

# **NSW SIRA CONSULTATION ON COMPULSORY THIRD PARTY (CTP) SUBMISSION BY**



## **Ride Share Drivers Association of Australia**

**[www.rsdaa.org.au](http://www.rsdaa.org.au)**

**Promoting the interests of its members through involvement in the formation of Rideshare Legislation.**

The members of the RSDAA come from all walks of life and work in the ride-share industry for many different reasons, some drive full time, some have full-time jobs and drive on weekends, some drive to fill in gaps between other jobs, some drive to keep themselves busy in retirement.

Whatever their reasons for driving, they all want to give their passengers a great experience, and all want the respect and protection afforded to most other workers in Australia; we help them to achieve these goals.

**Submitted 24th January 2020**

## Introduction

The Rideshare Drivers Association of Australia welcomes the opportunity to become involved in the proposed changes to NSW CTP.

RSDAA believe the sustainability of the rideshare industry is already at risk and adding additional expenses to Operators & drivers would be detrimental. An increase of more than \$600/vehicle per annum would cause unbalance.

It is common knowledge that Taxis, Limousine & Rideshare Operators/Drivers are currently all struggling to sustain a viable income. The number of vehicles involved in the Point to Point Industry has increased dramatically since the establishment of rideshare in October 2012 and needs to be addressed.

It is questionable as to whether it is financially viable to be a Rideshare driver in NSW, rideshare drivers are working longer hours and risking public safety from being fatigued. Limousine Operators are fighting to keep their businesses sustainable and Taxi Operators are struggling due to the increase in the number of vehicles providing passenger services. An additional financial burden would not be a good approach when Drivers are already feeling exploited.

Taxi business models are such that CTP Insurance policies are currently the responsibility of the Operator, not the driver. This has not been the case in the rideshare industry and needs to be taken into consideration.

RSDAA believes Rideshare CTP costs should be passed onto passengers until a long term sustainable solution is found. In many instances - across all rideshare networks - current rates of revenue barely cover operational costs of vehicles.

The current 'usage based' scheme being collected by major rideshare Operators since April 2018 of \$0.10 cents per km charge on rideshare trips has not impacted Operations of rideshare drivers or Operators. The CTP fee is still being collected from riders, this is a sensible approach. This model could be considered for all Point to Point drivers/Operators.

Due to limited time constraints I have provided opinions on behalf of the RSDAA on each of the suggested Options with Option 3 our preferred approach.

Thank you for the opportunity to express our opinions and concerns in relation to the upcoming CTP changes.

Outlined below is our position on the 5 options outlined by State Insurance Regulatory Authority (SIRA)

#### OPTION 1 - POINT TO POINT DRIVER-BASED CTP POLICY

The time and distance driven by all point to point drivers varies wildly. NSW Point to Point rideshare drivers' working hours change, depending upon personal circumstances. The overwhelming majority of drivers would struggle or, more likely, find it completely impossible, to make any reasonable prediction or estimate of the number of hours they may work in future period of weeks or months, or even in the single coming week. A rideshare driver's income is commonly a supplementary income, hours worked change from week to week. It is the very essence of rideshare driving as a form of work, that it allows complete flexibility as to hours and times worked. For many, this is the most attractive feature of the work.

A CTP Premium based on the predicted working hours of a point to point driver, especially a rideshare driver, would be more than merely a challenge to properly manage: it would simply be impossible. The increasing trend of drivers working for multiple Point to Point rideshare Service Providers further complicates any proposal for data capture or the live tracking of hours driven.

A further conundrum, directly complicating any driver-based approach to CTP - one most likely requiring resolution in the courts - is the matter of whether a rideshare driver is actually driving as a Point to Point driver before, between, and after actually conducting passengers to their destinations. Is it merely a matter of a rideshare app being switched on? What about smaller Point to Point operators who merely rely on phone conversations to convey booking details?

Just exactly when is a driver who, from time to time, fulfils rideshare bookings, driving as a Point to Point driver, and when is he/she not doing so? These questions continue to float unresolved, and have a critical bearing upon any option to implement a driver-based CTP policy.

## OPTION 2 - SERVICE PROVIDER CTP

This option could be economically viable, in the narrow sense, for the rideshare industry as it stands, but inappropriately favours larger, established Point to Point rideshare operators, at the expense of small operators or individual drivers who may hope to expand and become Point to Point Service Providers themselves.

The transition by drivers from merely fulfilling the bookings provided by established rideshare operators to generating and fulfilling their own bookings and passing on their newly generated work to other drivers will become vastly more complex.

A Service Provider based CTP system would require that appropriate safety assurance and training policies be implemented by fledgling operators. In-depth training will be a likely requirement for drivers seeking to make this transition.

## OPTION 3 - USAGE BASED ARRANGEMENTS

The current 'usage based' scheme being collected by major rideshare Operators since April 2018 of \$0.10 cents per km charge on rideshare trips has not adversely impacted the operations of rideshare drivers or Service Providers. The fee is currently being collected from riders and then paid to the NSW Government by rideshare Service Providers. This is a sensible approach.

Usage based would have to be calculated on actual trips conducted as upfront amounts would be difficult to ascertain. Risk factors such as the location where a trip originated and finished would also be difficult to evaluate.

A possible alternative would be a usage based scheme based on the number of trips taken and monitored similar to the existing NSW Government Transport Levy currently being collected by NSW Point to Point Commission.

#### OPTION 4 - INDUSTRY AGREED RISK RATING FACTORS

RSDAA are not in favour of Insurers deciding case by case a mechanism to determine if vehicles are performing a passenger service.

Generating this data from Small Business Owners would be tedious and would not necessarily be an accurate way to determine a classification, there would be a high risk of small operators not declaring required information.

An obvious negative would be Small Business Operators not declaring their independent driving hours outside of app based jobs.

Shift durations and hours worked are obviously relevant risk factors but challenging to capture in advance.

This option would be tedious to manage and would also risk increased premiums from Insurance providers.

#### OPTION 5 - NEW VEHICLE CLASS

Taxi, Limousine & Rideshare; Each require a Class of their own.

The taxi industry should be accountable for their high risk profile which is the primary reason for high CTP premiums that they have traditionally paid.

RSDAA believe a single point-to-point vehicle class which includes taxis, hire cars, and ride share vehicles would not work due to differentials in risk factors for each class.

The creation of a new classification for rideshare would allow rideshare operators to establish their own risk profiles and this would be a challenge as a large percentage of rideshare drivers working hours are unknown in advance. Rideshare drivers working hours fluctuate dramatically and it would be almost impossible to predict ahead of time. It would have to be based on actual hours/km driven rather than a predetermined prediction.

## CONCLUSION

RSDAA would potentially support Option 3 Usage Based Arrangements.

User pays is related to vehicle usage, providing neither advantage nor disadvantage to rideshare vehicle owners. This would hopefully mean low point of sale insurance premiums and customers paying for increased insurance costs linked to risk.

As discussed above, the current 'usage based' scheme being collected by major rideshare Operators since April 2018 of \$0.10 cents per km charge on rideshare trips has not adversely impacted the operations of rideshare drivers or Service Providers. The fee is currently being collected from riders and then paid to the NSW Government by rideshare Service Providers. RSDAA believe this is a sensible approach.

The obvious disadvantage to user pays CTP would be to paying Passengers as a base price increase or introduction of a permanent CTP Levy included in fare would be required.

RSDAA firmly believe the current usage based CTP scheme should remain in place which will lead the way to improving the sustainability of the entire Point to Point Industry.

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