

Economic Regulator

From: [REDACTED]
Sent: Wednesday, 20 October 2021 10:28 AM
To: Economic Regulator
Cc: Ferguson, Michael (DPaC)
Subject: Taxi Licence Issues

Dear Mr Lock and Minister Ferguson

Please find following communication from one of our board members, Mr Peter Cooper.

THE FINAL NAIL IN THE TAXI INDUSTRY COFFIN

I write as the owner and driver of a Hobart Taxi over the past 17 years. My anger is roused by the announcement of the Tasmanian Economic Regulator's Draft Reserve Prices for New Taxi Licences up to 2025.

The Draft Reserve price for 2025 is \$46,500 is a further low blow to the struggling taxi industry.

If possessed of reasonable business acumen, capacity for hard work, knowledge of the likely developments (such as tourism growth) in our local economy, the tax taxi owner small business person should be able to expect good income and growth in assets and equity of their business.

Two decades ago the main asset of an owner was the annually increasing value of the Perpetual Taxi Licence which could be bought, sold and leased. Some business owners might have acquired two, three or more licences over time, expecting that at retirement, by sale or lease they would represent an equivalent of superannuation retirement income for the owner and, possibly their spouse upon death.

About 15 years ago, Hobart Perpetual Taxi Licences were approximately valued at \$150,000.

The first and most severe low blow to the taxi owner's licence as the major business asset was the 2009 Labor Governments' Owner-Operator Taxi Licence Legislation (OOTL) that introduced a new kind of licence that could not be leased and that could be used only by a taxi owner who actually ran a taxi business.

The Perpetual Taxi Licence that could be leased out by a licence owner how had nothing to do with the operation of a taxi business continued in operation.

Perhaps such an owner who had purchased a Perpetual Licence purely as a financial investment to lease out for profit deserves no sympathy. But the majority of these licences were owned by fair dinkum Taxi drivers providing a valued and necessary service for visitors, the sick, the elderly and responsible drinkers.

Their major asset was destroyed as a valuable growth asset. Imagine the outcry if licence holders in the crayfish or abalone industries had been treated similarly by the Tasmanian Government!

The 2009 OOTL's were reportably sold for \$65,000. I suspect that very few owners of perpetual Taxi Licences managed to sell and, if they did, it would have been at a huge discount. Some probably just continued to use the licences to operate their cabs for another decade or so until retirement and went onto the Centrelink Pension.

The fairest solution would have been for the Government to buy back from operators of Taxi businesses their Perpetual Licences and for those continuing in the taxi industry to buy the new OOTLs for \$65,000, the apparent selling price by the Transport Commissioner the past decade.

But now, with the regulator's advertisement as at the 2nd of October in the Mercury of a draft price of \$46,500 a retiring taxi driver not only has not had his licence value increase with the passage of time as in the case of the

Perpetual Licence before 2009, but sees a loss in the value of \$18,500 on the \$65,000 OOTL he probably now has.

And this, of course, would be a minuscule percentage of the sale or lease value of the former Perpetual Licence had it continued as the sole form of licence.

The OOTL's introduction has led to a severe deterioration in the quality of service in the taxi industry.

A few years after its introduction the number of cabs on the road in Hobart had reportedly doubled making it very difficult for a driver to get on a cab rank. Earnings for drivers and owners dropped considerably.

The Liberal Government of 2014 allowed Uber in. Now there are about 6 uber-style operations in Tasmania.

Government funding of community based cars driver my volunteers and other services transporting hospital patients eroded business.

There is no properly constituted Taxi governing council or union to promote higher standards of dress, service or courtesy.

Mainland-acquired Taxi driver licences can be used immediately in Tasmania without any formal Tasmanian-based training. Tales are legion of new drivers having no knowledge of Hobart's suburbs, let alone the streets and significant common destinations.

Many drivers reportedly work over 100 hours a week to make \$1000, the bare minimum needed to survive once you take out costs associated with driving the taxi.

Many struggle to make per hour half the minimum wage rate.

Australians should be ashamed of the level of exploitation of newcomers to our shores. And, indeed, fearful for their safety given the tales I have heard of drivers falling asleep whilst driving with passengers.

If such driving hours are legally limited, so should be the hours behind the wheel of a cab before a compulsory rest period of required hours.

With my retirement not far off, I was taken aback by the remark of a long-standing very elderly regular passenger who, when I told her of my plan to finish soon, said "I hope I die before your do, I couldn't face the need to get another regular driver"

My main points regarding the taxi industry are thus:

1. Why is this reduction to the reserve price being done?
2. Why not reduce abalone and cray fish licences, not just taxi's?
3. 7 years ago Tasmania had the best tax services in Australia, now we have the worst.
4. Too many taxis in Tasmania per capita has resulted in us leading the country with the oversupply and its getting worse.
5. The quality of drivers has deteriorated in many aspects.
6. No governing body to assist the tax industry has contributed to this sad state of affairs.
7. Very little assistance from the Department of Infrastructure is available to improve the taxi industry.
8. The Tasmanian Government and Taxi companies have contributed to the destruction of the taxi industry in Tasmania.

9. The quality of drivers has gone backwards along with clear deterioration in safety, service, dress code, communication skills, manner, the state and cleanliness of vehicles and per personal hygiene.

10. Are the Licence owners going to be reimbursed for the reduction in value of the licences? (I paid \$60,000 - and will stand to lose \$13,500 when I need it most for retirement)

Peter Cooper
Taxi Driver for 17 years
Board Member of Confederation of Greater Hobart Business Ltd

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