



# A Framework for Tomorrow

NSW Hire Car Association

Aug 2015

## NSW HCA Position Summary

- We **support reform** in the transport industry and **embrace emerging technology**. We believe this is vital to future sustainability of our industry.
- We respectfully request that the NSW Government ensure reform is implemented in an orderly manner and that in the meantime the law is upheld and is equally applicable to all industry participants without exception. **Implementing a system of 12 demerit points for current illegal ride share drivers would eliminate the problem quickly and efficiently.**
- We **support removal of barriers** to entry into the industry which would **remove restrictive trade practices** and allow for **fair competition**. Further, we are of the opinion that the state of **NSW is at the leading edge** of such practices for the hire car industry, following the deregulation measures taken in 2001.
- We believe it is essential to adopt **accurate semantics** to describe new classed of service in the industry. The use of the words “ride sharing” is inaccurate and does not describe the transaction being undertaken between ‘giver’ and ‘receiver’. It has been challenged by notable academics as having ‘nothing to do with sharing, and everything to do with commerce’ and such challenge adopted by many governments as part of the regulating of ride sharing (see image 1).
- There are inherent dangers associated with unregulated ride sharing (see NSW HCA Position Paper & Summary – Aug 2015) which must be addressed in the **interest of public safety**. This is a fundamental due duty of government which cannot be rationalised away by any means of emerging trends or technology.
- We support the findings of the Harper Review that competition is fundamental to the health of the nation and we further fully support Professor Ian Harpers more recent comments at the ACCI Breakfast audience ‘**competition is necessary and good but within the necessary frameworks**’. This is a well established idea that is essential to governance and sustainable business practices as outlined in the landmark UK study resulting in *The Cadbury Report* (see image 2).
- We believe that **judicious implementation of reform** will have material bearing on the **sustainability of the industry** and **public service & safety**.
- **We offer a view of tomorrow in the following pages.**

Image 2: *The Cadbury Report: The Financial Aspects of Corporate Governance p10*

The country's economy depends on the drive and efficiency of its companies. Thus the effectiveness with which their boards discharge their responsibilities determines Britain's competitive position. They must be free to drive their companies forward, but exercise that freedom within a framework of effective accountability. This is the essence of any system of good corporate governance.

Image 1: *Semantics of “ride sharing” addressed as part of the regulation.*

Forbes / Tech

SEP 23 2015 8:54:40 AM 18.2x18 view

### California Becomes First State To Regulate Ridesharing Services Lyft, Sidecar, UberX

California regulators have made technology-based ride sharing services legal in the state, providing a [regulatory framework](#) for startups like Lyft, SideCar, UberX and Tickengo to operate in the state.

The California Public Utilities Commission voted 5-0 at a San Francisco hearing to pass [proposed rules](#) that create a new class of “transportation network companies” (TNCs). (Technically these services are not considered “ridesharing” under the CPUC’s definition, which defines ridesharing as practices such as casual carpool.)

# Current Landscape



## Premium service

Deregulation in 2001 has removed trade restrictions and lowered barriers to entry

Current supply/demand equilibrium in NSW

Prices have reached an equilibrium where consumers pay generally no more or less than the service is worth

Less affected by new lost cost entrants

Serving the high end of the socio-economic scale

Ability and appetite to provide customised services including special needs and disability affected customer.



## General consumer service

Highly regulated & government controlled

Barriers to entry are high

Currently consumer demand vastly outweighs supply – especially in peak travel times.

Highly affected by new lost-cost entrants.

Serving all groups within the socio-economic scale

Mandatory requirement to serve special needs and disability customers.



## Service targeted at emerging, technology & social media savvy consumers

Complete disregard and opposition for regulation any form of regulation.

No barriers to entry

Supply is ramping up to meet demand. High danger of supply/demand “management” resulting in **predatory pricing**.

Serving young, tech savvy, agile consumers in the middle range of the socio-economic scale

Low ability & no appetite to serve special needs and disability customers.

# A Self Regulated Future



Operators are used to deregulation.

Most likely to continue operations largely as current.

Will push government to further reduce fees and restrictions.

Will also demand self-regulation.

May result in exploiting of tax loop holes to compete effectively.

Many operators will leave this class service and become "ride share" operators. Some evidence already in play.

Most likely to result in survival of the fittest with substantial reduction in the number of competitors.

Survival only of the strongest operators who are invested in emerging technology.



Barriers to entry will become prohibitive.

Drivers will leave the industry and become "ride share" operators. This exodus is already well underway.

Taxi owners and taxi networks will be left with vast fleets of unused vehicles.

Cashed up operators will most likely mimic "ride share" capabilities by introducing new technology AND will simultaneously resist any regulatory or fee impositions by government.

Others will declare bankruptcy.

Industry will most likely cease to exist by 2020.



Service will thrive as consumers enjoy low fares.

Self regulation will lead to public safety issues.

Monopoly by stealth will result in predatory pricing.

Low socio economic consumers will be significantly disadvantaged.

Special needs and disability customers will be severely compromised.

Tax evasion will increase at an individual level and at the corporation level.

Explosive increase in motor vehicle movements will have a detrimental environmental impact.

# A Healthy Framework for Tomorrow

Eliminate barriers to entry and remove restrictive trade practices

Ensure a minimum framework that concurrently allows for **COMPETITION** and **PUBLIC SAFETY**

Introduce a new class of transport service which competes within the appropriate legal framework



## Business As Usual

Following 2001 deregulation industry has already achieved a self imposed sustainable equilibrium .

Current consumer demands are serviced.

Prices have reached an equilibrium .

**A 'PERFECT MARKET'**  
is well established



## Substantial Reform Required

Remove barriers to entry – especially in the form of plate costs

Removes unnecessary consumer costs (surcharge on payments)

Continued independent driver & vehicle accreditation

Allow the industry to scale as required to meet consumer demand

The industry will self improve and adopt new technologies in a bid to compete with new lower cost entrants.



## Regulation Required

Replace term "ride sharing" as it is deceptive and misleading.

Introduce independent driver & vehicle accreditation – ensuring PUBLIC SAFETY.

Establish annual license fees set at \$5000 to help fund accreditation.

Require vehicles be marked with permanent fixtures & driver accreditation visibly displayed inside vehicles.

Introduce price caps as a % of taxi pricing.

Eliminate surge pricing or at worst ensure capping.

Require appropriate commercial & public liability insurances.

Require GST and tax compliance for both drivers and corporations.

Require zero blood alcohol limit

12 point demerit for non-compliance