

## Submission to the Infrastructure, Planning and Natural Resources Committee

Transport Legislation (Taxi Services) Amendment Bill 2015

Sterling Taxi Management (STM) currently maintains a fleet of 36 cabs, comprised of 33 cars leased for investors, and three managed cars.

As principals, we both have had long associations with the taxi industry; Fiona has been in the industry for 18 years, and Michael for more than 30 years as driver, operator and/or manager.

In November 2000, we jointly purchased the then Enoggera Cabs taxi depot, and its 22 cars. By 2007-2008, we had 50 cars, including a number based at our depot in Redcliffe. Since this time, STM has consolidated all of its operations out of Windsor, Brisbane and we no longer operate from Redcliffe.

### Drivers

STM currently engages around 100 active drivers, down 15-20% over the past year or so, and this is not enough to fully man our cars. Over the past 18 months, since Uber really appeared, our drivers have not been making enough money on the quieter nights to make it worth their while. Many now have alternate week-day jobs which they supplement by driving week-ends. This means our cars are underutilised and not returning enough to pay for their investment. Simply, no-one is making enough money.

Part of this is attributable to the general state of the economy, but unquestionably the biggest damage has been caused by Uber. In the past, when an economic downturn affected our bottom line, we have been able to modify, plan and cover for it, until things improves. Facing the impact of illegal taxis, we can do none of that – and planning even for the short-term is impossible, much less for the future.

If the driver roster collapses, which is what is beginning to happen; it will take three months to start to build it back up again. It will take up to two years for the roster of drivers, the number of drivers driving for this taxi fleet, to recover. This applies to both quality and quantity of drivers.

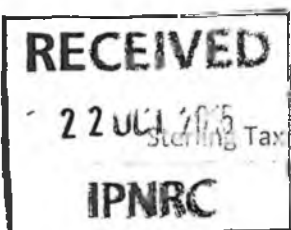
The loss of drivers is really affecting the bottom line of STM and we feel that there is more of the same to come, and that something very disastrous is a lot more imminent than most in the industry are prepared to admit to or indicate.

### Loss of Income

The loss of driver income directly relates to loss of company income – as this income is shared between our drivers and STM.

Some downturn in margins started to be felt about two years ago, with the general economic downturn, and for taxis, the drop in numbers of international students made a noticeable impact on our trade.

However, it is the appearance of the illegal taxi services that have had a massive, and crippling financial effect. The double whammy of illegal taxis are destroying the taxi industry.



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### Other Employees

Apart from the principals/managers and drivers, STM employs four other full-time staff – two in the workshop and two in administration, with some degree of crossover between the two.

A contract/casual detailer also used to be formerly employed, but that service has had to be cut as the company is trying to rationalise expenditure and reduce costs wherever it can.

STM has not been in the position to give our employees a wage increase in almost two years, or since the impact of Uber started to be felt on the company.

In the same time period, and for the same reasons, we have not drawn consistent wages, but use minimal funds to pay personal bills on an as needs basis. It is a hand to mouth existence.

### Business Security

The uncertainty surrounding the taxi industry at present is debilitating, and is taking a heavy toll on everybody involved.

Employment has stalled, and income has dropped. Revenue was down by eight (8) per cent in the Quarter ended 30 September 2015 when compared to the same period in 2014. This backwards movement is unsustainable, even in the short-term.

In what should now be a really busy time in the lead up to Christmas and New Year's Eve, our cars have never been less in demand. We will not survive the post-Christmas lull of January and February, as there is no excess money to put away now to cover the patchiness of the beginning of the year.

We have reluctantly sold commercial premises to the north of Brisbane in order to prop up STM. This property was part of our retirement planning and the sale was made reluctantly because of the downturn in the taxi industry.

### Other Impacts

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Cost cutting measures by STM has meant reduced business being undertaken with other local suppliers. For example, up until recently STM would replace the fabric upholstery in all new cabs with vinyl. We made this investment because vinyl is easier to clean and it improves the quality of the cabs. STM would use a local upholstery firm to complete this work at a cost of \$2,000 per cab. As we used to get 14 new cabs a year, this was a spend of \$28,000 in support of another small business. Due to uber, we have stopped this practice.

The reason we'd replace 14 cars each year was to keep the cab fleet at a high standard. This standard was above that of the official requirements of the taxi industry. At present, we cannot afford to replace cars as regularly and standards have now dropped to the general level of the taxi industry. STM considers this unsatisfactory.

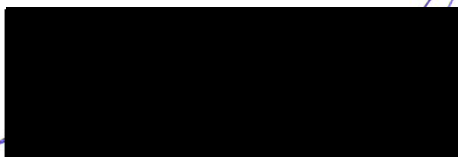
## Income from Licences

Payments to both the government and licence holders is fixed. Drivers and operators sit on a variable income – derived solely by how much is made in the car over its shifts, or what a driver can make in fares. The Government can clearly afford to play a long game. Perhaps owners too have more time on their side, although if their licences are officially devalued, their income will drop significantly. The potential loss of value of licences is a big problem.

Taxi levies and security levies are indexed and rise by CPI every year. So the Government doesn't lose, in the short-term, but everyone else does.

But in the immediate period, it is the operators and drivers who are at greatest threat. And without those, the value of licences will collapse and owner's investments will be worth much less than they have been, or even are currently. Service obligations to the Queensland public will not be met, and the Government ultimately will not profit from the levies, fees and taxes paid to it by the taxi industry. Furthermore, the Government will have to meet Universal Service Obligations on its own.

We fully and emphatically support the proposed amendment to the 'Transport Legislation (Taxi Services) Amendment Bill, 2015. Demerit points for the drivers of illegal taxi services should help act as a disincentive where none currently exists, for people seeking to become engaged in, or already engaged in, a criminal, illegal activity. This lack of penalty is killing the Queensland taxi Industry.



Michael Ravenswood

21 OCTOBER 2015

Date



Fiona Purdy

21 OCTOBER 2015

Date