

RE: Transport Legislation (Taxi Services) Amendment Bill 2015

#484

Cabs 2000 fully supports the intention of this Amendment Bill and commends its introduction to the Infrastructure, Planning and Natural Resources Committee.

Illegal Taxi operators, such as uber, present a very real threat to the viability and sustainability of the legitimate taxi industry in Queensland.

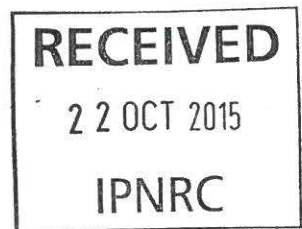
The impact of illegal operators has already been felt as evidenced in widespread job and financial losses by legal operators and drivers at an increasing level over the past two years.

Without the introduction of significant and enforced deterrents to illegal drivers, the future of the taxi industry in Queensland is bleak.

OVERVIEW

Cabs 2000 runs 51 cabs in Brisbane, based in Slacks Creek.

- 44 leased licences
- 7 managed licences



We operate an office, a mechanical workshop, a panel shop and drivers.

PART A

1. Growth

Cabs 2000 had grown from 11 cars in 2010 to 51 cars in a three and a half year period to end 2013.

This represents an average growth rate for the three years of approximately 120% per annum in terms of car numbers along with a commensurate increase in driver employment. Since the beginning of 2014, annual growth for *Cabs 2000* has dropped to nil (0% per annum), and driver employment levels that continue to plummet as drivers continue to leave the industry en masse.

Since the beginning of 2014 the company has had no increase in car numbers.

2. Employment

Office: 3 full-time, 1 part-time

Workshop: 2 full-time mechanics

1 part-time mechanic

Panel Shop: 1 full-time apprentice panel beaters
1 full-time spray painter/panel beater
Training: 1 full-time trainer
Drivers: 100-150 (fluctuates)

Since the beginning of 2014 Cabs 2000 has experienced a significant net loss in employment, as driver numbers have dropped by a minimum of 25%. To maintain a fleet of 50 cars somewhere between 200-250 drivers are needed (100-150 more than we have currently). We could immediately place 50 drivers into cabs, if they were available. However *Cabs 2000* is finding it increasingly difficult, or near impossible, to recruit and keep drivers.

We are losing/unable to recruit drivers for two primary reasons:

- Finance – it is difficult for drivers to make enough money to live, so they are leaving to do other things.
- Uber – we are losing drivers to uber, who can, at the moment, given they are not bound by the same constraints legitimate operators in the taxi industry are, afford to give drivers more money than we can.

3. Revenue

Cabs 2000 have experienced a net fall in revenue of 30% since the beginning of 2014.

Prior to this time revenue had been growing slowly, but steadily at an average annual rate of around one per cent.

Operating for *Cabs 2000* is now a month to month business, which does not permit planning for the future, as the future is so uncertain.

We are currently in what is traditionally the beginning of our 'busy' period, a time that normally allows for us to build up revenue to cover for the quiet post-Christmas period in January and February. However, revenue is currently down 25% on the same period last year, and 30% for the same period two years ago. Five years ago, business was booming, and the future of the industry was promising, as was job opportunity and security.

Indications are that we will not be able to create the financial buffer necessary for us to remain viable over the quiet period at the beginning of 2016.

4. Costs

Costs within the industry for owners and operators remain steady, and increases are in line with inflation.

Our costs are not variable or indexed, and remain at the same level regardless of our level of profitability, or unprofitability.

5. Future Expansion

We are completely unable to plan for the future and expansion or growth of any type. We are just trying to survive.

We are an industry in contraction.

PART B:

1. Impact of Illegal Taxi Services

The appearance and uptake of illegal taxi services, such as uber, have created a two-tier system, whereby one tier is highly regulated in terms of

- Licence plate charges
- insurances
- taxes (including GST)
- legislated safety requirements

at great expense to the operators within the industry.

The second tier operates within a near black market environment, where the same rules and protective measures – and associated expenses - do not apply, and subsequently with very little expense to individual operators.

This disparity in operating costs between the two makes it impossible for legitimate taxi operators to compete with illegal services financially in a market where customers are price sensitive. Substantial costs dictate fares for legal taxis. The absence of these same costs for illegal operators means they are able to charge substantially lower fares and achieve higher profit margins.

2. Universal Service Obligation

The taxi industry has a Universal Service Obligation (USO) whereby it is required, through its agreement with the Queensland Government, to provide an accessible service to the community. In Queensland, the taxi industry is considered to be a fundamental part of public transport networks throughout the State.

Elements of this USO includes

- maintenance of a network of call centres and lost property services
- services specifically for the sick, elderly and disabled

- operating in areas not serviced by traditional public transport
- on-demand service 24 hours a day, 365 days a year
- strict safety requirements, including for taxis operating in large service areas, GPS locators, security cameras; and payment of a security levy to the State Government
- provision of receipts on request
- age limits on vehicles (currently six years, or eight for wheelchair accessible vehicles)
- regular vehicle inspections
- drivers to pass criminal history and other mandatory checks, meet licence requirements and complete driver training
- methods of dealing with customer complaints
- insurance costs and requirements

All of which add significantly to the cost of service obligations and delivery.

It appears that as yet illegal taxis offer no equivalent services, and have no imposition of associated costs.

For example, if the taxi industry were no longer able, or available, to provide these services, wheelchair dependent members of the community may become confined to their homes.

In an industry that does not/cannot offer a USO, certain groups are at risk of either a diminished service, or higher fares. The expectation of equity of access to taxi services would be eroded, most likely to those groups who most need them, and who would not be adequately serviced by unregulated taxi operators.

Moreover, given their reliance on technology, as a means for booking and/or payment of the service, illegal taxi services already discriminate against those who are not adequately technologically equipped. This aspect has the potential to most disadvantage older Queenslanders.

3. Surge Pricing

Regulated fares are an important feature of the legitimate taxi industry. Regulated fares are designed to be fair and equitable.

Illegal taxi services are understood to utilise 'surge' pricing in times of peak demand, which has the ability to be manipulated in the drivers favour by limiting supply of available cars.

Surge pricing hurts the consumer, but more significantly, in a diminished taxi industry, it would adversely affect those who rely on the wheelchair, disabled and community work currently undertaken by, and required of, the legitimate taxi industry.

4. Unregulated Taxi Market

An unregulated, or deregulated, taxi market would almost certainly result in

- a dramatic increase in supply of taxis
- no subsequent increase in demand
- a dramatic decrease in productivity and profitability
- poorer vehicle quality and safety
- price-gouging, and
- fare discrimination and refusals.

CONCLUSION

If the activities of illegal taxi and 'share-riding' services are allowed to continue without deterrent, there is no question that the Queensland taxi industry is in serious trouble.

Already the financial pressures brought to bear on the industry have exacted a heavy toll, in both financial and personal losses, including the imminent and increasing likelihood of business losses. Employment has been brought to an almost complete stop.

These losses are unsustainable for many, even into the short-term.

The presence of an unregulated, illegal 'taxi' market, will result in a dramatic decline of quality service to the general public.

Notwithstanding the considerable losses to investors, the impact of the loss of a consistent regulated service will potentially result in whole sectors of the community unable to access services, price-gouging and discrimination and a community vulnerable to the practices and behaviours of a service based on peak demand, with minimal if any security measures, and as it stands at present, no checks and seemingly no accountability.

Kind Regards,



Shane Holley

Managing Director

21.10.15



3/11 Judds Court, Slacks Creek Q 4127

Ph:(07) 3808 2559 F:(07) 3808 2554

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