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Dear Ministers,

COMPETITION POLICY REVIEW 31MARCH 2015

1.0 TAXI INDUSTRY REVOLUTION ! – NOT DESTRUCTION

1.01 This letter is in response to the Prof Harper 31March 2015 Competition Policy Review in relation only to the taxi industry in its major Sydney operations from a long term experienced taxi driver. It accepts the broad Harper principles of competition and deregulation but rejects much of the Harper taxi industry recommendations because they are surprisingly ill informed. It also supports and adds to any positive parts of the Review because the taxi industry is a longstanding proven and worthwhile industry. Sydney taxi services rate well internationally. Harper open deregulation and indiscriminate competition would destroy it as occurred in other world regions like New Zealand and the Northern Territory. Released however from the stifling constraints of the taxi plate owners cartel and subject to open independent review and reforms it would rate in the top in the world providing valuable and important public services. With credit and gratitude from the public to the government.

The letter is addressed to the Minister for Small Business as the recipient of the Harper Review and also to the NSW Minister for Transport as the likely implementation and regulatory authority for matters arising from the Harper Review related to NSW taxis. The issues addressed are :

- Taxi plates as the essential critical taxi industry reform Revolution !
- The Harper economic prescriptions many of which are destructive of the valuable taxi industry but that applicable and constructive reforms are supported.
- That UberX “taxi-like” services be prohibited but that long overdue taxi industry improvements are recommended.

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1.02 Taxi plate Revolution !

The SMH Jacob Saulwick 1April2015 Harper Review article is headed “ Taxi industry ‘overdue for major reform’ “.

It would be better titled Overdue Taxi Revolution !

The critical taxi industry reform is taxi plates, their values and costs and impact on licence fees and the negative control by the plate owner cartels over the industry at the expense of drivers and operators and the public. Which for 30 years have cost the public up to 20% or more of fares, reduced driver earnings by 20%, cost 20% or more of driver earnings time, minimized taxi operators’ meagre earnings and subordinated drivers and operators. But these and many other matters are not mentioned by Harper, nor by IPART, the Independent Pricing and Regulatory Tribunal.

The overarching Harper and IPART “Revolution” should be the removal of the destructive distorting taxi plates and elimination of the taxi plate owners cartel power and negative influences for many years over the industry !

1.03 **A thumbnail sketch** illustrates little known key taxi industry aspects. And its 30 years of extraordinary taxi plate rent seeking and exploitation and corruption which are long overdue for Revolution.

- The taxi industry comprises two distinct parts. The ATIA /Taxi Council Ltd cartel of plate owners, the rent seekers and Hockey’s “leaners”, that controls and distorts the industry. It comprises individual and multi plate owners and the 7 (Sydney) multi plate and bookings Networks reaping 20% off all taxi fares.
- On the other are the driver serfs and operator “lifters” providing the daily 24/7 public taxi services but who barely survive financially, crushed under the weight of the plate owner taxi fares 20% rip-offs and ATIA /TC Ltd industry control and TfNSW Transport for NSW regulation.
- Taxis cannot exist without taxi drivers. There are some 18,000 drivers for 5,800 Sydney taxis, commonly 2 drivers per taxi per day plus a 3rd or 4th for weekends. Drivers are not paid any wages ! They “earn” what may be left over after 12 hours from the taxi hire payins to the operator which include the 20% fees for the leased plate licences. Drivers’ earnings are the product of their experience, skill and importantly luck – sometimes zero !
- Taxi drivers “earned” a disgusting 2012 average of \$11/hour (now less in 2014!) - far below the Australian \$16/hr minimum (IPART/CIE 2011/12 & 2014 surveys). A singular IPART “achievement” under its annual taxi fare review regime of the past 15 years, endorsed by the IRC Industrial Relations Commission !
- The dangerous standard 12 hour shifts, longer than truck drivers, but without any mandatory fatigue breaks, are not permitted in any other industry. Permanent taxi drivers must do 5 shifts, 60 hours/week minimum to be “entitled” to sick leave and holiday pay, as established by the IRC. But strenuously resisted by the TC Ltd cartel and universally evaded by the industry.
And not policed or enforced by the TfNSW regulatory authority !
Casual drivers do not enjoy such handsome “conditions”.
- The industry is highly regulated in many aspects by TfNSW, much for the undoubted benefit of the public. \$1000 three week training, geography testing, current driving /police /health records, uniforms etc are obligatory for all taxi drivers.

- Operators maintain and repair and insure the taxis with quarterly inspections to TfNSW standards under Network signage and need to find drivers for 24/7 around the clock operations for financial viability. Their earnings are in the order of a meagre \$ 7-10,000 annual per taxi.
Finding drivers prepared to work like monkeys for peanuts is increasingly difficult.
- Contrary to public perceptions, taxis are not a public or government service. It is a private industry not subsidized by any governments. TTSS \$30 max taxi vouchers for the disabled are the only govt gifts. Annually there are some 70M or 45Million (TC Ltd vs IPART) Sydney taxi fares, of which ¼ -1/3rd are bookings, the bulk being street hails and ranks. Every single Sydney fare is recorded in full detail on the taxi meters.
- But contradictorily plate values and their major impacts on taxi fares and the industry overall are outside any regulatory control. Taxi plates that do not provide any taxi services and that 30 years ago were free. Plates since sold as investments at rising “market” prices by the government.
Investments generally earning well above market rates by levying the 20% on the public fares for many of the past 30 years. And which the public pays and drivers have to spend 20% or often more of their 12 hour shifts to earn.
- An extraordinary situation knowingly perpetuated by the taxi industry cartels and effectively ignored by the regulatory bodies. Plates which brought revenues to the government and which the TfNSW is reluctant to reduce rapidly for fear of the ATIA /TC Ltd cartel and threats of compensation for the plate “investments”.

1.04 **The “Plucked Turkey Rort”**. The Harper deregulation and flooding of taxi numbers, and IPART’s similar gradualist approach, are ostensibly for eliminating and/or reducing taxi plate values and licence costs. But, in ignorance and disregard of the realities, base their approach on irrelevant economic doctrines of the “scarcity” value of plates.

Taxi plates are not a conventional economic commodity “market”.

Taxi plate values and their lease fees are a manipulated cartel /monopoly !

The “Plucked Turkey Rort” is the notoriously simple reason. The blatantly ingenious Rort by which for many years the ATIA /TC Ltd plate owners cartel has actively encouraged and fattened the Turkey of the IPART and IRC approved annual taxi fare review increases. And then Plucked it by promptly siphoning off and diverting the fare increases into raised licence fees by means of a simple note advising all taxi operators of the new licence fees increase !

A mechanism and resultant lease fees and plate value increases informed in 2010 to IPART and well known but totally unregulated and uncontrolled by TfNSW.

With plate owners charging “what the market will bear” – to the destruction of the IPART recommended driver and operator earnings - and as a consequence of which plate values neared the \$500,000 mark in 2010 !

And whereby 20% is added to all Sydney taxi fares which then goes directly to non service providing plate owners - the Hockey rent seeker “leaners” !

A highly effective manipulative mechanism that comfortably supersedes any hypothetical Harper and IPART economics of scarcity or flooding of cab numbers.

1.05 **Taxi plate owners** of the 5800 Sydney plates are a small number of some 3000 investors of single and multi-plate owners and multi-plate owner radio Networks. Investors (residing overseas?) who do not perform any taxi services with those plates except reap 20% from all Sydney taxi fares.

And who are combined into the industry governing cartel of the ATIA /TC Ltd which has for many years manipulated the “Plucked Turkey Rort” for the sole benefit of its exclusive membership. And to the incalculable annual detriment and costs of the public and drivers and operators.

The powerful Pharmacy Guild does not talk much about itself in public. Nor does the taxi cartel lobby which has been highly effective in persuading the regulatory authorities and indeed the June 2010 NSW Parliamentary Inquiry and hence for the TfNSW since 2012 to “go easy” in any measures to reduce or eliminate taxi plates and licences.

1.06 **Alternative Plate Cost reductions** could have been significantly achieved by now by simple means.

And realized much of the Harper “reduced costs to the consumer” ! And helped relieve the disgraceful pittance of taxi driver earnings and meagre operator returns.

For example the IPART recommended issue of new annual auctioned licences could be widely advertised at a minimum tender price of say \$8000 (like Hire Cars) or at say \$1000 nearer the administrative costs. Such news would quickly reach potential buyers. And instead of IPART’s failure, plate values and annual licences would by now have dropped substantially !

Better still, if advertised at a FIXED \$8000 price (like HCs) or \$1000 (like WATs), then all plates would have tumbled to that level by now ! – viz the popular uptake of HC licences.

And other effective means are undoubtedly possible.

But such alternatives, under pressures from the plate owners and the ATIA /TC Ltd cartel, may have been too quick and too soon for TfNSW’s minimal impact on taxi plate owners. A TfNSW possibly long conflicted in the taxi industry – as per the June 2010 Parliamentary Inquiry of which the 57 recommendations were rejected by TfNSW - and as per the subsequent contradictory Parliamentary motion “

1.07 **Revolution Action.** The contradictions are evident and enormous.

Due to lack of understanding Harper confuses lack of competition for monopolistic cartel manipulation. And as IPART similarly continues to ignore since 2010.

Contradictorily, arbitrary deregulation and flooding with new taxis is to the detriment of the public, taxi drivers and operators and the destruction of the taxi industry while not achieving the critically necessary removal of taxi plates. Nor the negative controls of the taxi industry by the mafia, and other desirable industry improvements.

To the Ministers to whom this letter is addressed, however, only the elimination of the taxi plate values and the plate owners and their constituent controlling bodies can achieve this fundamentally necessary taxi industry Revolution.

Which can be readily achieved by non regulatory intervention by the responsible Minister and TfNSW and by relatively simple means as per above.

A very long Overdue Taxi Revolution !

2.00 HARPER TAXI ECONOMICS - DESTRUCTION ?

2.01 **Harper Economics.** The broad Harper doctrines of competition and deregulation are supported in principle as important and worthwhile objectives.

Puzzlingly however, in its promotion of the 31 March 2015, 6 Part 536 page, Competition Policy Review, Harper – and the media - made very prominent references to the taxi industry. Perhaps because it is one of the few industries that the public – and media - can identify with in the arcane 530 page Review ? Further puzzling is that Harper states that “taxi reform is not expected to make a major contribution to national productivity” (Harper *ibid*). Despite its emphasis, the Review devotes fewer than 10 pages to taxis and clearly lacks important detail, coverage, analysis and understanding of the industry. The Harper Final Review is little different from the Draft Review on taxis despite the several submissions on the Draft Review.

Certainly, there are many areas for desirable and overdue taxi industry reform, change and improvement as referred to below, but these are not articulated by Harper.

Harper stated publicly to “not talk any more ; just do it”! To the contrary, on taxis the Harper Review is so lacking that proper analysis is needed for desirable industry change and improvements.

And consequently the Harper Review comments and recommendations regarding the taxi industry should be disregarded by the Ministers.

2.02 Competition

Competition at many levels of the Sydney taxi industry is considerable. Between drivers the competition for street hail fares is fierce, sometimes to a dangerous degree.

Operators compete for scarce drivers. Networks vie for corporate booking contracts.

Taxis and Hire cars compete for bookings with 500% HC growth in the past 6 years (TC Ltd *ibid*). Community buses and courtesy buses, etc. impact significantly on taxi fares.

Contrary to public perceptions, taxis are a private industry, not a public or government funded or subsidized service. TTSS \$30 max taxi vouchers for the disabled are the only govt grants.

2.03 **Deregulation.** Deregulation can take several forms. Harper appears to favour an open slather approach where all comers can provide taxi services – like UberX.

Open deregulation has been demonstrably disastrous where introduced by doctrinaire economists ignorant of taxi industry operations and public needs ! In Sydney it would destroy an essential socially important and valuable industry. As was destroyed in New Zealand and the Northern Territory – and subsequently re-regulated ! (Nicholls *ibid*)

Over many years Sydney taxis became heavily regulated, probably to an unnecessary degree, and reduced regulation with time and cost reductions would benefit the industry and the public. There are many examples of beneficial reduced regulation such as taxi vehicle inspections say twice per annum instead of 4 times, etcetera, etcetera.

2.04 “**Market Supply**” by open taxi deregulation and market stimulus with many more cabs, despite the “scarcity” theories of the Harper flooding recommendations, or IPART’s dribbling technique, is most unlikely to work, Because a flood of new cabs on the road is most unlikely to be successful. Because there is NO money in taxis – especially for the lifters of drivers and operators – apart from in those taxi plates. And as is clearly evident from the number of “IPART” new licences being returned each year by disillusioned novice taxi operators. Prof Nicholls on the New Zealand and Northern Territory taxi industry deregulations noted that indeed the market was flooded with private drivers offering paid lifts. But once the novelty had worn off and drivers realized there was no money in it, the flood soon subsided while the taxi industry had been destroyed. (Nicholls ibid)

2.05 “**Market Demand**” for more taxis is also untested by Harper and unproven by IPART. Demand for deregulated taxis will also not increase suddenly. Passengers take taxis mainly for urgency or expedience when alternatives, public transport etc, are unavailable and will pay the higher prices. Apart from population growth there is no foreseeable demand growth let alone for sudden floods of taxis – including that of UberX, as below. (There is however a critical shortage of drivers prepared to risk their lives for peanuts of \$11/hour. A shortage, if not reformed, that will most likely continue and severely constrain proposed taxis supply or imagined theoretical taxis demand increases.) Furthermore, in the New Zealand and Northern Territory taxi industry deregulations the public demand for taxis did not noticeably or significantly increase ! (Nicholls ibid)

2.06 **Taxi plate “Scarcity”** is erroneously assumed by both the Harper and IPART doctrinaire economics as determining taxi plate prices - as corrected and factually explained in the Plucked Turkey Rort at 1.04 above.

Saulwick reported the IPART factual (and boastful?) statement that :

“According to IPART, the artificially high value of a taxi licence in NSW – about \$360,000 on recent trading – adds about 20 per cent to taxi fares.

However taxi licence plates are also trading at their lowest level in six years.”

The Harper Review however rightly implies that IPART has been ineffective in not achieving its TfNSW mission since 2012 to significantly “reduce taxi plate licence costs” but “at minimal impact to plate licence owners“. A mission similar to Harper by flooding the market with cabs.

IPART may boast, but its timid gradualist “scarcity” approach issuing some 200 new licences each year – with many returned totaling 160 odd - has failed dismally with taxi plate values reduced only some 15% in 4 years to \$26,000 pa.

At which rate the usurious taxi plate costs may be eliminated in ‘only’ 10 to 20 years ! Sydneysiders will just need to be patient !

2.07 **Public acceptance**. The SMH 1April2015 Saulwick article cites the Harper recommendations for deregulation and opening to competition of the taxi industry for its assumed results of many more cabs and (laudable) "improved levels of service and reduced costs to the consumer".

The public however appears to be generally accepting and appreciative of the service levels of Sydney taxis - notwithstanding occasional shock jocks and tabloid press – are content with known regulated set taxi meter fare levels and pay taxi fares without much complaint. Certainly taxis that are idle for much of the day and after midnight, are harder to find in peak hours - as of course is public transport.

And Harper assumes but fails to analyse public perceptions of the taxi industry. Harper's lower fares for customers ignores both the costs realities and the disgraceful earnings of taxi drivers as well as the eradication of the Plucked Turkey Rort which could validly reduce fares.

Reduced fares for the aged etc is a rather pathetic Harper mantra - shared with IPART – at what level can taxi fares become acceptable for the disadvantaged and aged : at half? ; at a quarter? ; at bus fare level or lower ? And completely ignores the government TTSS taxi vouchers of \$30 max for those in need.

2.08 **Driver and Operator earnings** are ignored by Harper as a fundamental economic ingredient of taxi finances and economic viability ! Extraordinary and irresponsible ! IPART also, despite its 15 years of fare reviews, has unprofessionally lost its focus and thrown the towel in since 2010 (in the face and fear of the Plucked Turkey Rort ?) The earnings of taxi drivers averaging \$11 /hour far below the minimum wage as at 1.04 above are a total Australian disgrace, disregarded by all levels of Government and exploited by the plate owners!

The meagre operator earnings are in the region of \$7-10,000 per taxi per annum. Directly relevant to Harper taxi "reform" but which is likely to fail on critical driver earnings issues.

2.09 **Victoria taxi reform** of 2013/14 is twice cited by Harper as demonstrating "that change for the benefit of consumers is possible" and listed in his Box 10.7 below. (Harper Final Report Part3, pp 132).

Box 10.7: Victorian taxi reforms

- 1.increased pay and higher standards for drivers under a new mandatory Driver Agreement;
- 2.improvements to the fare structure including peak and off-peak pricing;
- 3.cutting the service fee for card payment from 10 per cent to five per cent;
- 4.regulated fares moving from prescribed fares to maximum fares, providing the ability for customers to be offered discounted rates, such as lower fares to the airport;
- 5.a zoning system — metro, urban (including large regional centres), regional, and country — with separate licence fees applying;
- 6.opening the market, with the Taxi Services Commission issuing new licences as the market demands, with a set annual fee for licences—the fee will be lower in regional and country areas and for wheelchair-accessible vehicles;

7. applying a new 'consumer interest test' to regional and country zones to gauge the benefits of new licences for customers;
8. enabling taxis and hire cars to compete for contract work to fill the gaps in public transport services;
9. removing the requirement to offer taxi services on a continuous basis, allowing taxi operators to set their own hours.

The examples are largely irrelevant. Ironically, most require additional regulation. They are also dismissed for different reasons by the ATIA (ATIA Subn 17Nov2014) The critical Item 6 achieved plate costs /licences reductions to an ineffective level of only \$20,000, similar to IPART's endeavours in NSW since 2012 – but nowhere near eliminating taxi plates and the carte's strangulation hold on the whole taxi industry. Item2 and Item3 were already done in NSW. Item5 proved a Sydney failure years ago with the 5000 series city zoned and the 7000 series suburban zoned cabs unable to make a living due to these restrictions (and with similar WAT taxi shift timing problems). Item9 and Item1 are desirable if difficult under present industry economics, as evident in the limited takeup of \$1000 WAT licences, and even with the taxi plates costs elimination Revolution ! That leaves 3 out of 9 dubious Harper examples, Items4,7,8, all requiring further regulatory measures !

The Ministers should disregard the Harper economics and recommendations concerning the taxi industry.

Instead the Sydney taxi industry would benefit from independent expert review, eradication of the constraints of taxi plates and the controlling plate owners mafia, together with desirable reforms, long overdue improvements and reduced regulation of the socially desirable and valuable taxi industry services.

3.00 “TAXI-LIKE SERVICES“ - UNSAFE PAID HITCHHIKING !

3.01 **UberX Novelty?** Further puzzling is that Harper cites “Uber” in his vision of taxi industry “competition”, “technology” and “alternative services”. Like its customers, Harper seems seduced by novelty, while failing to distinguish the Australian GoCatch, InGoGo bookings apps from the illegal highly dangerous UberX paid hitchhiking ! But how can Harper condone UberX competition given its drivers are illegal, in breach of the NSW Passenger Transport Act and facing fines of up to \$110,000 each !? If so-called “taxi-like services”, then why not private vans as free range public buses, and bike clubs for paid doubles rides. How trite and pathetic. Due to the Harper Review, some UberX issues are addressed below together with areas for desirable reform, change and improvement of the Sydney taxi industry.

3.02 **Independent Review.** The 1April2015 Saulwick article also reported the IPART statement that :

“ The NSW pricing regulation, IPART, has called for the NSW government to charge an independent body with regulating all forms of taxi-like services, including UberX. “

“ But the Baird government has not yet responded to that recommendation.“

A brave positive call indeed, because after some 15 years carrying out annual taxi fare reviews for the TfNSW regulatory body, IPART now apparently considers the TfNSW government policy arm to be not independent ? Perhaps IPART has insights into the taxi industry and TC Ltd plate owners cartel influence on TfNSW over many years ? And given its virtual failure in reducing the costs and value of taxi plates in recent years as per TfNSW ToR Terms of Reference, IPART is evidently not lobbying for a regulatory role for itself ?

Logically therefore IPART’s call must be for a totally independent private consultant review expert. Which has merit and is supported.

3.03 **“Taxi-like services”** Like the Harper Review, IPART brings UberX into consideration referring to “regulating all forms of taxi-like services, including UberX.” Despite UberX drivers being totally illegal and in breach of the NSW Passenger Transport Act. And UberX openly, defiantly and blatantly rejecting any regulation. Uber doesn’t share IPART’s “taxi-like services” nomenclature, but mentions “traditional ridesharing”, carpooling, GoGet cars, community buses. And adamantly, that it is not a taxi service, but that it “connects riders with drivers” ! (Uber ibid) How can Harper and IPART possibly consider legitimising such a publicly dangerous UberX paid hitchhiking outfit ?! The IPART call for a regulatory review “including UberX” and “all forms of taxi-like services” is a waste of government time.

3.04 **Technology** Harper seems to be seduced by. (But fails to mention the taxi booking apps GoCatch and InGoGo which were Australian invented and implemented 2 years before Uber appeared in Australia !) All three of which are commendable and attractive taxi booking systems providing direct passenger /driver interaction and many other advantages. And exerting pressures for improvement on the existing taxi industry.

Undoubtedly, the taxi industry MTDData booking system, progressive 10 year ago, is now in dire need of major upgrade in many respects including improved reliability, pick up times, driver response monitoring, passenger/driver interaction, confidence, marketing, promotion, critical passenger satisfaction, etc.
It must match and desirably exceed the new competitive booking apps.

3.05 **UberX Competition** as raised by Harper is unlikely to be major to any degree. UberX fares in 6 Australian cities since starting were a total of 1.5 million trips (Uber Sub'n 17Nov 2014). Those UberX bookings are only a tiny portion of the 24 million per annum (TC Ltd ibid) Sydney taxi bookings which in turn are only some 1/4th to 1/3rd of total Sydney taxi fares including the majority street hails and ranks fares. The UberX proportion of those fares and any competition from UberX is clearly minor. And would remain so even if it could capture a substantial part of the total Sydney taxi bookings market.

3.06 **Services Qualities** of taxis are being challenged vigorously by UberX. The recent 21April2015 Perth taxi anti-UberX demonstration prompted in excess of 300 social media posts which clearly reveal two very strong sets of public opinion ;
a. that Perth taxis services are seriously wanting in many important respects and
b. that UberX offers vastly better services.

And unquestionably, many Sydney taxi services are similarly in need of reform, upgrade and improvement !

UberX has realized this in providing challenging and effective alternatives in this regard. The standards and effectiveness of Sydney taxi bookings need to be much better. More certain and dependable, the radio Networks should implement measures to ensure bookings are taken up and drivers perform to the required bookings standards. Adopting a system similar to UberX would provide major and immediate improvement.

The standards of driver performance similar to (or better than!) UberX should also be adopted, including the very effective passenger assessment-of-driver feedback system. If repeatedly unsatisfactory, then the driver may be withdrawn from bookings and/or obliged to take refresher training.

The taxi training system itself should be reviewed and updated independently with many major changes including driver practices, behavior, manners and occupancy /frequency rates rather than long versus short fares, etc, etc.

Other services such as WAT taxis (which UberX does not do) should also be reviewed. Despite the 2010 Upper House recommendation to increase the proportion of WAT taxis, only if the current prohibition on their changeovers between 12 noon and 5pm is lifted will WATs become a viable 2 shifts per day business proposition. If that is done then more WATs will be driven to better serve the public – as well as put further downward pressure on plate prices.

Services Qualities (apart from the WAT issue), are not Ministerial or regulatory matters. These are the direct performance improvements responsibilities of the taxi industry. The industry can largely deny UberX by rising to the service challenges by UberX !

3.07 **Taxi Promotion.** The taxi industry has failed dismally over the years to promote its services. And the outstanding advantages to the public of those services. Again, an area where Uber has excelled. One page handouts from drivers to passengers, plus website and importantly social media promotion, explaining simply how, where and when to best hail taxis and to book (or not book) taxis, etc, etc. Plus one page handouts to drivers on manners, protocols, effective earning strategies, etc. Promotions and improvements overdue for the public's taxi services and for drivers and their earnings.

3.08 **Dangerous paid hitchhiking !** Safety, costs and reliability are not addressed in the Harper IPART enthusiasm for what is the UberX illegal dangerous paid hitchhiking. The Sydney and NSW taxi industries have served the public for many years and are generally welcomed and appreciated by the public. Despite the Harper and IPART touching "concerns", passengers rarely complain about the level of metered taxi fares. Nor about safe, expedient and generally efficient taxi services standards. Indeed, passengers often thank, shake hands and tip this driver – fortunately.

But social attitudes can change surprisingly. After a carefree youth, hitchhiking around Australia came to an end in the late 60's when society considered it as too dangerous driving with strangers. Few pedestrians today would accept a lift from a stranger. But the lure of technology has seduced people to effectively hitchhike with totally unknown and unregulated strangers for money (unlike highly regulated, accountable taxi drivers). Essentially UberX is dangerous illegal paid hitchhiking !

Uber boasts "safer, affordable, reliable ridesharing" services and its "fully independent" drivers (Uber ibid). That's doublespeak for fully unregulated, fully unaccountable drivers, and with UberX fully avoiding all responsibility ! Unlike highly screened, regulated, accountable taxi drivers. What if an UberX stranger/driver is a psychopath ? Or suffers from diabetic hypo or heart attacks ? Who would know ? Certainly not UberX ! Or has the inevitable traffic accident? What recourse does the passenger have? Any or none? – and again, certainly not to UberX. While the illegal (ignorantly innocent?) drivers facing \$110,000 penalties are deserted by UberX despite its assurances. Inexperienced untrained UberX occasional drivers, not knowing alternative or traffic avoiding routes, dependent on - often quite fallible and more expensive - GPS map destination routes. Untrained, costly, unprofessional and potentially dangerous. There are no lessons here for the taxi industry.

3.09 **Safety.** UberX offers none of the safeguards that years of monitoring of the taxi industry have proven to be essential, including:

- Confirmation of driver fitness: language proficiency, locality test, driving test, medical, criminal record, driving record
- Confirmation of vehicle fitness, more frequent and detailed than UberX
- Driver safeguards (M13, boot release, cameras, password logon, photo ID)
- Passenger safeguards (cameras, driver photo ID, booking logs, vehicle insignia including braille numbering, internal and external numbering (petrol thefts are common using stolen numberplates, how can a UberX passenger know that the vehicle ID they see is traceable?))
- Insurances: Public liability; workers comp, third party personal AND third party PROPERTY.

3.10 **Stamping out** regulation evading UberX and its illegal drivers is an urgent issue. Saulwick 1April2015 reports that :

“The state is prosecuting drivers through the courts, where they face individual fines of up to \$110,000”.

But who knows this ? How many drivers have been arraigned? How many fined? If the drivers are illegal, then why is Transport for NSW not stamping out UberX ? Most importantly for the safety and knowledge of the public and to deter potential UberX drivers, why does TfNSW not simply take out prominent monthly newspaper and social media adverts stating that any private driver for UberX is liable for fines of up to \$110,000” ? Because UberX certainly will not inform its drivers of such liabilities. And heading such adverts as illegal dangerous paid hitchhiking ! Such TfNSW advertisements would be more effective than anything else including costly prosecutions. Potential UberX drivers would then know. And most importantly the public would then know. The news would spread rapidly. UberX would fade rapidly !

3.11 **The UberX mission** ? This question is raised because the UberX raison d’etre defies simple logic. Uber is a huge international startup, reportedly with \$17Billion funding and working very closely with Google. It is brilliantly selfpromotional, pays heavily for worldwide top executive staff and overheads, and is established in 250 world cities, seemingly to pursue “taxi-like” services, albeit already banned in some such as Delhi and others. Despite such international company efforts it defiantly refuses to apply for taxi Network licencing and provide compliant regulated taxi services. Why ever not ?! Instead it actively encourages high risks for the public and its illegal private drivers with fines costing up to \$110,000.

Economically UberX doesn’t earn much more than the normal taxis peanuts. Since starting 2 years ago its fares in 6 Australian cities were 1.5 million trips total (Uber ibid). A tiny proportion of the total 71 Million per annum Sydney fares. With UberX fares reportedly less than taxis, based on GPS mileages, avoiding 20% taxi plate fees and insurances, and if averaging say \$20-25 per fare, then its revenues may be some \$30-38 million pa from which UberX reaps 10-20% net fees of say \$3-8 million per annum less its costs in Australia.

These UberX returns are clearly minor and would remain so even if it could capture a substantial part of the total Sydney taxi bookings market. So why does this wealthy international Uber bother to be in illegal “taxi-like” services for peanuts - in 250 cities ?

The answer may be the close Uber hookup with Google and its advanced development of automated driverless vehicles within 2–5 years. If UberX can establish extensive car driven services under its controls in Australia and worldwide, then in 2-5 years when Google is expected to finalise the automated driverless car, Uber in partnership with Google could possibly introduce millions of “taxi-like” cars worldwide with automated driverless vehicles ! A truly world technological and social revolution ! Worth billions. And with Uber and Google in the driver seats ! Uber world mission may far exceed its Australian “taxi-like” services business model.

4.00 SUMMARY

The Harper Competition Policy Review – and the media - has given considerable emphasis to the taxi industry for reasons unknown. Despite its 530 pages the Harper Review however provides little coverage of taxis and displays a lack of analysis and misunderstanding of what is an atypical but very valuable service industry. The Harper wholesale deregulation and open competition philosophies would destroy it as occurred in other world regions like New Zealand and the Northern Territory. Consequently, it is recommended to the responsible Ministers that the Harper Review in relation to the Sydney taxi industry be disregarded !

Sydney taxi services rate well internationally. Released from the stifling constraints of the taxi plate owners cartel, and given open independent review and reform, it would rate amongst the top in the world in providing valuable and important public services. With great credit and gratitude from the public to the government !

This letter makes three recommendations :

- Notwithstanding the Harper Review, that taxi plate values and their 20% economic rent on fares for the past 30 years – and their directly associated industry power cartel – be removed as the fundamental change Revolution critically needed for the taxi industry ! A process that can be achieved readily by relatively simple means not requiring government deregulation.

- That the Harper Review economics and recommendations may be relevant elsewhere but lack analysis and understanding of the taxi industry, are largely inapplicable and potentially highly destructive of the taxi industry. The Ministers should disregard the Harper economics and recommendations concerning the taxi industry. Instead the Sydney taxi industry would benefit from independent expert review, eradication of the constraints of taxi plates and the negative plate owners mafia control together with desirable and long overdue reform, improvements and reduced regulation of the socially valuable and productive taxi industry services.

- That despite the Harper Review uninformed enthusiasm for it in the name of competition, that the unregulated and publicly dangerous UberX “taxi-like” illegal paid hitchhiking services be abolished by government. The positive aspects of Uber – and other bookings services such as GoCatch and InGoGo - are recognized as challenges to stimulate the necessary improvement of the services of the taxi industry to the benefit of the public. Taxi industry reforms that would benefit from Ministerial encouragement but not requiring regulation.

The above are recommended for the consideration of the Ministers.

Yours Sincerely,

Ted Hirsch

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References :

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TC Ltd, NSW Taxi Council Ltd. Undated Submission to Harper
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Cc :

Given the public nature of the Harper Competition Policy Review and subject matter,
this letter has been copied to some other parties including those below :

cc. Harper
cc. TfNSW
cc. IPART
cc SMH Jacob Saulwick
cc TC Ltd

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