

Review of Compulsory Third Party (CTP) motor vehicle insurance for point-to-point transport vehicles.

Introduction

Tweed Heads Coolangatta Taxi Service welcomes the opportunity to provide a taxi industry perspective on the best options presented by the point-to-point transport review regarding future CTP options. The discussion paper has provided valuable data and analysis of accident and claims from previous years. What the data and analysis fails to predict however is future claims under the proposed options and what economic effect this will have immediately and over the long term for the taxi industry.

What is evident from studying various overseas data in local and state government areas where ride share has been allowed to enter is that maintaining high insurance coverage and premiums for the incumbent taxi industry ultimately leads to a dramatic decrease in overall taxi operational economic viability. This results in a decrease in customer service levels including wheelchair response times. In those markets where ride share has been fully established and matured there is clear evidence that taxi network and taxi operators saddled with high legacy insurance premiums and expenses quickly become unviable and ultimately close or enter insolvency.

Future Compliance and Claims Data Collection

When predicting future claims the data can only be accurate with full disclosure of the operator be they taxis, hire cars or ride share. What is evident within Australia and around the world is that compliance and full disclosure by ride share companies like UBER and their driver partners is minimal and in some cases non existent. Creating a legal framework to ensure compliance is only effective when the actual metered punishment for non compliance is both legally sound and of such a high financial deterrent that when combined removes the incentive to not provide full disclosure.

It is evident within Australia ride share UBER has deliberately facilitated and actively encouraged UBER driver partners to avoid compliance. In several Australian states e.g. Queensland and Western Australia UBER have actively ensured governmental transport compliance officers have been blocked from conducting legal compliance checks.

The recent Queensland Parliamentary enquiry by the Infrastructure, Planning and Natural Resources Committee into issues around non compliance by ride share company UBER clearly demonstrates active and deliberate manipulation by UBER to circumnavigate compliance and legislation. Below are extracts from the final determination of the committee which has been tabled into Queensland Parliament in March 2016.

While noting that the independent review may result in changes to the regulatory system, the committee is strongly of the view that all providers of personalised transport services should comply with the regulatory requirements currently in place. Evidence was provided to the committee that there are a number of issues affecting the ability of the department to enforce compliance and the department has advised it is currently investigating options within the existing legislative framework, including possible legislative amendments, to ensure compliance can be carried out effectively.

The committee has been provided with extensive evidence that the lack of compliance by ridesharing services has resulted in an “uneven playing field” in the personal passenger transport industry which has had a significant impact on taxi companies and drivers who have chosen to invest and participate in the industry on the presumption that the State’s laws will be upheld.

In response to a Question on Notice taken at the Brisbane public hearing about how many PINs had been issued in the preceding month, the department advised:

There have been increased challenges in identifying Uber drivers, noting the avoidance strategies by Uber and its drivers already on record. Transport inspectors also need to have sufficient evidence to issue a PIN in any particular circumstance. Transport inspectors do not have the full range of on-road powers available to police officers. Therefore, no PINS have been issued in the last month.¹¹²

First Class Taxis Pty Ltd provided further example of enforcement avoidance techniques, the first being where Uber at one stage created ‘ghost cars’ through technology to avoid the identification of real Uber cars by departmental compliance officers. “The ghost cars went on for several months until it became apparent that maybe the Queensland Government might let Uber in, in which case it was switched off.” This stakeholder also advised that Uber can change the time delay on the vehicles so where a compliance officer located a vehicle and could see it on the screen, Uber would delay the on-screen movement away by the vehicle by a couple of minutes to avoid identification of the vehicle by the compliance officer.¹¹³

There was evidence provided to the committee that the fine penalty regime is being circumvented by Uber through it either paying for the fines directly or providing the money to drivers to pay their fines.¹¹⁴ For example, RB Lawyers submitted “It is well documented that ride sharing services such as Uber pay these fines on behalf of their ‘partners’ and so the fines act as no deterrent whatsoever to those operating the illegal taxi service.”¹¹⁵

The committee was also advised that, based on what has happened in the past and in other jurisdictions, Uber is very good at challenging these cases when they go to court.

They will challenge the authority of the transport inspector to have made the infringement notice. They will challenge all aspects of the case. Unless everything has its T’s crossed and its I’s dotted, it gets thrown out and delayed. So our prosecutions team is endeavouring to ensure that everything is right before they go to court. They have not taken anything to court yet.¹¹⁶

The committee notes the advice provided by the Department of Transport and Main Roads that ridesharing services that operate outside Queensland’s taxi service regulations are operating illegally and that enforcement action has been attempted through a cease and desist order and the issuing of penalty infringement notices for providing a taxi service without a taxi licence and for driving without the appropriate driver authorisation.

The committee understands that a number of factors have limited the effectiveness of enforcement measures and notes that the department is currently investigating options, including possible amendments, within the existing legislative framework to ensure compliance can be carried out effectively.

The committee has been provided with substantial evidence that the lack of compliance by ridesharing services has resulted in an “uneven playing field” in the personal passenger transport industry has had a significant impact on taxi companies and drivers who have chosen to invest and participate in the taxi industry on the presumption that the State’s laws will be upheld. While the Bill proposes one option for dealing with non-compliance by applying demerit points for offences, some stakeholders including the Taxi Council Queensland acknowledged that, given the issues with locating and charging drivers operating outside the regulatory system, demerit points on their own may not improve the situation.

**Transport Legislation
(Taxi Services)
Amendment Bill 2015**

**Report No. 21, 55th Parliament
Infrastructure, Planning and Natural Resources Committee
March 2016**

As reported by the West Australian dated 10th October 2014 then Transport Minister Mr Nalder.

But he said policing Uber and ensuring it complied with all relevant regulations was proving difficult.

"They (Uber) actually blacklist any of the compliance officers that sit within the Department of Transport," he said.

Mr Nalder said he did not know how Uber got the names and details of the department's 18 compliance officers.

What is evident from overseas data is that even when ride share UBER is allowed to legally operate in a jurisdiction they still actively promote non compliance and avoidance. This modus operandi of their business model must be viewed as a track record on how they will operate within New South Wales and other states of Australia.

This means any option being considered for CTP reform must consider the fact ride share UBER and UBER driver partners will not always comply with the regulatory requirements. This means those transport providers who are operating legitimately and complying with the CTP costs are in effect subsidising those operating illegally.

The future potential numbers of ride share UBER driver partners promoted to the media by UBER are in excess of 10,000 in NSW alone. A non compliance rate of 10-15% represents 1000-1500 UBER driver partners without appropriate CTP coverage.

Compliance by Roads and Maritime Services for these 10,000 UBER driver partners to verify correct CTP coverage is a massive task that would require a vast network of Roads and Maritime Service Compliance Officers. It would also require huge man hours paid for by the public. These man hours could be better spent on ensuring customer complaints are investigated, industry safety initiatives are rolled out and monitored and future technology advances are used to promote driver and customer safety. These projects will all lead to reduced accident rates, reduced claim numbers and corresponding injury payouts. In effect a better utilisation of government resources.

Current Taxi Industry CTP Providers

What has been presented in the Discussion Paper is clearly evidence that the current CTP providers for the taxi industry lack competitive desire and even when minimal competition is present both insurance providers do not provide much difference in financial cost or benefit. Ultimately this has led to a monopoly or duopoly of providers. We do not believe anything in this discussion paper will ensure a more competitive CTP regime for taxi owners and operators.

Taxi and Ride Share Risks

The discussion paper outlines how *"Ride sharing introduces new risk factors when insurers are working out CTP prices". It also identifies that "many accidents occur late at night on weekends and on busy roads"*.

The high financial costs are also associated with the fact 10% of taxi accidents involve pedestrians. *"Most casualties occur on Friday or Saturday night with people aged between 18 and 40"*.

These alone account for *"80% of all injuries during those times"*.

For a balanced view, when considering the ride share risks it must be investigated what unique risks they possess individually as well as as a group.

UBER have presented evidence that the majority of their UBER driver partners drive part time or as a second or third job. This means the driver is not always a professional driver. It also means some drivers have full time jobs and driving for ride share UBER is an extra activity completed around their full time job 38 hour work week.

Ride share Peak Driving Times

The peak times to drive for UBER are early mornings 4am to 8am, Thursday night 10pm - 1am, Friday and Saturday nights 6pm - 4am, Sunday 12pm - 12am, on long weekends, school holidays and major sporting and cultural events.

UBER actively encourage their driver partners to be on the road during these times by **GUARANTEEING** the drivers minimum hourly rates to be logged into the UBER app platform.

GUARANTEED \$2,000 PER WEEK! HERE'S HOW:

Brisbane is Busy... Really busy! We're not just going to tell you how much you *could* earn, we'll **GUARANTEE** it!

HOW MUCH!?

Guaranteed \$50/hr minimum hourly average fares across 3 **Very Busy hours** on Saturday night. Plus 6 more hours at \$40/hr on Saturday. These are the best hours to be online the entire week! **Guaranteed \$30/hr** minimum hourly average fares across **59 Busy hours** of the week

We've upped our game! We're giving Partner Drivers a high-ten by adding \$10 instead of \$5 for each trip starting 8 September. See this incentive and the others below!

What's on this week:

- \$30 hourly average earnings! From 6pm-2am on Friday and Saturday night when accepting 90% of trips if you aren't earning at least \$30 as an hourly average, Uber will top you up to \$30. Why? Uber provides a great service to Riders and Drivers and this is our way of showing it by supporting you!
- \$10 extra for every trip you complete, (seriously every trip nets you an extra \$10 on top of the fare)
- the \$100 Driver Referral (must be an active driver - we recommend using the in App referral button),
- AND a \$250 Driver Activation Incentive. Get activated, complete 10 trips with a rating over 4.6, and get \$250!

Remember, these incentives are active for this week. Get on road this week to take advantage of them and keep an eye out for what incentives we come up with next week!

The risk is increased exponentially when UBER encourage you to drive during the normal sleep cycle times 8pm - 6am as well as having a normal 38 hour a week primary job.

What is evident from UBER Driver Blogs is that UBER drivers are logged into the UBER platform and driving for up to 90-100 hours per week.

At the Queensland Opportunity for Personalised Transport Review (OPT) on Wednesday 6th April 2016 the President of the Ride Share Drivers Association of Australia (RSDAA) acknowledged that UBER drivers in Australia are driving up to 18 hours per day and upwards of 90-100 hours per week. He mentioned fatigue as a huge impact on driver safety.

What is evident is that the Discussion Paper highlights those areas and times where accident risks are highest. It also outlines the fact that driving for long periods of time present a greater risk of accidents and injury to the driver and the public.

Based on UBER's own data, guaranteed hour incentives, UBER Driver Partner blogs and the President of the RSDAA it is clearly evident that ride share drivers present the same risk of accident and injury as taxis. They drive the same off peak hours, same peak demand hours and operate in the same pick up and drop off locations.



Zhirecars
New Member

Location: Sydney
Driving: UberBLACK

My Sales

last week for drivers were roughly

Wed 4am-4pm =\$380

Thursday 4am-4pm =\$360

Thursday 4pm-2am =\$290

Friday 4am-4pm =\$350

Friday 4pm-2am =\$320

Saturday 4am-4pm =\$380

Saturday 6pm-2pm =\$450

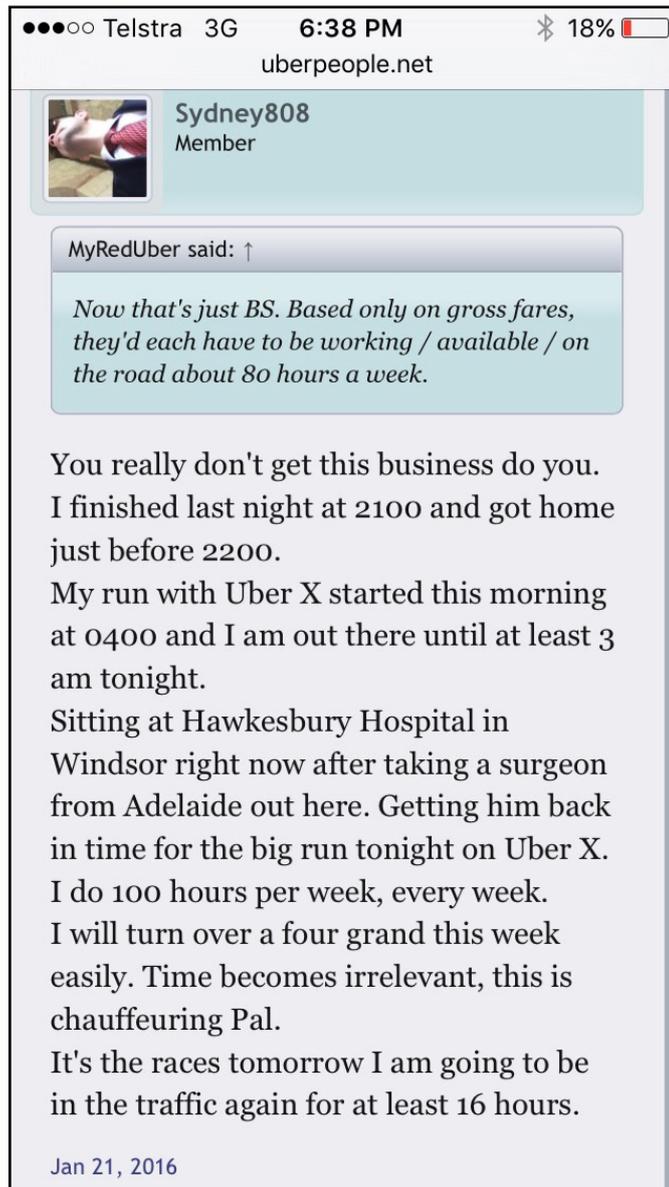
Sunday 6am-6pm =\$400

That's before taxes tolls just sales

It used to be average \$500+ 3-4 months ago hope that this is just quite period and it picks up the above figures are a bit better than what was happening a month ago

Zhirecars, Sunday at 6:03 PM

#40



What is more concerning and poses a greater threat than most full time taxi drivers is the fact UBER claim most of their driver partners have another full time job or several other jobs as well as driving for Uber.

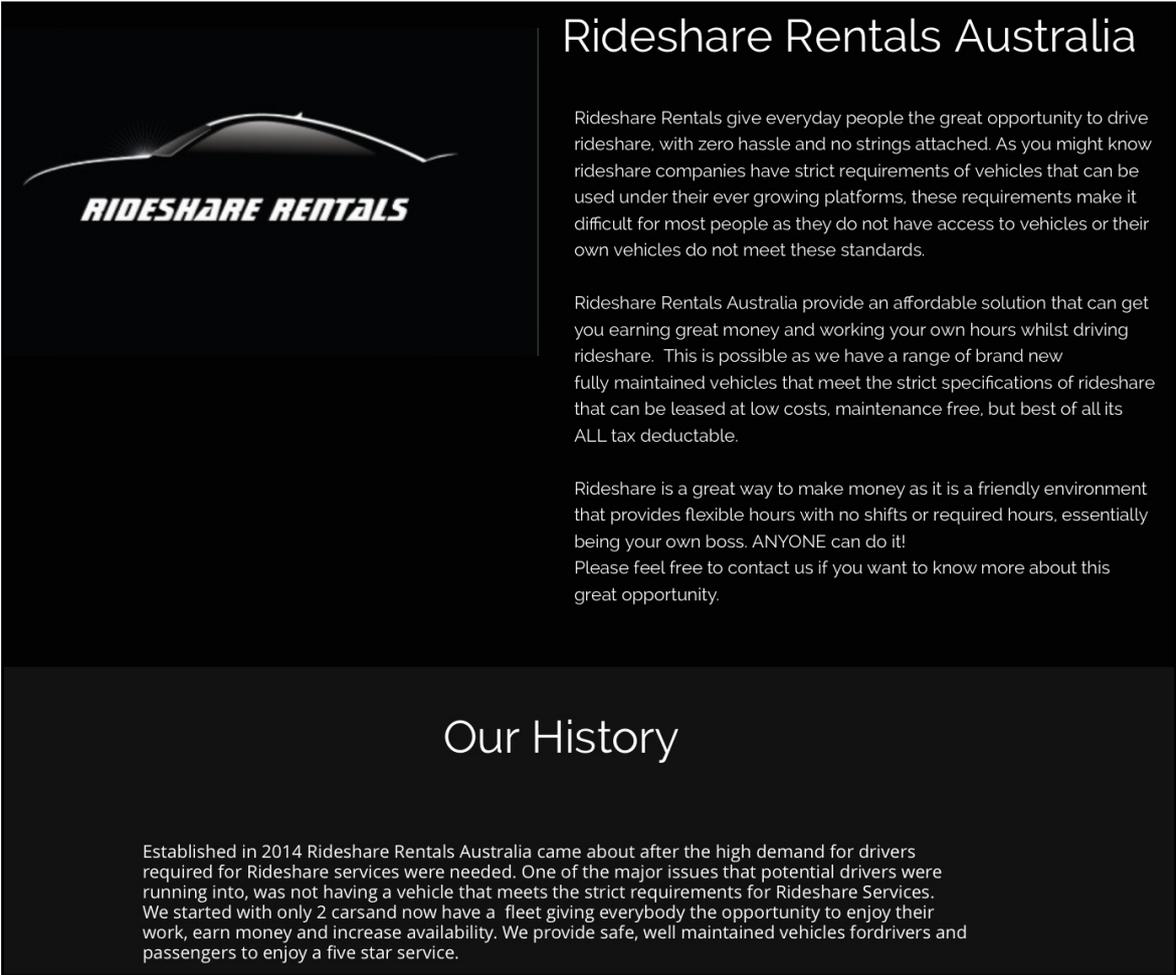
This raises the potential for fatigue and the latent risk of chronic fatigue. Australian and worldwide studies have proven being awake for 18 hours is equivalent to a blood alcohol concentration (BAC) of 0.07 with a corresponding decrease of 50% in responsiveness.

Evidence is also available that UBER driver partners actively engage in rank and hail work. In the Daily Telegraph in London the Mayor of London Boris Johnson states:

“A minicab may not rank up, a minicab may not ply for hire – cruise in search of passengers – and a minicab may not be hailed in the street. Indeed, a minicab must be booked through a third party, a licensee or booking agency,” Johnson said.

“You only have to consider the habits of many Uber minicabs – not all, but many – to see that this law is systematically broken; and that is because technology makes it so easy for it to be broken,” he added.

The Discussion Paper also highlights the fact *"some taxis are also driven by people who do not own the taxi, and therefore do not bear any of the insurance costs associated with their own poor driving behaviour (known as moral hazard)"*.



The advertisement for Rideshare Rentals Australia features a dark background with a glowing car silhouette on the left. The text is white and organized into sections: a main title, two paragraphs of descriptive text, a call to action, and a history section at the bottom.

Rideshare Rentals Australia

Rideshare Rentals give everyday people the great opportunity to drive rideshare, with zero hassle and no strings attached. As you might know rideshare companies have strict requirements of vehicles that can be used under their ever growing platforms, these requirements make it difficult for most people as they do not have access to vehicles or their own vehicles do not meet these standards.

Rideshare Rentals Australia provide an affordable solution that can get you earning great money and working your own hours whilst driving rideshare. This is possible as we have a range of brand new fully maintained vehicles that meet the strict specifications of rideshare that can be leased at low costs, maintenance free, but best of all its ALL tax deductible.

Rideshare is a great way to make money as it is a friendly environment that provides flexible hours with no shifts or required hours, essentially being your own boss. ANYONE can do it!
Please feel free to contact us if you want to know more about this great opportunity.

Our History

Established in 2014 Rideshare Rentals Australia came about after the high demand for drivers required for Rideshare services were needed. One of the major issues that potential drivers were running into, was not having a vehicle that meets the strict requirements for Rideshare Services. We started with only 2 cars and now have a fleet giving everybody the opportunity to enjoy their work, earn money and increase availability. We provide safe, well maintained vehicles for drivers and passengers to enjoy a five star service.

At these early stages of ride share in Australia we have already seen several ride share operators enter the ride share fleet management business model. This means like taxi operators who manage a fleet of taxi cabs, ride share operators manage growing fleets of ride share vehicles. These vehicles are "hired" out to individual drivers on a per shift, daily or weekly type arrangement. These ride share operators charge the driver a daily rate.

These businesses will grow in the future and they exhibit the same *"moral hazard"* and accident and injury rates as taxis.

Future CTP Options

"Insurance is essential to our economy and society". "Insurance is not about the State subsidising risk, but by the pool of risks paying the cost collectively".

"The Taskforce was of the view that vehicles should pay according to individual risk, irrespective of class of vehicle, so that there was greater equity across the different types of point to point providers".

Individual option review

Option 1. Creation of a new vehicle class for ride share services.

As evident in this submission the ride share drivers are already engaged in the same activities as taxis. They operate the same times, same drop off and pick up locations, same peak times and in the same road environment conditions e.g. late nights, main roads, intoxicated customers and pedestrians.

This option provides ride share with an unfair advantage since they are essentially doing taxi work but paying a considerably lower CTP premium. The premium is expected to be adjusted for risk as experience is gained. As evident UBER actively encourage non compliance and lack of full disclosure. This model still requires full compliance by all of UBER's current 4500 Driver Partners and full compliance of UBER's proposed 10,000 future drivers. It does not take into account the fact many new UBER drivers will not gain the mandated CTP coverage until they believe it is economically viable. They will test the waters to ensure they can generate enough income from the driving prior to out laying any expenses.

This option does not guarantee full compliance and accountability.

Option 2. Creation of a point to point vehicle class.

This option whilst academically and theoretically sound poses significant practical challenges to ensure compliance. The discussion paper is totally correct in the assessment that ride share poses huge challenges for the identification of ride share vehicles.

The practical ability of Roads and Maritime Compliance Officers checking over 10,000 ride share vehicles across the state against an up to date CTP data base 24 hours a day in all road side environments is a huge logistical and practical challenge.

The number of Compliance Officers required to ensure this activity is done sufficiently for all point to point transport vehicles in all locations will be cost prohibitive to the government.

Ultimately this option will lead to a lack of effectiveness of the Roads and Maritime Compliance Unit and greatly reduce government expenditure on more road safety focused initiatives.

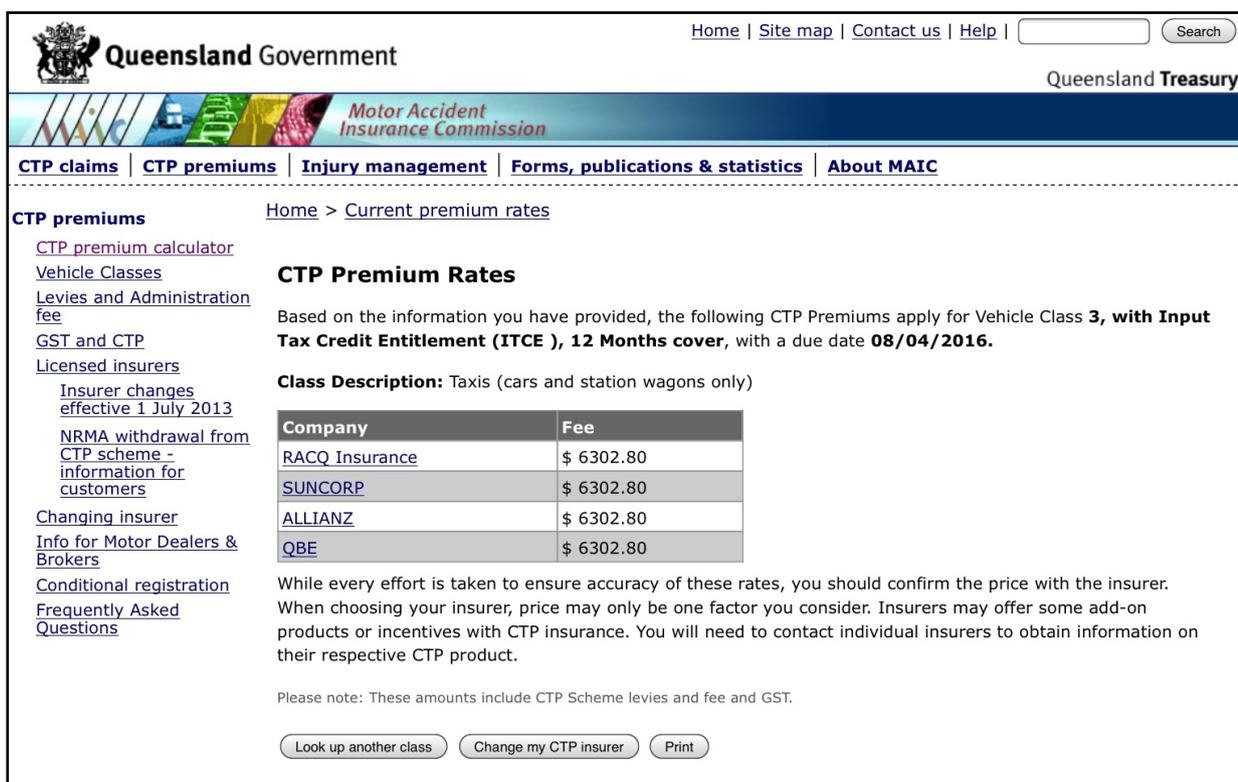
This option does not guarantee full compliance and accountability.

Option 3. Deregulation of point to point premiums to allow risk rating.

This option relies on the government mandating all insurers to provide coverage to all vehicle classifications. We believe this will in future create a business environment where insurers prioritise to offer insurance only to those classifications that maximise their profit.

Each insurer has a business case and in the modern world almost all business cases place profit and shareholder return above other priorities. What is evident in other states is even if several insurers are in the market place their is little differentiation between them on price.

Evidence from Queensland CTP Class 3 (Taxi CTP) shows 4 insurers with the exact same CTP Premium. The theoretical idea of competition producing competitive pricing is clearly not evident and this option does not guarantee a variety of competitive CTP pricing.



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Frequently Asked Questions

CTP Premium Rates

Based on the information you have provided, the following CTP Premiums apply for Vehicle Class **3, with Input Tax Credit Entitlement (ITCE), 12 Months cover**, with a due date **08/04/2016**.

Class Description: Taxis (cars and station wagons only)

Company	Fee
RACQ Insurance	\$ 6302.80
SUNCORP	\$ 6302.80
ALLIANZ	\$ 6302.80
QBE	\$ 6302.80

While every effort is taken to ensure accuracy of these rates, you should confirm the price with the insurer. When choosing your insurer, price may only be one factor you consider. Insurers may offer some add-on products or incentives with CTP insurance. You will need to contact individual insurers to obtain information on their respective CTP product.

Please note: These amounts include CTP Scheme levies and fee and GST.

[Look up another class](#) | [Change my CTP insurer](#) | [Print](#)

Option 4. Rate all point to point transport as Class 1 vehicles.

We believe this option is the fairest and most level for all point to point transport providers. It removes completely the issue of UBER non compliance and actively promoting non compliance. It greatly reduces the Roads and Maritime Compliance man power and logistical requirements. It reduces considerably the government expenditure on CTP Compliance. It allows for greater expenditure on better focused safety initiatives for all point to point transport providers.

We disagree with the assumption that high risk vehicles like taxis would be avoided by insurers. We believe smart chip technology, safer driving practices and premium incentives being pushed by the insurer onto the taxi industry would provide the insurer with greater financial benefits and increased profitability.

The major CTP providers will be able to maximise shareholder profit by actively promoting smart technology into taxis. This smart technology which can monitor driver behaviour and give live accurate data can be used to accurately verify accident conditions, liability and offer greater disclosure. This will assist in accurate claims and the associated responsible liability for the "at fault" party to be identified.

UBER submit that the public are using UBER in growing numbers. UBER's stated aim is to reduce car ownership, road congestion and offer cheaper more attractive transport options. If these are achieved then an expense of an additional \$18 per CTP in the metropolitan area we believe is an acceptable cost for a level playing field for all point to point transport providers.

We believe the lower CTP cost will result in a decrease in the meters fare charge rates. Tweed Taxis own internal costings estimate the taxi metered fare will reduce by approximately 10% if the CTP was reduce from the current rates as outlined below to a class 1 coverage.

Below is a table displaying the change in premiums that will be effective for all registrations commencing on or after 1 May 2016.

Taxi plate type	Vehicle age	01-Feb-16	01-Apr-16	01-May-16
T-Plate	0-4 years old	\$ 6,726.96	\$ 7,261.86	\$ 7,141.80
	5+ years old	\$ 6,726.96	\$ 7,261.86	\$ 8,728.87
TC-Plate	0-4 years old	\$ 3,448.51	\$ 3,722.72	\$ 3,688.70
	5+ years old	\$ 3,448.51	\$ 3,722.72	\$ 4,508.42

Tweed Taxis internal calculations have determined the \$18 additional CTP expense will be recouped by a person using a taxi after an average of 2 trips per year in a taxi cab. By lowering the metered fare by 10% for all taxi customers this will represent a potential saving to the local Tweed community of up to \$500000 per year.

Option 5. Risk pool (insurance levy on fares).

Ultimately this option is extremely hard to administer. Drivers of both taxis and ride share would prioritise off the meter work over metered work to pay less of the levy. The actual taxi licence owner and operator would ultimately bear the full costs of compliance yet have no control over the collection of the levy.

This option also punishes the customer by adding additional levies at various times. The complexity of signage for the levy would make it unpopular with the customer and driver. It would promote cash quotes for fares which ultimately reduces GST revenue, PAYG tax, company tax and overall taxi licence value and viability.

This option does not guarantee full compliance and accountability.

Option 6. Retaining current vehicle class arrangements, but freeing up risk.

This option does not provide a level playing field for the current taxi and hire car industries and goes against the objective of the discussion paper. It does not;

consider the perceived disparity between the rules and prices associated with different classes of point-to-point transport vehicles.

explore a more flexible approach to vehicle classifications and premium regulations which rewards safer drivers, and more accurately reflects the risks associated with different uses of vehicles operating in the point-to-point market.

ensure to the maximum extent possible, that operators in the point-to-point market face consistent and fair approaches to premium setting.

As evident in our introduction, the incumbent taxi and hire car industry must be allowed to compete on a level playing field on costs to ensure long term viability for both the taxi and hire car industries.

Conclusion

As previously indicated evidence overseas where ride share has a more mature market placing high insurance and licencing fees on legacy taxi companies ultimately leads to economic unviability.

Our research and internal economic modelling proves there are only two of the presented options that would ensure future economic viability for the taxi industry as well as ensure a manageable enforcement of compliance for all point to point transporters these are option 4 and option 2.

Tweed Heads Coolangatta Taxi Service does not believe that based on the sheer number of future UBER ride share drivers and the geographical areas for point to point ride share businesses Roads and Maritime Compliance will be able to effectively ensure full compliance by all in option 2.

Therefore Tweed Heads Coolangatta Taxis Service strongly recommends and has a definite clear preference in option 4. It satisfies the 3 objectives of the Discussion Paper whilst ensure full compliance. This full compliance will ensure the travelling public have complete confidence in the CTP scheme.

If you require any further information or clarification on the statements or data presented please contact Tweed Heads Coolangatta Taxi Service on 07 55 363371.

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