

Submission to the Infrastructure, Planning and Natural Resources Committee

Relating to Private Member's Bill, the Transport Legislation (Taxi Services) Amendment Bill 2015.

By Taxi Fleet Managers Pty. Ltd. 20/10/2015

Taxi Fleet Managers Pty Ltd (TFM) is a taxi managing company holding Department of Transport and Main Roads (DTMR) Operator Accreditation. The company operates 9 taxis on the north side of Brisbane extending to Caboolture and engages over thirty taxi drivers. All drivers hold DTMR driving authorities and all taxis are licensed with the DTMR.

Ride sharing apps (RSA) and in particular the Uber manifestation of the RSA are of great concern to TFM. In this regard we wish to make the following comments to the committee for their consideration.

Current laws and regulations

Within Queensland the legitimate taxi services operates under a set of laws and regulations which have been created to achieve the provision of the best possible passenger transport at reasonable cost to the community and government. It is also recognised that market entry restrictions may be needed in the public interest.

The obligations of a passenger transport system include that it:

1. promotes, within overall transport objectives, the safety of passengers; and
2. encourages efficient, competitive and commercial behaviour in the provision of public passenger transport; and
3. ensures a strategic and integrated approach to the provision of public passenger transport

The laws and regulations which apply to passenger transport are reasonable. The existing taxi service complies with the laws and regulations which apply and achieve the obligations above by:

1. Having in place taxi services that are universal and non-discriminatory. Taxi services that achieve regulated minimum service standards of customer safety, availability and delivery.
2. Readily available 24/7 Taxi services that are safe and secure while having transparent regulated fare structures free from opportunistic gouging.

3. Customer carriage in vehicles that are subject to a regime of enforced safety standards that includes vehicle age standards, mandatory periodic DTMR safety checks, 24/7 camera surveillance with downloads available to police and other authorities, and 24/7 on line supervision. All to build customer safety.
4. Utilizing Taxi Drivers that are required to be trained to a minimum standard in accredited facilities. Drivers who are licenced to drive taxis. Drivers who are subject to checks and balances such as fatigue management and police checks to ensure safe carriage of customer. Drivers who are required to perform within a regimen of service standards and face disciplinary action for noncompliance as measured by customers as well as taxi management staff.

These laws and regulations are fair and reasonable and should apply to all passenger service providers.

Uber

The provision of a taxi service by Uber drivers is illegal.

This is not in question.

The fact that the action is illegal is well known to Uber and its drivers.

It is also evident that Uber is deliberately flouting the laws. Further, Uber is promoting and encouraging customers and drivers to break the law and using its vast resources to work around efforts by DTMR to enforce compliance. It is no coincidence that when the Uber app is installed on a smart phone it requests access to certain other material that will reveal if the owner of the smart phone is a compliance officer. This shows the deliberateness of Uber's actions. (<https://www.uber.com/android/permissions> and <http://www.carsguide.com.au/car-news/uber-dodging-brisbane-transport-inspectors-36354>).

Options for a lawful Uber

You don't need to break laws to change laws.

Uber should if so choose to do so, has lawful ways to seek change to laws and regulations to allow it to operate legally and co-exist with legitimate taxi services. Indeed it has the financial backing to push for change but instead it chooses to operate illegally.

Uber seeks change not through normal and legal avenues, but instead it seeks to make change by acting and promoting illegal action through the court of public opinion. This is a self-perpetuating cycle; Uber encourages the public to become drivers and it is that very public that uses the Uber services to support drivers. The more consumers who use the Uber services, the more pressure is placed on the

legitimate taxi services to the point they close down and the less legitimate taxi's are available to the public which in turn forces the public to use the Uber services thus allowing the public to then argue that the existing taxi services is inefficient and overpriced and Uber should be permitted. Uber should not gain a benefit from illegal actions.

Uber is a USA based corporate giant of value over \$50B with the corporate and financial savvy to change laws legally. It should not resort to changing laws by crushing the opposition through illegal activities or by garnishing public opinion through illegal activities.

Effect of Uber - Unlevelled playing field

It should be borne in mind that the existing taxi service is operating in accordance with the laws and regulations that were set by the government. The existing taxi service is playing by the rules (so to speak) in an honest effort to run legitimate businesses. The objection to Uber is not that it merely creates competition, but rather the competition is effectively cheating in the game by not playing by the rules. That cheating of the system always gives Uber the upper hand and thus the existing taxi system that is playing by the rules (and cannot break the rules without being thrown out of the game) simply cannot win or even compete.

The effect of Uber on the existing taxi services is predictable. They are suffering great financial losses due to customers electing the Uber service over legitimate taxi services.

Put simply the outcome as it stands is a gross inequality in the market place brought about by the unlawful behaviour of one bullying party. The drivers to the unbalance include:

1. Uber through accounting sleight of hand is stripping Australian funds overseas.
2. Uber customer charges do not include GST.
3. Uber vehicles as illegal taxis do not meet the regulatory requirements of DTMR that are imposed on legal taxis.
4. Uber customers are subject to "surge pricing" extending up to 500% over base rates coupled with market place predatory behaviour to drive customers into the surge pricing environment.
5. The customer environment of safety, access to a ubiquitous universal service that is non-discrimatory and is measured and driven to meet minimum service standards is being destroyed.

6. Taxi Council Queensland the peak body for Queensland Taxis estimate that by acting illegally the Uber product has a 47% cost advantage over legal taxi product.

One argument purported by Uber supporters is the price differential between the existing taxi services and Uber vehicles. As stated above the existing taxi services has a cost disadvantage over Uber due to the various fees and charges associated with a legitimate taxi service and thus cannot charge the rates of a standard Uber. Secondly, the price differential is a fallacy at certain times due to the surge pricing business model operated by Uber.

Another argument purported by Uber supporters is that Uber drivers carry water in their cars, the drivers are friendly, speak English and the cars are clean. With respect that is not a reason to break the law and all of those things can be achieved or are currently achieved by the legitimate taxi service. If those issues are not being met by the legitimate taxi services then further regulation can be put in place to overcome that issue, or, in a level playing field of equal players market forces would drive the change to the benefit of customers. The solution to that purported problem (and that is not an admission that there are problems with the current system) does not lie with breaking the law and in fact the taxi companies have in place processes of measurement and discipline to address non-compliant activities at all levels from drivers to management as they change with new technologies and other tools to embrace legitimate and legal market forces.

Current attempts to stop Uber and why we need the detriment to drivers

In an attempt to stop Uber, Uber has been issued with a Cease and Desist Order by the Queensland Government via its authorised body DTMR. But Uber firstly continues to flout the Queensland Government by ongoing illegal behaviour but secondly encourages others to continue the illegal activities.

While this illegality leads to penalties (and Queensland drivers have been fined in excess of \$1.7M since the inception of Uber) the penalties are currently ineffective as the penalties are merely in the main being paid by Uber which has access to a vast amount of funds.

Thus the “penalty” fails to act as a detriment to either the Uber driver or to Uber and the drivers will continue to break the law unless they are motivated to stop.

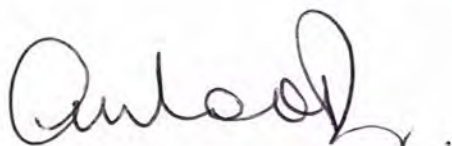
In terms of motivations, the private members bill seeks to impose demerit points on drivers themselves. The ultimate result of that move would be that the driver who continues to flout the law will lose the licence to drive. That is a significant detriment to the driver and a detriment that cannot be overcome by monetary payments from

an organisation that has the funds to keep paying the fines. Uber cannot “work around” that detriment and so it would be a true detriment to drivers.

Recommendation

To summarize, the laws and regulations that govern passenger transport are fair and reasonable, Uber does not observe those rules but the legitimate taxi service that does observe the rules is suffering a significant detriment. Uber could have chosen legal avenues to launch its service in Queensland but instead decided to launch and operate its services in the face of those laws and regulations merely on the basis that it had the funds to fight the system. Uber knows it operates illegally and takes active steps to stop detection. The current penalty provisions are ineffective against Uber drivers as the drivers themselves suffer no detriment. The private members bill seeks to impose detriment on drivers that cannot be absorbed by Uber and so the detriment will be a true detriment in all senses of that word.

For all of the reasons above Taxi Fleet Managers Pty Ltd respectfully submits that the private members bill is fit and proper and that the committee having reviewed the submissions by all parties, should find that the bill is fit and proper and it should support the enactment of the Bill.



Arthur Wood

20/10/2015

Owner / Manager

Taxi Fleet Managers Pty Ltd

taxifleet@bigpond.com

PO Box 2174, Strathpine, QLD, 4500

07 3205 5871