

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

Organisation: NSW Taxi Council

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NSW TAXI COUNCIL

This submission is provided in response to the Inquiry into the operation of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016.

NSW Taxi Council Submission

Inquiry into the operation of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016

29 May 2020

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EXECUTIVE SUMMARY

The NSW Taxi Council is grateful for the work that has been done to establish this much needed Inquiry looking into the operation of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016.

We welcome the opportunity to respond to the terms of reference document released by PORTFOLIO COMMITTEE NO. 6 – TRANSPORT AND CUSTOMER SERVICE on the “Inquiry into the operation of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016”.

The NSW Taxi Council has been working over the last couple of years, with its members on 3 pillars of focus for the NSW Taxi Industry. The 3 pillars are:

1. Addressing the inequity in the lack of financial support provided to Taxi licence owners, through a buyback of Taxi licences, at a fair and just price, in line with pre-reform prices.
2. Seeing a stronger enforcement of the Point to Point Transport Regulations across industry. In particular, increased visual frontline enforcement.
3. Structural adjustment to provide a framework for Taxi Businesses, that enables industry innovation, encourages investment and supports the development of flexible Transport solutions, to meet the travelling needs of the community.

There has been a long standing partnership between the NSW Government and Taxi Licence Owners. This partnership dates back to an extended period in history where the Government advertised and promoted the value of a Taxi licence as a secure and safe investment, with the ability to make money in the future. In fact, Taxi Licences being transacted and sold by the NSW Government, with Fifty Year licences being sold for over \$400,000 by the Government. It is disheartening to see the Government abandon licence owners as we have witnessed the value of the Taxi licence decimated with a drop of greater than 80% since Rideshare entered the NSW market.

Post reforms, a Taxi Licence owner was offered \$20,000, for each Taxi licence up to a maximum of two licences for the reduction in lease income, through a transitional assistance payment scheme. This payment was also taxed by up to \$7,000. For a majority of Taxi Licence owners, this is all that has been offered in the form of financial assistance. This has left many

Taxi Licence Owners with a significant mortgage against their licence, or no exit plan to transition into retirement as self-funded retirees.

The Minister for Transport and Roads had made a number of commitments to stakeholders of the NSW Taxi Industry that they will be taken care of. Unfortunately, these commitments and promises have not materialised. Many of the licence owners have worked tirelessly to build the value in their asset with the aim to ensure a safe and secure retirement plan. These self-funded retirees have had their plans destroyed and have no alternative. They are now stuck. For many, they have been left with a significant debt, in many cases a debt greater than today's value of their asset.

It is the moral and ethical responsibility of the NSW Government to ensure that they look after the people who built the Taxi industry and give them the opportunity to enjoy the benefits of their hard work. Many do feel that they have been let down.

There is still the opportunity to fix this. The NSW Government must buy back all Taxi licences at a fair and just value, in line with pre-reform prices.

A petition with over 14,000 signatures was presented to the Minister for Transport and Roads in the NSW Parliament on the 26th September, 2019. The petition was calling for the NSW Government to buy back Taxi licences at a fair and just value. The petition was voted for unanimously by all Members of Parliament who were present.

A buy back scheme will be cost neutral to the NSW Government. The funds for a buy back will be generated through the passenger service levy, as well as the revenue generated by the leases of the licences / permits.

Whilst the NSW Government had noted the intentions of the Point to Point Transport reforms, it is quite evident that the objectives of the Point to Point Transport Taskforce review have not been met, almost 5 years since the reforms were announced.

To date, we still see a significant competitive imbalance between Taxis and Rideshare, including higher operating costs for Taxis, lack of visible on street compliance by the Regulator, and the lack of safety requirements imposed on Rideshare services. It is a statutory obligation of the NSW Government to address the imbalances and inequities that still exist between Taxis and Rideshare to ensure that a more level playing field is indeed achieved.

This inquiry must look at the role of Regulations in a passenger service market. It is crucial that the NSW Government understand the importance of linking Regulations to safety and standards equally to any participant within Point to Point Transport. It is vitally important that the Regulator has the tools and powers to enforce these accordingly. Recent cases across

other industries clearly highlight how things can go horribly wrong under a regime with fewer Regulations in place for safety and standards.

The emergence of a new blackmarket where fares are being conducted outside of the regulatory framework, via unauthorised rogue operators is of concern. Especially given that the new regulations focus on safety, yet these operators have no safety measures in place and are putting at risk both passengers and drivers.

Structural adjustments are required to ensure that Taxi Service Providers are able to operate business models with flexibility, that promote investment into the industry. Currently the different structures of Taxi Service Providers versus Booking Service Providers make this difficult to achieve. A Government Buy back of the Taxi Licence, will lower the cost of entry into the industry, make the industry more competitive and enable the Taxi industry to invest in the areas required to meet the changing needs of the community they serve. This varies greatly between Metropolitan Sydney and Regional and Rural NSW.

This submission focusses on each item outlined in the terms of reference document and encompasses a response to each point.

This submission has been prepared on behalf of members of the NSW Taxi Council, the NSW Taxi Industry Association (NSW TIA) and the Country Taxis Operators Association (CTOA).

A detailed report on the NSW Taxi Council consultation process can be found in this submission below.

We look forward to continuing to work with the NSW Government, Transport for NSW, and the Point to Point Transport Commission, as we aim to achieve better Customer and Industry outcomes, supported with an effective and balanced Compliance regime, promoting safe passenger services.

KEY RECOMMENDATIONS OUTLINED IN THIS SUBMISSION

Recommendation 1: For the NSW Government to re-instate the previous quality and service standards to all point to point participants.

Recommendation 2: One single accredited authorising body for Taxi drivers, such as the NSW Taxi Council. The NSW Taxi Council would be happy to discuss this opportunity further with the policy makers and the Regulator.

Recommendation 3: The NSW Government to reform the CTP scheme to ensure that costs for Taxis are equivalent to Rideshare Premiums.

Recommendation 4: The Point to Point Regulations need to emphasise more accountability for the Affiliate Providers (Operators) especially for drivers who bail their Taxis. Currently, the TSP's are expected to be responsible for Affiliate Providers and the drivers with little or no control or visibility.

Recommendation 5: The NSW Government to amend the Authorisation Requirements to become a Service Provider including the requirement to produce a Safety Management System satisfying the Safety guidelines of the Point to Point Transport Commission audit tool, prior to being able to operate the business.

Recommendation 6: All service providers to be audited yearly to maintain authorisation. A self audit process to occur two out of three years, with the addition of random targeted audits by the Regulator.

Recommendation 7: Regulation 20 to be changed to require Hire Vehicles to display a permanent standard PHV retroflective identifier, located on the front passenger side of the windscreen and to be issued by the Regulator.

Recommendation 8: Re-establishment of a centralised feedback system for all Point to Point Services to capture and track responses to customer feedback.

Recommendation 9: Enforcement of regulation 84(a), Rideshare vehicles can only be on public roads when conveying a passenger or on their way to pick up a passenger after accepting a booking.

Recommendation 10: To adopt recommendation 1 of the Report 1/56 – October 2016 of the Legislative Assembly Committee on Transport and Infrastructure into “Workplace Arrangements in the Point to Point Transport Industry”.

“The Committee recommends that the NSW Government gives consideration to amending section 307 of the Industrial Relations Act 1996 (NSW) to remove contracts of bailment from Chapter 6 and thereby taking those contracts out of the jurisdiction of the Industrial Relations Commission.”

Recommendation 11: Financial support to be given to industry for collecting the passenger service levy.

Recommendation 12: The NSW Government to buyback all NSW Taxi Licences for a fair and just value, in line with pre-reform prices.

Recommendation 13: The NSW Government to introduce licences / permits for both Taxi and Rideshare vehicles that are annually renewable. The amount charged for the licences / permits are to cover costs to administer as well as reflect some value for the Rank and Hail and Booked markets.

Recommendation 14: A stronger on street compliance regime for country and regional towns, not just for major events, but for a longer term presence to reduce the opportunity of rogue operators and drivers.

Recommendation 15: The Taxi industry recommends further enhancements to the Driver Vehicle Dashboard (DVD) portal, to include;

- A centralised customer feedback management system.
- Ability to capture bad performing drivers and affiliates to avoid them from moving from one Service Provider to another, undetected.
- Be mandatory that all Authorised Service Providers must upload all vehicle details to the Point to Point Transport DVD Portal. Currently only required by Metropolitan Taxi Service Providers.

Recommendation 16: Review & monitor the number of vehicles required to provide an efficient and effective point to point transport market that focuses on vehicle utilisation, to reduce congestion and allows drivers and operators (Taxi and Rideshare) to make an adequate living. In conjunction with enforcement of Regulation 84 (a), move to an uncapped market in metropolitan Sydney and a capped market in Outer Urban (Wollongong, Central Coast, Newcastle) and regional NSW, overseen by strong enforcement and compliance to regulations.

Recommendation 17: The NSW Government to redirect underutilised funds into Taxis to leverage existing infrastructure for better vehicle utilisation.

Recommendation 18: The NSW Government redirect more contract work towards Taxi Businesses to support the supply of a 24/7 service.

Recommendation 19: A freeze on the issue of WAT Licences until the Point to Point Transport Commissioner amends the application process for applying for a WAT Licence. WAT licences to be restricted to a specific geographical area of operation. Applications must ensure that a demonstrable need for a licence is required, as well as a fit and proper assessment of the applicant is undertaken.

Recommendation 20: Provide access to WAT loans all year and/or provide Government funding to cover the costs of purchasing and converting vehicles to be Wheelchair Accessible.

Recommendation 21: NSW Government to fund 100% of the passenger journey for any person travelling in a Wheelchair, regardless where they are in NSW. This would mean that the NSW Government increases the TTSS subsidy for the current scheme from 50% to 100% for all WAT journeys. The maximum Government contribution would rise from \$60 to \$120 per journey.

Recommendation 22: All WAT / WAV Drivers to undertake a Regulator approved accreditation program for competency, aligned to the Point to Point Transport self-assessment guideline tool.

Recommendation 23: NDIS providers in NSW to comply with the Point to Point Transport Taxi and Hire Vehicles regulations, to equivalent standards for vehicle specifications and driver accreditations.

Recommendation 24: Taxis are to be acknowledged as an extended arm of the State's Public Transport System. This was a previous identity the NSW Government recognised.

INTRODUCTION

The NSW Taxi Council is the peak body for the NSW Taxi Industry. It represents Taxi networks, owners and operators, and it also advocates for better outcomes for NSW Taxi drivers.

In NSW there are over 4,000 Taxi licence owners, in excess of 250 authorised Taxi service providers, over 3,000 Taxi operators and more than 15,000 authorised drivers. Therefore, the industry is the livelihood of over 20,000 people and their families.

The NSW Taxi Industry is a major contributor to the state's public transport system. It provides approximately 40 million passenger trips each year and it meets customer travel needs right across NSW. It functions as a door through door transport service that operates 24 hours a day 7 days a week. The NSW Taxi Industry also provides services at times when other forms of public transport either significantly reduce service levels or cease operations altogether. Taxis are often the only form of public transport for some members of the community, and they provide essential transport services to some of the most disadvantaged people in the state. The NSW Taxi Industry was the first private transport provider to offer transport services for passengers travelling in a wheelchair. In fact, our history in disability services goes as far back as 1980 when the first wheelchair accessible Taxi was established.

The NSW Taxi Industry is also a significant contributor to the state's economy, providing employment opportunities for tens of thousands of drivers, operators, and network management staff as well as for other industries which rely on economic activity that the NSW Taxi Industry generates. The Taxi industry contributes to the economic generation of the state by connecting people efficiently and effectively for business, education, tourism and essential lifestyle activities. International accounting firm Deloitte Access Economics has undertaken an independent assessment of the economic contribution of the NSW Taxi Industry and has estimated the annual contribution of the industry to the NSW economy to be in the order of \$1.15 billion per annum.

The NSW Taxi Industry is made up of a complex array of providers, ranging from the Taxi licence owners (the licence being the principal legal instrument to provide a Taxi service), through to operators and drivers. A Taxi licence owner may own, operate and drive a Taxi, but a licence owner may also lease the Taxi licence to a separate Taxi operator. Authorised Taxi service providers ("Networks") are the principal means through which Taxi services are coordinated. They provide booking services, and a range of safety and other services to operators and drivers.

Authorised Taxi service providers do not have a direct financial relationship with Taxi drivers. It is the Taxi operator who pays their Network a fee for their Taxi to have access to the network's services (including its booking services). The affiliation of a Taxi with an authorised Taxi Service Provider allows the Taxi legal access to the Rank and Hail market, which has been preserved exclusively for Taxis.

Taxi drivers bail Taxis from Taxi operators by paying a bailment fee to the operator (either a set "pay-in" or a share of the takings from a shift bailing a Taxi). It is the Taxi driver and not the network or the operator who collects the fare from the passenger.

The NSW Government does not, unlike other forms of public transport, procure Taxi services from the NSW Taxi Industry. Whilst some financial support is provided to assist disadvantaged members of the community to access Taxi services, on the whole the Taxi transport system has been created and continues to operate as a consequence of the many people and organisations that have committed capital to invest in the industry. The NSW Taxi Industry also generates revenue for the NSW Government through the leasing of Taxi licences as well as stamp duty on third party licence sales. It also generates other revenue through authorisation fees and indirect taxes.

The NSW Taxi Industry has gone through a period of unprecedented change. The NSW Government's Point to Point Transport reforms have introduced a new approach to the regulation of the NSW Taxi Industry as an integral part of the Point to Point Transport sector and the industry has transitioned to a markedly different regulatory environment as a consequence.

Accordingly, the NSW Taxi Council welcomes the inquiry into the operation of Point to Point Transport (Taxis and Hire Vehicles 2016), and we look forward to contributing and being involved with the inquiry as required.

BACKGROUND TO SUBMISSION

The Point to Point Transport sector consists of a wide range of service providers including the Taxi industry, the Hire Car industry and Ridesharing (collectively known as hire vehicles under the Point to Point Transport (Taxis and Hire Vehicles) Act 2016 (Act)), and the community transport sector.

Ridesharing operations operated illegally in NSW from approximately April 2014 until December 2015, when the NSW Government accepted 56 of 57 recommendations made by the Point to Point Transport Taskforce, which had been established to review the passenger transport industry. At that time, a significant number of regulations contained within the Passenger Transport Regulation 2007 were removed and ridesharing operations were effectively legalised.

The Act passed parliament in June 2016 and the Point to Point Transport Regulation (2017) was rolled out on 1 November, 2017.

During this time, the number of vehicles providing Point to Point Transport services has significantly increased in NSW. A significant growth in vehicles has been experienced across Sydney CBD, as well as greater Sydney and Country and Regional NSW. This has presented a number of issues to other road users and residents including;

- Parking Spaces being occupied by Point to Point vehicles plying and waiting for their next fare.
- Vehicles double parking to pick up passengers or waiting for bookings.
- An increase in congestion and noise in certain areas.

We consider that this inquiry is a key step towards addressing the Regulatory and operational issues that currently exist within the Point to Point Transport sector, with the view to achieving a more levelling of the playing field between Taxis and Rideshare, with the removal of the imbalances that currently exist.

Furthermore, it is critical that the NSW Government resolve any structural requirements required for the Taxi Industry to allow for a more competitor neutral environment as well as providing the necessary level of assistance for Taxi Licence Owners.

HISTORY OF THE NSW TAXI INDUSTRY

The NSW Taxi Industry has a very strong heritage, dating as far back as 1946, when the father of the current President of the NSW Taxi Industry Association obtained his first Taxi Licence. This business continues to operate today, being run by a third generation family.

The NSW Government also has a long standing partnership with the NSW Taxi Industry. After World War 2, Returned Service Men and Women were issued a Taxi Licence by the NSW Government when they returned from service. This was used as a means to help these individuals integrate back into the civilian workforce.

During the 1960's, there was very little value in a Taxi Licence. Owners found it very difficult to get a loan from the bank. At this point the Government saw an opportunity to put value into a Taxi licence. The NSW Government had acknowledged that there was goodwill and equity built into the Taxi licence.

In the late 60's and early 70's the NSW Government through Regulation became involved in the transacting of Taxi licences and have benefited significantly from the revenue generated, through sales, leases, transfer fees and stamp duty revenue. The NSW Government set the price of a Taxi Licence for the purpose of stamp duty collection.

In the past the NSW Government ran ballots when allocating licences, promoting Taxis as a safe investment. The Government went as far as advertising "Buy a Taxi licence to make money."

Below are some examples of the Government's involvement in the sale of Taxi Licences, including promoting Taxi licences as a safe investment, as well as encouraging people to buy a Taxi licence as a means to make money (1989). Through this connection, a trust element was built by those who decided to purchase a Taxi licence on the premise of what the Government was saying.

OVERVIEW OF NSW TAXI COUNCIL CONSULTATION

Portfolio Committee No. 6 – Transport and Customer Service, chaired by Ms Abigail Boyd MLC, established an inquiry on the 9th April, 2020 into the operation of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016.

Closing dates for submissions is Sunday 31st May, 2020.

It must be noted that the timing of the Review has coincided with the COVID-19 pandemic. This has presented a number of challenges for the NSW Taxi Council and the CTOA to deliver a solid consultation strategy including face to face meetings, round table discussions and other forums with the social distancing restrictions that are currently in place. We were pleased to work with our Members to deliver an alternative online solution.

There have been a number of online ZOOM Meetings that were scheduled with NSW Taxi Industry Stakeholders including;

- Taxi Licence Owners
- Taxi Service Providers
- Taxi Operators and Drivers
- The NSW Taxi Industry Association (NSW TIA) Board
- Country Taxis Operators Association (CTOA) Members
- Representatives from other Industry Associations

The NSW Taxi Council, the CTOA, and the NSW Taxi Industry Association have all encouraged their Members to also make their own submissions into this inquiry. Details on how to make a detailed submission or responding to an online survey were distributed to Members of all three Associations.

NSW Taxi Council's response to the Inquiry into the Operations of the Point to Point Transport (Taxis and Hire Vehicles) Act 2016 - Terms of Reference

(a) the operation of the regulatory system applying to the Taxi industry

The Objectives of the Point to Point Transport Review were clearly defined in the Point to Point Transport Task Force Report, and also communicated in the first reading speech made by the Minister for Transport and Infrastructure on 2nd June, 2016.

We have referenced in the submission below extracts from both the Taskforce Review as well as the first reading by the Minister in an attempt to articulate the true outcomes of the reforms against the objectives and identify any issues with the operation of the regulatory system applying to the Taxi industry.

In the first reading made by the Minister for Transport and Infrastructure, on the 2nd June, 2016, the Minister quotes the following;

“The New South Wales Government responded positively to the taskforce's vision to improve and modernise the point to point transport industry. The Government's response to the report is aimed at freeing up the industry of unnecessary red tape to allow for greater innovation and to improve customer choice, as well as to create more opportunities for industry and to boost the State economy.”

The outcome of the Point to Point Transport Reforms has failed to deliver a reduction in red tape. In fact, the complete opposite has occurred. The industry has seen a shift in red tape, with the tasks and associated costs that were previously being administered by the Regulator, handed over to the Taxi industry to pick up. This has placed immense burden on Taxi businesses many of whom were already on tight margins. In fact, these changes have resulted in a number of Taxi businesses being forced to shut down or reduce their services. There are also many Taxi businesses in country towns in NSW on the brink of collapse.

The Taxi businesses have had costs significantly added, as well as the need to put on more staff and invest in systems and technology, just to stay compliant. These changes have also meant that TSP's have not been able to focus on the reason for their existence i.e. to provide passenger services, due to the administrative burden that has been placed on them.

Examples of these burdens include;

On Boarding of Drivers

- Eligibility Checks
- Disqualifying Offences
- English language Requirements
- Costs of printing and issuing an ID card
- Cost of Training Drivers

Compliance

- Cost to develop a safety management system (SMS).
- Cost to update an SMS policy or procedure.
- Ongoing legal costs.
- Cost of additional staff to administer.
- Administrative burden to prepare for an audit.
- Time consuming activities associated with responding to regulator queries that don't directly address safety issues e.g. the requirement to provide a business mission statement after an audit of the Service Providers Safety Management System.

An intention of the Point to Point Transport reforms was to help “improve customer choice”. This means making it easier for new entrants to join the market. In the Sturgess Report, there is reference to NRMA’s intention to become a Booking Service Entity. Almost five years on, we are yet to see the NRMA provide booking services. Why? Even a large organisation like NRMA, realise how difficult the Government has made it to operate in this market. Much effort and cost is required if they are to meet the regulatory requirements.

The Minister goes on to state;

“The first stage of these reforms in December 2015 allowed rideshare drivers to provide services legally so long as they met certain safety requirements. At the same time a number of prescriptive regulations which imposed unnecessary costs on Taxis and hire cars were repealed.”

It must be noted that the NSW Taxi industry was left on its own to compete alongside an illegal rideshare operator from April 2014, through to December 2015 before any decisive action was taken by the NSW Government. This resulted in the proliferation of illegal Rideshare activity in NSW. Furthermore, it is the overwhelming view of the NSW Taxi Industry, that the reforms announced by the NSW Government simply lowered the standards of the Point to Point Industry to that of Rideshare. The repeal of prescriptive regulations was one of the biggest

mistakes of the NSW Government, and an example of how they got it wrong. The following are some examples of this;

- Drivers of Booked Services not required to carry or display an ID card
- Removal of vehicle age limits.
- Moving away from one single Accrediting Body to manage Driver Eligibility
- Removing uniform requirements.
- Removing the NSW Government Training Accreditation regime for On Boarding of Drivers and Operator Accreditation.
- Removal of the requirement for a four monthly vehicle safety inspection regime (ATIS).
- Removing the presentation, conduct and training of drivers.
- Removing testing relating to the geographic knowledge and understanding of the regulation by the driver.
- Removing of quality and comfort standards.
- Removing of reporting of key performance indicators.
- Removing of management of customer feedback and lost property.

The removal of all of the above standards has not met the Taskforce objective of letting the industry participants determine the quality of service they offer to their customers.

The quality of standards has dropped, despite service providers wanting to maintain standards. The challenge this has placed on Service Providers has been very onerous and difficult to manage. The commercial aspects of being a Service Provider i.e. attracting affiliates and drivers to the service is being hampered by having to be the “Policeman”. Naturally, Service providers are seen to be more attractive if they are less inclined to enforce the rules.

Recommendation 1:

For the NSW Government to re-instate the previous quality and service standards to all point to point participants.

The Point to Point Regulations have also made it more time-consuming and complex for drivers who want to join the NSW Taxi industry. If a driver wishes to drive for multiple service providers, they are required to make an application and verify their credentials (including a criminal background check) for each one. This is a duplication of the same process with a cost

attached each time. This also means that the driver is required to carry ID cards for each of those providers. Unfortunately, for many drivers, this has all got too hard for them, leaving them with no choice, but to either leave the industry, or drive for Rideshare.

Recommendation 2:

One single accredited authorising body for Taxi Drivers, such as the NSW Taxi Council. The NSW Taxi Council would be happy to discuss this opportunity further with the policy makers and the Regulator.

The Minister's speech then goes on to say;

"This bill represents the next and most substantial stage in the implementation of the task force findings: the establishment of a new regulatory framework for the point to point transport industry. The bill is set to give industry even greater flexibility in meeting customer demand while ensuring safety standards are maintained. The bill will apply to services in vehicles with 12 or fewer seats. It will not apply to services that are free of charge or only available to defined groups, such as community transport and courtesy transport. It allows other service types to be captured, or not, as necessary. It allows a less rigid industry structure which provides a more level playing field and allows innovation. Significantly, it creates two authorised entities: providers of Taxi services and providers of booking services."

While the Minister references two authorised entities to be established, providers of Taxi services and providers of booking services, these reforms have created an unintended third entity – **"providers of black market services"**. This has been the consequence of the low barriers to entry, as well as the result of the lack of "on street compliance". The new Regulatory Framework has also made it difficult for the Regulator to address this large and emerging problem.

Furthermore, the reference to exclude those providers who are "free of charge services" and community transport presents a significant safety concern. This is due to the fact that even though a fare may not be charged, a passenger service is still being provided to members of the travelling public – "Do these individuals NOT deserve to be safe?"

The Minister also refers to making it easier for industry to compete under the new reforms? How do you compete against free services, such as Courtesy Buses? How do you compete

against Government funded services, such as Community Transport and On Demand Services? How do we expect traditional Taxi services, who have built the infrastructure and systems to what it is today, to be able to sustain these challenges and survive? It really feels that the Taxi services are actually competing against Government Services. Is this fair? Was this the intention of the Point to Point Transport Reforms? To do whatever it takes to kill off Taxi Businesses? That is sure how the industry has been feeling.

Is the Playing Field Level?

This leads to the next issue of “Levelling the Playing Field”. The Government has failed to achieve this, as we still see significantly higher costs to operate a Taxi business than it is to operate a Rideshare service. We acknowledge that levelling the playing field was the intention; however this has far from been achieved.

Taxi Operators have been left with the high operating costs creating an unfair and inequitable playing field with Rideshare. These costs include;

- The imbalance of CTP Costs where Taxis are still paying over \$5,500 in Sydney Metropolitan District, and over \$3,000 in Country & Regional NSW. Rideshare Providers are in a Class 1 category, paying as low as \$500 for their Premiums.
- The opt in collection method for Taxis, still requires a large upfront payment to initiate the policy, whereas the Rideshare model only requires 10c/km for kilometres that are engaged in Sydney and 6.6c/km in Regional NSW.
- Workers Compensation is mandatory for Taxis, however Rideshare Operators are not required to have workers compensation. How are Rideshare drivers protected?
- Insurances
- Registration
- Vehicle Inspections and Maintenance
- Vehicle Fit Outs

- Cameras and Security

These high costs have seen Operators and Drivers moving over to rideshare services, leaving many Operators and Vehicles vacant, even during times that have been traditionally peak periods for Taxis in the past.

This is making it more and more difficult for Taxi Operators to maintain services during the quieter periods of the week / night, where they could in the past offset their losses during the busier periods. It is during these busier periods, where we see more Rideshare vehicles out, cherry picking when and where they choose to work.

Recommendation 3:

The NSW Government to reform the CTP scheme to ensure that costs for Taxis are equivalent to Rideshare Premiums.

Further into the first reading, the Minister suggests that;

*“Booking services may be provided anywhere in the State, whether in a Taxi or a hire vehicle. Only Taxis, however, can undertake rank and hail work. **There are severe penalties, including a custodial sentence, for providing a Taxi service without an appropriate Taxi licence. We are doing this with community safety first and foremost in mind.** Importantly, in line with the task force recommendations, the bill creates a risk-based regulatory scheme with clear accountabilities based on work health and safety legislation. In line with the Point to Point Transport Taskforce recommendations, the regulatory framework should incentivise those entities whose brand is associated with the service so that they take accountability for safety outcomes. Taxi companies and booking services, including rideshare companies, will have an obligation to ensure that services are safe. They will have general safety duties, there will be clearly defined safety standards and there is a graduated penalty regime in place for noncompliance.”*

Whilst the Legislation prescribes for severe penalties for providing a Taxi service without an appropriate Taxi licence, few prosecutions have taken place despite regular reports of this activity occurring. In fact the only prosecutions we have seen over the past 5 years, has been a recent case involving touting & soliciting at Sydney Airport. We believe that the Regulator

needs the support and powers to be able to prosecute more cases for unauthorised services that have been created through the “Black Economy”.

The next statement made by the Minister as follows;

“The bill also creates a dedicated regulator, the Commissioner for Point to Point Transport, with significant and wide-ranging powers. The task force did not specifically recommend an independent regulator. However, it is the Government's view that the creation of the Commissioner's role signals a new approach to industry regulation. The commissioner will support the new framework, with an emphasis on industry accountability, safety and compliance. The new regulatory framework will promote innovation and competition. In order to encourage the existing Taxi and hire car industry to adapt to changed circumstances, the Government has approved an industry adjustment package valued at \$250 million. This assistance package is amongst the most generous in the world.”

The intention of the reforms was to ensure “industry accountability”. The Government has failed with adopting an equitable industry accountability regime by emphasising more responsibility at the Service Provider and Body Corporate level, and less accountability on the Affiliate Provider and Driver level. The Government must address this issue to ensure anybody who is involved in the provision of a passenger service, particularly the Affiliate Provider, is accountable towards safety, and the Regulations must prescribe this.

The Affiliate provider needs to take accountability for the areas that they have direct control on a day to day basis including, safety and roadworthiness of the Vehicle, driver fitness and eligibility, Driver ID (Checking that drivers are authorised and displaying ID card), WAT Driver competency for loading and unloading a passenger, and disqualifying offences. At present, the responsibility for Affiliate Providers with safety only sits around vehicles.

Recommendation 4:

The Point to Point Regulations need to emphasise more accountability for the Affiliate Providers (Operators) especially for drivers who bail their Taxis. Currently, the TSP's are expected to be responsible for Affiliate Providers and the drivers with little or no control or visibility.

The Regulations must shift emphasis from the Service Provider being the Policeman and revert more responsibility on the Regulator to enforce the Regulations. The Regulator needs to be given greater powers and resources to enforce the rules of the game. This may result in increased revenue to fund this activity, however it may bring about better compliance if the regulator is able to do their job, with stronger Compliance. It is vital that there is frontline visibility with regular On Street Compliance.

It is critical that a stronger entry requirement during the application stage of a Service Provider Authorisation around safety, is set from the outset.

A problem with the current system is that it is too easy to become a Service Provider - \$120 for TSP or BSP, or \$160 for both. There is limited barrier to entry, which means a Service Provider could easily register and start operating and fly under the radar, without a safety management system in place. They may be audited in the future. This puts the safety of both drivers and passengers at risk.

There are also a number of rogue operators who haven't registered to become a Service Provider, choosing to operate illegally, knowing detection is unlikely.

Regulations are meant to ensure a safe environment is created for all participants operating in an industry. Making it too easy to become a Service Provider, with limited enforcement will mean that there will be a large number of undetected Service Providers, putting passengers and drivers at risk. Around the world in the UK and Germany, Rideshare services are unable to operate and in some cases their licence has been revoked due to not being able to comply with the required safety standards.

In Victoria with a low cost permit and low cost ability to become a Service Provider, has meant that there are a large number of operators who have poor safety standards. In a market where the travelling public don't see an individual company brand, they see an industry brand, eg "Brand Taxi", this poor level of service impacts all participants within the industry. Strong compliance goes a long way to supporting an industry brand.

In a similar manner as a driver being required to prove their eligibility to drive a Passenger Vehicle, a Service Provider registering with Point to Point Transport Commission must demonstrate they are fit and proper to provide a passenger service. This must include evidence of a Safety Management System before being issued with an Authorisation. Accreditation, which should also be reviewed annually through an audit.

Recommendation 5:

The NSW Government to amend the Authorisation Requirements to become a Service Provider including the requirement to produce a Safety Management System satisfying the Safety guidelines of the Point to Point Transport Commission audit tool, prior to being able to operate the business.

Recommendation 6:

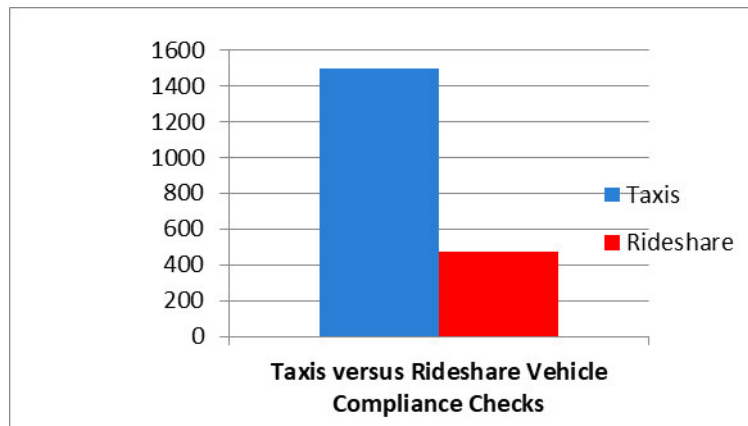
All service providers to be audited yearly to maintain authorisation. A self audit process to occur two out of three years, with the addition of random targeted audits by the Regulator.

An increase in the frontline on road compliance of driver and affiliate rather than desk auditing of Service Providers would assist raising compliance.

A common outcome of any on road compliance currently undertaken, is the focus around asking the Service Provider what they have done or will do in relation to issues in the field e.g. a driver not displaying their id card. This seems to place all the onus on the Service Provider despite the regulations indicating the obligations sits with the driver. There also seems to be a need to undertake extensive inquiries before a fine may / may not be issued. Drivers are aware of their obligations. If more time was spent in acting quickly and decisively, greater compliance would occur.

There also needs to be a more even-handed approach to compliance as it appears that Taxis are easy targets whereas there seems to be a difficulty in looking at Rideshare vehicles.

There has been significantly higher number of Taxis inspected, than Rideshare vehicles. The graph below illustrates the significant imbalance over the past 12 months (April 2019 – April 2020). **A total of 1,494 Taxis were inspected, versus a total of 474 Private Hire Vehicles.**



*Total number of vehicles inspected during April 2019 to April 2020.

Source: Point to Point Transport Commission website – Industry Statistics.

One example where there is an imbalance is Rideshare vehicles touting and picking up on Taxi ranks. When instances are reported there seems to be a reluctance to address the issue often dressed up as “they can’t identify the vehicles”. A bit of effort would be welcomed by the industry and would bring about a better compliance to the regulations.

There have been ongoing challenges with Rideshare drivers displaying a retroflective sign on their vehicle. The most infringed fine, by NSW Police is for Rideshare drivers not displaying a sign. The regulations have proven unable to see Rideshare drivers comply with this requirement. Therefore due to this non-compliance the regulations need to be changed, where it becomes a requirement that all hire vehicles (which includes Rideshare) display a permit identifier on the vehicle, eg a retroflective PHV sign to be displayed on the front passenger side of the windscreen, so that the authorities are more easily able to identify that it is a vehicle that is used to carry out Rideshare trips.

Recommendation 7:

Regulation 20 to be changed to require Hire Vehicles to display a permanent standard PHV retroflective identifier, located on the front passenger side of the windscreen and to be issued by the Regulator.

Impact on Demand for Taxi Services

The Point to Point Taskforce Report assumes that “there will be much less disruption in the short-term to the rank and hail market. Unfortunately, this assumption has not eventuated with an erosion of the Rank and Hail market by over 30%.

Page 86 of Taskforce Report, “...the New York market has reached equilibrium, with Uber taking about 10 per cent of the market”. The impact of Rideshare in Sydney has far exceeded the estimates in the Taskforce Report with Rideshare now seeing a market share of 50%.

The Booked component of the Point to Point Transport sector has been growing, and this is attributed to the significant increase in Rideshare vehicles entering the Booked space. Prior to the reforms, there were an estimated 5,000 Taxis in Sydney. There is now over 20,000 Rideshare vehicles operating in Point to Point.

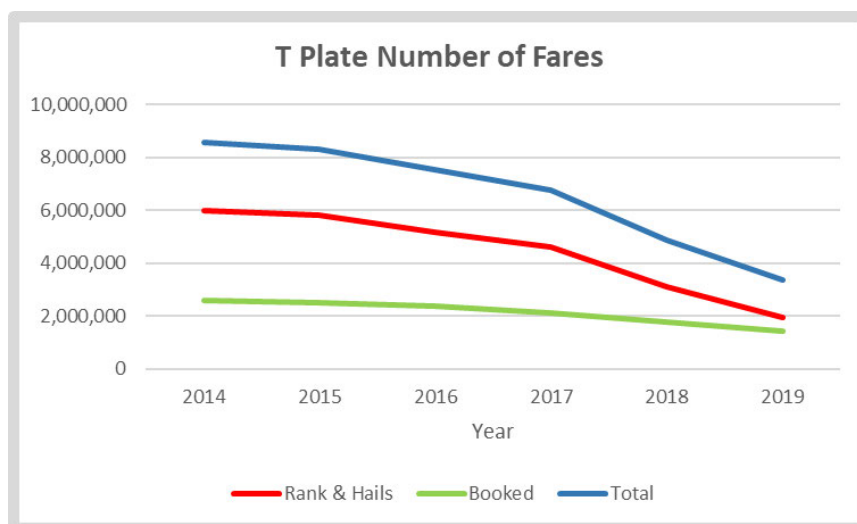
Traditionally passengers would use Rank and Hail to instantly access a trip, generally booking a trip would take a little longer. Whilst the Booked Market has been deregulated, oversupply of Rideshare vehicles has also impacted the Rank and Hail market. With a significant reduction in pick up time for Booked services, this has resulted in Rank and Hail passengers moving to Booked services. Which has deregulated the Hail market by stealth. This can be seen through the trends of the high number of Taxis sitting at Taxi Ranks for longer periods.

Furthermore, demand for Taxi services has also been impacted following an increase in availability and improvement of other transport services, including;

- Light Rail services
- Metro Rail
- B Line Bus Service
- On Demand Services
- Rideshare Services
- Courtesy Buses
- Private Bus Services

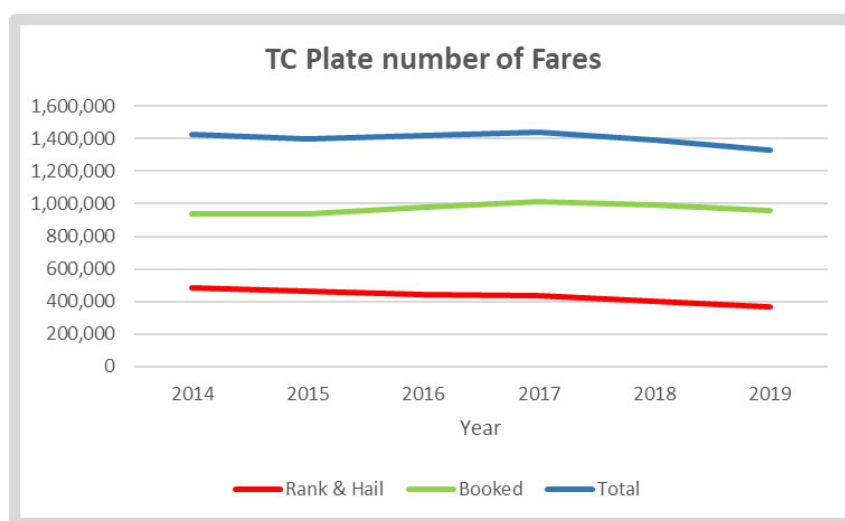
The NSW Taxi Council has undertaken research with members over a sample of T plated licences, that shows the Rank and Hail market in Sydney, which has been preserved for Taxis, has been experiencing a decline since 2014. This decline has increased to over 30% each year for the past 2 years, 2018 and 2019.

Refer to the graph below for a more detailed snapshot on the performance of the Rank and Hail market since 2014.



(Source) NSW Taxi Council Member Data from 1240 T plated licences

Furthermore, our research from a sample of TC plated licences across Country & Regional NSW shows whilst there was a gradual increase from 2014 to 2017 for Booked fares, since 2017 this has changed to where there has been a 3% decline each year in Booked fares across all Regions.



(Source) NSW Taxi Council Member Data from TC plated licences

Rank & Hail fares which unlike Metropolitan areas, makes up a smaller portion of fares in Regional NSW, are in decline as well. The Rank & Hail market in Regional NSW has been experiencing a decline every year since 2014, resulting in a decline of 8% over 2018 and 2019.

Overall the market for Rank, Hail and Booked fares in Regional NSW for Taxi businesses has declined by 7% since 2014.

Customer Feedback and Reporting

In relation to the Taskforce recommendation 36, which states;

- In the interim, to assist industry and customers during the transition to the new arrangements, the regulator should maintain a centralised feedback system for Taxis, and give Taxi organisations and booking services access to the system so that they are able to respond to any customer feedback and make informed decisions about drivers who provide service under their brand.

Under the new Regulatory framework, customers and industry stakeholders are regularly confused around accountability and processes for customers to report a complaint or provide feedback.

A centralised feedback system managed by the Regulator was called for by the industry as this ensured a consistent and compliant measure to ensure effective and accountable reporting of customer complaints and feedback. **It is disappointing to note that this was never adopted**, considering a good, workable system was in place prior to the reforms and could have continued as we transitioned into the new Regulatory framework.

Recommendation 8:

Re-establishment of a centralised feedback system to respond to customer feedback.

Private Hire Vehicles – No Plying or Standing for Hire

The Point to Point Transport Regulation, Division 3, Hire Vehicles (Clause 84) refers to Private Vehicles not allowed to ply or stand for hire on any road or road related area.

A majority of Private Hire Vehicles are contravening this Clause on a daily basis and we are not seeing any compliance or enforcement activity by the Regulator.

This activity is leading to ongoing issues impacting communities and residents where the Private Hire Vehicles are using a road or road related area to ply or stand for hire.

In addition to this activity being illegal, there have been well publicised complaints of vehicles clogging up residential streets, taking up parking spaces, as well as reports of drivers loitering, urinating and noise complaints while they wait for their next booking.

Below is a transcript from the Point to Point Transport (Taxis and Hire Vehicles) Regulations 2017:

Division 3 Hire vehicles

84 No plying or standing for hire

The driver of a hire vehicle must not:

- ply, stand or park the hire vehicle for hire on any road or road related area, or
- use the hire vehicle to carry out a hiring other than for a booking made before the driver stops the vehicle at the place where the passenger is picked up, or
- stop, stand or queue in a Taxi zone.

Maximum penalty: 30 penalty units.

It is the view of the NSW Taxi Council that to comply with regulation 84(a) a Rideshare vehicle and its operator are to be located on a private property when logged into the app. Once they receive a booking the operator and vehicle are to proceed to pick up the passenger and then drop them off at the requested location. Once the journey has been completed the operator and vehicle are to return to private property to receive their next booking. A rideshare operator and vehicle that is logged into the app on a public road without a booking is in contravention of regulation 84(a).

Having Rideshare operators and drivers adhere to Regulation 84(a) will assist in removing congestion from the roads.

The right to drive on public roads without a passenger is what the Rank and Hail Taxi licence permits. A Taxi that is available for hire is permitted to drive around on a public road with their roof light on to indicate to a potential passenger they are available for hire and can be signalled to stop. A Taxi is also permitted to park on a Taxi Rank located on a public road waiting for passengers to engage their services.

Recommendation 9:

Enforcement of regulation 84(a), Rideshare vehicles can only be on public roads when conveying a passenger or on their way to pick up a passenger after accepting a booking.

(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

On 9th June, 2016, the Legislative Assembly Committee on Transport and Infrastructure referred an inquiry into the “Workplace Arrangements in the Point to Point Transport Industry” in the NSW Parliament (**Inquiry**).

The NSW Taxi Council made comprehensive written submissions to that Inquiry dated 8 July 2016 (**Submissions**). We rely on the Submissions in full and ask that they be read together with the comments below.

The position outlined in detail in the Submissions was that the most appropriate course of action is for Chapter 6 of the NSW Industrial Relations Act to be amended to remove reference to bailment of Taxi cabs for at least the following reasons:

- (a) Ch 6 imposes prescriptive industrial obligations on Taxi operators but on no other participants in the Point to Point transport industry notwithstanding that most bailor Taxi operators are micro businesses whereas their competitors include large multi-national companies such as Uber;
- (b) Regulation of commercial contracts of bailment for Taxis in the form of Ch 6 is not replicated in any other State or Territory of Australia or anywhere else in the world and in the case of the Contract Determination (which applies exclusively to bailor Taxi operators in metropolitan Sydney), those prescriptive provisions do not even exist elsewhere in NSW or Australia;
- (c) Ch 6 is completely inconsistent with other changes introduced by the NSW Government to the Point to Point industry which changes had a stated purpose of creating a more level playing field by stripping back unnecessary red tape which has been adding to costs and stifling innovation;
- (d) The heavy regulatory burden imposed by Ch 6 significantly increases the cost of delivering Taxi services thereby limiting the ability of the Taxi industry participants to innovate in response to customer demand;

- (e) Ch 6 confers rights on bailee Taxi drivers in relation to the termination of their commercial contracts of bailment which are (in some ways) even more generous than those rights afforded to employees who are “unfairly dismissed” under the Commonwealth *Fair Work Act* 2009; and
- (f) In practice, Ch 6 does not promote compliance, efficiency and productivity within the Taxi industry in NSW.

The Legislative Assembly Committee, chaired by Alister Henskens SC MP made the following recommendation in their final report:

Recommendation 1:

“The Committee recommends that the NSW Government gives consideration to amending section 307 of the Industrial Relations Act 1996 (NSW) to remove contracts of bailment from Chapter 6 and thereby taking those contracts out of the jurisdiction of the Industrial Relations Commission.”¹

The NSW Government responded to this recommendation on 19th April, 2017, as follows:

“The NSW Government will continue to monitor developments in the point to point transport industry to determine whether changes to Chapter 6 of the Industrial Relations Act 1996 are required at a later time.”²

Since the Legislative Assembly Committee report was published on 10th October, 2016, the inequalities which were noted in the Submission have since increased along with the economic pressures faced by those in the taxi industry. The heavy regulatory burden imposed by Ch 6 (which burden does not apply to other forms of Point to Point transport), puts the taxi industry at a significant disadvantage such that it must now be regarded as an inappropriate and costly anachronism which is the antithesis of the Government’s desire to reduce regulation to support business development and drive down industry costs.

The NSW Taxi Council urges Government to now adopt recommendation 1 of the Inquiry by *“amending section 307 of the Industrial Relations Act 1996 (NSW) to remove contracts of*

¹ Report 1/56 – October 2016 of the Legislative Assembly Committee on Transport and Infrastructure into “Workplace Arrangements in the Point to Point Transport Industry” on 10th October, 2016, page vi;

² Letter from The Hon. *Andrew Constance*, MP Minister for Transport & Infrastructure and The Hon. Dominic Pejottet MP Treasurer, Minister for Industrial Relations to The Hon. Eleni Petinos MP dated 19 April 2017

bailment from Chapter 6 and thereby taking those contracts out of the jurisdiction of the Industrial Relations Commission.”

We have attached the following:

- 1) Report 1/56 – October 2016 of the Legislative Assembly Committee on Transport and Infrastructure into “Workplace Arrangements in the Point to Point Transport Industry” on 10^h October, 2016;
- 2) Letter from The Hon. Andrew Constance, MP Minister for Transport & Infrastructure and The Hon. Dominic Perrottet MP Treasurer, Minister for Industrial Relations to The Hon. Eleni Petinos MP dated 19 April 2017
- 3) NSW Taxi Council Submission in response to the Inquiry dated April 2016

Recommendation 10:

To adopt recommendation 1 of the Report 1/56 – October 2016 of the Legislative Assembly Committee on Transport and Infrastructure into “Workplace Arrangements in the Point to Point Transport Industry”.

“The Committee recommends that the NSW Government gives consideration to amending section 307 of the Industrial Relations Act 1996 (NSW) to remove contracts of bailment from Chapter 6 and thereby taking those contracts out of the jurisdiction of the Industrial Relations Commission.”

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

The NSW Government announced a commitment to assist traditional industry members through the reforms. This was going to be delivered in two parts;

- \$250 million in structural support through financial assistance
- Business Support through a Business Connect Advisory Service

We will unpack each element further to understand the impact of each type of assistance and support to determine whether more needs to be done.

\$250 Million Structural Support through Financial Assistance

The NSW Government announced a \$250 million Assistance Package for the Taxis and Hire Car industry. This involved the establishment of a Taxis and Hire Vehicles Industry Assistance Panel (THVIAP) to oversee the Additional Assistance scheme.

This package was delivered in three stages;

Stage One:

\$98 million dollars towards a Transitional Assistance Payment (TAP) scheme. This scheme offered Taxi Licence Owners \$20,000 for each licence up to a maximum of two licences. The purpose of this payment was to assist Taxi Licence Owners with the decline in lease income following the announcement of the reforms. There was no application process involved for this payment, as long as you met the eligibility requirement.

Unfortunately, the ATO ruled that this amount was deemed as income. This meant that most of the payments were taxed at around \$6-7,000. The net amount received by a Licence owner was estimated to be \$13,000 for one licence.

There was also a requirement that you were required to own your licence prior to June 2015. Therefore, anyone who acquired their licence after June 2015 received nil payment. In one case, an individual purchased a Taxi Licence in June 2015, however by the time the transaction was complete, it was in July, 2015, therefore was not eligible for TAP.

Stage Two:

As a result of deregulating the Booked Service market, the NSW Government chose to compensate the Hire Car Licence owner, through a \$10 million buy back mechanism, with no cap on the number of licences that were bought back.

The Hire Car Buy Back scheme was paid via two methods;

- The purchase price of the Hire Car Licence plus CPI. This meant that an owner who purchased their Hire Car Licence in the 1990's for \$100,000 received a buy back offer of \$170,000.
- For 10yr Government leases, ten times the annual lease amount was paid. This meant either \$80,000 for a Hire Car Licence in the Sydney Metropolitan District, or \$30,000 in Country / Regional NSW.

It is important to note, the Hire Car business still continues to operate, the buyback was just for the licence, not the business.

Stage Three:

The third stage was an Additional Assistance Payment Scheme (AAPS) of \$142 million allocated towards hardship applications.

The application process was delivered in two parts, stage one – initial application, and stage two for those who were deemed as potentially eligible to apply for assistance.

The application process was extremely onerous for many industry participants, particularly those from non-English speaking backgrounds. The complex process, in many cases resulted in many eligible applicants choosing not to apply because it seemed all too difficult.

The Communication process with applicants throughout the review stage was unacceptable. The majority of applicants did not know the outcome of their application until some ten months after applying. It is our understanding that for a large number of applicants it was deemed by the assessors that they would not be eligible for payment, however the applicants were left in the dark right up until the end, living on the hope that there may be a positive outcome.

Of the applicants who had received a payment, many were let down once they found out that the AAP payment would impact their Centrelink entitlements. They lost a significant amount of their payment to the Federal Government in income tax and loss of the pension. Many of these applicants feel they would have been better off not applying for AAP.

The Federal Government response to the Centrelink impact, as well as the ATO ruling, was attributed to the way the NSW Government classified these payments.

There has been a major issue with the NSW Government's lack of transparency throughout the AAP process. At the time of writing this submission, the NSW Taxi industry is yet to be advised of the following;

- How many applications were successful?
- How many applicants received nil payment?
- How much of the \$142 million has been paid out?
- What is the balance of the residual funds of the \$142 million?

Summary of Support and Assistance for Taxi Industry Stakeholders?

Taxi Licence Owner

- \$20,000 paid up to maximum of two licences – this amount was taxed. This amount is reflective of what the majority of Licence Owners had received.
- Additional Assistance Payment Scheme. Only 1,252 applications were received. We are not aware of how many were paid, and how many nil payments.
- Access to Business Connect Advisors.

Taxi Service Provider

- Nil financial support for Taxi Service providers
- Access to Business Connect Advisors

Taxi Operators

- Whilst Taxi Operators have received a marginal saving on the CTP, there has been no financial support to Operators through the Point to Point Transport reforms.
- Access to Business Connect Advisors.

Taxi Drivers

- Nil financial support for Taxi drivers.
- Access to Business Connect Advisors.

Business Support through a Business Connect Advisory Service

The NSW Government announced support for the Taxi and Hire Car Industry to help with the transition into the new Regulatory environment. This was delivered through a Business Connect Advisory Program.

A number of Business Advisors were appointed to support and assist small businesses in a number of ways following the reforms. This included business advice as well as supporting Owners and Operators with completing applications for Transitional Assistance Payments and Additional Assistance Applications. This is where most of the focus of the Business Advisory time and resources was spent.

Whilst the Business Advisory Program benefited those who received the support, i.e. small business owners and operators, the program could have been enhanced at the Taxi Service Provider level.

The intention of the reforms was to assist the Taxi Service Providers transformation into a future model to help them become more competitive and sustainable. Additional support to assist some of the larger providers to develop and implement a transformational strategy at a higher level, such as restructuring, mergers etc could have provided another level support.

Passenger Service Levy (PSL)

The introduction of the Passenger Service Levy (PSL) was a positive strategy for the NSW Government to fund Industry Assistance following the reforms. The problem with the PSL collection, is not so much in how the levy is collected, it is “who is responsible for the collection”. The Service Providers in this instance are the “Tax Collectors” for the NSW Government. This should not be the case.

There have been a number of issues and burdens imposed on the Service Provider involved in the collection and remittance of the PSL. We have seen significant costs imposed on Service Providers to develop a system to be able to collect. There are cases where Taxi Networks have had to incur costs in excess of \$40,000 to set up for the PSL. This cost is in addition to the cost for ongoing collection. Revenue NSW noted that this would be too costly

for them to collect as an agency, with estimated cost of \$0.50 in every \$1. PSL collection is costing some TSP's in excess of \$1,000 per week.

The service provider is also carrying risk of uncollected or unpaid PSL and having to deal with drivers / operators who do not follow reasonable directions from the Taxi Service Provider.

The NSW Taxi Council submitted a proposal through the Minister for Transport and Roads to Transport for NSW on behalf of its members, seeking assistance in the cost to collect the PSL. The requested rebate was for 3%, far less than if the Government were to administer the program themselves. This proposal was rejected by Transport for NSW, stating they don't pay external agencies for collection costs.

Recommendation 11:

Financial support to be given to industry for collecting the passenger service levy.

(d) the impact of the legislation on the value of Taxi plates

Historically, the value of the Taxi Industry has been in the asset of the Taxi Licence. This provided the owner with a right to access the market. Since the introduction of Rideshare services, the value of the Taxi asset has diminished. This value has not disappeared; it has simply eroded and transferred into the Rideshare model.

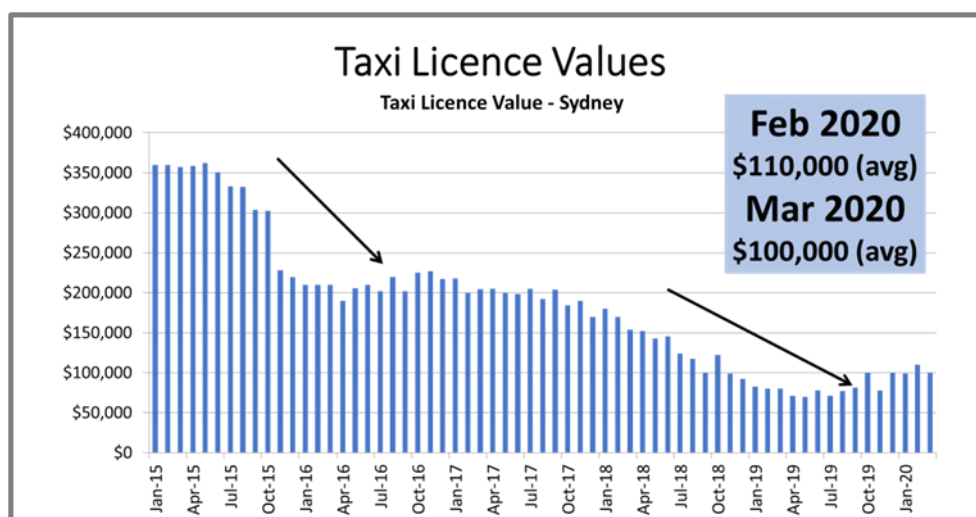
In simple terms, the Taxi asset is the equivalent to paying a landlord for using their building to run a business. When Rideshare services came along, they stole the right to access the market. Rideshare have had access to the market, without paying the landlord for a right to provide the service. It could be likened to squatters illegally entering the market and having the benefit without paying the landlord.

The NSW Government enshrined this illegal activity by making it legal, without properly compensating the asset owners. Traditional Taxi licence owners who had partnered with the NSW Government over the previous 70 years, providing a much needed service to the travelling community have been greatly let down.

Traditionally, the Taxi market was made up of three markets;

- Rank
- Hail
- Traditional Booked (Call Centre and Online)

Over time, a fourth market has evolved; app booked services. It must be noted that app systems were developed by Taxi businesses well before Uber entered our shores. The NSW Government however, deregulated the booked market (traditional and app booked), and in doing so, the new Regulations meant that a licence was no longer required to access the Booked Service market. A Taxi Licence value was made up from a combination of being able to access, Rank, Hail and Booked markets. A significant portion of this value evaporated the moment the NSW Government removed the requirement for a licence to operate in the Booked Market. In some places, in particular in regional parts of NSW this was significant, as up to 95% of their market was booked. As a minimum, metropolitan Taxi Licences saw **values decrease** by over \$200,000 at that point in time, now closer to \$300,000 decrease per Taxi Licence.



Source: Point to Point Transport website

Overall, Taxi Licence owners have seen a significant portion of their Taxi Licence value decreased. They have received the equivalency of only 4 cents in the dollar in assistance, whilst Hire Car Licence owners have received 100%.

In addition to reduction in plate values, the Taxi Licence owner has also seen a significant reduction in the lease income. Prior to the reforms, lease values were averaging \$25,000 per annum. This income has dramatically declined to an average of \$13,000 per annum. During the COVID-19 pandemic, this has taken a turn for the worst, with many Taxi Licence Owners receiving as little as \$1 per month for the lease of their licence.

The Licence Owner, who in most cases is a self-funded retiree, has been left with no exit plan, a mortgage that they cannot maintain and stuck in a way, with nowhere to go. Many of these Licence owners are elderly members of our Community. There are many cases of Licence owners who have become unwell, or suffering mental health issues because of the situation they have been left in. We have grave concern for these individuals.

Many Taxi Licences owners have become default investors, as a result of retiring from the industry. Many entered the industry, purchased a licence and operated a Taxi. Working many years to provide a service, whilst at the same time building an asset. As a result of reaching retirement age and no longer being able to work in the industry they leased out their Taxi licences.

The 2015 Point to Point Transport Taskforce report: Only 1 recommendation, of the 57, **was not adopted**.

(recommendation 40): *“Existing ordinary Taxi licences be converted to transferable annual licences that are renewable up to nine times” coupled with recommendation 56 “to provide assistance based on **equity** grounds”.*

Recommendation 12:

The NSW Government to buyback all NSW Taxi Licences for a fair and just value, in line with pre-reform prices.

Following a buyback of Taxi Licences, there are a number of vexing issues and barriers to entry that will be removed.

In the metro area many of the plates are under lease and not operated by their owners. The leasing market has created much instability and uncertainty for both the Taxi Operator and the Licence owners, often at the hands of other parties.

One issue buyback should remove is the tension that is created between the Taxi Licence owner and Taxi operator, both who want to maximise their return on their business, however

the manner in which this is achieved is diametrically opposed. Often there is a middle man, management agent, who sits between these parties. It is a delicate balancing act to please both parties with little return for being in the middle. As the Point to Point Transport industry has evolved it has become evident that the Taxi Licence owner's needs are not being met and the licence regime is in some ways a millstone around the neck of the rest of the industry.

Taxi Licences

As discussed previously the recommendation is for the NSW Government to buyback Taxi licences in NSW.

A payout figure needs to be determined and paid to all licence owners. If there is a way to minimise tax and Centrelink implications (lessons learned from the assistance scheme) then this should be a consideration. All plates should be eligible for buyback i.e. a cap shouldn't be placed on the number of plates an individual / entity owns.

It would be better to remove all licences at the same time and allow a replacement system to be implemented. A staggered approach would be difficult to administer as how do you work out who goes first. At present the licencing system is causing angst and misery for licence owners.

A replacement for a licence is required. In Victoria all Commercial Passenger Vehicles (CPV) (including rideshare) are required to have a permit to operate. They must register with the regulator. The application cost is \$55.10 and the ongoing annual fee is \$55.10.

In NSW, there should be the requirement for a licence / permit for both Taxi and Rideshare operators. A fee for the licence / permit should be charged. It should be annually renewable and subject to adherence to the regulatory framework including adherence to the TSP / BSP safety management system. The cost should reflect the cost for Government to undertake administration of the system and on road compliance activity.

While the cost should not be at current lease rates, it should be reflecting some value for the Rank and Hail and Booked markets. The fee should be large enough that ensures the person seeking the licence / permit is going to make a commitment to the industry and adhere to the regulatory requirements to operate. The \$55.10 cost in Victoria is far too low.

The current Government tender process should cease after buyback. This was flawed in a number of areas. The determination of the number of plates to be offered was not clear and often didn't reflect the market conditions at the time. E.g. tendering additional plates when

private plates were on hold. Taxi Plate owners, many of them superannuates were not receiving any income while new plates were being pushed onto the market.

The process also favoured “cashed up” entities that could tender prices that were well in excess of what the lease market was paying at the time with no limit on the number of plates an entity could obtain. The end result was the biggest player in the market has been obtaining most of the licences in recent years, then systematically moved the lease rate for plates they controlled causing the entire market to move.

Removal of these issues means all Service Providers can better compete on other issues such as service and booked work. The Taxi operator will have more certainty in the financial costs of their businesses.

Recommendation 13:

The NSW Government to introduce licences / permits for both Taxi and Rideshare vehicles that are annually renewable. The amount charged for the licences / permits are to cover costs to administer as well as reflect some value for the Rank and Hail and Booked markets.

How to fund the buyback of Taxi Licences

Currently the passenger service levy is collecting around \$80 million / year. Combined with revenue realised from licence / permits will see this rise to over \$100 million annually.

This can be used to offset the cost of the buyback. The end result being **no net cost** to the NSW Government.

The passenger service levy currently has no end date, therefore it can continue until the Minister sets a repeal date. Which can be after the cost of the Taxi licence buyback has been repaid.

Point to Point Transport (Taxis and Hire Vehicles) Act 2016 No 34

Schedule 4 Passenger service levy

Part 3 Miscellaneous

14 Cessation of levy

(1) The levy is not payable for any passenger service provided on or after the levy repeal day.

(2) The Minister may, by order published in the Gazette, specify the levy repeal day.

(3) An order under this clause cannot be amended or revoked after the levy repeal day specified in the order.

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

The NSW Taxi Council and the Country Taxis Operator Association have a very positive and engaging relationship with the Point to Point Transport Commission. For example when the current Commissioner took on his role, he travelled around Regional NSW to personally listen to how things were going and to understand local issues. During the bushfire crisis, the Commissioner personally contacted Industry Representatives across NSW to see how the Commission could be of assistance.

The role of the Point to Point Transport Commission is to work with industry to achieve safety outcomes. The same safety outcomes need to be achieved for a one Taxi town, to a twenty thousand car fleet. To achieve this in reality requires different implementation of safety systems, due to size, whilst still being able to achieve the same safety outcome regarding both scenarios. Some of our smaller Networks are over burdened with paperwork requirements to meet audit requirements.

It is the wide view of the NSW Taxi Industry, that many of the tasks that are now required to be undertaken by the Service Provider, should be the role of the Regulator. Taxi Service Providers feel that they are expected to be the “Policeman” in many instances. In addition to placing burden on the Service Providers, this is also creating a shift in their focus from running the core of their Taxi Business, and that is to provide safe and reliable transport services.

The Regulations focus more on audit of Service Providers, whereas the Regulations need to be balanced so that the Point to Point Transport Commission has an increased visual presence.

Stronger Visibility with Compliance

As the saying goes, “Out of Sight, Out of Mind”. Unfortunately, this is ever so true for many rogue Operators who have managed to set themselves up in Regional towns, providing unauthorised Point to Point services. This illegal activity is having a catastrophic impact on Taxi Service Providers, who are struggling to survive. We are seeing very little enforcement and action taken against these rogue operators, because by the time any action is taken, the damage is well and truly done. Many have figured out the system and worked out how to fly under the radar. This includes hopping from town to town, from one major event to another. A classic example was the Bathurst Races in 2019. There were no Point to Point Transport Commission Officers deployed at one of the biggest events on the sporting calendar for the Regions. Rogue and unauthorised Operators were running wild. Rogue and unauthorised

operators are also active on social media, word of mouth, and have also created the black economy by handing out cards for non authorised return journeys.

Recommendation 14:

A stronger on street compliance regime for country and regional towns, not just for major events, but for a longer term presence. To minimise the impact of rogue operators and drivers.

As noted earlier in this submission (part a), the NSW Government needs to amend the authorisation requirements to become a Service Provider including the requirement to produce a Safety Management System satisfying the Safety guidelines of the Point to Point Transport Commission audit tool, prior to being able to operate the business.

Furthermore it is proposed for all service providers to be audited yearly to maintain authorisation. A self audit process is to occur two out of three years, with the addition of random targeted audits by the Regulator.

The Regulator needs to be given greater powers and resources to enforce the rules of the game.

There also needs to be a more even-handed approach to compliance as it appears that Taxis are easy targets whereas there seems to be a difficulty in looking at rideshare vehicles.

Also mentioned earlier there is an imbalance in rideshare vehicles touting and picking up on Taxi ranks.

Furthermore, the Regulator must exercise flexibility and discretion when dealing with smaller Service Providers in Country and Regional towns. There are many Taxi businesses that do not have the technology or systems to deliver all of the objectives of the reforms. For many, the high cost involved in changing their systems could result in the business shutting its doors and leaving the town without a service.

The Point to Point Transport DVD Portal has been well received

Whilst the Point to Point Regulatory Framework needs to be reviewed in order to address a significant number of issues and inequities, we would like to document a positive outcome that we feel needs to be acknowledged.

Our Members have expressed overwhelming support and praise for the Point to Point Transport Commission Driver Vehicle Dashboard (DVD) Portal. The functionality and components of the Portal have definitely helped Taxi Service Providers manage the safety and reporting aspects under their responsibility. It was pleasing to see this further acknowledged by NSW Government awarding the DVD Portal the Solutions Award at the 2019 Transport for NSW Recognition Awards.

Recommendation 15:

The Taxi industry recommends further enhancements to the Driver Vehicle Dashboard (DVD) portal, to include;

- A customer feedback management system.
- Ability to capture bad performing drivers to avoid them from moving from one Service Provider to another, undetected.
- Be mandatory that all Authorised Service Providers must upload all vehicle details to the Point to Point Transport DVD Portal. Currently only required by Metropolitan Taxi Service Providers. This will make it easier for authorised officers to determine through number plates if the vehicle is a Rideshare vehicle.

(f) any other related matter

How a Taxi Licence buyback will support Taxi Businesses

Currently it is very difficult for Taxi businesses to compete.

Rideshare Revenue Model

With the aim of the regulations to improve and modernize the point to point transport industry, whilst there has been improvement in the technological platforms utilised, the NSW Government has created a model where the asset value and revenues of the Taxi industry, transferred to the balance sheets of large multinational Rideshare companies, without requiring them to pay for them.

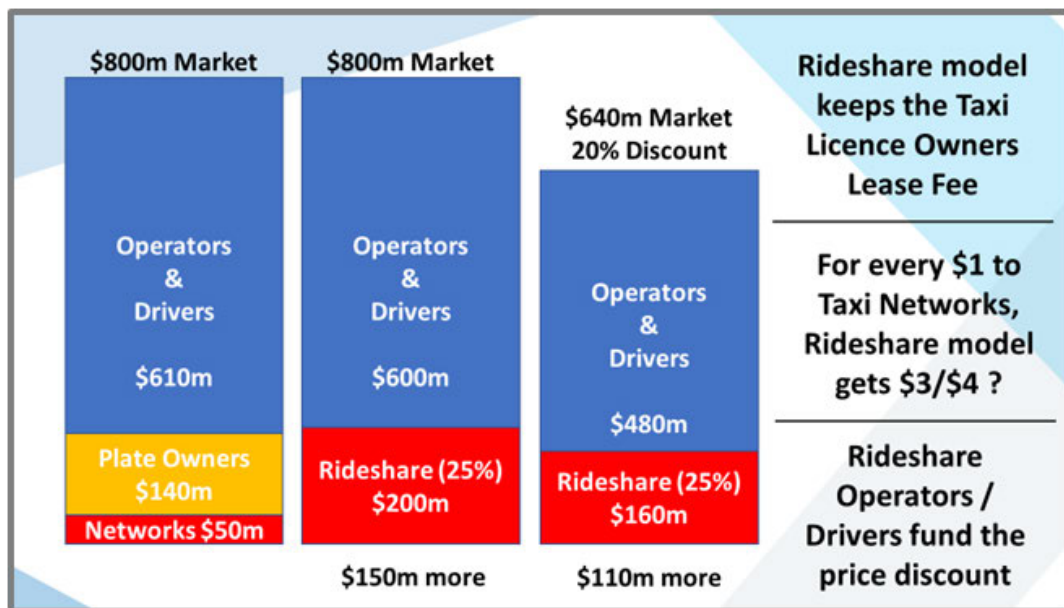
Fare discounts in the Rideshare space are largely being funded by the Rideshare operators and drivers.

For many years the Taxi industry has had 4 stakeholders:

- Taxi Licence Owners
- Taxi Operators
- Taxi Drivers
- Taxi Networks

The regulated environment saw a Taxi Operator pay a lease fee to the Taxi Licence owner (around \$20-25k/yr) and a Network fee (around \$7k/yr) to belong to a Network.

For a Taxi which turned over \$150k annually (pre Rideshare), the Taxi Licence Lease Fee would amount to around 15% of turnover and the Network fee around 5%. This would leave around 80% of the fare box to be shared between the Taxi Operator and Taxi Driver (see figure below).



When Rideshare entered the market, rather than paying a lease fee, which they could easily have done, they decided to not pay and keep the fee. Taxi businesses however still paid that lease fee.

Rideshare adopted a model to take a hefty commission from Operators and Drivers, around 25%, which is equivalent to more than the combined lease fee and network fee in the Taxi industry. (Noting for the equivalent Taxi Business, the Taxi network only takes 5% on average of fare box turnover in network fees).

The Rideshare commission model took more than enough from fares to be able to pay the traditionally required lease fee. By not paying the lease fee Rideshare unfairly created a competitive advantage. This amounted to a significant amount of revenue that could be redirected to other activities to increase market share.

In reducing fares, by say 20%, Rideshare companies still took their hefty commission. The largest part of the fare discount was paid for by reduced incomes for Rideshare operators and drivers.

Overall Rideshare have been able to create a model where they still take the benefits of the traditional lease fee without ever having to pay for the asset.

Whilst the value has disappeared from Taxi licences, it hasn't left the Point to Point industry. It has simply transferred into the revenues and the asset value on the balance sheet of Rideshare companies, without them having to pay for it.

Economic and Community Benefits of the Proposed Structural Reform

There are a number of positive Economic and Community outcomes in undertaking further structural reform incorporating a Taxi licence buyback in NSW.

Economic

- Licence owners, many of whom built the industry, will be properly compensated for loss in equity, similar to how Hire Car licence owners were compensated.
- Taxi licence lease fees that were directed towards licence owners can be re-invested into the industry to innovate in technologies to improve passenger connection and fleet utilisation e.g. Car Pooling/Multi Hiring, which will help improve congestion.
- A reduction in the lease fees will allow for a more competitive pricing environment benefiting the customer.
- A Taxi licence buy back scheme can be delivered with no net cost to NSW Government.
- Future licences / permits would be obtained from the NSW Government for a fee. This will deliver financial revenue benefit to the NSW Government. This additional revenue can be used towards funding the buyback of Taxi licences.
- The Taxi industry can continue to work with the NSW Government and help improve minimising of Government expenditure particularly in the areas of ASTP / Patient Transport / DVA.

Community

- The structural reform will allow Taxi businesses to maintain 24/7 services across regional NSW, minimising rural isolation.
- Services will remain in protecting vulnerable members of the Community, including;
 - Domestic Violence
 - Late Night Patrons – promoting Road Safety

- Elderly members of our community
- Passengers with special/accessible needs
- Adequate compensation will be given to licence owners who currently have limited control over their asset, yet they delivered and met the transport needs of the community over the last 70 years.
- Minimising the cost of operation for Taxi operators through a reduction in lease fees will provide the opportunity for more operators to lease licences, creating a robust and competitive Rank and Hail service offering, especially in the Metropolitan area.

Future Transport

The structural reform will enable Taxi businesses to invest in platforms that promote Mobility as a Service, Automation, Electrification and On Demand Services.

Cap or No Cap on the number of Vehicles

The current market sees the Taxi industry have a cap on the number of vehicles, whereas Rideshare is uncapped. This creates an imbalance between the 2 business models.

The key issue is that there needs to be equity across all point to point options. So, if the Taxi market is capped then to be competitive with rideshare, that market needs to be capped as well.

Both Metro and Regional markets could be affected adversely by either choice. However, the outcomes may be more catastrophic in smaller markets.

Uncapped markets should provide the consumer with lots of choice.

It may be financially beneficial to Service Providers under the current “radio fee” revenue stream however there may also be an increase in new Service Providers competing in the market place, competing for fleet. In most cases, these new businesses have entered with a cheap affiliation fee to attract vehicles. This places pressure on established Service Providers to match on price rather than on service and the real cost to support the fleet i.e. cost of infrastructure and to meet their safety obligations. If the cost and requirements to enter as a Service Provider are more stringent, then this may be less of an issue.

The other factor to consider is the consumer market in regional areas may not be large enough to support an un-capped market and may bring about adverse results such as poor driver behaviour in an attempt to capture passenger bookings (rideshare touting and sitting on ranks), lowering of safety standards by cutting costs to remain financially viable or business failure.

Having more vehicles may lead to a quicker pick up, however to have quick pick up, means there needs to be a large number of empty vehicles running around. This will add significantly to the number of vehicles on the roads and add to congestion. Which ultimately leads to longer trip durations. So, whilst the passenger may be picked up quicker, their journey takes longer because of increased traffic. As the journey is time based, the passenger will end up paying more for their fare. This can be negated with proper enforcement of Regulation 84 (a) as previously discussed. This will decrease congestion due to rideshare vehicles no longer illegally infringing on public roads.

Increasing vehicles at a faster rate than the demand for the service means that there are less fares per vehicle per shift. Many vehicles will remain vacant for longer periods of the shift, resulting in reduced driver earnings. Too many vehicles will make it unviable to operate for any person in the industry. This is particularly the case in regional markets, where an increase in 1 or 2 vehicles makes it unviable for all participants, which could lead to the service ceasing all together in those vulnerable markets.

We have seen in other states that an uncapped market hasn't resulted in a better service. In Victoria as previously mentioned the unlimited supply of permits, low cost of entry, coupled with lack of compliance, has seen a number of independent providers appear, who have very low standards. This hasn't resulted in improved quality or increased safety for the travelling public. In fact, it has impacted on the passengers perception of the industry brand. Uncapped markets need effective compliance at all levels. Low barriers to entry without effective compliance will lead to concerning outcomes.

Recommendation 16:

Review & monitor the number of vehicles required to provide an efficient and effective point to point transport market that focuses on vehicle utilisation, to reduce congestion and allows drivers and operators (Taxi and Rideshare) to make an adequate living. In conjunction with enforcement of Regulation 84 (a), move to an uncapped market in metropolitan Sydney and a capped market in Outer Urban (Wollongong, Central Coast, Newcastle) and regional NSW, overseen by strong enforcement and compliance to regulations.

Where is the future asset value of the Point to Point Transport industry?

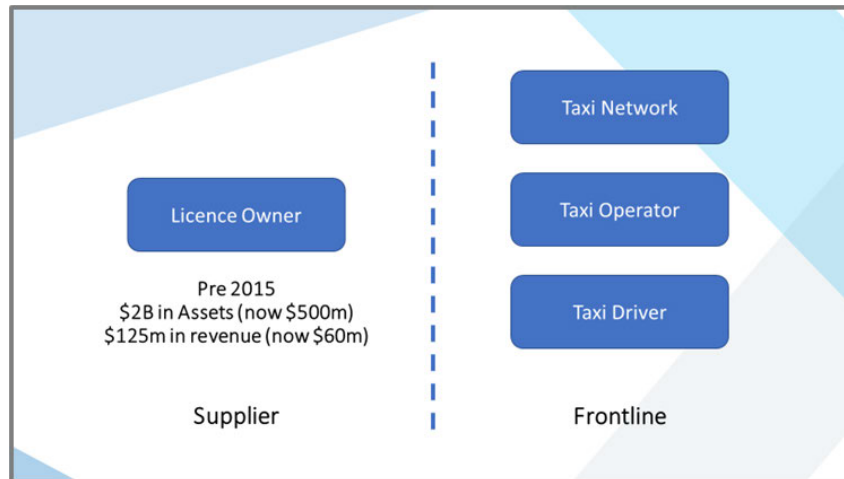
The new regulations have seen very little or no changes to the current business models for Taxi Service Providers. This is not sustainable for the future. TSP's need the structural reform to be able to effectively compete. It is critical now, more than ever that Taxi Service Providers receive the necessary assistance to transform their business models, as people look to change how they get around and options for alternative transport solutions.

With a passenger market in Sydney of six billion trips per year, there is a massive opportunity to tap into future growth as we see more people owning fewer vehicles and moving to a user pay subscription model. The illustration below highlights the size of this opportunity in the wider transport market, of which the Point to Point Sector, barely enjoys 2% share, with 13% using Public Transport, and 85% of trips completed in the private vehicle.

If 10% of private vehicle users gave up their cars, and used Point to Point Services, this will take the Point to Point market from 80 million trips, to 600 million trips annually.

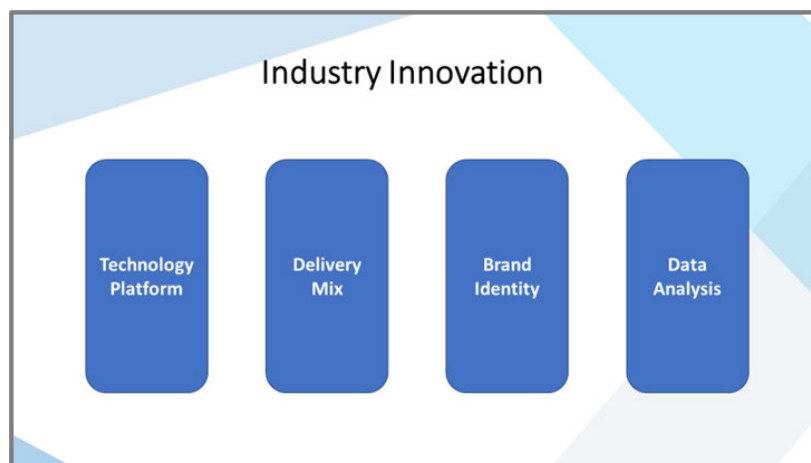


In the past because of regulation, the asset value of the Taxi industry was held in the Taxi licence, which people bought and sold. There was little value in the frontline operations of Taxi Networks, Taxi Operators and Taxi Drivers.



Since the change in regulations the future value of the industry appears to sit in the frontline area of the service provider (network) and brand. This is evident in the share market values that have been created in the large Ridesharing companies. This move to creating value in the brand will encourage investment and allow Networks to grow connection with their customers.

The Future Business Model - 4 key fundamentals;



Technology Platform

Technology and Innovation will enable Service Providers to provide improved access to the passengers to use their service. This will help deliver growth in the Booked Market for the Service Providers.

Technology and Innovation are enablers for a Service Provider to become an aggregator in order to tap into other platforms such as Mobility As A Service (MAAS), and other Trip Planning solutions.

Flexible Fleet Mix

Transforming a Service Providers business model into a Transport Business with a mix of fleet services, to meet the transport needs of the community they service. This will help the business become more sustainable and viable into the future. This will also allow the Service Provider to deliver flexible transport offerings, should they choose through diversifying their fleet: Taxis, sedans, maxis, buses, having a variety of delivery options eg People, Parcels, Food, Grocery etc.

Data

Data will play a critical role in shaping how Service Providers engage and connect with their passengers. The role of data in the future will help improve utilisation of assets such as vehicles, as well as help Business' function more efficiently and effectively. Technology will be an enabler for a more effective data platform.

Brand

Brand value will become more vital for the success of any Point to Point business in the future, particularly as we see more competition in the marketplace trying to capture a share of the growing MAAS market.

To be able to compete with the cashflow equivalent of the Rideshare model, the traditional lease fee paid to Taxi Licence owners needs to be redirected back into the frontline of the industry to support innovation, price reductions etc.

Following a Taxi Licence buyback will see the traditional 4 stakeholders reduce to 3: Taxi Networks, Taxi Operators and Taxi Drivers. More importantly it will increase the amount of cash available to move businesses and industry forward.

It is worth noting, that whilst this structural change is required and will benefit the industry, the problem with it, is that the traditional asset owner, the Taxi Licence owner, doesn't own

the network or service provider. They were never given a chance to own or participate in the future asset value creation. Confirming why a buyback of Taxi Licences is required.

Country and Regional NSW – Operational Issues

A majority of Taxi Service Providers across country and regional NSW are small businesses. In most cases these are local businesses that have been operating for many years. Over time, the Taxi businesses have fostered a partnership with their local communities, built on trust and loyalty. It is this trust and loyalty that makes it even more difficult for Taxi businesses to simply increase the prices for their services as a means to recover increased overheads. Taxi businesses feel they have a moral and ethical responsibility and obligation towards their community. Furthermore, these Taxi businesses also understand their customers well. They are also aware of the ageing demographic in country and regional towns. In fact, they are aware that any price movement, as low as a dollar increase, could have significant impact on members of their communities.

The demand for Taxi services continues to be challenged as Rideshare Services are now operating in many Country and Regional towns across NSW. Furthermore, Taxi businesses continue to compete with Government funded operations, such as On Demand Services, Community Transport, and Patient Transport. It must be noted that most, if not all, of these services only operate during the standard business hours, whereas Taxis continue to operate through all hours of the night in a majority of cases.

It should also be noted that Taxi businesses continue to operate at a significant competitive disadvantage, due to Government's (State and Federal) practice of providing vehicles to Community Transport and service organisations at no cost, whereas Taxi businesses have to purchase and operate these vehicles at market rates. Government intervention here means that competitive neutrality principles continue to be violated.

Another issue Taxis have to compete with in Country areas is Courtesy buses. These are services provided by local Clubs (who may also receive Government grants) offering free services for patrons (in some cases this may include a gold coin donation).

To compound the issues outlined above, the expansion of Uber services into Regional locations has had an impact on Taxi services in certain Country towns. Rideshare Operators such as Uber and others, are simply cherry picking where and when they choose to operate. This means that they are only operating during the busy and peak periods, and not available during the quieter periods or late night trade – it is during these periods we find customers more vulnerable and need the availability of transport services.

These include;

1. Late Night Patrons choosing Taxis as their Plan B. This is a lifesaving outcome in many cases.
2. Domestic Violence victims and,
3. Members of the Disability community requiring transport services.

Taxi businesses have had to absorb the increased costs and burdens that have been placed on them, since the introduction of the Point to Point Transport reforms. For many, this has meant a further reduction in the profitability of the business, resulting in them now just getting by.

Unfortunately for others, it has meant the closure of the business, and in a number of cases, leaving a town with no service at all.

The following are examples of a number of towns that have lost their Taxi business;

- Narrandera
- Jindabyne
- Harden Mirundah
- Dareton
- Alstonville

The following towns have a Taxi business that could be on the verge of closing their doors;

- West Wyalong
- Gunnedah
- Wellington
- Leeton

The lack of visible compliance activity in country and regional towns means that many unauthorised and rogue Operators are providing unsafe and unauthorised services. These Operators are advertising their services on social media, word of mouth, and in many cases offering cash services for returned journeys. By the time these cases are investigated, the damage has well and truly been done. It has always been an impossible task providing the evidence once the journey has been completed. This is a flaw in the Regulations and must be addressed.

Other Service Providers include;

- Community Transport Operators
- Free Shuttle Buses
- Courtesy Buses by local Clubs and Community Organisations
- Health Share Transport
- Cross Border Transport Providers, operating outside of their restricted area of Operation.
- Rideshare Operators
- Hire Car Operators
- On Demand Trials
- NDIS providers

In many Country towns, up to 80% of fleets are experiencing significantly increased idle time, particularly during the evenings. In these instances, we are seeing examples of earnings of \$60 for a 12 hour period for some nights of the week. Traditionally, Taxi businesses rely on Friday and Saturday nights for survival; the other nights of the week are their service to the community, with little financial gain. The cherry-picking by Ridesharing operators of peak times is further diminishing the viability of the Taxi industry.

As a result, Taxi businesses are being forced to shrink their fleet to ensure reasonable earnings and to control operating costs.

The flood of new drivers into the industry which is the result of the Point-to-Point legislative changes, is also worthy of noting. While the “size of the pie” may have increased as a result of the introduction of the legislation, this has been more than offset by a huge increase in the number of vehicle and drivers. If the size of the pie had increased in proportion to the number of drivers, then average driver income would have remained the same. Unfortunately, this has not occurred, with the result that average driver takings have declined sharply. It is self-evident that this has negative implications for both the viability of the Taxi industry (which has always faced challenges recruiting sufficient high-calibre drivers) and the quality of service experienced by users of all Point-to-Point transport services; we believe that living on the breadline may encourage unethical behaviour.

There is a critical need to address the fragile nature of Regional Business. The risk of oversupply of services may have catastrophic consequences for Taxi businesses, putting in jeopardy the 24/7 operation that Taxis supply, which is vital to and sometimes the only transport option for many Regional communities.

Assuming that they can remain in business, Taxis will continue to be there for their local communities, even if this means operating during the quieter periods, when other Service Providers choose to ignore.

This review must urgently look at the factors impacting Taxi businesses, particularly in Country and Regional NSW, to ensure the future viability of these services continue.

The following are examples of how the Government can better support services in country and regional towns.

Under Utilised Government Funded Assets

What is the cost to run a 24/7 transport service in the future?

The Government has spent a significant amount of money funding transport services in the Regions. In most cases, these services are now operating commercially. This is providing an unfair advantage, making it very difficult for Taxis to compete. Furthermore, it is quite evident that these services in a majority of cases are not viable and costing the Government significant dollars to continue to operate.

Some examples of these Government funded services include;

- Community Transport
- On Demand Services
- Courtesy Buses (through Club grants)
- Patient Transport

The Government would be better served redirecting these funds into Taxi businesses where the infrastructure and systems have already been built and are operating 24/7 in many cases. This will deliver better utilisation of Tax Payer funds, as well as solve the issue of lazy Government assets that are currently being under utilised.

If the Government chooses to ignore this issue, and continues to fund other services, this will result in significantly reduced services, or will lead to the crippling of Taxi Businesses.

Recommendation 17:

The NSW Government to redirect underutilised funds into Taxis to leverage existing infrastructure for better vehicle utilisation.

Government Contract Work for Taxis

The NSW Taxi industry has had a long standing history in carrying out Government contracted work. The Taxi industry has appreciated the partnership it has established with the Government in the past.

A lot of this Government work has been lost to other Providers. Not only has this cost the Government more in funding, it has chosen to use providers who do not have the safety and security features that are available in Taxis. Taxis have professional drivers who are trained and skilled in providing transport services, particularly in the areas of special needs.

Examples of Government Contract work may include;

- Department of Veteran Affairs (DVA)
- Assisted School Travel Program
- NDIS
- Taxi Transport Subsidy Scheme
- Railways
- Ferries

To offer a 24/7 service to the community, in many regional towns the fare box turnover from standard passengers travelling, alone isn't enough to make the 24/7 operation viable. The gap has often been supplemented through other contract work provided through Government programs. A community requires access to transport 24/7 and often Taxis are the only provider capable of delivering this.

It is vital now more than ever, that the Government works with the Taxi industry, with the view to offer more Government contract work. Without this, the Taxi businesses will not be able to sustain and compete against Government funded, and other services. Furthermore, in doing so, the Government will find significant savings in funding Transport costs.

Recommendation 18:

The NSW Government to redirect more contract work towards Taxi Businesses to support the supply of a 24/7 service.

Wheelchair Accessible Services

Further support needed for wheelchair services

Taxis were the first mode of transport to offer services to passengers using a wheelchair in the private sector. Our history dates back to 1980, when the first ever wheelchair Taxi was developed.

Since then, the number of Wheelchair Accessible Taxis (WAT) has grown to over 1,100 in NSW, with almost 300 in country and regional NSW.

The NSW Taxi industry prides itself on the services and partnerships we have developed with members of the disability community. Our commitment to service passengers with a disability will continue, even if this means operating at times when other services switch off. Part of our commitment is to ensure that WAT services are available, particularly to those who need them the most.

WAT vehicles cost on average between \$80-\$100K to purchase, fit out and make ready to begin providing a service. A normal Taxi sedan is less than half this cost.

Unfortunately, the challenges outlined in this submission are making it harder and harder for WAT services to remain viable, under the difficult circumstances Taxi businesses are expected to operate under. We would therefore request for a review of the following requirements to ensure that a viable and sustainable WAT service can continue into the future;

An Immediate Freeze on the Issue of WAT Licences until a Complete Review is Finalised

The Point to Point Transport reforms allowed for the NSW Government to issue an unlimited number of WAT Licences across the Sydney Metropolitan and Country NSW regions. These licences are being issued with no restriction on area of operation. There is no eligibility criteria, nor a demonstrable need required when applying for a WAT licence. Furthermore, there is no fit and proper assessment to ensure that the applicant can fulfill all requirements to meet the licence conditions. We have seen many WAT licences issued to Operators who have been ejected from existing Service Providers because of a breach or bad record of service delivery. Unfortunately, this has led to the oversupply of WAT Vehicles in many areas.

We are seeing;

- WAT Operators with new licences cherry picking where and when they work, particularly targeting peak periods and major events. This is a consequence of the NSW Government removing the area of operation for WAT licences.
- Many of these new WAT licences are sitting on Taxi Ranks, not giving preference to Wheelchair jobs.
- Over supply of services in many Country towns.
- Difficulty for Taxi Owner/Operator to sell or exit their business. Why buy a Taxi licence when you can obtain a WAT licence at no charge? This is adding to the downward pressure on the value of Taxi licences and Taxi business in general.

The NSW Government must place a freeze on issuing any more WAT Licences, until;

- Towns and Communities are given the opportunity to rebuild and recover from the recent disasters, including Covid-19.
- The two Point to Point Transport reviews are completed and further impacts are understood.
- The development of a faster system to identify and act on poor performance. Currently it takes up to 12 months to act, which allows the opportunity to use the WAT licence in an incorrect manner for an extensive period.

Recommendation 19:

A freeze on the issue of WAT Licences until the Point to Point Transport Commissioner amends the application process for applying for a WAT Licence. WAT licences to be restricted to a specific geographical area of operation. Applications must ensure that a demonstrable need for a licence is required, as well as a fit and proper assessment of the applicant is undertaken.

Financial Assistance for WAT Operators

Due to the significantly higher cost to set up a Wheelchair Accessible Taxi, more Operators are choosing to move into non-WAT vehicles, such as sedans, people movers etc. The NSW Government needs to look at other ways to support Operators and incentivise them towards a WAT.

Two options to consider:

1. The existing WAT loan scheme be available all year round, as sometimes when the loan is available operators don't have a need to replace the vehicle.
2. Provide a funding mechanism that sees the Government fund all items over and above the cost of a sedan or non-WAT vehicle. This may include;
 - The over and above cost difference of the vehicle between a sedan, and a WAT
 - The cost to modify a WAT
 - Cost of ancillary and equipment for a WAT

Recommendation 20:

Provide access to WAT loans all year and/or provide Government funding to cover the costs of WAT vehicles in excess of a standard Taxi sedan.

Encourage WAT's Passengers to Get Out and About More Often

WAT's passengers need to be encouraged to get out more often, to help improve their quality of life. One of the major barriers prohibiting this is the financial burden many WAT's passengers have. If we were to help lift this burden so that the passenger did not have to worry about the cost, imagine the upside benefit WAT passengers would get as a result.

Recommendation 21:

NSW Government to fund 100% of the passenger journey for any person travelling in a Wheelchair, regardless where they are in NSW. This would mean that the NSW Government increases the TTSS subsidy for the current scheme from 50% to 100% for all WAT journeys. The maximum Government contribution would rise from \$60 to \$120 per journey.

Wheelchair Accessible Taxi Training

The Point to Point Transport Commission (The Regulator) must ensure that any person providing a WAT / WAV Passenger Service must be competent in doing so. The WAT Assessment Guideline is a very important tool for the Regulator in setting the minimum standard required to provide these services.

It is of the highest importance that the Regulator enforces this requirement and ensures that severe penalties are imposed to anyone who is found to be contravening the safety requirements for WAT services.

The NSW Taxi Council is proud of the high level of standards it applies to the WAT driver training program, as well as the WAT Assessor, Train the Trainer Program.

Recommendation 22:

All WAT / WAV Drivers to undertake a Regulator approved accreditation program for competency, aligned to the Point to Point Transport self-assessment guideline tool.

NDIS

Since the launch of the NDIS program, we have seen a large number of Private Operators enter the market, offering passenger services to members of the disability community. We have also seen a significant amount of participants of the Taxi Transport Subsidy Scheme move out of Taxis and use these Private Providers. It is estimated that up to a third of WAT passengers have moved over to the NDIS scheme.

The first challenge is that NDIS is not Regulated under the Point to Point Transport Act (2016), however Providers are providing a passenger service to vulnerable members of the disability community while;

- NDIS Providers conduct their own safety checks.
- Lack of appropriate training to Drivers who transport passengers using a wheelchair.
- NDIS Providers are flying under the radar.
- NDIS Providers are alleged to be doing other Passenger Service Work.
- Many NDIS Providers are charity groups who receive Government Funding / Pay no taxes.

Recommendation 23:

NDIS providers in NSW to comply with the Point to Point Transport Taxi and Hire Vehicles Regulations (2017), to equivalent standards for vehicle specifications and driver accreditations.

Taxis are an extension of the State's Public Transport System

Taxis were previously identified by the NSW Government as an extension of the States Public Transport system. Since the inception of Rideshare services, together with the reforms of the Point to Point Transport industry, this identity has been lost.

It is critical that the NSW Government re-establishes the identity and connection of Taxis with the Public Transport sector. In many parts of Regional NSW, Taxis are the "Public Transport System". For many members of the disability community, Taxis are one of the only means for these passengers to be transported.

In the recent Joint Select Committee on Sydney's Night Time Economy Report, 1/57 – September, 2019, Recommendation 33 on page 55, reference was made to Taxis providing public transport services.

"That Transport for NSW examine ways to incentivise taxis operating between 1.30am and 4.30am when public transport is generally unavailable, allowing taxis to become effectively part of the public transport service during those hours."

Recommendation 24:

Taxis are to be acknowledged as an extended arm of the State's Public Transport System. This was a previous identity the NSW Government recognised.

CONCLUSION

Whilst the intention of the Point to Point Transport reforms was to provide a framework removing red tape and \$30 million in costs to make it easier for Service Providers to operate, this intention has not been realised.

This inquiry, whilst focusing on the Point to Point Transport Sector will provide an opportunity to review the issues and challenges arising from the new Regulatory framework, with the view to address these issues moving forward.

It is very clear that more needs to be done to support the NSW Taxi Industry in order to restructure the business models required to be able to compete and remain viable into the future. These changes include;

- Buy Back of Taxi Licences at a fair and just value in line with pre reform prices.
- Move to a lease / permit for both Taxi operators and Rideshare operators.
- Review of the Regulatory Framework to ensure a more level playing field for all participants and removing rogue operators.
- Support Taxi Businesses to develop a transformation strategy to become flexible transport business providing Taxi services.

Addressing Taxi Licence value inequity, seeing stronger enforcement of compliance and supporting industry innovation are critical to seeing a viable Taxi industry now and into the future.

The NSW Taxi Council and its members' appreciate the time and consideration given to our submission.

We look forward to the next steps for this inquiry, and offering further contributions as required, as we work towards a framework that will result in benefits to all stakeholders, including members of the travelling public.

We would be happy to provide any further information if required as part of this inquiry.