

# Kempsey Radio Taxis

## Point to Point Transport Regulation 2017

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## Response

Sometime over the last few years the Point to Point Taskforce conducted a review of the industry and made some recommendations to the NSW State Government. Traditionally, point to point transport consisted of taxis and hire cars but, with the arrival of some illegal foreign owned operators the state government, in its infinite wisdom, decided that – instead of prosecuting these illegal operators they would change all the definitions so that they would become legal. In order to make these foreign companies legal a number of changes were required and some other overdue changes would be implemented at the same time.

Under the guise of industry reform a number of insidious processes would be put in place that would have unforeseen consequences for the industry, but would be beneficial for multinational companies.

We have been told that the point to point taskforce was implemented to review the industry and make recommendations. We have not been told what advice was given to the taskforce, what guidelines they operated within and what, if any, desired results they were asked to make consideration for.

I do not want to imply that any of this took place but, based on past experience with IPART, I can only say the resultant legislation speaks for itself and leads one to believe that an agenda has been followed.

## Country Taxis

Nothing happens in a vacuum. By this I mean that the industry is the way it is now because of past influences and government policy that has been enacted over the course of a number of years. To look at the current point to point industry, without taking any consideration of how we got to where we are now, is to miss half the story and make a false pointer to where we will be in the future.

What were the adverse pressures on the country taxi industry prior to the advent of this legislative

nightmare.

1. Community Transport
2. Courtesy Buses

These issues have not only not been addressed in this legislation proposal, they have not even been considered.

### **Community Transport**

Over the course of successive state governments a problem has been created and expanded upon time and time again and with these new changes there is no relief in sight. Community Transport is tax-payer funded transport for the disadvantaged. Or so we are told. The funding for this service includes funding for staffing of booking offices, infrastructure, managers, drivers and fleets of vehicles, all paid for by tax-payers like myself. All of this was handled by taxis in the past but no longer. As community transport has grown so has the taxi industry shrunk. Here a simple solution would have been to provide transport subsidies directly to the people that needed it just as has been done by other organisations such as DVA and even TTSS, after all, taxis were 24/7 service. With this duplication of service and vehicles we have a direct correlation in reduction in taxi travel time. This is noticeable in smaller communities much more so than in larger growth centres and I can explain why. I have looked back through the records and would estimate about 2% to 5% lost revenue per year since the implementation of community transport. Where the country taxis have mostly noticed the effect is in the reduction in frequency of the longer trips. As Community Transport expands it eats further and further into the taxi revenue stream which leaves shorter and shorter trip return averages, and less and less day time patronage.

### **Courtesy Buses**

A much more recent phenomenon that is affecting country taxis much more than their urban counterparts. Courtesy buses have been legislated by the government and directly eat into the taxi customer base. Whereas in most small towns the taxis would be required to make numerous trips to hotels and clubs to pick up and take patrons home, patrons are now poured into a courtesy bus and whisked quietly home. This reduction in patronage has been more rapid and more noticeable and many small town taxi services are feeling the pinch. The effect here could have been measured at approximately 10% - 20% reduction in night time patronage immediately after implementation.

### **Summary**

Nothing has been done and no recommendation made in relation to the two biggest threats to country taxi viability so far. The threat to the existence and viability of country taxi networks has not even been acknowledged in the review process and this strikes me as either deliberate or negligent.

The fact that larger urban areas have not noticed the negative effects greatly, nor has the city been severely affected would be a direct correlation to the population growth factor. If you have a high population growth year in year out then the loss in customer base is taken up by increased numbers of people and may not be noticed at all in regional growth centres, but taxis provide services in all country towns, not just growth centres. Smaller country towns have a large number of young families often with several preschool children and increasing aged population needing extra care. The middle ground of healthy adults have either moved to the city or have a car and only used the taxi services (until recently) when they wanted a drink or two.

What is wrong with this new regulatory framework is difficult to define because the whole thing is based on a false starting point and is thus like any building without solid foundations – it is a rather shaky construct.

As I started this review I will have to finish with:- Nothing happens in a vacuum.

Some country towns that were 24/7 businesses are in the process of reviewing their operating hours in light of changes to the industry brought about by government legislation as described above.

**Before I completely finish with the topic of Community Transport and Courtesy buses it should be pointed out that many of the courtesy buses trialed, and in some cases still in use, are also funded by the tax payer. So my taxes are going to enterprises that directly impact negatively on my own business. How good is that? Finance my own competitors, and get nothing for it.**

## **\$1.00 Levy Objection**

Like any privately owned enterprise (something it seems the Point To Point Review Committee knows nothing about) taxis have to make a profit to function. If there is no profit there will be no taxis. Again you can remove the viability of a taxi network and you will still find some hardy souls that will work for nothing because they feel they are needed. But eventually, there will be no taxis without profit.

To look at the inequity in the pricing structure of a levy based on \$1.00 per trip I will provide you with an example that I hope will make the situation as clear as can be.

I will give you three transport providers.

1. Mary has a small booking service and caters to high end customers – like politicians and others that have seemingly open ended budgets. She takes bookings that average more than \$100.00 per trip and has a gross turnover of \$100,000.00 for the year.
2. Peter has a small taxi service in the City and averages \$25.00 per trip he also has a gross turnover of \$100,000.00 for the year
3. Paul as a small taxi service in a small country town and averages \$10.00 per trip he also has a gross turnover of \$100,000.00.

Now we have three businesses in the transport sector that all have the same gross turnover. Generally speaking you get most of the wear and tear in the transport business from the pick-up and the drop-off part of the business. So one could expect that Paul's maintenance bill will be highest of these three businesses.

How much is the levy this government wants to charge these businesses?

1. The levy will cost Mary \$1,000.00
2. The levy will cost Peter \$4,000.00
3. The Levy will cost Paul \$10,000.00

It is probably worth repeating that these three transport services providers have the exact same turnover and yet one service provider is being asked to pay a levy that is 10 times bigger than another.

If you want to shut down all country taxis why don't you just say so up front? Be honest. Why not charge a levy of 20% or even 30% of turnover; A clean kill is better than death by a thousand cuts. I really don't like people that will steal my business from me while trying to convince me that they are doing me a favour. The pricing structure outlined in this review is dishonest and I thought the taxi council pointed this out to the government months ago. Yet it is still here.

In fact if Mary has a very good accountant she may be classified as suffering some hardship and end up being subsidised by Peter and Paul, and Paul will have to pay at a rate of 5 times greater than Peter has to pay. Is this the new way of measuring equality?

Would it not be fair and equitable to come up with a plan whereby Peter, Paul and Mary all contribute equally to this fund? Or, better yet, not even introduce a levy at all?

**To put it yet another way; this Levy will be about the same size as the GST for small country taxi operators. How would the city taxis and hire cars like to pay another amount equal in size to the GST? Please remember that we cannot simply put up our fares. The fares are controlled by the government and have not increased for a number of years.**

**What would you do if this was you?**

There are a lot of hardy souls that will persevere for a few years without making any profit but the number will continue to drop every year until the number of taxis in country towns drop below the service threshold where customers will stop ringing because the driver will be working at their other job in order to make ends meet.

Most country towns that are not population growth centres have had to drop taxis off Friday and Saturday nights and also during the days on some other days of the week. The night reduction is thanks to Courtesy buses, the day drop in clients is thanks to Community Transport.

## Response to other parts Overview

I have no objection to most of the proposed changes they are reasonable and many cases years overdue. But because this legislation has not been proposed in a vacuum there are a number of government policies that have already been enacted in sectors that make some of what appears reasonable in this proposal a case of too little too late.

The taxi industry has already been damaged by government restrictions and policies that have caused a number of lost opportunities that effectively add nails to the coffin of the taxi industry. The proposed levy is somewhat more than a nail, closer to a stake through the heart.

Some of the nails are the duplication of infrastructure applied to community transport that could have been served by existing infrastructure of the taxi industry. In fact had the community transport industry been designed correctly the taxi service level would be much higher than it is today and would be a much more integrated part of the transport system.

Another nail is the requirement for courtesy buses and the inability of the taxi industry to have a chance of offering the facility to fill this market space. Due to the level of government controls and restrictions on what taxis could or could not do, taxis could not even offer any kind of option that could satisfy the needs of the community for Courtesy buses and even under this amended legislation taxis will still be at a disadvantage in trying to offer a service to satisfy this need.

The amount of restrictions on the taxi industry are still great yet we are supposed to be grateful for the removal of some of the chains from around our necks?

Due to the fact that there is not a way that taxis can service the courtesy bus requirement without further legislative changes it is clear that this is another lost opportunity.

Community transport, courtesy buses, whenever a government policy is devised and a private enterprise sector exists that cannot have a chance of servicing some newly created sector then you – the government are again restricting our options.

## Division 3 Network Annual Fee

One of the most highly inequitable ways of imposing fees. There is a proposed service fee for the above services at \$0.03 per trip. This means that the service provider that performs many trips at a low price will pay a great deal more than any service provider that does less trips at a higher price. This is not equal. This is the opposite of equal.

Three transport service providers

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The three providers above have the same gross turnover so one would expect them to pay similar fees. Under this annual network fee structure:

1. Mary will pay an annual fee of \$30.00
2. Peter will pay an annual fee of \$120.00
3. Paul will pay an annual fee of \$300.00

I hope nobody is expecting a thank you for this additional fee.

It is not like the taxi service in a country town can suddenly say to the customers sorry there are no taxis available any more, you will have to book a car from our hire car subsidiary at a minimum charge of \$20.00 per trip. Wait there is an idea! Who needs taxis anyway? Sure we will lose some business but we can't afford to service that sector anyway under this new scheme.

## New Meters

What about the provision for new meters and the requirement to provide exact figures? Well these meters are expensive for any taxi service that is marginal, so we scrap the taxis and start a booking service and only have to keep records at the central office. We wont need as many cabs because not everybody can afford to use credit cards and such like, so this will save money on the levy expense as well. Sure the service level will drop but that will only be for the non-existent taxi service any way. The booking service can have a new name and cater to more wealthy clients. All those other people the taxi service currently services can catch community transport and become a bigger drain on the tax-payer. That is the direction these continuous changes to the industry are headed towards anyway.

## Soil a Taxi

Maximum fee allowed by taxis to cover cleaning costs is 1 hour standby rate. This rule was in place before and remains in place now. This rule was inadequate before and remains inadequate now.

Let us say that a taxi is soiled on Friday night and needs to be detailed before it can be used again by anyone else. In a large network the taxi could be put to one side and alternates used until a detailer can get at the taxi. A full detail can cost several hundred dollars, or even more if the dash has to be dismantled or all the seats removed. The same taxi gets taken out of a small country network and it could mean 25% of the taxi fleet is disabled. If we have to wait several days before the taxi can be used again this would be a considerable loss in revenue. Also a major hit to the service level which relates directly back to damages to the taxi network good will.

It should be obvious that the smaller the network the greater the damage to good will and revenue. Perhaps the person responsible for soiling a taxi should at least pay the full cleaning bill and possibly also for the lost revenue of the driver and owner for 1 shift as a minimum fee.

## WATS and baby seats

What is it with government and the need to make arbitrary rules? Why should WATS vehicles be forced to carry baby seats? Surely that should be a management decision? Based on customer relations?

There is a policy that states at least 10% of taxis in the network have access to a baby seat. In towns with lots of babies you will find that most taxis will carry a baby seat (if they have the space) but that is no reason to make a legislated rule requiring taxis that have space to fill that space up with what may or may not be needed. This should not be a rule this should be a network management decision.

## All Taxis must have 4 doors except WATS.

This is another case of legislation gone mad. What has the number of doors got to do with what is essentially supposed to be a market driven business? If I want to put a maxi taxi into service that does not have wheelchair access but is in all other ways the exact same vehicle used for WATS, then this legislation says I cannot do it.

## Summary Regulations changed and unchanged

Some regulations have been fixed. For example:

1. The legislation was that the WATS vehicle had to be driven by the same driver between midday and 5:00 pm. No explanation as to why or even if this was necessary. A stupid rule that was decided upon by a stupid person. Glad to see the end of it.
2. All WATS taxis have to carry a baby seat. Another stupid rule, only this time the rule is staying. What is the purpose of this rule? There is a rule that a baby seat must be available for at least 10% of all taxis. This rule is a good one and should stay.
3. All taxis must have 4 doors except WATS taxis. Another stupid rule left over from when the government was trying to force taxis to a standard that they liked.
4. Taxis had to be less than X years old. This rule is gone. It was never needed anyway. One benefit is that taxi operators will be able to buy second hand cars with low km to start with

and at least save some on replacement costs.

5. Taxis have to have a meter that records every trip pick up, drop off, time, date and amount. This is ok if you are a big operation and already use this kind of meter. If you are a small operation and don't have one, then this is going to cost big dollars.
6. Industry fee for being a booking or taxi service of 200 – 300 plus \$0.03 per trip. A completely unbalanced payment system that penalises country taxis as explained in detail above.
7. Industry Levy \$1.00 per trip. A crippling fee that seems to be designed to kill off country taxi networks and replace them with private service contracts.
8. A lot of fluff and window dressing designed obfuscate, confuse and bewilder.

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