

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

Organisation: Regional Taxilines Pty Limited

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SUBMISSION IN RESPONSE TO NSW PARLIAMENT- UPPER HOUSE INQUIRY into the POINT to POINT TRANSPORT (TAXI and HIRE VEHICLE) ACT 2016

Thank you for the opportunity to make a submission in response to this review of the Point to Point Transport Industry.

INTRODUCTION:

Regional Taxilines Pty Limited (RT) operates taxis in Griffith and Dubbo, each located in regional NSW.

RT operates:

GRIFFITH- NSW Riverina-

- 9 x TC plated country taxis (4 x sedans and 5 x WAT vehicles)
- 2 x Stand By Taxis (2 x WAT vehicles)
- the Griffith Taxis Network 14 x TC plates/licences which include 3 x additional independent operators

DUBBO- NSW western area-

- 6 x TC plated country taxis (3 x sedans and 3 x WAT vehicles)
- 1 x Stand By Taxis (1 x WAT vehicle)
- Dubbo Radio Cabs Co-operative 22 x TC plates/licences in Dubbo

Until December 2018- RT operated Camden Wollondilly Cabs Network-

- When our company was forced to close the taxi operation due to influx of ride share vehicles taking the "cream" off profitable nights, to the point that drivers would not work for the poor income they could earn.
- in closing the business but trying to still "provide a service" for our loyal customers, RT "gave" 5 x TC plates/licences to some of our drivers for \$ 1.00 each, just to ensure the service continue. These are licences we had paid previously \$ 125,000 each 6 years earlier

Across the regional operations of RT our split of jobs would be 85-90% booked jobs and 10-15% rank and hail.

TERMS of REFERENCE:

1 – the operation of the regulatory system applying to the taxi industry:

Unfortunately for RT the reforms introduced in Point to Point Transport sector have failed us as a taxi service provider. The reforms have failed to improve and modernize the Point to Point Transport industry, it may have allowed many more operators into the booked space but has not improved or modernised the industry.

The failure to “free up” the industry from red tape has been significant, whilst red tape has been removed from the regulations, i.e. the government has removed these obligations from the regulator, but has put them back onto the taxi network, to enforce the standards that the customers expect and want, and make the taxi networks the “policemen” of the industry and the drivers:

- Driver onboarding and issuing of Driver ID
- Removal of age limit on vehicles
- Moved away from a single body to manage driver eligibility
- Removal of driver uniform and hygiene standards

The Point to Point Transport reforms being for vehicles of 12 seats or less, have not included NDIS provider’s vehicles operating in NSW. This now provides for NDIS passengers to have different standards then other passengers in NSW travelling in vehicles of 12 seats or less. We would have thought that the particularly vulnerable and NDIS eligible passengers, must receive at least the equivalent standards of safety and service, if not higher standards of safety and service than other passengers.

We firmly believe that the Point to Point Transport reforms have really lowered the entry level standards for new entrants, into the Point to Point Transport industry for 12 seats or less sector of the industry.

The Minister for Transport and Roads has stated that the reforms would make it easier to compete in the market place, this has certainly not been the reality of a taxi operator or a driver on the road under these Point to Point reforms.

2- Specifically, the system of bailment that operates in relation to the taxi industry, any changes pursued by the NSW Government to the system of bailment since enactment of the legislation, any changes that should be made:

As rural and regional taxi operators RT is not bound by Chapter 6 of the NSW Industrial Relations Act as we do not operate in the Sydney metropolitan transport area.

3 – 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 did provide some assistance to a section of the NSW Taxi Industry, firstly by offering under a transitional assistance payment scheme \$ 20,000 for each Taxi Licence, up to a maximum of two licences. At that time RT had 26 x taxi licences for which we received \$ 40,000 (maximum two licences), did the government believe the other 24 taxi licences that we operated were not affected by the changes to the taxi business with the introduction of ride share industry, both illegally to begin with and then under Point to Point reforms?

The Passenger Service Levy (PSL) was a good move by the NSW Government to fund Industry Assistance following the reforms.

The downside with the PSL collection, is not so much in how the levy is collected, it is “who is responsible for the collection”. The taxi networks or Service Providers are the “Tax Collectors” for the NSW Government, this is not fair on these taxi networks.

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 and NSW Country Taxi Operators Association 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.

4- the impact of the legislation on the value of taxi plates:

Many groups, and people within government have often stated that taxi licence values were artificially high prior to the Point to Point reforms being implemented, and maintained this way by the taxi industry as a way of maintaining value in the licences. However, it must be remembered that the NSW government was the body setting the value of taxi licenses and profiting from this value. The NSW government sold Fifty Year Taxi Licences, two weeks prior to the announcement of the Point to Point reforms, for values in excess of \$ 400,000, plus the NSW government also collected Stamp Duty and Transfer Fee on the plate/licence sale.

The Point to Point legislation has had a devastating effect on the value of taxi licence plates in both metropolitan and country areas across NSW.

Since the NSW government allowed ride share to operate illegally from April 2014 through to December 2015, the price of these taxi licenses has been decimated. Metropolitan licenses previously worth \$ 400,000+ prior to April 2014 now worth \$ 70,000- regional plates in country NSW, Dubbo worth \$ 300,000 in April 2014 now cannot be sold for any value in regional NSW, the confidence in the future of the country taxi industry is non-existent to prospective purchasers.

Taxi licenses have dropped in metropolitan by in excess of \$ 300,000 with regional plates varying in dollar value depending on their initial value but virtually 85- 100% due to total lack of confidence in the industry.

5- the role and function of the Point to Point Transport Commissioner:

The role of the Point to Point Commission under the Point to Point Commissioner is critical to the taxi industry. While many of the Point to Point Regulations have failed to support the taxi operator in his/her daily business, it is vital that the regulations that have been introduced are implemented fairly and equitably across all Point to Point Transport operators.

There is a need for the changes that have been implemented to be supported by the Point to Point Commission:

- Competition- from large structured ride share companies in larger towns/cities with the ride share operators not having the same cost structure: lower CTP cost- no workers compensation costs- no vehicle fit out costs- no security system costs- lower driver onboarding costs and lower administration staffing costs due to not having the same record keeping and compliance costs. In smaller towns, as well as larger towns the real loss of income is going to “rogue” ride share operators, who are not operating under Point to Point Regulations, they book by word of mouth or by Facebook- or they are under the larger ride share company structure for part of their work and then when they bring a passenger to a destination they offer them a return trip for cash at 80 or 90% of the forward fare. These rogue operators sit illegally outside venues, making de facto taxi ranks, and tout for cash work as patrons leave the venue
- Lack of or non-existent “on-road compliance” by Point to Point Commission allows these rogue operators to continue as they know there will be no enforcement of regulations on Friday or Saturday nights in a rural or regional town, so they continue to flaunt the rules.
- Cost of compliance in small rural towns. The cost to have an SMS, the cost to maintain full records, cost to prepare and complete an audit as well as PSL collection etc.
- Towns that we are aware have lost their only taxi service or are very close to losing their taxi service:

- Narrandera
- Dareton
- Wentworth
- Haden- Murrumburrah
- Gunnedah
- Bega
- Wellington

The Point to Point Commission needs to support these small town operators not drive them out of business.

Other industry restructure that would assist retention of rural and regional taxi businesses would be:

- Equal operating conditions for vehicles carrying out NDIS passenger transport
- Ensuring a rural and regional taxi operator can obtain a share of government money already being spent in the rural and regional area they work within, such transport tasks are already being paid for, but if the local taxi operator could carry out this work it would mean earning sufficient income to sustain a 7 day per week and possibly 24 hour per day taxi service. Such transport tasks could be:
 - ASTP school student transport scheme
 - NSW Health Patient Transport
 - Commonwealth DVA transport
 - Transport of Community Transport patrons in underutilized taxis rather than purchasing addition Community Transport vehicles
- Ensuring that “free WAT Licenses” are not handed out until a demonstrated demand/need for another WAT/WAV in a town can be demonstrated clearly to Point to Point Commission
 - Any new rural and regional taxi licenses being issued, especially WAT Licenses need to have an “Area of Operation”, not

be NSW wide. The issuing of NSW wide licenses allows operators to “cherry pick” major events but not provide for the community need 24 hours, 7 days and 52 weeks a year.

- Identify what vehicles are Point to Point vehicles. Currently taxis are clearly identified, but other Point to Point vehicles are not identifiable, no rear window stickers or behind heavily tinted glass that makes recognition and enforcement impossible. All Point to Point vehicles should be clearly identifiable day and night from front and rear, this would make passengers far more comfortable that this vehicle is their booked vehicle.
- Retention of regulated fares for rank and hail work provides taxi passengers comfort that the fare they will be charged is set by a regulated authority, it is not what the driver or a company wants to charge at that time of day on that day of the week
- Ensure WAT driver training competency is to a preset standard, and that this standard is signed off by and audited by the Point to Point Commission. The people who use WAT and WAV are a vulnerable section of the community, often without a strong voice to question the service they are receiving, they need to know their WAT/WAV driver is suitably trained to the acceptable standard

6- any other related matter:

RT firmly believes that there is a definite need for further structural reform in the Point to Point Transport Industry. The current situation has two very different sectors trying to compete for a share of the booked transport market, but with very different cost structures and non-level playing fields.

Taxi licence owners have enormous capital investment “tied up” with the money they paid for their taxi licences prior to the introduction of ride share

in April 2014. This capital investment is a restriction to existing licence owners being able to compete with a similar cost structure to other sectors of the Point to Point transport market. If taxi owners were able to compete with the same cost structure they would be in a much more favourable position to innovate with new technologies and operating procedures.

We do believe the NSW government should instigate a buyback scheme of taxi licences, at a fair and just price. This can be done at no cost to government if funded via a continuation of the PSL (Passenger Service Levy) plus the lease back fee that should be placed on taxi licences so that taxi industry can continue to operate rank and hail business.

How can this work for the taxi industry, the travelling public and the NSW government?

- Taxi Licenses bought back at a fair and just price- taxi license holders have paid significant money for taxi licenses that have been historically set both by market value and government setting.
- Since the NSW government allowed ride share to operate illegally from April 2014 through to December 2015, the price of these taxi licenses has been decimated. Metropolitan licenses previously worth \$ 400,000+ prior to April 2014 now worth \$ 70,000- regional plates in Dubbo worth \$ 300,000 in April 2014 now cannot be sold for any value in regional NSW
- Taxi licenses have dropped metropolitan by in excess of \$ 300,000 with regional plates varying in dollar value depending on their initial value but virtually 85- 100% due to total lack of confidence in the industry
- It requires the NSW government to buy back these plates at the value of what has been lost- that is the value of the booked market that is now effectively deregulated.
- To ensure continuity of service after buy back, these taxi licenses could then be leased back (to the owners that wish to stay in industry) to leasees (who were in the industry) and to drivers (that previously could not afford the license cost), at a reasonable lease rate that would reflect the rank and hail component of the business (not the booked trip part of the market) or other entrants who wanted the available taxi licenses
- In regional NSW the number of licenses would need to be capped at present license numbers until a demonstrated need is provided on why a town/region would need an additional license(s)

- This buyback can be funded over 7 years or so, by continuing to charge the \$ 1.00 PSL on all Point to Point trips
- This could be phased in over 5 to 7 years, provided that taxi license owners who waited the 5 to 7 years had a government guarantee of their buy back rate
- These taxi licenses for the rank and hail sector would need rules and regulating to ensure passenger safety. Rank and hail work is “anonymous”. That is the driver does not know the passenger by name or have a contact number and the passenger does not know the driver, hence these taxis would require:
 - Brand and vehicle recognition
 - Driver identification
 - Security cameras for passenger and driver safety
 - Security alarms for driver safety
 - Safety Management Systems to ensure to passenger that the vehicle and service is safe
 - Training in respect to any WAT drivers ensuring safety of loading- driving and unloading of wheelchair passengers

In conclusion can we add that on 24 September 2019 a petition of 14,000+ signatures, all collected from the travelling public in taxis, was presented to the Minister for Transport and Roads in NSW Parliament and the petition was voted unanimously to be accepted by all sides of the house. This petition asked for the government to develop and implement a buyback scheme for taxi licenses.

If a buyback and lease back model can be developed, funded by passenger service levy, it would free the taxi industry of the capital investment burden and allow taxi operators to develop new flexible transport businesses where they may operate taxis, ride share peak time vehicles, buses, courtesy buses, On Demand vehicles and any other transport services that their town requires in a safe and legal manner, providing customers with a much sort after flexible transport service.

We would also ask that the NSW government acknowledges the value of the taxi industry, especially the NSW country taxi industry and the wealth it brings to its towns and cities. Ride Share transport industry remove 25% of

their total income spent by Australians in their system to overseas parent companies, the local taxi industry retains 100% of its income in the country area where they operate and spend those dollars nine times over in that local community, also paying tax on the money spent each of these nine times.

We do thank you for your time in reading our response to this Upper House Inquiry, if you would like any clarification on anything raised in this response please feel free to contact me.

Yours faithfully

Geoff Ferris
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President NSW Country Taxi Operators Association