

Supplementary
Submission
No 87b

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

Organisation: Milton Ulladulla Taxis, Limousines and Charter Bus Service

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ADDITIONAL INFORMATION TO PORTFOLIO COMMITTEE No. 6-TRANSPORT
AND CUSTOMER SERVICE

FROM: SCOTT WILKINS

MILTON ULLADULLA TAXIS, LIMOUSINES & CHARTER BUS SERVICE

Dear committee members,

In addition to the evidence I provided as a witness to the Portfolio Committee I'd like to make some comments based on the Point to Point Transport Taskforce Report produced by Prof. Gary Sturgess in 2015, I have highlighted some of the recommendations he made in that report to highlight how those changes have affected the NSW Taxi industry.

Point to Point Transport Taskforce Report to the Minister for Transport and Infrastructure

EXECUTIVE SUMMARY

The market for booked services has been revolutionised by new booking, tracking and payment technologies, and there is the prospect of radical innovation on an ongoing basis, with new service models that will more effectively meet the needs of individual customers, better manage peaks and troughs, and generally deliver better value for service users. Ridesharing is only the leading edge.

The prospect of repeat business in booked services means that reputational incentives are particularly effective in regulating safety and service quality

There will be much less disruption in the short-term to the rank & hail market, which is almost four centuries old and relies exclusively on physical access by the passenger to engage the service. There will still be a need for government to manage supply to maintain the virtual ubiquity of taxis on which that model depends, but it is vital that the taxi industry is liberated from the regulatory constraints that are making it difficult for providers to adapt.

The situation is significantly different with rank & hail. The anonymity of the parties, the improbability of repeat business with the individual driver, the weakness of corporate brands in some parts of the market, and the virtual invisibility of both passenger and driver once the journey is underway mean that government must play a much more intrusive role in regulating for safety. Passengers have a limited opportunity to negotiate the fare when hailing a cab, and customers unfamiliar with the system are vulnerable to exploitation, so there is a strong case for some fare regulation. The public transport qualities of the rank & hail market, in particular the need to ensure that there is virtual ubiquity, mean that government must also play a role in managing supply. Only appropriately regulated vehicles and providers, known as taxis, should be permitted to offer rank & hail services, a principle that regulators must vigorously enforce in the interests of passenger and driver safety.

The rank and hail markets are non-existent, rendered obsolete by technology through the introduction of booking apps and the unfettered entrance of new applicants into the point to point industry. The number of applicants who applied at Service NSW for the 'T code' to be

attached to their driver's licence at no charge has created a huge oversupply of rideshare drivers into the market. As of April 2020, there were over 120,000 individuals who'd had the "T code" applied to their driver's licence. The hon. Daniel Mookhey's analysis that there are approximately six drivers for every taxi plate in NSW, which in the current climate is an overestimate, demonstrates that there's around 4200 plates in NSW, over 2000 which are presently off the road, means that potentially there are at least 80,000 ride share drivers and at least 20,000 ride share vehicles operating in our state, these numbers are conservative as their business model doesn't equate to six drivers for every ride share vehicle. The oversupply of service has created cut throat competition for the players in the industry, whether they be taxis or ride share operators, with the result being that driver earnings have plummeted accordingly. A ride share organisation with 30,000 drivers, each whom have a 10%-30% commission deducted from each fare they complete is not concerned with the number of drivers in the market- actually the more the merrier, more drivers available strengthens their market position and their revenue stream, as better service times for customers means that those same customers will continue to use their service. But what it does do, is that it exploits vulnerability, by way of capturing those whose economic situation has resulted in them having to work for low wages, these same people do not however have any incentive to stay in the industry because when a better paying job is offered they'll accept it without hesitation.

Note the underlined sentences in which Professor Sturgess's report indicates that the government must play a role in managing supply. When has the NSW Government attempted to manage supply since the adoption of the Sturgess Report?

As Professor Sturgess states 'There will still be a need for government to manage supply to maintain the virtual ubiquity of taxis on which that model depends'

In order for the taxi industry to respond to this new competitive environment, it is essential that there is a reduction in the regulatory and cost burden under which it currently strains. We propose that ordinary (or perpetual) taxi licences are converted to annual licences (with the option of renewal each year for a further nine years). This will substantially reduce the cost of leasing licences, and enable taxi operators to reduce the cost of fares. It will have an immediate impact on the value of licences, and we have proposed that there should be partial but significant financial assistance to assist with the adjustment. At the same time, the taxi industry should have greater control over setting prices for customers and, to that end, the fares for booked taxi trips should be deregulated, with the price set by the booking service through which the customer has arranged the trip. For rank & hail trips, taxi organisations should be able to set and display their own fares, and employ dynamic pricing to cope better with peaks and troughs. There will continue to be a maximum set by government to prevent gouging.

Professor Sturgess proposed that there should be a partial BUT SIGNIFICANT financial assistance to assist with the adjustment. The deal offered to the taxi industry by NSW Government fails the 'pub test' as most older Australians 'with no skin in the game' are of the opinion that those taxi plate owners have been ripped off by NSW Government. The bizarre thing is that the same NSW Government negotiated an equitable agreement with the hire car industry. Why? Was it because those same politicians were still traveling to parliamentary meetings in those hire cars and didn't have the fortitude to face the wrath of disgruntled hire car operators?

Taxi plate values have fallen both in metropolitan and regional NSW with over 3000 plates in metropolitan NSW handed back to the owners at the beginning of the COVID crisis. Approximately 75% of these taxi plate licenses have not been re-leased because there is no demand for them because there are around 20,000 ride share vehicles operating at present. Taxi plate license owners who were self-funded retirees are now having to apply for pensions because the equity in their taxi plate has been devalued to virtually nothing. Most taxi plate sales in NSW have occurred as a result of vendor finance and many of these sales are deceased estates because the average age of taxi plate owners is over 70. The NSW government has already set a precedent with the fair compensation package provided to the hire industry which is in stark contrast to that offered to the taxi industry. The PSL will eventually recoup all costs associated with a reasonable compensation package for each and every taxi plate license, once this is done those same taxi plate licenses can be converted to annual licenses which NSW government can lease, as recommended by Prof. Gary Sturgess in his report. These new leases will ensure the viability of a taxi service in both metropolitan and regional NSW, thereby assisting an aging population to maintain their independence once they're no longer able to drive and also assist local communities by continuing to provide a safe and reliable service as we've always done.

VEHICLE SECURITY FOR RANK & HAIL

25. The taskforce recommends that:

- A vehicle used to provide rank & hail services be readily identifiable as a taxi. It should be a serious offence for anyone to represent that they are providing a taxi service if the vehicle is not a licensed taxi with the relevant security features.
- Working security cameras continue to be required in any taxi providing rank & hail services in NSW.

Working security cameras should be mandated as compulsory for all point to point transport vehicles.

Two reasons: The first and most obvious reason being that security cameras provide security for both passenger and driver. How does a ride share vehicle differ from a taxi if an incident occurs at any time during the journey? Incidents can happen at any time not just with rank & hail hiring's, ride share drivers have been charged with offences since November 2017 and a compulsory security camera system may have been a deterrent in preventing an incident from occurring.

The second reason a security camera system should be compulsory in any point to point transport vehicle, is that the cost is an unfair burden for taxi operators alone to carry. Whether it be a taxi or a ride share vehicle, all point to point vehicles should have accredited security camera systems in all vehicles. Another benefit is that the cost of installation will ensure that that operator will be inclined to stay in the game, becoming a more professional driver/operator as they gain experience which ultimately benefits the consumer.

- Vehicle tracking devices and duress alarms (or their equivalents) continue to be mandated in taxis providing rank & hail services in Sydney, Newcastle, Wollongong and the Central Coast. Elsewhere in NSW, taxi organisations should determine if this equipment is needed, based on an assessment of risk.

Vehicle tracking devices and duress alarms should be mandated as compulsory in all point to point transport vehicles, not just taxis, for the same reasons listed above. The other point being that the significant cost of installation, presently borne only by the taxi industry will have a direct effect on the unfettered entrance of ride share operators into the point to point transport market. At present a 'new' ride share vehicle can be added to a networks list of vehicles in less than five minutes and the cost is NIL..... Compare this to the time and costs outlayed by an operator getting a taxi registered is an absolute joke!

And the NSW Government spouts the mantra that the playing field for all entrants is level....

FARES

The taskforce recommends that:

29. Fares for booked taxi services be substantially deregulated to bring them into line with other booked services.

A positive benefit which the taxi industry has not fully taken advantage of at present, whilst the ride share model quickly embraced the idea of surge pricing in periods of peak demand.

30. All booking services be required to offer a potential customer an estimate of the total fare for the customer's journey before a booking is confirmed. The potential customer should also be informed about whether and how the final fare payable may vary from the estimate provided.

Many taxi networks now have the technology to offer customers a fare estimate through the apps, the benefit in the present climate is that these same apps enable customers to register their credit card details for a contactless payment experience.

31. The Government continue to determine the maximum fare components (flag-fall, distance rate and waiting time rate) and other charges for rank & hail taxi journeys.

The maximum fare rate has not altered since 2014, with the exception of the addition of the Passenger Service Levy, and over that time operating costs have increased significantly. Drivers have steadily been working for less, all taxi networks, whether they be metropolitan or regional now have drivers regularly grossing less than \$16.00 per hour, and they still have to pay GST and PAYG tax.

Although Office of State Revenue advised the NSW Government that the cost of administering and collecting the PSL (Passenger Service Levy) would be in the vicinity of 50 cents in the dollar, NSW Government has ignored those findings and imposed the responsibility of the administrative cost of PSL collection on to the point to point industry, so in reality we've had a fare decrease or pay cut. The NSW Government must negotiate a fair and equitable deal to compensate the operators/networks for the cost of administering PSL collection, we're in favour of continuing with PSL because this will fund a taxi plate buyback.

TRANSPORT DISADVANTAGE

The taskforce recommends that:

43. Greater consistency in funding timeframes, tendering requirements and contract specifications for various point to point transport programs (for example, the Assisted School Travel Program, community transport programs and some aspects of non-emergency patient transport) be pursued. Consideration should be given to consolidated contract management to improve coordination and efficiency in service provision, reduce compliance costs and provide greater certainty for point to point providers.

The NSW Government's effort in exploring the recommendations made by the taskforce in relation to exploring new opportunities is minimal at best. The Taxi Transport Subsidy Scheme has become provider neutral, further eroding our customer base, whilst the contract to supply the 'Smart Card' for the Taxi Transport Subsidy Scheme has been awarded to Cabcharge, who incidentally happen to be the majority owner of 13 Cabs, the largest taxi operator in NSW.

As a result of regulatory changes, 13 Cabs can now legally operate and move at will, any or all of its regional WATS (Wheelchair Accessible Taxis) in any regional area within the state of NSW, and this has begun to occur in Dubbo. So Cabcharge, (now being awarded the contract by Transport for NSW) processes these payments via it's 'Smart Card' and as a result Cabcharge can also compile a database of all journeys made by these 'Smart Card' users, and then 13 Cabs can conveniently begin to operate in more profitable regions because of the inside knowledge that Cabcharge possesses.

The contract should have been awarded independently to an entity with no connection or affiliation with any taxi or ride share network.

The other issue is that in regional NSW, only 70% of regional taxi networks have Cabcharge payment systems installed in their vehicles, our company, Milton Ulladulla Taxis, does not. So how will Taxi Transport Subsidy Scheme recipients be able to travel in those regions without the Cabcharge payment system? That will make interesting talk back radio for the NSW Government if a disabled passenger is unable to be transported because their local taxi company is no longer able to transport them because they won't get paid if they don't have a Cabcharge payment system, and if they do they risk losing their customers to 13 Cabs!

Our industry would like to have access to non-emergency patient transport services, we've previously demonstrated to the state government that our industry could deliver services cheaper than those being presently offered.

Community transport is another area we'd like to see reforms in. In our area there is a community transport voucher scheme in use, the value of these vouchers is \$5.00 per voucher capped to a maximum of ten vouchers per month, the cost to the recipient being \$10.00. This allows those that are eligible to maintain their independence & hence improves their quality of life. We'd like to see this system extended to more people and the value increased from \$50.00 to \$100 per month, similar to the regional seniors' travel card. Our rationale is that the cost would be offset from the money both Commonwealth & NSW governments grant to community transport providers. Any extra money spent would find its way back into government coffers in the form of PSL, income tax from the extra earnings by both driver & operator and spending by those same individuals which will stimulate the economy.

45. Larger taxi organisations and booking services (for example, those with 20 or more vehicles in their fleet) be required to provide de-identified trip data to Transport for NSW as a way of monitoring whether all areas or all customer groups are receiving services, and to inform other policy and transport planning decisions. If there are identifiable groups of customers who experience a significant negative impact, the Government should consider subsidising services through transparent and properly costed community service obligations (CSOs).

From the audits conducted, it appears that the regulator is of the opinion that all networks, no matter their size must comply with the requirement to provide trip data. This is an onerous and very expensive burden on smaller networks and is largely responsible for the cessation of a taxi service in a growing number of smaller towns in regional NSW.

COMPLIANCE AND ENFORCEMENT

51. The regulator: – Develop the capacity of its compliance and enforcement staff to ensure they have the skills and knowledge to effectively undertake its functions under the proposed regime, and – Develop and publish a compliance and enforcement policy.

‘In order for the taxi industry to respond to this new competitive environment, it is essential that there is a reduction in the regulatory and cost burden under which it currently strains’

The taxi industry would appreciate transparency from the regulator with regards to compliance and enforcement, the regulator makes a monthly report to the industry of the results of on road inspections for both taxis and ride share vehicles. I personally would be interested as to regulator’s response as to why the regulator is not inspecting ride share vehicles as opposed to taxis at the rate of a minimum of five to one, because with taxis in NSW, both metropolitan & regional, now numbering around 4200 and ride share operators believed over 20,000 it should be.

As mentioned previously, our company operates a number of point to point vehicles in conjunction with our taxi fleet, when I register a taxi as a new vehicle, that vehicle must undergo a thorough mechanical inspection as I must first obtain a blue slip from an authorised inspection station, but when I register a point to point vehicle or ride share vehicle, the process, from start to finish takes me less than five minutes on the Point to Point Portal.

It is embarrassing how simple the process to be a point to point operator has become, it’s free to obtain the ‘T’ code on a driver’s licence and as detailed in the paragraph above it’s free to register a vehicle as a point to point vehicle. Both processes could take less than an hour, throw in a 3-4-hour online course and an applicant is now a fully-fledged point to point operator- ‘old dinosaurs’ who previously worked for Dept. of Transport shake their heads in disbelief on how NSW Government turned a highly regulated public transport sector, in which the state government regulated, controlled and profited from the sale of taxi plates, into the present free for all, and as a result these two reviews are occurring.

CONCLUSION

Certain aspects of that report which Prof. Sturgess suggested would ensure a viable taxi industry have been totally ignored by both NSW Government and by association the regulator and as a result what once a viable, healthy industry is now on life support, indeed in many regional towns there is no longer a local taxi service. The regulatory changes implemented by NSW Government have affected the NSW taxi industry as a whole, both metropolitan and regional, the COVID situation whilst harmful, was not the 'knock-out punch', as the taxi industry in metropolitan Sydney was already 'down for the count'.

The alleged removal of 'red tape' and savings spruiked by the Taskforce Report was merely sleight of hand.... NSW Government has certainly reaped financial benefit with the overhaul of our industry but these administrative costs have slyly been shifted onto the point to point industry and by association the taxi industry. Ride share networks have dealt with this burden because the regulations don't require them to comply with the significant financial outlay, by way of security equipment, vehicle tracking devices and duress alarms, more expensive CTP and comprehensive insurance costs that is incurred by the taxi industry. The closure of regional taxi services in smaller 'one horse' country towns in which elderly, single owner operators have simply thrown their hands up in despair and closed shop because the stress of compliance has overwhelmed them... And this will continue, because taxi operators are an aging demographic and our industry no longer attracts new participants.

Thank you for the opportunity to attend and have input at the witness hearings,

Kind regards,

Scott Wilkins

Milton Ulladulla Taxis, Limousines & Charter Bus Service