

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

**Organisation:** St George Cabs Co-operative Ltd

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# **St GEORGE CABS' INPUT TO THE PARLIAMENTARY ENQUIRY INTO THE POINT TO POINT TRANSPORT (TAXIS AND HIRE CARS) ACT**

**Network: ST GEORGE CABS CO-OPERATIVE LTD**

## **1. The operation of the regulatory system applying to the taxi industry;**

From my experience and involvement with the taxi industry, the system as it is requires an overhaul because it places too much emphasis on the Taxi Service Provider (TSP) to be accountable for driver and customer safety.

The driver's safety and behaviour starts with the driver as much as the customer safety. The Network does not have extensive resources to oversee driver or customer safety.

All the Network can do is to only sanction so far and operators and drivers know they can freely go to another Network in the knowledge that their past history is only recorded with a Network.

The current system has got rid of many control measures such as the Customer Feedback Management System to handle complaints and customer issues. The driver standard has fallen because new drivers are no longer required maintain a log book of his time on the road including details of any complaints received in the first year of driving as a taxi driver and for progression to become a driver in an elite fleet.

The operator who owns, operates and maintains the taxi cab, before bailing his taxi, is unable to verify a driver's qualifications to drive a taxi. While there is an Industry Portal for taxi operators to access to transact with the Point to Point Transport Commission including reporting notifiable occurrences etc. Most operators choose to overlook their responsibility.

The Network and its management, on learning of a notifiable occurrence, will take the responsibility to report the matter to the Commission because it is open to significant fines.

However, in quite a few cases where it involves police investigation, the Network is being asked by Point to Point Transport Commission to provide full details of an interview with the driver, the incident, what workplace safety procedures were applied and risk management strategies to ensure a similar incident from recurring. The incident is under police investigation and the Network feels that it is both inappropriate and illegal to be seen interfering with an active police case.

**2. Specifically the system of bailment that operates in relation to the taxi industry, any changes pursued by the New South Wales Government to the system of bailment since the enactment of the legislation, and any changes that should be made.**

The existing of taxi bailment is a long established and well proven Industry practice. Both operators and drivers are familiar and comfortable with that system.

The changes brought about by the introduction of the Point to Point Transport legislation and regulations, while admirably focussing on customer and driver safety, makes the Taxi Network accountable for the behaviour and compliance by the operator and driver with a safety management system, policies and procedures including risk management.

The system of bailment is a commercial business arrangement between two separate entities that have their own Australian Business Number (ABN) and are individually responsible for their lodgement and remittance of Goods and Services Tax returns. Thus, I feel the responsibility for compliance should be empowered to the driver and the operator.

The current legislation makes the Network responsible for everything that happens in a taxi when a driver takes to the road. The Network, in fact, has no employment relationship with operators or drivers but is expected by Point to Point Transport Commission to apply safety standards to operators or drivers as if they are our employees. The Workers' Compensation Act certainly does not accept the view that operators and driver are either employee or sub-contractor to the Network.

In my opinion, a Network should be wholly responsible for developing and implementing those business policies, practices and procedures that have direct bearing to its operations. The expectations of the Point to Point Transport Act require a Network to both divert already scarce resources or engage more personnel to administer the Act. The profit margin in running a co-operative type network for the benefit of its members is very slim and is further eroded with the burden of complying with the Act.

In St George Cabs' case, our core business is to provide a service to our members and operators who wish to receive the Network's bookings in accordance with our expectations.

The Point to Point Transport Commission, as the Industry Regulator, has more impact on compliance with its front line presence at taxi ranks where they can readily detect breaches of the law or poor service delivery.

The member networks of the NSW Taxi Council have agreed to the implement the standards set by the Act. However, if an operator or driver perceives a Network's policies, practices and procedures are too strict, they will go to a provider who best suits their expectations. I have heard a few operators and drivers joining the newer TSPs who are non-members of the NSW Taxi Council.

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

Government has stated that it is committed to assist the Industry and so far we have seen a grant of \$20,000 hardship payment to taxi licence plate owners who were qualified to receive that payment. Unfortunately, those lucky owners who received the payment saw 25% being siphoned off by the Australian Taxation Office.

No further tangible assistance has been seen until the recently announced financial stimulus package for Covid 19.

Affiliates and their drivers have or are seriously considering moving to the ride share sector where there are not only lower entry and ongoing costs of doing business but also involving far less red tape and regulatory supervision. Those who have made the jump have returned to the Industry because ride share, more of a part time endeavour, does not generate enough income to adequately compensate for fuel and their vehicle running costs. They also complain about the high commission being skimmed off the fare by the ride share companies including their ruthless attitude towards a driver.

Much talk has been given to Industry to the reduction of the compulsory third-party insurance (or green slip) on taxis. The current price of a taxi green slip is \$5455. Ride share car owners, on the other hand, seem to get away with paying a green slip for a normal private vehicle and a sticker at on a rear windscreen to allow them to work without fear.

What these reforms seem to have also ignored are the other associated expenditures that an affiliate, to be on the road, must incur such as vehicle fit out, comprehensive motor vehicle insurance, worker's compensation insurance, a roof sign, radio equipment and installation, purchase and installation of security cameras, a meter and livery including three inspections per year that cover mechanical and vehicle safety.

The Industry is being forced to compete in an unfair playing field.

On the introduction of the Passenger Service Levy (PSL), the Point to Point Transport Commission issued their assessments to Networks. A small co-operative based network such as St George Cabs, had to employ another resource to help on board drivers and administer those reforms including chasing up delinquent drivers who have collected the PSL but consistently forget to pass on that money to the Network for remittance to the Commission.

A few drivers have since left the Industry leaving behind a PSL debt. Operators are refusing to pay that debt as they were not responsible for the PSL collection.

These reforms, unfortunately, do not provide for a mechanism to allow the blacklisting of these drivers with either Point to Point Transport Commission or the State Debt Recovery to pursue the delinquent driver's debt.

Since the introduction of the PSL, St George Cabs has also had to incur and pay Australia Post agency credit and debit card collection fees to the tune of \$24,000.

The NSW Taxi Council, on behalf of member networks, advocated for remuneration to cover TSP's cost of the PSL collection from the NSW Government coffers but those requests were declined.

The point to point transport reforms, while targeting customer and driver safety is admirable, squarely shifts responsibility and accountability on the shoulders of the Network or Taxi Service Provider (TSP) to impose and enforce a safety management system and associated policies including the management of risk on its affiliates and drivers.

The greatest challenge to the Network is influencing the affiliate or taxi operator and the driver, who are in a bailor/bailee business relationship, to willingly accept and actively apply the reforms. The Network, at the end of the day, was again forced to not only divert its limited and scarce resources but also engage additional resources to on board both drivers and operators before training course could be held for the affiliates and their drivers to educate them about the changes.

The general feedback from the on boarding and training course attendees was the time required either interrupted income earning opportunities or quality family time. The attendees, many who have decades of experience in operating or driving a taxi are set in their ways, have openly criticised and complained that the reforms added more red tape to an already over regulated Industry when their competitors viz:- hire cars and ride share operators and drivers are not being subjected to the same rigorous regulatory oversight or scrutiny as the Taxi Industry.

Many longer-term affiliates and drivers firmly believe the point to point transport reforms have, metaphorically, 'tossed the baby out with the bath water' and has brought about the situation where they are confused and angry about whether the reforms are necessary and for the good of the Industry.

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

I have seen taxi licence plate values, as near to its peak viz; \$420,000, and today, those values have tumbled by 60%. Taxi licence plate owners, especially, the retired who rely on the income from leasing out to operators are finding it tough to survive.

Taxi licence plate values were impacted by the Government releasing, on an annual basis, 10-year taxi plate licences out to tender to conceivably to meet growing passenger demand and to improve customer service.

The aim of the release of these licences would see drivers to become operators. Those who were lucky enough to obtain a licence were soon dishearten to learn they could ill afford to meet the licence fees and continue to operate a taxi. Many of those licences eventually found their way to the larger networks assisted the operator with loans to keep their taxis with them. There were also a number of taxi licences that were returned to the government after a year or two of operations.

Multi-operators also benefited by taking over the cab fitted with these 10 year taxi plate licences.

Subsequent taxi plate releases, soon saw many potential operators in a situation where they were unable to outbid a major network that is owned by a public company structure and still afford to put a cab on the road without some sort of borrowing.

I feel the taxi licence plate releases may have also contributed to a number of plates being returned and placed on hold.

Any determination on future taxi plate licence release, I believe, should not only take in to account of the number of plates on hold but also involve consultations with Networks and NSW Taxi Council to determine if those new licences can be readily absorbed by the Industry. TSPs with the Regulator are best placed to establish if there are drivers prepared to commit to ownership and operating a taxi cab for the licenced period of 10 years.

In St George Cabs' case, the planned 2019/2020 taxi plate licence determination would have seen the loss of three fringe area taxi licences for Helensburg community. The Network's contention is these taxi licences should have been quarantined from any licence determination and as history shows these licences are best served by the TSP not only closest to but has an interest in that community.

St George Cabs, furthermore, has always maintained that the amount of work from the Helensburg area is not enough to sustain a profitable service, however, we are, nevertheless, able to entice and persuade a few of our affiliates and their drivers to remain in that service area.

Prior to the reforms, Transport NSW required potential taxi operators to demonstrate their financial viability to become a taxi operator before they were issued with their operator accreditation. My contention is Transport NSW or Point to Point Transport Commission are the appropriate authority to determine that only fit and proper persons are allowed to operate a taxi cab and not the TSP. They should also be responsible for the front line policing of these reforms.

## **5. The role and function of the Point to Point Transport Commissioner; and**

I see the role and function of the Point to Point Transport Commissioner to should be in the policy making...The regulatory function devolved to Transport NSW.

Commissioner Wing, to his credit, has adopted a pragmatic and conciliatory approach by making advisory visits to Networks and is closely working with the NSW Taxi Council to develop policies and practices. That approach shows that he is not only seeing and listening, as well as showing his willingness to work with the Industry.

The Commissioner has, quietly, visited taxi ranks with his Compliance team. A few drivers were quite surprised to see him taking the time from his busy to appear at the coal face.

Several of his senior management team has followed in his example. I believe the overt interaction of the Commissioner and his staff goes a long way in understanding that there are shortcomings of the desired outcomes in the legislation that regulate the Industry.

From my perspective, the Act has discarded important features that require a standard of service and safety ensuring drivers wear a uniform and the appropriate footwear, setting a minimum vehicle age and a standardised statistical reporting format that can be provided,

at least cost, by the Network as opposed to S121 demand to produce information that may be unavailable from our management information systems.

**6. Any other related matter.**

I believe that I have covered the most critical parts for the enquiry.