

20-June-2019

### To Taxi Inquiry

I am formerly a taxi licence owner of two licences. One licence was purchased in 2000 for \$185,000 (Regional Licence) and the second was purchased in 2004 for \$345,000 (Metropolitan Licence). This represents a total purchase price of \$530,000. In 2017, the Andrews government forcibly acquired my licences with a "compensation" package of \$125,000, therefore recognizing a capital loss on the purchase price of -\$405,000.

Both my licences were regularly leased out whilst I owned them. At the high point, the metropolitan licence was leased out for \$2,400 per month and the regional licence was leased out for \$1,750 per month, totaling \$4,150 per month of lease income. The first impact to licence lease values and capital values came from the Allan Fels reforms, before he was employed by Uber. These reforms began the slide.

The next impact was Uber, providing ride share/taxi services illegally. By the time the Commercial Passenger Vehicle Industry Act 2017 Reforms came into effect, my metropolitan licence was returning a lease amount of \$1,450 per month and my regional licence was returning \$1,050 per month, totaling \$2,500. This represents a decline of \$1,650 per month from the pre Allen Fels reforms in 2012.

Interesting how a multi-national corporation can flout local laws and provide taxi services illegally and eventually it gets laws modified to suit itself. Uber wanted a nominal yearly licence fee for its partners (drivers) and it got it. Whereas taxi drivers had to pay thousands in lease fees, Uber successfully got its wish; a nice \$54 per year Commercial Passenger Vehicle Annual Fee.

Contrast how, if I as a citizen were to perform an illegal act, I would be arrested, brought before the courts and probably receive a jail term. I guess it's one law for those with very large bank accounts and one law for the rest of us.

I am probably one of the lucky licence owners in that I do not have an outstanding debt for the licences I bought in the early 2000's due to the loans I took out not being too large. I feel for those that are left with a bank loan with no asset providing an income to service the loan.

I do not mind if the government wants to modify the rules (playing field) but it should either make it a level playing field or purchase the licences at the market value, not some discounted value that works best for the government.

Although I am many years away from retirement, the loss of income and the \$405k loss of capital value has impacted my retirement thoughts. The licences were to form part of my strategy of not being reliant on a government pension during retirement. My wife and I are now trying to get back on our feet and ahead of the curve in terms of building a retirement fund, therefore not having to be reliant on the pension.

At present, the impact has been on refurbishing our house. There are cracks on every wall in every room, due to re-blocking, which we were looking to fix before our licence income and value was destroyed.

We are no longer part of the taxi industry and have no plans to ever re-enter the industry. With governments happily bending over backwards to accommodate multinationals like Uber, I do not feel confident that they would not sacrifice the little man such a myself to accommodate another multinational in the future.

Regards

Gino Zurzolo