursue a buyback scheme that rewards the Operator fairly for their initial investment and the cost of maintaining that loan. This would be what the market would have been before rideshare illegally entered the marketplace in 2015. The scheme would be funded via the NSW Fare levy currently in place, running for 8 - 10 years at the current level (Pre COVID 19).

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

The current regulations allow for self-regulation via the networks (TBS). This creates an environment where networks enforce regulations to their customers (Operators and Drivers). Operators are forced to comply with the network directions or become penalised via lack of jobs or compliance enforcement with suspension. Networks have one KPI – More plates on the road – this is what gives them profit month to month. Unfortunately for every extra plate that is put into the market that is less income for the established plates out there.

Communication from 13cabs has been lacking regarding their Health and Safety rules along with their Operations procedures. Driver training is left to the network which currently takes 3 hours. When I did driver training it took 3 days of work to complete. I have new drivers come up to me asking how do I use the eftpos machine or how do I get to a particular suburb?

I am currently forced to use a dispatch system that doesn't work 100% of the time through a very inefficient booking service and a meter that does not operate at all sometimes. (If the meter doesn't work you cannot do bookings or hails). The 13cabs network has forced operators to use an inferior meter that you cannot purchase, only lease, as contract work can only be obtained through this meter. We pay \$850+ per month as radio fees to 13 Cabs for a booking service that is inferior and inefficient.

The direction that Point to Point Commission are taking seems to be one of education, rather than enforcement in Sydney. In Newcastle they have visited twice and only during the day time. Nights are when most of the illegal activities occur in Newcastle and P2P have not been seen late at night or very early morning.

I have sent many photographs and emails to P2P regarding infringements in Newcastle and mostly I get a reply of – "Please supply further photographic evidence or we cannot act" message. I am a Taxi operator not an investigator.

I get told by passengers that they have booked a rideshare ride only to be picked up by someone calling themselves Uber and asking for cash instead of paying via the App. There is also stories of Rideshare drivers having passengers to pay via Credit Card not via the app (it is against the law for rideshare drivers to accept Credit Card payments). At this present time I have seen Rideshare cars driven by red "P" platers and there are also notices left on notice boards asking for rideshare drivers to lease their phone and vehicle to people who cannot supply their own vehicle.

(b) 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

The current bailment agreement has been in place for around 40+ years mainly in Sydney metro area. It is based on a rental amount for the taxi per shift with set kilometre use and the driver pays for damage and fuel. This method creates the current service level where drivers tend to look for higher paying fares to areas that are likely to give return fares therefore creating very poor customer service levels and customer rejection.

In the Newcastle area, the bailment agreement has gone from 40% to 50% for the driver with the operator left to cover for Fuel, Workers Compensation, Vehicle Insurance, Registration and Maintenance, with the remaining 50%. With this agreement the taxi has to operate for 13 shifts per week to turn a profit, which is impossible to do in this market at present. To attain a profit the operator has to contract at least 2 other drivers per car to have the taxi operating for 13 shifts per week (with the operator driving 6 shifts per week). The mix would be Operator - 6 night shifts, Driver 1 - 4 day shifts, Driver 2 - 3 day shifts + 1 night shift. Dependable drivers are very hard to find due to 13cabs computer system and the current market (Pre COVID 19).

Any changes that should be made or pursued by the NSW Government to the system of bailment since the enactment of legislation

In Newcastle the current bailment is 50% of the metered amount. Operators cover costs of operation and also cover leave entitlements for permanent drivers. If this was to change there would be economic failures to either side. Drivers would disappear. Owners would be forced to operate solo which would create compliance, financial, safety and personal mental health issues.

(c) The implementation of the industry assistance package for the taxi industry, including the Passenger Service Levy and how it has been applied,

The Industry Assistance package has been a complete failure. The 1st phase was supposed to be applied to all of those that had been disadvantaged financially due to the introduction of Rideshare. A mere \$20,000 payment turned into \$13,000 after tax and all that did was help pay my CTP and Comprehensive insurance for 12 months. Most operators in Newcastle lost at least 30% in turnover at the start of rideshare introduction and to me that equated to \$72,000 in the 1st year – my costs actually increased.

To apply for phase 2 you had to complete a 29 page application that grew into a 129 page short story for my application. I was not successful and to date have not had any feedback. At that time I had a \$190,000 business loan, a Credit card that had \$38,000 owing and my mental health was and still is frail. I heard of another person who ended up with 174 pages in application and he obtained assistance. If we made enquiries into why we were not successful, we were told that the decision is final and no conversations will be entered into – totally inadequate for an industry that has suffered massive financial losses along with mental anxiety professionally and personally.

During the period I personally know of 2 drivers (we really do not know why they took such dramatic action), that committed suicide and 7 families that split due to mental and financial pressure put on by the NSW Government (in Newcastle). As former members of the NSW Taxi council I was threatened that if I did not re-join the association my application for assistance in phase 2 wouldn't be successful as they had a member on the assistance panel.

The Passenger Service levy has created great wealth for the government, without cost to them. The cost of collection and administration is borne by the networks which is passed onto the operators via increases in base fees, where we cannot reclaim these costs by increasing fares – an unfair regime.

This levy should be continued for at least 10 years to cover the cost of fair and reasonable compensation to taxi operators, just as the NSW Government has done to Hire Car operators. As Rideshare is being favoured by the current government, this is the only course that should be taken before taxis are decimated by Government regulation and costs.

After 5 years of uncertainty the taxi industry has endured uncertainty with little income support compared to total industry loss.

The passenger service levy

The levy seems to have been accepted by most passengers and if increased there will be some customer dissatisfaction, which will cause loss of custom and income.

As the Hire Car industry has been paid a reasonable and fair price for their businesses the NSW Government should extend the time the NSW Passenger Service Levy is collected for at least 10 years. This will allow for NSW Government to collect extra funds that will allow neutral funding and plates can be released for a Lease fee allowing the taxi industry to become cost competitive with Rideshare.

As rideshare is favoured by the Government and I feel that the future will show that this form of transport has not been safe, secure and reliable.

The cost of administration of the levy is borne by the industry and that alone should help the Government to see their way clear to Buy Back all NSW Taxi plates at a fair and reasonable price.

(d) The impact of the legislation on the value of taxi plates.

In 2015 the highest value my plates reached was **\$215,000** with a lease value of **\$400** per week. Currently my plate value is **Zero** with a lease value of **\$90** per week.

These figures are devastating to most operators and my personal and professional mental health has suffered, but my family has got me through this. My family has suffered as well due to these matters. I am still fragile as I do not know where I stand when it comes to retirement – I am 63 years old and I cannot see myself being financially able to retire for at least 12 years.

The so called experts reported that the New P2P legislation allowing Rideshare would grow my business along with rideshare as well as providing a level playing field, reduce the monopoly that taxi's had on the marketplace, Individually we would not be disadvantaged, create more users and competition and no loss of income. This legislation has seen a loss of income in excess of **\$22 million** and loss of plate value in excess of **\$35 million** in Newcastle alone.

As you can see the introduction of this legislation has reduced my taxi business to a net worth of **zero** and a lease fee that will not pay my water rates.

(e) The role and function of the Point to Point Transport Commissioner.

In my opinion, the initial role up to now for the P2P commissioner has been educational, with little evidence of infringement activity and compliance operations. The result of this can be seen in Newcastle where 60% of rideshare vehicles do not comply with current legislation via a reflective sign on or near the rear panel of the vehicle. There are cars that operate with signage containing their phone number on the vehicle and vintage cars that operate under the guise of Rideshare. Uber was allowed to operate unhindered by government regulation until November 2017 and their driver numbers increased beyond a profitable level that has seen drivers income reduce and with the entry of other rideshare operators all the profit has disappeared. This occurred under the watch of the P2P commissioner due to the behest of the government, at the complete expense of the taxi industry. **Neither Fair or Reasonable.**

(f) Any other related matter.

The difference between plate categories – i.e T plates and TC plates by area and it's effect on CTP premiums is a conundrum to me. Newcastle is treated as a metro area the same as Sydney and Wollongong, yet 50km south of Newcastle (Gosford and Central Coast) and 25 kms west (Maitland) are 2 cities that are treated as country – TC plates - and pay considerably less CTP premiums TC - \$1,300, T - \$5,226 and Rideshare \$325. When Gosford and Central Coast is between Newcastle and Sydney yet are treated as country there is some doubt as to where and why this occurs. All private vehicles in Newcastle under the CTP scheme are treated as country not metropolitan?

CONCLUSION –

The NSW taxi industry has been impacted hard by the P2P legislation and it is obvious that that the people involved in the industry have been personally affected. Above all of this the industry has supplied a reliable, safe and clean transport service 24/7.

Most operators are seeing the Taxi Industry as a Sunset Industry due to the way that it has been treated by the NSW Government.

Points to remember are –

Taxi costs are too high and need to be reduced substantially, to create a level playing field.

NSW Government needs to implement a plate buy back scheme that is fully funded by the Passenger Fare Levy.

There needs to be consideration given towards a scheme that will look after the mental health of all of those affected by the P2P legislation.

The Taxi industry is best served by Owner Drivers – not investors.

Deregulation of the taxi industry has had a negative effect on the industry.

The reduction in Taxi plate prices and lease fees has caused many operators great angst, degraded their mental health and wellbeing, whilst creating financial hardship.