

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

Organisation: Ola Australia Pty Ltd

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Ola Australia Pty Ltd

**Submission:
New South Wales Parliament
Inquiry into the operation of the
Point to Point Transport (Taxis and Hire Vehicles) Act 2016**

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Ola Australia Pty Ltd Submission

Introduction

Ola was founded in India in 2011 and is one of the world's largest and fastest growing rideshare companies, operating in Australia, New Zealand, the United Kingdom and India.

One of the keys to our successful growth and global expansion has been our focus on drivers. We give drivers the opportunity to increase their earnings by taking lower commission rates, which allows drivers to make more per ride. We also offer more consumer choice, including on prices and vehicle types, to help passengers conveniently and safely get from A to B.

In Australia and New Zealand, we have over 1.5 million users and as of July 2019 we had served over 100 million kilometres. We have over 75,000 drivers on the platform and we are looking to double this within the year.

Ola harnesses technology to connect people. Our operating model is based on the concept of matching consumers who need transport options with drivers who can use an asset they already own - the family car - to generate extra income. Ola takes lower commissions from our drivers meaning they get to take home more from their rides. We offer highly competitive pricing to increase consumer choice, while maximising returns for drivers. Alongside our core rideshare platform, Ola is a key global innovator in the mobility space, investing significantly in emerging transport technologies such as electric vehicles.

Ola takes seriously its responsibilities to the communities in which it operates, including tax obligations, regulatory compliance and our responsibilities to the users of the platform, both drivers and riders. However, we understand some drivers and consumers would be very sensitive to increased costs which must be accounted for with any regulatory change. A large number of our drivers are people looking to make some supplementary income to support their families in the face of the rising cost of living. The varying types of drivers should also be considered in public policy discussions.

Ola seeks to engage constructively with the Government and with the Parliament, and the broader transport sector in developing more efficient and sustainable solutions to meet the transport needs of all Australians. We thank the Committee for the opportunity to participate in the Inquiry and look forward to working with the Members and the wider Parliament to shape this important industry in New South Wales.

The Inquiry

The New South Wales Parliament Legislative Council Portfolio Committee No. 6 – Transport and Customer Service is holding an Inquiry into the operation of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*.

The Inquiry has broad [terms of reference](#) which ranges from the operation of the regulatory system and bailment in the taxi industry to the industry assistance package and the role of the Point to Point Transport Commissioner.

Ola makes this submission as a rideshare Booking Service Provider in the Point to Point system. We note there is a concurrent Independent Review being conducted by Transport for NSW led by Ms Sue Baker-Finch to which we have made a submission.

We look forward to the Committee's report and Ms Baker-Finch's review to see how the Point to Point system may be able to be enhanced to provide the people of NSW and our visitors with a safe, affordable and efficient transport system.

Industry Support

Deregulation has a number of benefits which have been well-documented over the years with a number of high-profile local examples from the banking sector to the airline industry. The market setting prices promotes growth and encourages competition. Companies have great freedom to drive efficiencies across their teams and outputs. It lowers barriers to entry giving more people the chance to start their own businesses and join the market, which again increases competition while lowering costs for consumers. It fosters innovation which can lead to consumer experience and service offering differentiation - increasing consumer choice. It also lowers the administrative burdens on government and market players, which allows resources to be reallocated into growth, investment and jobs.

Ola entered the market when it was legal to do so and the market had deregulated to allow rideshares to operate. Our experience is that deregulation flowing from the Point to Point reforms in New South Wales has introduced competition in a sector - the biggest beneficiary being NSW consumers, especially in terms of choice, experience and pricing.

We acknowledge that consequential assistance needed to be provided by the NSW Government to the traditional parts of the sector during the transition and that support has played a role in supporting the sector adapt to the new market.

Five years on, the market had developed and found its footing, prior to COVID-19 - which is continuing to have a massive impact on the sector. As an aside, this crisis is affecting all parts of the sector new and old, booked and unbooked. It is affecting the industry as a whole, not parts of the industry to any greater or lesser extent.

In a post-COVID environment, the market should be allowed to operate without the need for industry support, completing its transition into a deregulated environment - noting of course the need for some regulation to govern issues such as safety and compliance.

With this in mind, Ola does not support any further industry assistance for the traditional sector. We believe that support has run its course. While an argument could be made for support to continue or expand given costs and other issues the taxi industry faces, those arguments should also acknowledge the very different nature of taxis compared to rideshare - especially the sector's continued access to rank and hail work, and other benefits such as access to priority pick up zones and bus lanes.

At some point, the Government needs to end its support for the industry and let the market and consumer choice drive the future. Not only will this benefit consumers by forcing competition, fostering innovation, increasing choice and lowering costs for consumers, but it will also save taxpayers' money which can be reallocated to other priority areas.

If the Government decides to provide any support to the industry it should do so in light of the impact COVID-19 is having on the whole sector and provide equal support and opportunities to all players in the market.

Passenger Service Levy

In February 2018, the Government introduced a Passenger Service Levy on the point to point industry. The one dollar levy is placed on every taxi and booked service fare in the vast majority of the State. Payment of the levy is a condition of authorisation to operate the service in NSW. The intent of the levy was to assist the taxi and hire car industry following deregulation of the industry and changes to the system.

Ola understands the Industry Adjustment Assistance Package has been performing well and has received a significant portion of the amount set. While we know the Passenger Service Levy has a built in expiry date of no-longer than five years after introduction (2018), we would ask the Parliament to consider if the fund has reached or will soon reach the \$250 million threshold and to provide industry with an update on the estimated duration of the scheme.

We would also ask the Parliament to consider abolishing the levy in light of the impact of COVID-19. The abolition of this levy would decrease costs for operators and consumers in these difficult times, and may contribute to the increased use of point to point transport as people return to work following the crisis, which can only serve to help our oversubscribed public transport network.

Abolition of the Passenger Service Levy would help provide more choice to consumers. One dollar a trip might not seem a lot of money for some, but for others every dollar counts.

If people have limited access to public transport or do not have private transport options, point to point may be their only means of transportation. Over the course of a week, month and year this seemingly small levy will add up for people - a point only emphasised for the more vulnerable members of our community, such as pensioners who may no longer drive and rely on point to point vehicles to go to appointments and run errands.

While we have acknowledged above, there was a case for the initial support to the taxi and hire car industry to compensate the extremely prohibitive and frankly nonsensical prices of licence plates, the Government has successfully intervened and corrected the problem. The market should be allowed to operate without further bailouts. Bailouts do not encourage change and innovation, they stifle it, as existing businesses get lazy and expect everything else to change, but themselves. It is corporate welfare which chooses to reward inefficiencies and irresponsibility, while maintaining poor business models.

If there were no alternatives, a case could be made for the Government to prop up a failing business and faltering business model, but given there are alternatives in the point to point industry in NSW and the fact that those alternatives often provide better outcomes for consumers, the case for continued support is not only slim, it is plainly a waste of taxpayers' money and should be discontinued.

Unbooked Services - Rank and Hail

As noted above, taxis have exclusive access to a large part of the transport market in our communities through rank and hail work. The nature of this market is changing as people choose to use booked services, as opposed to walking to a rank or waiting for a cab in the street. Booked services provide people certainty when it comes to vehicles, drivers, routes and prices. They also provide safety features, such as the Ola Emergency button, Guardian and features which allow you to share your ride details with loved ones.

COVID-19 has also exposed some weaknesses in the unbooked model, including contact tracing, which is not available in some unbooked services. Rideshare on the other hand saves the details of each trip, including passenger and driver information, as well as the start, finish and route taken.

With more and more people using booked services, thought should be given to the continued shape of rank and hail work in the State. Ranks are illegal zones for pick up and drop off for any vehicle, except for taxis. In our larger cities, such as Sydney, the lack of available spaces for booked service pick ups and drop offs is a safety risk. This is not just for rideshare, but the increasing number of booked taxi services. The Committee should consider options either working with councils to make more space available for booked services to perform pick ups and drop offs and/or for converting existing ranks from "Taxi Ranks" to "Point to Point Ranks" for use by both unbooked and booked services. Branded taxis would still have access and they would continue to provide hailing services.

To compensate for this change, unbooked fares should be deregulated allowing those service providers to set their own fares to cover their costs. Unbooked fare maximums often become *the* amount, as opposed to the *maximum* amount. The gap between actual costs and estimated costs could have two effects: either the taxi is losing money because it cannot reclaim its expenses or it is higher than the actual cost leaving the provider to profit from the gap. This means those providers can charge their fees with a government endorsement, which in turn allows them to shift the onus of explaining charges to government - instead of having to defend those costs to consumers. Deregulation would allow the providers to charge a price more inline with their actual costs and allow the market to determine whether they are comfortable in paying that fare.

Special Event Pick Up Areas

In addition to the above rank and hail issues, Ola believes consideration should be given to special events pick up and drop off zones. While COVID-19 has seen the cancelation of large public events, including concerts and sporting competitions, eventually these events will return in some form. Traffic around these events can be problematic, including arranging pick ups. Taxis and buses have the ability to move into ranks and holding areas following the events to try to streamline crowd control and their access to transport.

Unfortunately, rideshare is unable to access these holding points and ranks. This means that people looking to book an affordable transport alternative to taxis or public transport, in rideshare, have to walk long distances often through heavy traffic, while their drivers fight to get through the traffic to a pick up location. When coupled with illegal ride touting at these events, rideshare drivers and customers are significantly disadvantaged. There are also significant safety concerns for people who may get in the wrong vehicles or just get picked up by an impersonator. Road safety and pedestrian safety is also a major concern.

Ola would ask the Committee and Government to consider lifting these rank restrictions for large public events, including regular and one off sporting events, concerts, theatre, festivals and community events. This change would mean rideshare operators can provide a vital service in helping people return to their homes safely after events, while not burdening the public transport system and remaining an affordable alternative for customers. It would also help ease traffic and pedestrian issues after these events, and would help to stamp out illegal ride-touting because there would be pick-up zones for people. Coupled with systems, like Ola's Start Code, which matches drivers, vehicles and passengers, it can only lead to safer and more efficient services, lowering the burden on the police and other service providers at these events.

Ride-Touting

In addition to illegal ride-touting at events by unauthorised citizens, there have been incidences of other point to point operators offering these services at events and at certain peak times, such as lockout and closing times on Friday and Saturday nights. Drivers ask for large, unmetered fares, paid in cash. There have also been incidences of people on social media offering services without authorisations.

Point to Point has been able to monitor some of these illegal practices, however Ola would like to see more done to stamp it out. As noted above, having dedicated pick up areas available for events and potentially the use of "Point to Point Ranks" would help monitor the system and eliminate illegal activity. The Commission could also increase their online surveillance, especially around major events.

Airports

Finally on the topic of pick up points, we would ask the Committee to consider the arrangements for access at airports. Again, there is a growing proportion of travellers choosing to use rideshare. While Sydney Airport has been accommodating in setting up a pick up point, it can be difficult to access at peak times given the volume of traffic movement and the inability for rideshare to "rank". A small change to the system could allow the airport pick up point to be a designated holding area to allow rideshare vehicles to be in position and waiting to speed up the process for moving weary travellers out of the area. It would also lessen some of the traffic issues. Other cities, such as Melbourne and Brisbane, have successfully created pick up areas for rideshare which help keep the traffic moving.

The Committee could also consider the rising costs of access to airports and the impact of those fees on consumers and operators. There is a captive audience at airports, while the public transport system is not capable of dealing with the influxes, which allows for price gouging. People need to be able to get out of the area quickly not only for safety, but for convenience and for the experience. The last thing anyone wants is for the experience of flying into our biggest city and being confused or stuck for long periods. We should all be working together to make it a safe, easy, affordable and smooth experience.

Bus Lanes

In NSW, taxis and hire cars have access to bus lanes, while rideshare vehicles are treated the same as private passenger vehicles. This exclusive access provides that part of the sector with a real advantage, especially in peak hours, helping to move customers from A to B quickly. This access unfairly disadvantages rideshare passengers. Regardless of which point to point service people choose to use, there should be a level playing field which does not advantage or disadvantage one part of the sector. This access does both - it gives taxis an advantage, while disadvantaging rideshares.

As the State begins to prepare for a return to work and with the [State Government acknowledging](#) public transport capacity issues for a socially distant commute, there is a strong likelihood that congestion will rise as people choose to drive to work. Coupled with parking companies lowering their normally exorbitant prices to encourage people to drive and park congestion will rise and affect all parts of the city. Access to bus lanes for all point to point transport providers would not only balance the field between rideshare and taxis, but it may also encourage people to leave their cars at home and use point to point or public transport to meet their needs.

This could be trialed until the end of the year to help move people while the pandemic continues. Rideshare and taxis should only use the lanes when “on-trip” to ease the burden on these lanes. If the trial goes well and the system works, it should be maintained after the trial, but if there are any issues they can be worked through with the industry on review.

Compulsory Third Party Insurance

The Compulsory Third Party (CTP) Insurance system continues to be a heavy burden on the industry. The State Insurance Regulatory Authority (SIRA) held a consultation session and round of submissions on CTP for the point to point sector in January 2020. Ola’s submission is available [here](#).

CTP places a large cost burden on the industry and subsequently on consumers. While we acknowledge the need for CTP, we believe the system needs to change to adequately reflect the real risks and to remove both double-dipping and price gouging by the insurance sector. Any support the Inquiry can provide in prompting SIRA and Government into action on this front would be very much appreciated. An effective, competitive and consumer friendly transport system can only help the State increase travel choices and aid issues, such as congestion.

Ola supports the intent of the new system proposed by SIRA to create an environment of ‘lower premiums, improved safety and greater flexibility’ and acknowledges changes may need to be made to the CTP system in New South Wales. With this in mind, we presented five key areas which we believe should be the focus of the new system:

- Safety - Driver, passenger and public safety is paramount
- Consumer - Customers should not be burdened by higher prices
- Driver - Drivers should not be unfairly burdened by higher costs
- Competition - Changes should not unfairly advantage or disadvantage
- Administration - Businesses and drivers should not be burdened by complexity.

Ola’s operating model is based on the concept of matching consumers with drivers who can use an asset they already own - the family car - to generate extra income.

Ola takes lower commissions from our drivers meaning they get to take home more from their rides, but some drivers would be very sensitive to increased operating costs and this must be accounted for with any regulatory change, not just CTP. We offer highly competitive pricing to increase consumer choice while maximising returns for drivers.

Significant numbers of our drivers drive with us as a secondary source of income. Any changes to CTP, especially those that may increase costs, should ensure the system adequately caters for people who only drive a few hours a week as a rideshare driver to make sure they can still earn a decent living and are not forced out of the industry. Ultimately, increased costs could negatively affect driver supply and increase customer costs, creating less consumer choice - and the new model must balance all of these needs.

Any model which is selected must ensure there are no coverage gaps, especially considering the dual purposes of rideshare vehicles - family car and rideshare. Windows of time between operating as a passenger service and as a normal vehicle must be covered and should not be exploited by insurance companies to delay or ultimately not provide services. Ola also has concerns that creating new insurance products would be open for exploitation. This should not be seen as an opportunity for a cash grab by insurance companies.

SIRA should design the system in conjunction with Point to Point to ensure an independent centralised agency can monitor and collect data, including trip data across multiple platforms - to remove double dipping by insurance agencies.

Fatigue Management

At Ola, we have a comprehensive [fatigue management policy](#). As noted, safety is our top priority. Part of our safety management system is to ensure drivers are taking appropriate breaks, including breaks throughout the day and longer breaks between shifts.

Ola requires drivers to take a break of at least 30 minutes after 5 hours of driving or any other work-related activity. A continuous break of at least 8 hours (as well as the required half-hour rest breaks) must be taken where a maximum of 13 hours of driving and/or work-related activity has been completed. Importantly, Ola considers when a driver is logged in and online on the Driver App, as driving and/or a work related activity.

While we have an internal policy and built-in mechanisms to force breaks on the Drive App, unfortunately we cannot track drivers' login times on other platforms. This means a driver could drive a taxi during the day, then switch to a rideshare app using their own personal vehicle during the evenings or drivers driving for one rideshare for several hours, then swapping apps and driving for another later in the day.

Ola would support an electronic logbook type system being rolled out in New South Wales and Australia to monitor drivers across apps. We are seriously committed to safety and quality, and we want to make sure our driver partners, our passengers and all road users and pedestrians are kept safe.

We would ask the Committee to consider this approach to fatigue management. We would however note that if the Government was to choose to go down this path that they seek to minimise costs to the industry. Perhaps a Government designed and owned app would be a better outcome. Point to Point could consider working with the other States to develop the app for consistency across the country.

Information Sharing Portal

At Ola, we reserve the right to remove drivers from our platform who do not meet our high standards or breach policies. We also frequently remove riders who have been found to breach our rules and standards. We do not apologise for this, we celebrate it as a fundamental part of our commitment to all our users - drivers and riders - to ensure their safety and experience with Ola.

For example, if a driver is consistently receiving complaints about hygiene or poor driving, we will remove them from the platform. If a passenger is abusive or damages the vehicle, they too will be banned from the platform. We will not tolerate bad behaviour from either party.

We investigate incidents by speaking to both the rider and driver to understand the matter. Drivers are able to state their case and argue for why they should stay on the platform. However, if they do not or cannot provide justifications, they will be banned from the platform.

Ola takes its responsibilities in reporting Notifiable Incidents to Point to Point seriously. The list of notifiables, while extensive, does have some limitations. One of the main issues is that some of the notifiables expect a high burden of proof. For example, "where a driver, in the course of providing of a passenger service, is charged with a major traffic offence". The problem is the wording "is charged". It is often the case where incidents are not police matters or the police are unable to make their case which means there is no "charge". However, we may determine in our investigation of the matter that there is a likelihood that the incident was likely to have happened or may happen again.

In these cases, while it may or may not be a notifiable incident - and even if it is a notifiable incident, but no action is recommended by the Commission - we may remove the driver from the platform. This is particularly important when the matter is of a serious nature, including assault.

The issue here is that while banned from Ola, the drivers could still be driving on other platforms across the industry. Given privacy issues, we cannot share that information with other industry participants. This is a major gap, especially if the alleged incident is of a serious nature.

Ola believes a second tier information sharing portal could be managed by Point to Point which caters for off-roading or banning of any driver, which does not necessarily fit the notifiable incident criteria. Platforms could then access the portal and see a note that they have been removed from one of the platforms and, if possible, why. If it is not possible to share the “why” then just a flag to note they have been removed would be enough to show the other service providers. It would then allow all point to point providers to lower their risks and ensure driver quality across industry, while committing the industry to a high standard of safety for all users.

Cross-Border

Ola acknowledges the role of the States in our Federation and respects their rights to make and enforce laws in their jurisdictions. However there are some areas which would benefit from more collaboration and engagement with the other States and Territories. Ultimately, Ola would welcome a nationally consistent point to point system across all jurisdictions to lower the administrative burden and increase efficiencies. It would also help people move within the system, for example, a driver moving from Melbourne to Sydney would have authorisation and knowledge of the system.

In lieu of such a system though, we would ask the Committee to consider cross border issues in the point to point system. There are still some unresolved issues with border crossings between NSW and Queensland, the Australian Capital Territory and Victoria. Namely, Tweed Heads and Coolangatta, Queanbeyen and Canberra, Albury and Wodonga.

Authorised drivers from NSW can drop off passengers in those States, for example, picking up a Queanbeyan resident to take them to the Canberra airport. However, that same driver cannot pick up a passenger in Canberra and drop them in Queanbeyan. It is the same for the other two areas noted above. It is a problem being more pronounced as road infrastructure investment increases and more areas have access to services. For example, Byron Bay visitors flying into Coolangatta Airport which is now only 45 minutes drive away.

Ola would like to see these restrictions eased by Governments with these cross-border communities.

Point to Point could reach out and work with Department of Transport and Main Roads, Access Canberra and Commercial Passenger Vehicles Victoria to work on harmonisation of laws, where possible, or to explore options for relaxing of these regulations to allow both pick-ups and drop-offs on both sides of the borders, so drivers do not have to have empty runs. These three city groupings are so closely intertwined these days, we would argue it makes sense to treat them as one city rather than separate cities.

Regional Areas

Ola is a keen supporter of all Australians being able to receive affordable and efficient transport, regardless of their geographic location. We understand that options are often more limited in regional areas and support any moves to assist provision of services in these areas.

The Independent Review of the point to point industry being conducted by Transport for NSW has noted a growing concern for provision of transport services in regional areas.

We would be open to discussions with Point to Point on how these regional services could be delivered. For example, if the Commission could consider sending out alerts to industry to advise on areas which are being under-served, are at risk of losing services or have lost services to see if there was a way for existing industry participants to move into these areas.

The Commission

Point to Point has provided open and honest consultation in the years we have been working with the Commission - and we thank them for that support. We also acknowledge the role it has played in collecting and disseminating information during the COVID-19 crisis. We strongly support the regular roundtables held with industry to share information and provide updates, and its website is a valuable resource for the industry too.

In addition to the ongoing consultation, Ola would also like to put forward two specific consultation sessions which could be considered by Point to Point. The first is a regional roundtable and the second is on public transport during the COVID-19 period.

As noted above, the Independent Review has highlighted some issues regarding the withdrawal of services in regional NSW. This would be a devastating outcome for these areas. Not only would there be a gap in services for vulnerable Australians who need to get to appointments, but also general services for people who do not drive. There is also a major risk of increased road safety issues, especially if services are not available after hours to take people home after a night out, which may lead to increases in drink driving and other dangerous behaviours. Ola would welcome a roundtable being hosted by Point to Point to see if there were ways industry could work to solve these issues.

Ola would like to recommend Point to Point consider hosting a COVID-19 roundtable to discuss how the industry may be able to assist moving people as restrictions are eased across the State. In particular, we would like to discuss how together the point to point transport system can work with the Government to support our public transport system, including during peak hours and daily commutes. We are particularly keen to discuss how we can ease congestion and provide extra capacity to the system which is already at its 'socially-distant' capacity.

Conclusion

Ola is committed to providing high standards of safety and quality. We strongly support a regulatory system which promotes these factors, as well as championing competition and consumer choice.

We thank the Committee for the opportunity to provide a submission and look forward to its hearings and reports to Parliament. We also look forward to Ms Baker-Finch's report and the Government's response to both.

Ola looks forward to working with the Members of the Committee, the wider Parliament, the Government and other industry stakeholders to shape this important sector in New South Wales.