

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 7 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmr

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

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Witnesses

Mr Brian Negus, general manager of public policy, and

Ms Kathryn Bates, senior public transport and mobility officer, RACV.

The CHAIR — I will begin by declaring open the Standing Committee on the Economy and Infrastructure public hearing and welcome everybody who is present here this morning. Today we are hearing evidence in relation to the ride sourcing inquiry. Today's evidence is being recorded. All evidence taken today is protected by parliamentary privilege; therefore you are protected for what you say in here today, but if you go outside and repeat those same things, those comments may not be protected by this same privilege. I thank both of you for coming along this morning. I might ask you to introduce yourselves and give your roles within your organisation and then move into any introductory comments. We will follow up with some questions after that.

Mr NEGUS — My name is Brian Negus. I am general manager of public policy for RACV.

Ms BATES — I am Kathryn Bates. I am the senior public transport and mobility officer at RACV.

Mr NEGUS — I should explain that in public policy at RACV we have five teams with experts in each team. We are still the only motoring club in Australia that I am aware of that has a public transport and mobility team. We have a roads and traffic team, we have a vehicle engineering team with experts in that space, we have an environmental sustainability team and we have a road user behavioural team that has three psychologists and a teacher. We have quite a rich source of expertise to bring to the table.

The CHAIR — Great. Very good.

Visual presentation.

Mr NEGUS — Thank you very much for accepting our submission and for enabling us to come along and present today. You have, I think, copies of the presentation, which are available. I will run through this briefly; it just gives a bit of a snapshot of what we are in fact putting forward. The first slide gives you a bit of a feeling for the scope or the range of members of RACV, which is fairly typical of the community given we have almost a member of RACV in three out of four Victorian households. Our market research is of the community, but we always ask, 'Are you an RACV member?', and generally about 75 per cent are.

The slide, which I will not go through all the details of but highlight some points, comes from our market research over the last two years, and it really gives a range of what our membership is saying. Interestingly there is a balance between male and females across the range, 30 per cent regional Victoria and 68 per cent metropolitan Melbourne. The pie chart shows the age ranges. Seventy-five per cent of members want engagement in RACV's advocacy, and mostly online, which is pretty interesting — it is typical of the situation we find today where people are engaging online — so we do a lot of online surveys, but we do properly structured demographic market research as well to make sure we can be representative of the community of RACV members.

Members certainly want a balance between roads and public transport, with, interestingly, 94 per cent in favour of RACV calling for better roads but equally 94 per cent in favour of RACV calling for better public transport. Hopefully you will have noticed that we do that — we in fact advocate very strongly for both roads and public transport. That just gives you a bit of a feel for those issues.

On the right-hand side the bottom shows you the key issues that members have told us about: road user behaviour; fuel prices; personal safety and public transport, which goes to some of the issues around ridesharing, so that is why that is important; road quality; quality of existing public transport services; and some other issues there about road congestion and the like, which are unsurprising. That gives you a bit of a feel of what we draw from in terms of our base, because our public policy positioning is really a function of putting together what our members, the community, are telling us about what they think, do, need and want, and then looking from our expert perspective at what we think will be some of the answers to achieving those outcomes; hence our policy positioning.

We have a document called *RACV Directions 2015* — released obviously last year — which actually lists all of our policy positions across all those ranges I mentioned before in those five teams. It covers all road users — cars, public transport, bicycle riders, motorcycle riders — and also covers road user behavioural issues, speed enforcement; the full range. That is there for the record as well, and that is a publicly available document.

Clearly members have told us they want a transport system that moves efficiently, safely and equitably between destinations and between modes. Given that 94 per cent equal split between roads and public transport,

members are saying, 'Yes, I have a car, I am an RACV member' — a majority will have roadside assistance, and generally you would think that goes with the car, unless they love the product. So in that sense we know they have a car and it is important to them, but we know equally they want to have availability of public transport and to use that; hence the public transport growth we have seen over recent years, which is really encouraging.

So in that sort of sense they are fairly mode agnostic as long as the service is there. That is why we have coined the phrase 'mobility as a service', providing seamless access regardless of the mode of travel. Many countries now are moving to that seamless access. You have probably seen places in Europe where in fact a card is now available which you can use for riding in trams or trains, at a car park, for toll roads and for access to other things. Bike share, for example, I have seen in China, where in fact that card gives you access to bike share but the public transport modes as well. So mobility as a service is becoming more and more an issue for the community.

In terms of the RACV, what are we doing about that? You have probably seen the blue bikes around town. We have been running those for the government for some years now under contract, and that is really part of our provision of broader mobility, but also it is very in sync with RACV's platforms about multimodal transport and mobility as a service.

The RACV Car Share scheme — you are the first to hear this publicly — is about to be launched. That sign is actually in our car park now at the City Club, and in fact the cars arrived yesterday. There are three cars. We have done a deal with Thrifty to provide a carshare scheme, so we are joining the carshare groups like GoGet and the like to provide that. We are starting at the City Club for obvious reasons, but we are negotiating with the cities of Melbourne, Yarra and Port Phillip in fact to get spaces on road and in car parks to provide a wider carshare scheme. It will be transitional, but it is again about our provision for providing more opportunities for the community to use other modes of transport and not necessarily to own a car.

Recent research we have done shows the number of 18-year-olds getting their licence at 18 has reduced by 13 per cent over the last decade, and the situation is getting to the stage where a lot of younger people are now saying, 'I'm living in inner Melbourne. I use public transport. I don't need a car. I don't need to buy one, so I'll use a carshare scheme'.

We conducted some online market research about the carshare situation — I guess the disruptive influence. It was very much with Uber in mind, because that is the main disruptor at the moment. We had that in mind in doing this online market research. As you can see on the screen and in the presentation we provided, of those who responded we found that 52 per cent had used a ride-sourcing service; 86 per cent of ride sourcing users were very happy with the service provided; 37 per cent indicated they used the ride service because it was convenient; followed by the reliability of 22 per cent; and 96 per cent felt ride sourcing was a safe way to travel. So there were not concerns, certainly amongst the group that we got information from, about the safety side of things.

So that gave us really a bit of information in terms of what the community was thinking. Certainly we do not profess to say that is representative of the entire community, but we did it as an online survey to really get a feeling for what the community is thinking in the context, as I said, of Uber, because that was the main disruptive service, although GoGet and the like are providing car share, which is a different scenario, but a similar situation, in terms of using that information to lead to RACV's support for ride sourcing, recognising, as we put it, the impending legislation, which has already been announced by the government, about ride-sourcing services, which is really focused right now on Uber, but there are other disruptors. I mean there will be other players into the market. I will be surprised if there are not. There are overseas, and I would see them coming to Australia and to Melbourne as well.

The three issues that we have identified from an RACV policy perspective based on that market research include consumer protection. We felt that safeguarding consumer rights and providing a clear dispute resolution process for any issues that arise were very important in the context of the legislation; and secondly, customer and driver safety. People in that survey, as you saw, did not express a concern about that area, but certainly in most other disruptive influences, whether it is mobile technology, whether it is connected vehicles and going to autonomous vehicles, privacy and security are key issues in all those disruptive influences. So customer safety is paramount. The cashless option should be made available, so that was something that came forward as well.

The following provisions that I have listed are really important to us: vehicle age, for obvious reasons; with minimum 4-star cars, because that is what the RACV have promoted very strongly, and in fact we buy 5-star and governments have done that for a little while now, which we have promoted very heavily both within Victoria but through our sister clubs across the whole of Australia, so a 4-star minimum. Comprehensive third party requirements for all drivers for pretty obvious reasons; driver age and licence standards, age 26, is what we have suggested. The main thing really was that we know that drivers up to about the ages of 24 or 25 are clearly more risky than others. Certainly the P-plate period of now four years is really great and the 120 hours. We absolutely endorse that and in fact proposed it many years ago now. We think they are very good moves to have made already but we know that drivers, especially males, up to 24 or 25 are more at risk, so we felt therefore that an age limit was probably worth considering.

The third major point was accessibility, so ensuring the minimum number of accessible vehicles for those with disabilities. We notice that was part of the terms of reference of the committee, and we felt that was pretty important. It has been part of what we have seen in the news of late. Certainly through the M-series taxis and the like there are facilities for those with disabilities amongst the taxi fleet. We felt that should be considered in regard to ride-sourcing services, and certainly with appropriate staff training so that the people who actually drive the vehicles know how to handle people with various disabilities.

They were the major points which we wanted to put before you today, which are pretty much a summary of what is in our submission. We would be very happy to answer any further questions.

The CHAIR — Fabulous. Thank you very much. Are there any other comments you might like to add?

Mr NEGUS — No, not at all.

The CHAIR — I was interested in some of the numbers you were discussing earlier that 89 per cent of people who have used ride-sourcing services being happy with the service and 96 per cent feeling that the services were safe. Do you have any numbers that reflect your members' interactions with taxis in terms of whether they have been happy with the service or have felt safe using the service?

Mr NEGUS — It is something we actually have not surveyed. It is a very good point, though. We have not actually done that. We have had lots of conversations with the Victorian Taxi Association, as one of RACV's stakeholders. Certainly we get the feeling that there are issues in the industry, and we have been aware of those over time, going back to the early inquiries by Allan Fels and others. But we have not actually done market research, so I cannot put a number on it for you in terms of that satisfaction or that safety feeling.

The CHAIR — Does the RACV offer insurance for people who are operating Uber vehicles and the like?

Mr NEGUS — Yes, we do.

The CHAIR — Are there any extra provisions attached to that insurance than there would be for a normal car if I were to go out — —

Mr NEGUS — It is on the basis that people declare that the major use of the vehicle is for private purposes. I guess that is taken at face value. I think probably most insurers around Australia I understand are really pretty much doing the same thing. There may be some exceptions, but that is generally the situation.

The CHAIR — I am curious to know whether or not the government has consulted the RACV at all with regard to the proposed legislation that was announced a couple of weeks ago.

Mr NEGUS — Not on the proposed legislation a couple of weeks ago, but we had prior discussions with the Minister for Public Transport's office about the issues of ride sourcing. In fact we shared with them some of the information that I have given you today. We have frequent catch-ups for pretty obvious reasons —

The CHAIR — Indeed, being a major stakeholder.

Mr NEGUS — with various ministers' offices but also with the opposition, because RACV obviously talks to both sides, as you would be aware.

The CHAIR — Indeed. The legislation that has been proposed by the government attaches a \$2 levy or tax per ride, and I note the RACV has been talking about a seamless transition in transport and the like. Does the RACV have a view on that \$2 per trip tax that is expected to be imposed by the government?

Mr NEGUS — No, we do not. I think that is an economic position that the government obviously has taken. It is not something which we have sought views on from members nor something which probably falls within our area of expertise. Our major points really are about the need for seamless services provision and the points I raised about consumer protection, customer and driver safety and accessibility. We have not tried to venture into the economics or the situation of dealing with existing licence-holders in the taxi fleet. We understand the need to do that, but we have not really sought a view.

The CHAIR — Yes. Following on with that line, the compensation that has been announced for taxidriver — \$100 000 for the first licence, \$50 000 for a subsequent licence and then no compensation for licences beyond that — does the RACV have a view on that proposal?

Mr NEGUS — Equally no, we do not.

The CHAIR — You are staying away from that one?

Mr NEGUS — Brian Negus has views on both of those, but the RACV does not, having been involved in government for many years, as you are probably aware.

The CHAIR — Indeed. I understand. Thank you for that.

Mr LEANE — I have just a couple of questions. Thanks, Brian, for your submission. The survey is quite helpful I think for the committee and for others. With that work that you did do around that survey, did that help the RACV to come to a position on whether ridesharing should be regulated? Is that the position that —

Mr NEGUS — Yes, we had in fact taken the view, going back to when Uber became an issue in Australia and we had some states moving to regulate and to legalise and Victoria not. So we took the view then that we believe that there needs to be a level playing field — this is going back probably more than a year ago now — and that disruptive influences, disruptive providers like Uber do need to be legalised. We proposed that some time ago. When we did the survey I guess that reinforced the fact that people were engaging Uber. Anecdotally I knew a lot of people were using Uber. So it reinforced our position that the issue did not need to be dealt with and the government did need to regulate and legislate.

Mr LEANE — And your concern is around a lot of the safety aspects as well?

Mr NEGUS — Yes.

Mr LEANE — If I could just follow up a question from the Chair around insurance, you said that you have to state that your car is mainly for private use and then you get that insurance. But if 5 per cent of the time I use it as an Uber driver or a rideshare driver and I have an accident, would the passenger that I have got, the fee-for-service person I have got in the back, is injured, be covered by the insurance package, or is that a hard question?

Mr NEGUS — I guess there are two issues here. One is the comprehensive insurance, which is about the vehicle, and the second part about injury is really the TAC insurance for third-party accident insurance damage — sorry, damage to a person.

Mr LEANE — Yes. But there is no top-up cover?

Mr NEGUS — No, we have not. Equally in a comprehensive insurance package there is personal liability cover, but there is not personal injury cover within a comprehensive package that anyone gets, so what applies to Uber drivers is the same package with the TAC third-party insurance providing injury cover.

Mr LEANE — Is that the same for the taxi industry as far as you are understand?

Mr NEGUS — Taxi companies would get commercial insurance, so not private, because they are not majority private use.

Mr LEANE — Sorry to be caught on the insurance side, but we have been trying to get some assistance in this area. I am a taxi owner-driver. I get the commercial insurance, which I have to; I have no choice. What is the difference in the cover for my passenger in an accident? Is my passenger better covered by insurance than, say, in a private vehicle because of the commercial insurance?

Mr NEGUS — I cannot answer the question today. I will find out.

Mr LEANE — That would be great.

Mr NEGUS — It is the detail that I actually have not got, Shaun, so I am happy to find out from our insurance team, yes.

Mr LEANE — We would really appreciate it if you could find out. That would be great.

Mr NEGUS — My understanding is it is the same, I would have thought the same, as what I have just said, but I need to find the facts for you.

Mr LEANE — Yes, that would be great.

Mr NEGUS — I will do that, and we will forward them to the committee.

Mr LEANE — Cheers; that would be really helpful.

Mr BOURMAN — Thank you, Brian. Just out of curiosity, with all the facts and figures you had, what was the number of respondents?

Ms BATES — It was approximately two and a half thousand.

Mr NEGUS — Yes. The typical market research we do generally needs around 1600 to 1800 to be demographically reliable. This was online, but it actually got more than that. So therefore we felt there were reasonable numbers.

Mr BOURMAN — Do they have to be members to fill out the form, or is it open to the general public?

Mr NEGUS — No, it is open to the general public.

Mr BOURMAN — Still on the insurance, I guess, the one thing I am curious about is you mentioned that people say it is 5 per cent Uber and the majority private. When does it become a commercial issue for the RACV's insurance arm, for instance? At what point does someone say, 'You're doing it 50 per cent', or is it 6 per cent?

Mr NEGUS — The wording in our insurance policy is 'predominantly private use', and so 50 per cent effectively is the cut-off.

Mr BOURMAN — I guess the last thing is: how do you figure out when it has gone above 50 per cent? It is one of those things I am not sure is measurable.

Mr NEGUS — No, I mean, we do not take stats in terms of the kilometres driven privately and the kilometres driven on Uber, for example; it is taken by declaration of the insurance holder.

Mr BOURMAN — So it would be fair to say that if there was nothing out of the ordinary, from an actuarial point of view, no-one would get too excited about it?

Mr NEGUS — Indeed.

Mr BOURMAN — Okay; thank you.

Mr FINN — Brian, thank you for your presentation. Again, like Mr Leane, I do not want to get bogged down on the insurance thing, but sure as hell we will. I am intrigued, because you say that the RACV provides insurance for Uber.

Mr NEGUS — Yes.

Mr FINN — What is the legal situation, because as I understand it, Uber is in fact an illegal service at the moment. What is the legal situation for the RACV and indeed for the Uber drivers, for that matter, if they are involved in the pursuit of an illegal activity and then try to claim from the RACV the sorts of money that they would need to fix up their car? What is the legal situation?

Mr NEGUS — I cannot really answer on the legal situation, but certainly for comprehensive insurance for the vehicle, on the basis that the owner has declared that it is predominantly for private use, there is no difference.

Mr FINN — So the legality does not enter into at all?

Mr NEGUS — It does not.

Mr FINN — So somebody pinching a BMW at Point Cook at 3 in the morning would, under the same rule, be able to be covered by the RACV?

Mr NEGUS — The owner is covered, so if that person has pinched the car and driven it and crashed it, then the RACV would cover the BMW owner.

Mr FINN — Fine, okay. Undoubtedly the RACV has many members in the taxi industry, and I imagine you have had a fair bit of feedback from them, because I certainly have.

Mr NEGUS — Yes.

Mr FINN — How have you dealt with their vehement opposition to the legalisation of Uber?

Mr NEGUS — We have maintained the situation that I already said before, that Uber is, yes, a disruptive influence on the taxi industry, but it is worldwide, it has been legalised in other states; our view is that it needs to be dealt with — this is going back — in Victoria. We then made the points about a level playing field and then the three points I have listed today: insurance protection, customer and driver safety, and accessibility and seamless payment. We have said that consistently, no matter whether it is a taxi owner or not. Some of them probably have not particularly liked that, because they maybe would lobby us to say we should be opposed, but our view really is about provision of service to the community and making that as good as it can be, and therefore that is why we took the stance we did.

Mr FINN — Do you have any view, any policy, on what sort of compensation should be made available to those taxi operators who, well, appear to be copping it at the neck at the moment?

Mr NEGUS — No, we do not.

Mr BOURMAN — Just a quick one. You mentioned ‘level playing field’. Given the onus on taxi operators to have — there is a lot more regulation over that than Uber —

Mr NEGUS — Yes.

Mr BOURMAN — or ridesharing, I should say. How could there be a level playing field? On thinking about it, you have got people — where it is cheaper to get insurance. Granted, they do not do it all the time, and their cars do not need to have the level of equipment. I do not know whether they need to be painted yellow as a taxi anymore, or anything like that. How would you envisage a level playing field, where it actually is level?

Mr NEGUS — Our level playing field comment was really about legalisation. So we felt that Uber is out there operating; ‘level playing field’ related to the fact that we felt that the legalisation issue needed to be dealt with so there was an equal provision of service. In terms of the other provisions the extra, if you like, imposts on taxis compared with Uber or other rideshare providers, my reading of the current legislation proposed is that has been dealt with under the legislation, in terms of Uber drivers do not have to have some of those issues, if they want to operate as they are operating now, but there are some other provisions in there. So I think that is something which, on my reading of the legislation, the government has tried to deal with. But we did not express a view of that. Our level playing field was about legalising the service to make sure the community had access to both and not sort of one service legal, the other service illegal.

The CHAIR — Just a couple of further questions, if I could. I am interested in your view of ride sourcing. When it is regulated as part of the market, do you see this as being a way of getting more cars off the road? Will the use of Uber facilitate fewer cars being on the road as a result of a greater use of vehicles over a period of time rather than single uses of vehicles?

Mr NEGUS — Yes, certainly, that would be the point. The point I made before about mobility as a service is, number one, about providing seamless access to all sorts of modes of transport. The second part is, though, as I mentioned, about 18-year-olds and their maybe not getting a licence earlier and not actually buying a car and using other services — certainly there are benefits from the point of view of having less vehicles in the system. But our number one certainly is the need for good provision of travel services. So, yes, we do see ride-sourcing, carshare schemes and bike share schemes as a means of reducing congestion as well.

The CHAIR — You spoke earlier about your carshare scheme, where you made the exclusive announcement in our committee hearing, which we are very pleased about.

Mr NEGUS — Yes, it will be a few days, but I trust the transcript will not come out this week, so we should be right.

The CHAIR — You should be safe. You said that it is going to begin at your city-based club here. What is the idea? Who is it that you see using those cars and for what reason? How do you see that playing out?

Mr NEGUS — It is available to the community, although it is in the City Club, which is member access. There is a public car park there as well. The three vehicles, which are sitting there right now — I took a photograph yesterday when I was in there — in fact will be provided to the community, so anyone can book into the system and get online. If in fact they join the RACV Car Share scheme, they become an RACV member. So membership goes with that, which gives them access to the other benefits of being an RACV member. But it is available to the community, and as I said, this is but the start of what will be a transitional situation. We are currently, as I mentioned, negotiating with the cities of Melbourne, Port Phillip and Yarra about securing both on-road and in-car park locations for additional cars in the system.

The CHAIR — One other thing that struck me also in your presentation was the driver age and licence standards — that is, that the driver of a ridesharing car should be over the age of 26. I am curious to know whether or not you would also be advocating the same across the taxi industry as well, or is this something that is specific to the ridesharing industry?

Mr NEGUS — The taxi industry is much more regulated right now in terms of driver training, the licensing tests, the knowledge test and the like. That is going to change, as I understand it, through the legislation. To what degree I am not 100 per cent sure, but certainly from a community safety perspective we believe that something like over the age of 26 — we said in our presentation ‘for example’, so it is something which probably the government needs to research a little further. But it was based on community safety, so, yes, if the taxi industry in terms of the driver-access provisions and testing and training is freed up, then something similar should apply to both the taxi system and also Uber or other rideshare systems. And it is back to community safety, I stress, because of the risks, as I mentioned, especially among males under the age of 25.

The CHAIR — I suppose the only challenge with that, though, is that obviously there are many safe 18-year-old drivers and unsafe 50-year-old drivers.

Mr NEGUS — Correct.

The CHAIR — It is about where you draw that line and about whether or not it is right and fair for those safe 18-year-old drivers to not be able to drive and those unsafe 50-year-old drivers to be able to drive. As you say, it is a question of statistics, but at the same time, should we be discriminating against those who are safe because of a number of statistical analyses of how things do pan out, whether it be in the road statistics in terms of crashes and the like?

Mr NEGUS — Yes, it is a fairly difficult question. But as I said, Chair, our clear situation is about the protection of the community. We therefore looked at that particular requirement as something which would assist in protecting the community. Yes, certainly on average, I agree. You see 50 or 60-year-old drivers that are very safe, but you equally see those that are not and vice versa at the other end. The statistics clearly show that

at the other end, up to the age of 23 or 24 especially, the risk curves are much higher than for other age groups beyond that.

The CHAIR — Indeed. Excellent. If there are no further questions — —

Mr FINN — One last one. Brian, I am just wondering if you think the regulation of Uber and the introduction of the legal service will increase of the pie, as it were? Will it enable more people to actually use ridesharing, whether it be taxis or whether it be Uber? Will more people actually be able to use that as a result of that change?

Mr NEGUS — Yes, certainly we do. By providing Uber-type services, other ride-sourcing services — especially with online booking systems and seamless payment systems, which the taxi industry has been very slow to move to, to be frank — that provides the community with much easier access. Certainly we would see that additional services coming into the field, which is probably what will occur once the legislation is in place, would provide more opportunities for the community, so probably more use of ride-sourcing services. Certainly we can look at the fact that Uber, on average, is cheaper at the moment. That may change, but certainly the anecdotal situation we all see is Uber is cheaper and therefore more people can be engaged and actually use those services. And of course the more players you have in the game then probably that puts pressure on the fares. I understand the legislation is going to deal with that issue as well in terms of taxi fares, which is probably not before time.

Mr FINN — What does the taxi industry have to do to get its act together? We have heard a lot of complaints over a long period of time about the taxi industry. Where does it go now? Now that it appears to have major competition, where does it go now to survive, from your perspective?

Mr NEGUS — We have not got a sort of broad, comprehensive perspective on that, but certainly, as a frequent user of taxis going to and from airports as I do, I would say some of the services are pretty patchy in terms of provision and in terms of timeliness. The point I made about online booking and online payment systems is probably critical. That is the one the community really gets, so that is probably the key issue that needs to be sharpened up. On the safety side, taxis, on sort of anecdotal information, seem pretty good. So I think it is more about provision of consistent and timely service, and secondly online booking and payment systems.

The CHAIR — Thank you both for coming along and providing testimony for us this morning. I will remind you that you will receive a copy of the transcript of today's evidence in the coming weeks for proofreading, and ultimately those transcripts will be made public on the committee's website — hopefully not before your public announcement about the car sharing scheme! I thank you for your time this morning, and we will suspend our hearing there.

Mr NEGUS — Pleasure. Thank you very much.

Witnesses withdrew.