



PARLIAMENT OF VICTORIA
Legislative Council
Economy and Infrastructure Committee

**Inquiry into ride sourcing
services**

Parliament of Victoria
Economy and Infrastructure Committee

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Committee functions

The Economy and Infrastructure Standing Committee is established under the Legislative Council Standing Orders Chapter 23 – Council Committees and Sessional Orders.

The committee's functions are to inquire into and report on any proposal, matter or thing concerned with agriculture, commerce, infrastructure, industry, major projects, public sector finances, transport and education.

The Economy and Infrastructure Committee (References) may inquire into, hold public hearings, consider and report on other matters that are relevant to its functions.

The Economy and Infrastructure Committee (Legislation) may inquire into, hold public hearings, consider and report on any Bills or draft Bills referred by the Legislative Council, annual reports, estimates of expenditure or other documents laid before the Legislative Council in accordance with an Act, provided these are relevant to its functions.

Government Departments allocated for oversight:

- Department of Economic Development, Jobs, Transport and Resources
- Department of Education and Training
- Department of Treasury and Finance

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This report is available on the Committee's website.

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Terms of reference

Inquiry into ride sourcing services

Self-referenced by the Committee on 24 May 2016.

That the Economy and Infrastructure Committee inquire into, consider and report, no later than 8 December 2016, on the need for, and appropriate structure of, regulation of ride sourcing services such as Uber, with particular regard to —

- (1) barriers to entry;
- (2) consumer protection;
- (3) customer safety;
- (4) competition;
- (5) access for people with disabilities;
- (6) remuneration and workplace rights for drivers;
- (7) how impacts of such regulation on the taxi industry can be minimised;
- (8) industry transition; and
- (9) any other issues the Committee regards as relevant.

Chair's foreword

I am pleased to present the Economy and Infrastructure Committee's Final Report into Ride Sourcing Services.

The 'new economy' that allows for collaborative consumerism and sharing of resources is exciting and brings new opportunities for business and consumers. But it also presents challenges for traditional industries.

In the case of the taxi industry in Victoria their services have been undercut by unregulated ride sourcing services offered by Uber. What the government needs to do now is to implement regulations to ensure a level playing field for all participants in the commercial passenger vehicle industry.

A degree of regulation of new entrants to the commercial passenger vehicle industry is important, both to ensure certainty for the taxi industry and to remove barriers to new businesses that offer services.

It is also important that this happens soon. But not until compensation for those who have purchased costly licences, even as recently as last year, has been properly negotiated and finalised.

In terms of the \$2 levy that the government proposes to implement to raise revenue to fund compensation for the industry I have concerns about how that has been developed and whether there are not more sensible alternatives.

A major concern is that there is no sunset clause attached to the levy. An open ended tax that could potentially raise many millions beyond what its stated funding purpose is, and continue indefinitely does not seem like an efficient or welcome development for Victorians.

This report broadly canvases the information that stakeholders provided to the Committee. I thank all of those who gave us submissions and who participated in public hearings of the Committee. The Committee appreciates your input and I suggest to anyone interested in this subject to look at the transcripts of evidence and submissions for this inquiry which are on the Committee's website.

This report also discusses the provisions of the Commercial Passenger Vehicle Industry Bill 2017 which was introduced into the Legislative Assembly on 27 February 2017 and will be debated in the Council this week. This report is somewhat abbreviated because of the need to provide some direction to members for debate in the Council this week.

I would like to thank my colleagues on the Committee for bringing their views and insights into our discussions on this subject.

I commend this Report to the House.



Bernie Finn MLC
Chair

Key findings and recommendation

The Committee heard about a number of key issues of concern to stakeholders during this Inquiry.

The key findings and recommendation of this report are:

FINDING 1: Ridesharing services are operating without licences and without being subject to regulation in Victoria.

FINDING 2: Ride sourcing services can be defined as taxi services, even though the method to book these services is technology based, and should therefore be subject to regulation.

FINDING 3: Traditional taxi industry stakeholders have invested in assets that have now lost their value and should be compensated to assist them in their transition to new industry standards.

FINDING 4: The unfair advantage to commercial passenger vehicle services that are booked through ridesharing technology requires redressing, both through regulation and through transition provisions for traditional taxi services.

FINDING 5: Establishment of a level playing field for all commercial passenger vehicle operations in Victoria is essential policy.

RECOMMENDATION 1: The Committee recommends that the Legislative Council defer debate on the Commercial Passenger Vehicle Industry Bill 2017 while two major issues of concern are resolved:

- a. Finalisation of a satisfactory compensation package for taxi industry members who must transition to the new regulatory regime.
 - b. Determination of the efficacy, cost of implementation, and effect on users of the proposed \$2 levy on all rides.
-

The subject of regulation of ride sourcing services is one that has caused a great deal of debate particularly in the context of the commercial passenger vehicle industry in Victoria, and amongst consumers.

Both traditional taxi industry stakeholders and more recently established ride sourcing services have expressed their concerns about the regulatory environment governing the services they provide.

Taxi industry stakeholders are concerned that their industry is subject to regulatory burdens that other services have been able to avoid. Taxi licence holders in particular are concerned about the collapse of licence values.

Despite the regulatory and legal uncertainty surrounding new ride sourcing services consumers have been attracted to lower fares, responsive and timely services and the convenience of phone based applications for requesting and paying for services.

This report presents evidence provided to the Committee by those involved in the commercial passenger vehicle industry, government representatives, experts and consumers. The report canvases the issues raised and recommends the government delay debate on the Bill so that compensation for traditional taxi licence holders can be finalised and the application and administration of the \$2 levy be better developed and understood

During the course of this inquiry the government released information about its policy position on commercial passenger vehicles. It also introduced the *Commercial Passenger Vehicle Industry Bill 2017* on 22 February 2017. Changes are also proposed to the *Transport Act 1983* to introduce a framework for collection of the \$2 levy.

The Committee believes that there is merit in both traditional taxi industry and ride sourcing services. However, they must be able to operate and develop on a level playing field. The Committee believes that this in turn requires appropriate regulation.

The Committee received many detailed recommendations from stakeholders to develop the commercial passenger vehicle industry both through submissions and during public hearings. Submissions and hearing transcripts are available on the Committee's website.

1.1 Committee resolution

The Economy and Infrastructure Committee resolved to examine the issue of regulation of Ride Sourcing Services in Victoria on 24 May 2016. The Committee self-referenced an Inquiry to examine the need for, and appropriate structure of, regulation of ride-sourcing services in Victoria.

The Committee resolved to have particular regard to:

1. barriers to entry;
2. consumer protection;
3. customer safety;
4. competition;
5. access for people with disabilities;
6. remuneration and workplace rights for drivers;
7. how impacts of such regulation on the taxi industry can be minimised;
8. industry transition; and
9. any other issues the Committee regards as relevant.

The Committee set an initial reporting date of December 2016. This was amended to March 2017 after the Committee received terms of reference for an Inquiry into the Domestic Animals Amendment (Puppy Farms and Pet Shops) Bill 2016 with a more urgent reporting date.

1.2 Inquiry process

The Economy and Infrastructure Committee began this Inquiry with the goal of better understanding the issues faced by the commercial passenger vehicle industry in Victoria. The Committee focussed on hearing from experts and examining material in submissions to get a full picture of the challenges faced by the industry. The Committee also received briefings from experts in other jurisdictions in relation to its terms of reference.

1.2.1 Submissions

The Committee received over 2440 submissions for its Inquiry into ride sourcing services, demonstrating the level of community and industry interest in this subject. Submissions were received from drivers, licence holders, and traditional and emerging operators. Many members of the public, encouraged by the taxi industry and ride sourcing company Uber provided submissions supporting either taxi or ride sharing services.

Submissions can be found on the Committee's website (www.parliament.vic.gov.au/eic).

The Committee thanks all contributors to this inquiry for the time and effort they put into making a submission.

1.2.2 Public hearings

The Committee conducted a number of hearings for this Inquiry, including a final hearing on 8 March 2017 to examine the administrative process to be implemented for collection of a \$2 levy on the commercial passenger vehicle industry.

Hearings for the Inquiry into ride sourcing services were conducted at Parliament House, Melbourne and in Bendigo. Witnesses included:

- taxi and hire car industry groups
- established and emerging ride sourcing services
- government bodies
- disability groups
- tourism services
- rural and regional representatives.

This report includes a broad overview of issues raised by industry and other witnesses.

1.3 Terminology

Throughout this report, the terms ‘ride sourcing’ and ‘ride sharing’ are used interchangeably to refer to services that deploy existing, underutilised personal vehicles to provide personal transport. ‘Riders’ are connected with ‘drivers’ through a computer application most often used on a smartphone.

The concept of the ‘sharing economy’ or ‘collaborative economy’ refers to decentralised networks that link buyers to sellers, or riders to drivers. It refers to the shared consumption of goods and services through online platforms.

1.4 Chapter outline

This report focusses on key issues raised by stakeholders who contributed to the inquiry.

Chapter 1 provides introductory and background information about this Inquiry.

Chapter 2 focusses on issues presented to the Committee by stakeholders.

Chapter 3 looks at the need for regulation of ride sourcing.

In Chapter 4 the Committee looks at the Commercial Passenger Vehicle Industry Bill 2017.

Chapter 5 describes support for industry transition measures and Committee concerns.

1.4.1 Models in other jurisdictions

The Victorian Parliamentary Library and Information Service published a paper, *Uber and Ridesharing, No 2*, in October 2016. The paper is available for members and staff of the Parliament and can be found on the Libraries website. The paper provides a jurisdictional comparison of legislation affecting Uber and other transportation network companies, both in Australia and internationally.

Those interested in the operation of ride sourcing services in other jurisdictions both in Australia and nationally should refer to that paper.

The Committee thanks the library for its generous collegial approach to sharing its work.

2.1 Barriers to entry

Inquiry stakeholders unanimously supported reducing barriers to entry for ride sourcing services to enable market competition for the sector. In particular, they advocated for a reduction in licencing requirements.

Dr Jim Minifie, Productivity Growth Program Director at the Grattan Institute, considered removing barriers ‘essentially [permits] people to operate taxis without [having to] pay significant rent streams to licence owners’.¹

Ms Kathie Bolitho, Treasurer of the Bendigo Tourism board, stated that removing barriers would provide an opportunity for services to respond to demand and increase services in peak times.²

Stakeholders consulted at public hearings in Bendigo told the Committee that removing barriers to entry would lead to more services in rural and regional areas, and support the tourism industry.

However inquiry participants disagreed on what constitutes a ‘barrier to entry’ and what level of regulation is appropriate for ride sourcing services.

The Grattan Institute’s report *Peer-to-peer pressure: Policy for the sharing economy* described the barriers set by governments over the years to the traditional taxi and hire-car markets:

State governments have long restricted the number of perpetual and long-term taxi licenses in major cities. Most states also sell annual licences at a fixed price, or auction a number of them each year. Restrictions on taxi licences make high taxi fares viable, and increase the fees taxi operators pay to governments or licence owners.

Governments also prevent hire cars from competing with taxis. Some states restrict hire car numbers by selling perpetual hire car licences for tens of thousands of dollars; others cap the number of annual hire car licences they issue. Some prescribe a minimum fare or minimum vehicle cost. Such policies keep the hire car fleet small and push up car costs and fares.³

In 2014 the Institute of Public Affairs commissioned the report *The sharing economy: How over-regulation could destroy an economic revolution*, which discussed barriers to entry extensively. The report commented on the impact of licencing requirements for ‘sharing economy’ industries such as ride sourcing:

¹ Dr Jim Minifie, Productivity Growth Director, Grattan Institute, *Transcript of evidence*, 8 September 2016, p. 17.

² Kathie Bolitho, Treasurer, Bendigo Tourism Board, *Transcript of evidence*, 5 September 2016, p. 2.

³ Jim Minifie and Tret Wiltshire, *Peer-to-peer pressure: Policy for the sharing economy*, Grattan Institute, Melbourne, 2016, p. 9.

Government imposed occupational licensing can prevent the emergence of new technologies and services by creating barriers to entry. It can crowd-out alternative self-regulatory models and entrench inefficient business practices. Reducing economy-wide occupational licensing will promote efficiency and experimentation, and is a precondition for sharing economy models to deliver their potential benefits.

These hurdles become a significant barrier for new entrants into the market. Following this limitation of supply, wages and costs are increased, irrespective of the increases in quality.⁴

The report advocated certification processes as an alternative to government-imposed licencing.⁵

The Australian Taxpayers' Alliance recommended abolishing all barriers to entry for ride sharing services, aside from basic safety checks.⁶

In his submission, Mr Douglas Clark suggested that licence costs for ride sourcing should be minimal and perhaps issued free. He also stated that this could encourage new types of drivers to enter the industry:

It is likely that a new breed of driver (not the traditional taxi driver) might emerge when opportunities provided by Ride Sourcing become clearer and it is certain that many of those new drivers may already have other part-time or full-time employment and will only participate in the provision of Ride Sourcing services to supplement their income – they will probably work at times of highest demand which should be on Friday & Saturday nights.⁷

However, the Victorian Hire Car Association took a different view, recommending that the Victorian Government:

- issue a new commercial vehicle licence
- impose a cost on new commercial vehicle licences at \$2500 per year.⁸

NetCABS considered there were currently no real barriers to entry in the passenger transport industry, citing Uber's 'illegal' operation as an example. It believed that any barriers to entry should be set out in an appropriately structured framework that is flexible enough to allow innovation and cover:

- passenger and vehicle safety
- consumer protection
- workplace rights.⁹

4 Darcy Allen and Chris Berg, *The sharing economy: How over-regulation could destroy an economic revolution*, Institute of Public Affairs, 2014, pp. 30–31.

5 *Ibid.*, p. 31.

6 Australian Taxpayers' Alliance, *Submission*, p. 8.

7 Douglas Clark, *Submission*, p. 17.

8 Victorian Hire Car Association, *Submission*, p. 8.

9 NetCABS, *Submission*, pp. 2–3.

2.2 Consumer protection and safety

A number of submissions addressed consumer protection and safety issues. This included protection and safety of people with a disability, which is discussed further in Section 2.3 of this report.

A number of stakeholders provided examples of incidents reported in the media relating to dangerous behaviour by Uber drivers.

Uber considered that their ride-sourcing model mitigates risks associated with traditional taxi work, since it does not operate in the 'rank and hail market'.

A number of submissions supported the Uber model. The Institute of Public Affairs' submission to this inquiry discussed Uber's self-instituted consumer safety mechanisms, noting:

- pre-screening of driving history, criminal background checks, vehicle inspections and medical checks for new drivers
- vehicle standards tests
- a contingent liability policy of up to \$5 million US per trip
- recording of every transaction
- no cash handling
- a self-governing system through peer-determined ratings.¹⁰

Some stakeholders addressed the misconception of consumer safety concerns in ride sourcing services. At a public hearing, Mr Brian Negus, General Manager of Public Policy for the RACV, provided information from market research conducted into ride sourcing:

We conducted some online market research about [ride sourcing] — I guess the disruptive influence. It was very much with Uber in mind, because that is the main disruptor at the moment ... 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.¹¹

The Australian Taxpayers Alliance stated in its submission:

It is submitted firstly, that there is no evidence to substantiate such fears, and indeed, evidence from Victoria and other jurisdictions show the contrary to be the case, secondly, that ride sharing companies such as Uber have numerous safeguards and protocols to ensure customer protection and safety in place, and thirdly, that despite numerous promises to reform, complaints overwhelmingly demonstrate that the Victorian Taxi industry has completely failed to ensure customer safety and lost the right to comment on this matter.¹²

¹⁰ Institute of Public Affairs, *Submission*, p. 3.

¹¹ Brian Negus, General Manager, Public Policy, RACV, *Transcript of evidence*, 7 September 2016, p. 3.

¹² Australian Taxpayers' Alliance, *Submission*, p. 2.

The Alliance also noted an investigation by consumer advocate group CHOICE, which debunked claims by the NSW Taxi Council that ride sharing services place passengers at risk.¹³

The RACV's submission stated that customer safety is 'paramount' and that any dispute resolution should be transparent.¹⁴

BusVic's submission advocated for an accreditation framework to address consumer safety concerns. It proposed a framework administered by Transport Safety Victoria that contained the following safeguards:

- owner/operator
 - education program
 - training course/study module in operating and managing a safe and efficient business
- driver
 - annual medical certificate
 - police check
 - working with children clearance
- vehicle
 - annual vehicle inspection and roadworthy certificate undertaken by an independent inspector
 - appropriate insurance.¹⁵

2.3 Disability access

Safe and equitable access by passengers with a disability was raised as a substantial issue by a number of stakeholders.

Uber Australia has operated uberASSIST since May 2015. This service enables wheelchair users with fold up chairs to put their chair in the boot of a conventional sedan. Uber also offer a service for wheelchair accessible vehicles under uberWAV, however it is not available in Victoria at the time of writing.

The Disability Services Commissioner noted that there is a higher proportion of people living with a disability in regional and rural Victoria than in the major cities (22 to 17 per cent, respectively).¹⁶

¹³ Ibid., p. 3.

¹⁴ Royal Automobile Club of Victoria, *Submission*, p. 2.

¹⁵ BusVic, *Submission*.

¹⁶ Disability Services Commissioner, *Submission*, p. 6.

Mornington Peninsula Shire Council noted that in 2011 4.8 per cent of its population (6921 people) reported needing assistance in their day-to-day lives due to disability. The Council went on to comment that the demand is currently not met by the taxi industry, and will likely be exacerbated in the future:

As a municipality with an increasing ageing population, demand for transport services accessible by people with disabilities is likely to grow. Currently demand is met by volunteer assisted community transport services; however passengers who are disabled but require minimal assistance, rely on taxi services that as mentioned previously are unreliable.¹⁷

At a public hearing in Bendigo, Ms Mary Sullivan, Customer and Service Delivery Manager for Scope, emphasised the need for safeguards for people with a disability:

... a lot of the people we support are quite vulnerable. They have communication issues, cognitive impairment, so it is really important that the safeguards are there — that the drivers are trained; they have an understanding of people with disabilities and there is good regulation of it — so that our vulnerable customers are not taken advantage of and do feel safe and secure in what they are doing.¹⁸

The exact extent of obligations of ride sourcing services in regard to disability access is a grey area. In its submission, the Victorian Equal Opportunity and Human Rights Commission gave an overview of the industry's obligations under the *Equal Opportunity Act 2010*. These are listed in Box 2.1 below.

¹⁷ Mornington Peninsula Shire Council, *Submission*, p. 2.

¹⁸ Mary Sullivan, Customer and Service Delivery Manager, Scope, *Transcript of evidence*, 5 September 2016, p. 35.

Box 2.1: Obligations of ride sourcing services under the *Equal Opportunity Act 2010*

Prohibition against discrimination

The Act makes it unlawful to discriminate, sexually harass or victimise a person on the basis of an attribute, including disability. Discrimination includes:

- refusing to provide services
- in the terms on which the services are provided
- subjecting the person to any other detriment in connections with provision of goods or services.

‘Services’ is inclusive and has a broad meaning. It includes services connect with transportation or travel.

Requirement to make reasonable adjustments

Service providers must make reasonable adjustments for people with disabilities to participate in or access their services. What is ‘reasonable’ depends on a number of factors including financial circumstances.

Positive duty

Service providers must be proactive in taking reasonable and proportionate steps to eliminate discrimination as far as possible.

Factors requiring consideration in defining ‘reasonable and proportionate’ include:

- the size of the business or operations
- the nature and circumstances of the business or operations
- the person’s resources
- business and operational priorities
- the practicability and cost of the measures.

Prohibit on assisting another person to discriminate

A person must not request, instruct, induce, encourage, authorise or assist another person to contravene the Act.

Source: Victorian Equal Opportunity and Human Rights Commission, *Submission*, p. 5.

National Disability Services Victoria noted the policy framework:

- Victoria’s transition to the National Disability Insurance Scheme
- the National Disability Strategy 2010–2020
- the State Disability Plan 2017–2020.¹⁹

¹⁹ National Disability Services Victoria, *Submission*, p. 2.

Disabled Motorists Victoria noted that taxis are considered ‘public transport’ under the national Disability Standards for Accessible Public Transport.²⁰

In his submission, the Disability Services Commissioner provided a detailed comparison of the Taxi Services Commission and Uber in relation to accessibility. This is shown in Appendix 3.

The Commissioner noted that the extent to which ride source booking platforms are considered a ‘transportation service’ or whether individual drivers have obligations as transportation service provided was undetermined. The Commissioner stated the relationship between a booking service and driver of a ride sourcing vehicle would need to be assessed on an individual basis.²¹

The Commissioner also highlighted legal issues specific to Uber’s operation:

If a driver of a ride-sourcing vehicle is considered an independent contractor, they may be exempt from providing accessible transportation for people with disabilities if a person requires adjustments in order for them to access the service and it is not reasonable for the driver to provide adjustments.

Ride sourcing companies such as Uber make clear that they do not consider themselves as providing transportation services but rather their service is limited to providing the technology platform that enables users of mobile applications or websites to arrange and schedule transportation with independent third party transportation service providers under an agreement. Uber do not consider drivers as employed by Uber.

Uber has established Uber Partner and Rider Standards which places responsibility for anti-discrimination laws on the driver of a ride-sourcing vehicle consistently with its position that drivers are independent contractors.²²

2.3.1 Issues raised

Stakeholders raised a number of issues regarding disability access.

The Victorian Equal Opportunity and Human Rights Commission highlighted the following key barriers for people with disabilities accessing taxi services:

- low availability of wheelchair accessible taxis
- licensees of wheelchair accessible taxis not giving priority to booking from passengers who use wheelchairs (even though this is a requirement under the licence agreement for M50/M51 taxis)
- timeliness of services, including long wait times and delays
- discrimination, including drivers refusing service to passengers because they have a disability or have an assistance animal
- drivers being unsure of how to provide services for passengers with disabilities

²⁰ Disabled Motorists Victoria, *Submission*, p. 3.

²¹ Disability Services Commissioner, *Submission*, p. 5.

²² *Ibid.*, p. 7.

- accessibility issues in booking processes.²³

It also noted that many of these are relevant to ride sourcing services.

The City of Yarra also highlighted similar issues:

- the business model for ride sourcing services does not cater for the transport requirements of wheelchair and scooter users
- it is difficult to persuade ride sourcing services to accommodate requirements of people with a disability
- ride sourcing is excluded from the Victorian Government's Multi-Purpose Taxi Program.²⁴

Ms Sullivan from Scope described how relationship building between drivers and passengers with a disability was important. She considered this an area where ride sourcing was lacking, however believed this could be worked on in the future.²⁵

2.3.2 Wheelchair accessible taxis

Some inquiry stakeholders raised concerns about the impact of ride sourcing services on wheelchair accessible taxis. These included reduced supply, increasing wait times and lack of priority given to bookings made by people with a disability.

In its submission, Disabled Motorists Victoria stated that around 20,000 Victorians rely on wheelchair accessible taxis as their sole means of point-to-point transportation. It also noted that there are 750,000 trips made in these taxis annually by people who use wheelchairs and mobility scooters.²⁶

Disabled Motorists Victoria also commented how the supply of and the level of service for wheelchair accessible taxis had fallen in recent times:

... number of WATs [wheelchair accessible taxis] in Victoria has reduced from 565 at its peak in 2013 to below 500 now. Response times for WATs – already on Overage 23 minutes compared with an average of 8 minutes for a regular taxi – have increased since the introduction of ride sourcing. Wheelchair users therefore wait three times as long as able-bodied people for a taxi. Response time for WATs is increasing rather than decreasing.²⁷

It considered that it was 'reasonable to conclude' that ride sourcing services had contributed to the decrease of wheelchair accessible taxis on the road.²⁸

²³ Victorian Equal Opportunity and Human Rights Commission, *Submission*, p. 4.

²⁴ City of Yarra, *Submission*.

²⁵ Mary Sullivan, Customer and Service Delivery Manager, Scope, *Transcript of evidence*, 5 September 2016.

²⁶ Disabled Motorists Victoria, *Submission*, p. 6.

²⁷ *Ibid.*, p. 7.

²⁸ *Ibid.*

Link Community Transport noted that Uber roll outs in the United States have resulted in up to 60 per cent reduction on availability and service levels of these taxis.²⁹

The City of Yarra also raised similar concerns. It noted that between 2013 and 2015, the number of wheelchair accessible taxis has decreased by five per cent and response times are on average three times as long as a regular taxi service.³⁰

The RACV was concerned that decentralisation of taxi provisions by ride sourcing would reduce the incentive to buy wheelchair accessible taxis.³¹ The Victorian Equal Opportunity and Human Rights Commission also highlighted there had been a decrease in the number of wheelchair accessible taxi licences issued in the last two years.³²

Disabled Motorists Victoria was concerned that without appropriate regulation and incentives users of wheelchairs and mobility scooters would be increasingly disadvantaged as the market share of ride sourcing services increased.³³

In its submission, the RACV noted that Uber is not required to be wheelchair accessible under its current operating framework.

The Disability Services Commissioner and Disabled Motorists Victoria were critical of uberASSIST, noting that moving from a wheelchair to a seat in a car is not an option for some people with a disability.³⁴ Disabled Motorists Victoria also discussed issues with uberWAV, stating:

... there are various issues which make UberWav unlikely to be a viable service which guarantees the provision of wheelchair accessible transportation.

If personal wheelchair accessible vehicles are used, similar to the current UberX model, Uber would need to guarantee that the vehicles comply with the space and safety requirements which are required of WATs. Even if this is able to be achieved, the number of privately owned wheelchair accessible vehicles is very small and often, these vehicles are driven by wheelchair users and usually do not have a driver's seat and do not necessarily have space to accommodate a wheelchair other than the driver's own wheelchair.

... UberWav cannot, therefore, guarantee the provision of wheelchair accessible transportation. Uber's 'trials' of UberWAV have not produced any meaningful data or analysis and have been criticised by disability organisations as being nothing more than a PR stunt.³⁵

Inquiry stakeholders were also concerned about the supply of wheelchair accessible taxis.

²⁹ Link Community Transport, *Submission*, p. 1.

³⁰ City of Yarra, *Submission*, p. 2.

³¹ Royal Automobile Club of Victoria, *Submission*, p. 2.

³² Victorian Equal Opportunity and Human Rights Commission, *Submission*, p. 4.

³³ Disabled Motorists Victoria, *Submission*, pp. 4-5.

³⁴ Disability Services Commissioner, *Submission*, p. 6; *ibid.*, p. 12.

³⁵ *Ibid.*, p. 13.

In its report *Peer-to-peer pressure: Policy for the sharing economy*, the Grattan Institute highlighted that introduction of ride sourcing may not reduce fares for wheelchair accessible taxis. The report explained:

Wheelchair-accessible vehicles are more specialised, so there may be fewer underused vehicles in circulation for ride-sharing to tap into. And because WAT [wheelchair accessible taxi] licences are already discounted, licence rentals do not contribute as much to fares as they do to standard taxi fare. Moreover, if entry restrictions to taxi operation are removed, the subsidy model for WATs will need to be changed, as it will no longer be possible to offer WAT operators licence fee discounts.³⁶

2.3.3 Multi-Purpose Taxi Program

The Multi-Purpose Taxi Program was established by the Victorian Government in 1983. It provides assistance to eligible people with a disability through:

- subsidising taxi fares by 50 per cent, capped at \$60 per trip³⁷
- awarding a \$16 ‘lift fee’ per trip to drivers who pick up passengers who use wheelchairs or mobility scooters
- requiring drivers to undertake training on use of restraints
- assisting with the cost of vehicle conversion into wheelchair accessible taxis
- lowering the cost of wheelchair accessible taxis by \$4000 per year compared to conventional taxi licences.³⁸

Inquiry participants praised the program and several believed it should be expanded. For example, the City of Yarra called for ride sourcing to be eligible with incentives under the Multi-Purpose Taxi Program:

Ride sourcing is excluded from MPTP [Multi-Purpose Taxi Program] incentives. Without any incentives, their business model is unlikely to accommodate accessibility provisions. This is evidenced by a 44% drop in WAT [wheelchair accessible taxi] journeys in San Francisco and New York, following the introduction of ride sourcing in these locations, and it was only remedied when the Authorities introduced certain incentives for the operation of WATs.³⁹

The Victorian Equal Opportunity and Human Rights Commission also believed expanding the Multi-Purpose Taxi Program should be considered. However cautioned that consideration must also be given to whether this might decrease the number of licenced wheelchair accessible taxis and in turn the number of wheelchair accessible vehicles overall.⁴⁰

³⁶ Jim Minifie and Tret Wiltshire, *Peer-to-peer pressure: Policy for the sharing economy*, Grattan Institute, Melbourne, 2016, p. 13.

³⁷ People who use wheelchairs or mobility scooters are exempt from the cap.

³⁸ City of Yarra, *Submission*, p. 4.

³⁹ Ibid.

⁴⁰ Victorian Equal Opportunity and Human Rights Commission, *Submission*, p. 11.

BusVic also supported expanding the Program, as limiting it solely to the taxi industry would also limit access to services. It qualified that operators' access to subsidies through the program should be contingent on:

- operators being accredited (as discussed in Section 2.2)
- a minimum percentage of their fleet being appropriately wheelchair-accessible
- prioritising vehicle allocation to passengers with a disability.⁴¹
- The Committee believes that developments in this area need to be monitored.

2.3.4 Recommendations for improvement

The City of Yarra made seven recommendations to address these issues. These are listed in Box 2.2 below.

Box 2.2: City of Yarra recommendations to improve ride sourcing disability access

1. Ensure that regulation of the ride sourcing and car share service industry upholds the rights of people with disability in accessing the services on an equal basis with other passengers.
2. Mandate a percentage of wheelchair accessible vehicles as a condition of allowing the legal operation of car sharing and ride sourcing in the market.
3. Implement standards for ride sourcing wheelchair accessible transport, including safety requirements and the ability to accommodate large wheelchairs and scooters.
4. Implement training to ensure safe and adequate assistance of passengers with disability, as a compulsory requirement for licencing of ride sourcing drivers.
5. Ensure ride sourcing apps are made accessible; and that they collect and disseminate relevant information about wheelchair and scooter trips, and response times; and that when a wheelchair booking is made, the nearest wheelchair accessible taxi is required to pick up the person, regardless of distance that is to be travelled.
6. Provide all the current Multi-Purpose Taxi Program incentives, requirements and subsidies to accredited ride sourcing service operators, drivers and to eligible passengers.
7. Extend the MPTP subsidy to passengers of accredited ride sourcing operators, ensuring that passengers do not pay more due to the different pricing model of ride sourcing services.

Source: City of Yarra, *Submission*, p. 6.

⁴¹ BusVic, *Submission*, p. 11.

Similarly, BusVic recommended expanding the Multi-Purpose Taxi Program to cover all forms of personal mobility services, subject to accreditation compliance.⁴²

The RACV recommended that any framework to govern ride sourcing services should include a minimum number of services accessible to wheelchair users.⁴³ Disabled Motorists Victoria concurred, also recommending that the Government should:

- subsidise vehicle modifications for ride sourcing drivers
- mandate a percentage of wheelchair accessible vehicles as a condition of legalising ride sourcing
- reduce licence fees for wheelchair accessible taxis to zero, subsidise their costs, including modification costs, and provide additional incentives to increase their numbers
- ensure ride sourcing apps collect and make available information about wheelchair and scooter trips, including response times
- increase the amount of wheelchair pickups drivers must make each month
- mandate that when a wheelchair booking is made, the closest wheelchair accessible vehicle must pick the person up, regardless of travel distance.⁴⁴

To address supply and service issues, the Victorian Equal Opportunity and Human Rights Commission suggested:

- minimum targets for the proportion of wheelchair accessible vehicles
- minimum accessibility standards for wheelchair accessible vehicles
- incentive schemes for drivers of wheelchair accessible vehicles.⁴⁵

2.4 Competition

Inquiry stakeholders welcomed increased competition brought by the ride sourcing industry and noted the benefits of lower costs and better services for consumers. However they also raised concerns that the current unregulated environment for ride sourcing creates a disadvantage to existing taxi and hire-car services.

The Victorian Taxi Association welcomed market competition; however it stated that ‘redundant regulation’ needed to be removed. It also discussed ‘the myth of two markets’ — claims by the ride sourcing industry that they offer a completely different service to taxi and hire-car services:

42 Ibid.

43 Royal Automobile Club of Victoria, *Submission*, p. 2.

44 Disabled Motorists Victoria, *Submission*, p. 9.

45 Victorian Equal Opportunity and Human Rights Commission, *Submission*, p. 9.

... they assert their restriction to immediate requests for transport limits their impact on the 'pre-booked' market, while on the other do not claim to encroach on the traditional 'rank and hail' market because their services are un-marked and do not have dedicated street access. This is what we refer to as the 'myth of two markets'.

Over the past year, the VTA has collated significant evidence refuting this claim. A report by Deloitte Access Economics commissioned by Uber and released in January this year shows an average response time of approximately 3.5 minutes for UberX cars. Information is also widely available to confirm that Uber does not accept a request for travel (or booking) if there is not an UberX car within the vicinity of the passenger. These facts demonstrate they are actively catering to the same market of customers for point-to-point transport as the 'rank and hail' taxi market.⁴⁶

It further noted instances of Uber announcing its intention to accept pre-booked journeys, working at Sydney Airport and setting up dedicated ranks at the Australian Grand Prix in 2016.⁴⁷

Similarly, Datanomics advocated for a 'level playing field' and described Uber's market entry behaviour as 'particularly aggressive', stating:

It operates with cash reserves and resources, not available to local competition, that afford it the ability to sustain heavy losses in order to secure market share and often dominance. It has also demonstrated a willingness to aggressively litigate to defend its position and intimidate its opposition.

Over the short-medium term this has the potential to inflict significant economic harm by undermining the potential for a competitive local sector to emerge and allowing Uber to operate with monopoly-like market power.⁴⁸

Mornington Peninsula Shire Council supported a diverse range of options to introduce competition for the transport industry, stating:

The monopoly of taxi services is anticompetitive and current regulations are themselves a significant barrier to entry for other potential service providers. The taxi industry has never before experienced any significant competition and threat to their customer base and the initial backlash to ride sharing services is an expected reaction.⁴⁹

It further stated that ride sourcing's 'disruption to the status quo' should be seen as an opportunity for technological innovation and developing an integrated customer-centred transport system.⁵⁰

A submission to the Committee from the Mornington Shire Council outlines the challenges facing that Shire and ways in which ridesharing services have the potential to contribute to better services:

⁴⁶ Victorian Taxi Association, *Submission*, p. 2.

⁴⁷ Ibid.

⁴⁸ Datanomics, *Submission*, p. 8.

⁴⁹ Mornington Peninsula Shire Council, *Submission*, p. 1.

⁵⁰ Ibid.

Ride sharing is supported and in line with the Mornington Peninsula Shire's Sustainable Transport Strategy which aims to reduce our regions high dependency on private motor vehicle usage by providing alternative transport options for our community.⁵¹

The Mornington Peninsula Shire is growing rapidly and has one of the highest proportions of people over the age of 60 (29.7%) compared with Greater Melbourne (18.6%). Providing a diverse range of transport options for elderly residents transitioning out of driving is important for the Council, as well as reducing road congestion particularly during peak holiday periods.

The Council strongly supports the legalisation of ride sharing services. They believe that ride sharing regulations should be designed around customer and consumer protection, safety and accessibility outcomes rather than trying to compare and provide an 'even playing field' when competing with taxi services.

Ms Kathie Bolitho, Treasurer of the Bendigo Tourism Board, described the benefits that ride sourcing had on services and innovation in regional areas:

... we believe that competition produces better services for the general public. Currently our service is insufficient at these peak times. Deregulation of the industry will not only provide better services but it will also open up new thinking and new opportunities for products. The recent trial by Uber for a wine touring service in the Barossa Valley is something that is very interesting for a tourism industry, particularly because it will also encourage inventiveness around new opportunities and new tours or experiences that we can actually create for our tourists, and it will benefit our region, obviously. These new possibilities can only be positive for our guests and for our business providers.⁵²

The Australian Taxpayers' Alliance noted that competition had lowered the price of transport for consumers — UberX is on average 19.77 per cent cheaper than taxis in Australia's four biggest cities. The Alliance also discussed a report by Deloitte which found that Australians would save 800,000 hours per year by catching an Uber instead of a taxi, due to less waiting time.⁵³

NetCABS believed a 'multi-affiliation' was a central part of ensuring effective competition, describing it as:

... [where] a driver can choose whatever ride-sourcing App or service they like, or multiple Apps or services. Ultimately the consumers will gravitate to the supplier that best fits their needs.⁵⁴

However many stakeholders considered that lack of regulation had allowed the ride sourcing industry an unfair advantage. Mr David Singh, a member of Victorian Taxi and Hire Car Families, told the Committee at a public hearing in Melbourne:

51 Ibid.

52 Kathie Bolitho, Treasurer, Bendigo Tourism Board, *Transcript of evidence*, 5 September 2016, p. 3.

53 Australian Taxpayers' Alliance, *Submission*, p. 5.

54 NetCABS, *Submission*, p. 4.

... now that there is competition — what is competition? Competition is when both people are starting at the same starting line and are going off, but at the moment for the last three years Uber has been starting at the 90-metre line with 10 metres to go, and we have been starting back because our NSPs have failed to implement the new technology, as you were talking about.⁵⁵

Link Community Transport warned that this could give rise to ‘potentially oppressive market conduct’ and increase the potential for adverse consequences:

- Failure to achieve equitable accessibility for mobility-impaired people via wheelchair accessible taxi’s (WAT) in Victoria has been a perennial problem. Recent Uber roll-outs in the USA have resulted in material detrimental effects (~60% reduction) on WAT availability and service levels.
- The primary profit motivation of commercial structures such as Uber will surpass any promise or representation to address equitable access for the mobility-impaired and transport disadvantaged. The inherent nature of free market mechanisms does not naturally lend itself to resolving this optimally.
- Global evidence demonstrates Uber-style services can be marginal business for drivers. Financial stress increases profit motive and can result in poor quality and safety outcomes. It is entirely appropriate to set a natural barrier to entry to only the committed, suitably structured and credentialed providers.⁵⁶

BusVic believed that an unregulated fare market would make ride sourcing prohibitive to certain sections of the community due to fare increases during high demand. However, it also stated that fare prices should not be set by government, but rather through a ‘reasonable middle ground’.⁵⁷

Similarly, the Victorian Taxi Association was critical of price surging used by ride sourcing services, describing it as ‘blatant price gouging’. It believed that competition would effectively restrain this, stating:

A genuinely competitive market with dynamic pricing across service providers would result in stiff competition for both drivers and customers during quiet and busy periods with the customer the beneficiary. Naturally, there should be an expectation on all providers that there is transparency for customers as to the price they will be charged for any given journey. The mechanism by which this is achieved should be determined by providers.⁵⁸

The Victorian Taxi Association recommended deregulation of all fares for commercial passenger vehicles with an appropriate transition period to enable real competition and moderate surge behaviour.⁵⁹

The Committee was pleased to hear from a number of Australian based operators developing ride-sourcing businesses for Victoria and operating businesses in jurisdictions where it is legal to do so. For example, Mr David Holmes, Chief

55 David Debinder Singh, Member, Victorian Taxi and Hire Car Families, *Transcript of evidence*, 7 September 2016, p. 19.

56 Link Community Transport, *Submission*, p. 2.

57 BusVic, *Submission*, p. 10.

58 Victorian Taxi Association, *Submission*, p. 10.

59 *Ibid.*, p. 11.

Executive Officer of GoCatch, told the Committee that it prefers to wait until a regulatory environment is established in Victoria before it enters the market. GoCatch is currently legal in Sydney and Brisbane.⁶⁰

2.5 Insurance

Many stakeholders discussed the need for appropriate insurance for ride sourcing vehicles, although they differed in what they considered ‘appropriate’.

The Committee acknowledges that insurance is a major fixed cost for operators of transport services, particularly commercial transport services.

The Grattan Institute’s *Peer-to-peer pressure* report discussed key insurance arrangements for the taxi and ride sourcing industry. These include:

- most states require taxi and hire-car operators to hold third party property and/or public liability insurance
- third party insurance premiums are usually much higher for taxis than private vehicles
- people injured by a ride sourcing driver have coverage through compulsory third party insurance schemes and possibly the ride sourcing platform
- passengers and other road users injured in a ride sourcing vehicle are covered for personal injury through state third party insurance schemes even if the driver holds only personal third party insurance
- if a driver is found to not have appropriate compulsory third party insurance, the insurer may try to recover premiums and impose penalties
- Uber requires its drivers to have third party property damage insurance
- Uber provides coverage for its drivers of up to \$20 million for third party personal injury and property damage, through CGU Insurance
- participating in ride sourcing in states where it has not been legalised may void a personal policy.⁶¹

The report also stated that regulating ride sourcing would help enable drivers to obtain appropriate third party property insurance.⁶²

The Insurance Australia Group’s (IAG) submission discussed insurance issues it had experienced. It stated that UberX drivers were excluded from most Australian insurances policies due to uncertainty of the service’s legal status.⁶³

⁶⁰ David Holmes, Chief Executive Officer, GoCatch, *Transcript of evidence*, 8 September 2016, p. 40.

⁶¹ Jim Minifie and Tret Wiltshire, *Peer-to-peer pressure: Policy for the sharing economy*, Grattan Institute, Melbourne, 2016, p. 16.

⁶² Ibid.

⁶³ IAG, *Submission*, p. 2.

IAG has developed an insurance product for UberX drivers until governments provide greater certainty on the legality of ride sourcing services. It also raised the possibility of developing an insurance solution for transport providers rather than individual drivers, citing the existing insurance schemes for state taxi organisations as an example.⁶⁴

IAG stated that from an insurance point of view, ride sourcing is a combination of private and commercial use of a vehicle.⁶⁵

In its submission, Uber highlighted the distinct risk profile of ride sourcing compared to taxis and limousines. It stated ride sourcing:

- deploys underutilised personal assets
- offers a flexible source of income
- cars are typically driven part time
- cars are generally driven fewer miles
- drivers operate a car familiar to them
- cars are generally operated by a single driver.⁶⁶

Accordingly, Uber considered it ‘entirely inappropriate’ to attribute the risk profiles of rideshare vehicles to those used in hire car or taxi operations, stating:

Speculative insurance treatment will impose additional costs and administrative burdens unsupported by clear reasoning or actuarial injury data. Speculative costs will make ride sourcing unviable for many of those who need access to flexible work the most.⁶⁷

Uber also noted that NRMA Insurance and Allianz had acknowledged these differences. Both companies now offer distinct policies to ride sourcing drivers.⁶⁸

Uber also raised that in July 2016 the NSW Government announced changes to compulsory third party insurance for point-to-point transport.

However, other stakeholders disagreed, as they considered that different insurance requirements put rideshare services at a distinct operational cost advantage. Mr Harkanwalpreet Singh, a former Uber driver, believed there should be the same rules for Uber as taxis, including insurance.⁶⁹

The Victorian Taxi Association recommended that uniform insurance requirements should be enforced on all operators of commercial passenger vehicles.⁷⁰

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Uber, *Submission*, p. 17.

⁶⁷ Ibid., p. 18.

⁶⁸ Ibid.

⁶⁹ Harkanwalpreet Singh, *Submission*.

⁷⁰ The Victorian Taxi Association used this definition to include ‘the combined activities of taxis, hire cars, ride hail services and any other service types which emerge that use cars to transport people for hire’.

2.6 Remuneration and workplace rights

As stated previously, it is uncertain whether drivers for ride sourcing companies are characterised as employees.

The Grattan Institute's report *Peer-to-peer pressure* examined the nature of ride sourcing workers. It discussed a 'multi-factor' test and outlined factors that courts may consider in to determining whether workers are independent contractors or employees. These are outlined in Table 2.1 and Box 2.3 below.

Table 2.1 'Multi-factor' test to determine whether workers are independent contractors or employees

Factor	Suggests employee	Suggests independent contractor
Does the worker have autonomy <ul style="list-style-type: none"> • Can the work be delegated? • Does the worker choose hours and decided the method of work? • Does the worker set standards? 	No	Yes
Does the worker operate like a business? <ul style="list-style-type: none"> • In a position to make a profit/loss? • Own public liability/accident insurance? • Issues an invoice? • Meets own GST obligations? • Pays own expenses and supplies own equipment? • Responsibility for defective work? • Paid by result rather than hours? 	No	Yes
Is the work able to work for other principals?	No	Yes

Source: Minifie, J and Wiltshire, T, *Peer-to-peer pressure: Policy for the sharing economy*, Grattan Institute, Melbourne, 2016, p. 36.

Box 2.3: Factors a court may consider to determine whether Uber drivers are employees of Uber

Australian courts seem more likely to classify an Uber ‘driver-partner’ as a contractor than as an employee, but much will depend on how much control Uber exerts over how drivers work.

Some factors suggest that Uber drivers are contractors. They choose their work hours and can make a profit or loss. They are paid per trip, supply their vehicles and (usually) their phones. They must manage their own income tax payments and have their own insurance. They can recover GST on expenses.

The Australian Taxation Office considers Uber drivers to be contractors. Taxi drivers are generally not considered employees. Uber does not regard its ‘driver-partners’ as employees, though courts look beyond what is agreed by the parties.

Other factors would support a finding that Uber drivers are employees. They cannot delegate the work or negotiate fares, and they are discouraged from rejecting fares. They must use the Uber app to transact and have their vehicle approved by Uber. They may at times be paid a minimum hourly rate, are covered by Uber’s contingent third-party insurance policy and must follow certain procedures when transporting passengers.

Source: Minifie, J and Wiltshire, T, *Peer-to-peer pressure: Policy for the sharing economy*, Grattan Institute, Melbourne, 2016, p. 37.

Datanomics was critical about Uber’s terms of services for both drivers and users, stating that they:

... seek to maximise Uber’s control over driver working conditions, require detailed capture of personal user and driver data, obviate risk and make legal dispute resolution costly and difficult.⁷¹

In his submission, Mr Douglas Clark believed that by considering drivers ‘independent contractors’ and ‘self-employed business people’ rather than employees resulted in low pay rates. As a result, he calculated drivers earn as little as \$5.00 per hour in some country markets and \$13.00 per hour in Melbourne.⁷²

He also noted that taxi drivers who work under these arrangements also do not:

- qualify for overtime rates
- receive annual, sick or long service leave
- receive a superannuation provision from taxi operators.⁷³

⁷¹ Datanomics, *Submission*, p. 8.

⁷² Douglas Clark, *Submission*, p. 15.

⁷³ *Ibid.*, p. 16.

To address this, he advocated for a move to a ‘single owner/driver’ business model across all point-to-point transport providers.⁷⁴ Mr Clark believed this would allow drivers to decide whether the ride sourcing market can provide a fairer rate of pay than the taxi industry.⁷⁵

BusVic considered that the fare system should reflect minimum wage requirements but also operating costs and insurances.⁷⁶

Mornington Peninsula Shire Council did not consider remuneration an issue for ride sourcing services. It believed drivers do not choose to operate under a provider if they do not consider they are earning an acceptable amount.⁷⁷

In its submission, the Victorian Trades Hall Council made six recommendations to address issues relating to remuneration and rights of drivers. It recommended that the Victorian Government:

- when considering regulation and protections around ride sourcing services, require that drivers receive at least award conditions for periods of work by enforceable minimum payment guarantees by the companies
- lobby for expanded definitions of ‘employer’ and ‘employee’ so that definitions capture employment arrangements such as dependent on-demand contracting that are currently disguised as independent contracting
- recognise the legal and financial responsibilities for ride sourcing work rest with Uber and other companies, not their drivers, and accordingly in absence of current regulation cease to prosecute or take other legal action against individual drivers for simply performing their work
- in consultation with ride sourcing companies, recognise drivers’ rights to join a union and receive the additional benefits and protections that unions can help them win collectively
- review WorkCover policies to ensure that ride sourcing companies bear costs associated with the health and safety of its drivers while working
- review relevant policies to ensure that ride sourcing companies bear costs associated with insuring drivers and passengers.⁷⁸

74 Ibid.

75 Ibid., p. 17.

76 BusVic, *Submission*, p. 11.

77 Mornington Peninsula Shire Council, *Submission*, p. 3.

78 Victorian Trades Hall Council, *Submission*, p. 4.

3

Regulating ride sourcing services

Many Victorians have turned to ride-sharing, attracted to lower off-peak fares, better availability in peak demand periods, and the convenience of requesting and paying for rides from their phones. Drivers can also benefit: ride-sharing opens up work to people who need flexibility or are between longer-term roles.

But not everyone is a winner. Victorian taxi licence owners have long collected about \$2 on the average taxi trip, totalling about \$50 million each year. Licence owners expect to collect less in rent from the industry in future: licence values have plummeted since the end of 2014.

Grattan Institute, *Submission*

Victorians have embraced ride-sharing even though it is currently illegal in this state and the Committee has heard from many stakeholders who have presented evidence that it is likely that regulating ride sourcing will result in lower prices and better quality peer-to-peer transport services.

The Committee believes that the Victorian Government should regulate ride-sourcing services so that traditional service providers, working in the 'old economy', adhering to regulations and paying taxes, are not unfairly disadvantaged by having to compete with new providers who are avoiding these regulations and costs.

3.1 The need for regulation of ride sourcing services

Disruptive industries which bring benefits to consumers are welcome. However, not while traditional businesses are operating in essentially the same service industry under a far more restrictive regime.

Large amounts of capital have been invested by owner drivers and private investors in taxi licences that will no longer be required to operate a taxi services business. Due to state governments delay in legislating to regulate ridesharing, it has been operating unregulated and unlicensed. This unfair advantage to services provided through ridesharing requires redressing, both through regulation and through transition provisions for traditional taxi services.

Ridesharing services are now legal in the Australian Capital Territory (30 October 2015), New South Wales (18 December 2015), South Australia (1 July 2016), Western Australia (4 July 2016) and Queensland (5 September 2016).

3.2 The sharing economy and peer-to-peer platforms

The rise of the sharing economy is attributed to the technological developments that have simplified and facilitated sharing and allowed for what is referred to as ‘collaborative consumption’.⁷⁹

The sharing economy has opened up possibilities for workplace flexibility, use of underused property and other assets and increased employment and income for certain workers.

In peer-to-peer platforms online technology is deployed to facilitate people interacting to do business. Uber and Airbnb are two well-known examples of peer-to-peer platforms.

Some of the advantages of the sharing economy include:

- workplace flexibility
- use of underused property and other assets
- an increase in employment and income for certain workers.

According to Mr Jim Minifie from the Grattan Institute:

The rise of the sharing economy can save Australians more than \$500 million on taxi bills, help them to put underused property and other assets to work, and increase employment and income for people on the fringe of the job market.

The prize for getting this new online economy right is large and governments should not try to slow its growth in order to protect vested interests.⁸⁰

Governments everywhere are grappling with the disruptions to traditional industries by sharing economy platforms. These market driven disruptions have led to innovations and the emergence of new industry players. It has been the goal of governments to ensure that barriers to market innovation for these new industry players are reduced. But governments have also had to grapple with pressure from stakeholders in traditional industry sectors who are particularly affected by this disruption and who have called for support.

The most well know ride sourcing service, Uber, has argued that their operations are covered under existing legal frameworks because all they do is connect riders and drivers using a technology platform.⁸¹ This view is based on the notion that Uber’s origins are in the sharing economy where riders and drivers find each other for unofficial sharing of vehicles, facilitated by technology. Uber has described its ‘driving partners’ as the same as independently-operated micro or small businesses.⁸²

⁷⁹ Juho Hamari, et al., ‘The sharing economy: Why people participate in collaborative consumption’, *Journal of the association for information science and technology*, vol. 67, no. 9, 2015.

⁸⁰ Grattan Institute, ‘Peer-to-peer pressure: Policy for the sharing economy’, viewed 17 March 2017, <grattan.edu.au>.

⁸¹ Igor Dosen and Helen Rosolen, *Research paper: Uber and ridesharing*, Victorian Parliamentary Library and Information Service, Melbourne, 2016, p. 4.

⁸² Kathrin Bain, ‘GST and ride-sharing: why the ATO believes Uber must pay’, *The Conversation*, 22 May 2015, viewed 17 March 2017, <theconversation.com>.

3.3 The Australian Taxation Office's view⁸³

The Australian Tax Commissioner told the Senate Economics Committee in November 2015 that Uber is in fact a multinational commercial enterprise which should not be exempt from meeting their tax obligations because they are innovative.⁸⁴

According to the Australian Taxation Office drivers providing 'taxi' services (whether legal in a particular jurisdiction or not), defined in the *A New Tax System (Goods and Services Tax) Act 1999* as 'travel that involves transporting passengers, by taxi or limousine, for fares', including those provided through ridesharing are required to register for GST. If a vehicle is available for public hire the driver must register for GST.

Furthermore, the GST Act requires any business providing taxi travel, regardless of whether they are turning over \$75,000 per annum to register. In the case of Uber drivers, for example, they are required to register for GST whether they reach this threshold or not because of the service they are providing, notwithstanding the method of booking.

The legality or otherwise of the business is not of interest to the ATO in this context.

The sharing economy began as an 'organic' concept where individuals known to each other shared goods or services. However, services like ridesharing have developed beyond this initial status and approach. One expert explains:

The sharing economy is rightfully hit as a term because most of the businesses that people use to describe the sharing economy, the behaviour is not sharing. The behaviour is renting, it's buying, it's selling, it's leasing; it's good old-fashioned commercialism.⁸⁵

⁸³ The Committee accepts that tax is a Commonwealth issue.

⁸⁴ Senate Economics Committee, Hearings, 25 November 2015

⁸⁵ Rachel Botsman, *The collaborative economy? How peer-to-peer platforms are changing work, business, and policy*, Grattan Institute, Sydney, 2016.

4 Commercial Passenger Vehicle Industry Bill 2017

In August 2016 the Victorian Government announced its plans to introduce legislation (the Commercial Passenger Vehicle Bill 2017) to waive car hire licensing fees and to regulate commercial passenger vehicle trips in Victoria through a new regulatory model.

This chapter discusses the Commercial Passenger Vehicle Industry Bill 2017. This Chapter outlines the main provisions of the Bill and the new regulatory environment.

Chapter 5 discusses industry transition and related issues.

4.1 Background of ride sourcing legislation in Victoria

The Commercial Passenger Vehicle Industry Bill 2017 was introduced into the Legislative Assembly on 23 February 2017 with debate on the Bill continuing on 9 March 2017.⁸⁶ The Bill was second read in the Legislative Council on 9 March 2017, with debate postponed until the following sitting week.

During the second reading debate in the Legislative Assembly, the Opposition called for the Bill to be referred to the Public Accounts and Estimates Committee to consider the compensation provisions proposed by the government.

A key provision of the legislation is a \$2 levy imposed by the Government on every commercial passenger vehicle ride in Victoria. The funds collected will be used for compensation and hardship payments to existing taxi licence holders.

The Government's intention is to introduce further legislation to replace the current licencing regime with a single registration system for commercial passenger vehicles.

The development and introduction of the Bill has occurred in parallel with this Inquiry.

Whilst the Inquiry is formally a references inquiry, given the timing of debate on this Bill, at the close of the Committee's Inquiry, this Chapter will consider elements of the proposed legislation.

⁸⁶ In June 2016 Fiona Patten MLC introduced the Ridesharing Bill 2016 into the Legislative Council as a private members Bill. The Bill sought to make ridesharing legal by excluding ridesharing vehicles from the definition of commercial passenger vehicles under the *Transport (Compliance and Miscellaneous) Act 1983* and to impose standards and duties on the owners of rideshare platforms.

4.2 Purpose of the Commercial Passenger Vehicle Industry Bill 2017

The main purpose of the Bill is to support the implementation of what the government advises is the first state of legislative changes to the commercial passenger vehicle industry.⁸⁷

The government's goals are to establish a competitive commercial passenger vehicle industry competing on a level playing field, to prioritise passenger safety and to protect the existing industry.

The Bill aims to regulate ridesharing by replacing current licencing requirements on commercial passenger vehicles with a vehicle registration process. The government has described the changes to this industry sector as complex and flagged its intention to introduce further legislation to continue the reforms.

Relevant related legislation includes the *Transport (Compliance and Miscellaneous) Act 1983*, *Transport Integration Act 2010*, *Bus Safety Act 2009*, *Road Safety Act 1986*, and the *Taxation Administration Act 1997*.

The Bill abolishes annual taxi fees of up to \$23,000 and hire car licence fees of up to \$40,000. All commercial passenger vehicle drivers, including rideshare vehicle drivers will need to apply to the Taxi Services Commission for a lower-cost hire car licence.

4.3 Provisions of the Bill

The government believes that implementation of the Bill will lead to new service providers entering the market. This in turn is expected to increase competition, drive improvements to service quality and place downward pressure on the cost of fares.⁸⁸

The Bill redefines 'network services' to enable regulation of anyone who provides commercial passenger vehicle booking services.

The Bill specifies that a number of current regulatory provisions will continue:

- roadside safety inspections
- annual roadworthy inspections
- driver criminal background checks
- removal of drivers found guilty of disqualifying offences
- accreditation of providers of booking services.

⁸⁷ Hon Jacinta Allan MP, *Safer, more accessible taxi and hire car services*, media release, Victorian Government, Melbourne, 22 February 2017.

⁸⁸ Legislative Assembly Victoria 2017, *Debates*, vol. 3 of 2017, p. 710.

All providers of booking services must be accredited, regardless of the way in which bookings are taken. Services must provide records to the Taxi Service Commission on request and respond to complaints.

4.4 The \$2 levy

A provision of the Bill is establishment of a \$2 per trip levy. The purpose of the levy is to fund both financial assistance to the current industry and for provision of services for the mobility impaired. The amount of \$2 per trip is set by Clause 12 which also provides for indexation of that amount over time.

The Government has also described the levy as replacing licence fees.⁸⁹

The government believes that ‘the cost savings to taxi and hire car operators resulting from abolition of taxi and hire car licence fees and the introduction of competition and flexible fares means the levy may not necessarily be passed on to consumers.’⁹⁰

The Bill requires providers of commercial passenger vehicle services to lodge returns on the number of trips that they provide. The information to complete returns is in trip record information that is currently collected along with completion of business activity statements. The Commissioner of State Taxation is responsible for the collection of the levy. The *Taxation Administration Act 1997* applies to collection of the levy.

Where a service is booked, the provider of the booking service is responsible for the levy. For an unbooked service the provider of the service is responsible.

The Bill outlines offences related to failure to comply with the levy, such as:

- application of interest and penalty tax
- prosecution of offenders resulting in significant financial penalties
- removal of accreditation.

4.5 Other relevant legislation

Part 3 of the Bill amends the *Transport (Compliance and Miscellaneous) Act 1983* making a number of changes to current licencing arrangements including revocation of existing perpetual licences.

Part 4 of the Bill provides for amendments to be made to other acts, including a change to the *Road Safety Act 1986* which provides the Taxi Services Commission the power to prohibit use of vehicles found to be unsafe.

⁸⁹ Department of Economic Development, Jobs, Transport and Resources, ‘Changes to taxi and hire car regulations’, viewed 17 March 2017, <economicdevelopment.vic.gov.au>.

⁹⁰ Legislative Assembly Victoria 2017, *Debates*, vol. 3 of 2017, p. 710.

5 Industry transition

To assist industry with the transition to a new regime governing commercial passenger vehicle business the Victorian government has established a number of measures for compensation and support.

Funding for these measures will come from the revenue raised by the \$2 levy, discussed in Chapter 4 of this report.

Support to the industry includes:

- transition assistance payments to perpetual and fixed term licence holders
- rebates to existing annual fee paying licence holders whose licence fees were paid or due to be paid in 2016-17 financial year and any future renewals
- a Fairness Fund to provide targeted support for licence holders that may experience financial hardship as a result of the changes, and to support the provision of accessible services.

Licence holders may apply for any of these forms of support.

5.1 Transition assistance payments

It is now time to open that market up and allow people to compete fairly, while at the same time accounting for those people that have invested in the industry.

David Samuel, Chief Executive Officer, Victorian Taxi Association, Transcript of evidence

Assistance payments will be paid to valid licence holders depending on the nature of their licence.

For perpetual licence holders with metropolitan and urban licences, \$100,000 is available for the first licence and \$50,000 for a second, third and fourth licences.

Regional perpetual licence holders will be paid \$50,000 for a first licence and \$25,000 for a second licence.

Existing annual fee paying licence holders will be provided rebates by the Taxi Services Commission.⁹¹

Payments will be made over two years.

⁹¹ Further information about transition payments can be found at: Department of Economic Development, Jobs, Transport and Resources, 'Support package for taxi and hire car licence holders', viewed 17 March 2017, <economicdevelopment.vic.gov.au>.

Regardless of the price paid for metropolitan perpetual licences and how long they have been held, under the Victorian Government's approach, compensation is fixed at \$100,000 for the first licence and \$50,000 for each subsequent licence. That approach may not result in a fair distribution of compensation.

At the time that the Committee began this inquiry the Government's intention was to provide compensation for a first and second licence. The Committee is pleased that this has been extended to include third and fourth licences, and that compensation will be provided over two rather than four years. Also that the amount of compensation to be paid has been raised in response to taxi industry concerns.

The Department of Economic Development, Jobs, Transport and Resources advised the Committee that since the Government's announcement on 23 August 2016, the Taxi Services Commission has granted applications for 18 new taxi-cab licences, comprising:

- 6 Metropolitan conventional annual licences
- 1 Metropolitan Wheelchair Accessible Taxi annual licence
- 1 urban conventional annual taxi licence
- 6 regional conventional taxi licences
- 3 Regional wheelchair Accessible Taxi licences
- 1 Country conventional taxi licence.

Businesses that apply for a new taxi-cab licence are required to pay an application fee of \$177.10 and an annual licence fee of \$23,017. The Department advised the Committee that:

Requiring operators of new taxi-cab licences to pay an annual licence fee helps to preserve the value of perpetual licences until the Government's reforms become law. At that time eligible taxi and hire car licence holders will receive transition assistance payments and the price barriers to entry to new taxi-cabs will be removed by lowering licensing fees.⁹²

Mr David Samuel provided evidence to the Committee about the position of members of the taxi industry and their purchase, in good faith, of taxi licences:

... in being bold and removing that licence, that perpetually held thing, you are creating a new world, and you have to accept that people had to build businesses over a number of years, and in order to do so they had to buy these things. There is a big focus on the Melbourne market, which is understandable, because a vast majority of licences exist here. Allan Fels did a very good job of convincing people that these people are investors. Nothing could be further from the truth. In the vast, vast majority of cases these are people who bought a taxi licence because they were required to do so by government a long time ago, and then that acquired value over time because of the rules established by government.

⁹² Answer to question on notice, Catherine Rooney, Executive Director, System Reform, Policy and Reform Division, Transport Group, Department of Economic Development, Jobs, Transport and Resources. Supplied Wednesday 15 February, 2017.

In Melbourne there are people that own an awful lot of them. Yes, that is the case, but once again everyone oversaw that process for a long period of time. I think we have shown through our modelling that you can achieve fairness here without blowing the state budget out of the water. You can get that money back via entry over a relatively short period of time and make sure these people are dealt with fairly as we adjust and transition to a new world.⁹³

A representative of the Taxi and Hire Car Families told the Committee:

So the fact of the matter is the Essential Services Commission never factored in the price of the licence to what the fare should be. That was never factored in. That is the first and foremost thing everyone must understand. Secondly, we have different stakeholders. If I owned a licence, it is the government that sets the level of drivers that we have. It is not the 7 September 2016 Standing Committee on the Economy and Infrastructure 14 taxi industry; it is the government. They have set the bar down to here; they have set the bar down to the floor. They have deliberately set it down to floor.⁹⁴

5.2 Fairness Fund

The Government has established a Fairness Fund to which \$50 million has been allocated to assist taxi or hire care licence holders who are facing significant financial hardship.

Eligibility for access to the fund will be based on:

- a lack of current income or the loss of a future income stream that is significantly impacting on household spending capacity
- significant difficulty in meeting ongoing debt obligations related to the licence(s) held
- a lack of available funds to meet financial commitments.⁹⁵

The fund is now open and will close on 30 April 2017.

5.3 Multi-Purpose Taxi Program

The Multi-Purpose Taxi Program is discussed in Chapter 2 of this report.

The Victorian Government has not yet finalised arrangements for how eligible Multi-Purpose Taxi Program members will receive transport support through the National Disability Insurance Scheme (NDIS).

⁹³ David Samuel, Chief Executive Officer, Victorian Taxi Association, *Transcript of evidence*, 7 September 2016, p. 24.

⁹⁴ David Debinder Singh, Member, Victorian Taxi and Hire Car Families, *Transcript of evidence*, 7 September 2016, pp. 13–14.

⁹⁵ Department of Economic Development, Jobs, Transport and Resources, 'Support package for taxi and hire car licence holders', viewed 17 March 2017, <economicdevelopment.vic.gov.au>.

Currently, Wheelchair Accessible Taxi operators and drivers are being paid the lifting fee.

The Committee is concerned that users of the Multi-Purpose Taxi Program will be required to pay the \$2 levy and associated GST on top of the fares currently paid.

The Committee is also concerned about payment of the levy by the elderly and disabled for whom the levy represents a significant further cost.

5.4 The \$2 levy: collection and compliance

The Government's compensation package will be funded by the collection of a \$2 levy for all commercial passenger vehicle rides.

After the government introduced the Commercial Passenger Vehicle Industry Bill 2017, the Committee held a public hearing on Wednesday 8 March to hear advice about the implementation of the Government's proposed \$2 levy.

The Committee heard from Commissioner Paul Broderick, Chief Executive Officer and Mr Vasko Nasteovski, Manager of Legislation and Government Relations at the of the State Revenue Office Victoria.

The State Revenue Office is experienced in establishing successful systems for collection of levies and taxes, and the Office aims to ensure that collection of the Commercial Passenger Vehicle levy is as smooth as possible. The Commissioner told the Committee that:

With the CPVS levy, we aim to make the collection process as easy as possible for all users. We understand that payers may not be happy about making this payment, so we do not want to add to this unhappiness by making the collection process onerous. Therefore we will seek representatives from the industry to work with us to develop a system that is as easy to use as possible while collecting all the revenues that are due.

The high-level administrative framework around the CPVS levy has been designed to minimise as much as possible the burden on those liable to pay the levy. Levy payers will self-assess their levy liability and lodge an electronic quarterly return with the levy payment. The information required to enable a self-assessment is essentially the same information that industry participants are currently required to collate and keep.

We have been currently working on the implementation of this scheme. We have appointed a project leader and we are cooperating with other departments such as DEDJTR, the Taxi Services Commission, the Department of Premier and Cabinet, and the Department of Treasury and Finance.⁹⁶

The Chair asked the SRO representatives to advise the Committee how much collection of the levy will cost. The Commissioner replied that they did not yet have an estimate of that amount:

⁹⁶ Paul Broderick, Chief Executive Officer and Commissioner, State Revenue Office Victoria, *Transcript of evidence*, 8 March 2017, p. 2.

... because the legislation is not yet settled we are not exactly sure of that, and it would be a little bit remiss of me to try and take a guess at it. What we will be trying to do, though, is we will be trying to minimise the costs of the administration of it, but there will be an IT system that needs to be developed and there will be communications needed to be provided to users. We will need to have a compliance program in place, we will need to make sure we have a consultation process in place as well. So there will be costs of administration associated with those, but I am not in a position at this stage to be able to provide you with an estimate of that.⁹⁷

The Committee also heard from the Department of Economic Development, Jobs, Transport and Resources that ‘... the costs associated with collecting the levy will depend on the final approach to implementation, and market factors such as the numbers of taxpayers, which will not be known until the new framework is implemented’.⁹⁸

With regard to the self-assessment process referred to by the Commissioner above, the Committee is concerned about compliance issues in terms of collection of the levy.

Members expressed their belief that overseas-based companies may not provide access to data held overseas.

The SRO representatives explained that they have mechanisms for data collection and for dis-incentivising non-compliance. For example by removing licences from drivers, and making driving for certain entities illegal. The Committee is concerned that this has already been happening in Victoria with the ride sourcing industry and that achieving compliance from that industry may not be achievable.

Mr Broderick assured the Committee that the information that needs to be supplied for collection of the levy is currently being collected for Business Assessment Statements. He also advised the Committee of the approach that the SRO has decided to take, compared to that of New South Wales:

... we have been talking with our colleagues in New South Wales who are also implementing a rideshare levy, and they are going for a monthly return and it is on an assessing basis.

So what we have decided to do is go for a quarterly return because it matches up with the BAS statement for most cabs, and that is going to make it easier. So hopefully the information that they provide in their BAS will also be relevant information that is provided in the return that we want.

Also, we will be doing a self-assessing process rather than an assessment process where the organisation — the Office of State Revenue in New South Wales — will send out an assessment note. We looked at what they have been doing and we thought, ‘Well, there are probably some easier ways to do this with industry.’⁹⁹

⁹⁷ Ibid., pp. 2–3.

⁹⁸ Response to Questions on Notice.

⁹⁹ David Samuel, Chief Executive Officer, Victorian Taxi Association, *Transcript of evidence*, 7 September 2016, pp. 23–24.

If BAS statements are the main source of information that the SRO will use to determine the validity of self-assessment by drivers and businesses to pay the levy, the Committee remains concerned about how the SRO will ensure compliance by individuals who are not required to supply BAS statements. Given that, businesses that do not reach the threshold for registering for GST or lodgement of BAS statements will still need to pay the levy.

Mr Broderick also informed the Committee that he has not yet received a budget to undertake the commercial passenger vehicle levy project, which intensified concerns by the Committee regarding the true cost of collection of the levy:

... we have in fact appointed a project manager, who is actually here, and her salary is being paid out of our organisation at the moment, but we have not actually got any formal allocation of funding yet.¹⁰⁰

The Committee is also concerned that traditional taxi industry drivers and licence holders would be disproportionately affected by the levy given the greater ease with which their compliance can be ensured.

Mr David Samuel, CEO of the Victorian Taxi Association told the Committee that his organisation does not support the \$2 levy.

We have made it quite clear that we do not support it in any way, shape or form. We have been told for the last 10 years that we could not have fare increases, because the impact on demand would be too great and consumers could not afford it. We had to accept those decisions. This represents the biggest single fare increase in Victoria in a long time. On a country taxi fare this is almost a 20 per cent fare increase. So we are concerned about that.

...

The cost of doing this will make these companies debt collection agencies, not taxi dispatch companies. It is a very expensive process to manage. You have got to consider that you have got 5500 cabs in Victoria. At the moment sort of 50-50 are split across the networks in terms of numbers — probably more on one side than the other, but close to. That is 2500, roughly, that you have got to go and get money out of. Now, most of those licences are held by single people, so just one car on the road. They are not fleets. You cannot do it; you have got to chase all that money. It is a big impost on those companies. And that is in Melbourne. Outside of Melbourne these are small co-ops; they are not companies. They are not-for-profit organisations. They simply do not have that money in the bank to pay it or the resources to collect it. It is just unworkable, in our view, and an unnecessary impost to avoid trying to hold certain companies accountable who just do not want to pay anything at all.¹⁰¹

Mr Mark Shehata from Exclusive Cab Management expressed his concerns to the Committee about the revenue that will be raised from the levy and the lack of a timeline for the levy to operate. Mr Shehata's view is based on his modelling for an alternative licence buyback proposal, which can be found in his submission.

¹⁰⁰ Paul Broderick, Chief Executive Officer and Commissioner, State Revenue Office Victoria, *Transcript of evidence*, 8 March 2017, p. 10.

¹⁰¹ David Samuel, Chief Executive Officer, Victorian Taxi Association, *Transcript of evidence*, 7 September 2016, pp. 23-24.

... in my report here I have proposed a \$250 000 buyback on each and every single metropolitan taxi licence. I have also proposed a \$70 000 buyback on the 10-year licences issued by the state Labor government 6 years ago for \$180 000 up-front; urban taxis, \$250 000; regional taxis, 125; metropolitan hire cars, \$37 500; country taxi licences, \$37 500; country hire cars, \$18 750; special purpose vehicles, \$1250; and a hardship package of \$50 million. This can be funded by the \$2 levy that the government has proposed, so to speak.¹⁰²

Mr Shehata informed the Committee about how much tax revenue he believes the levy will raise:

They did state that there will be indexation of the levy so, based on our calculations, over an eight-year period the revenue raised from the \$2 levy will equate to \$1.052 billion, assuming 55 million CPVs — commercial passenger vehicle trips — in Victoria each year, based on the ATIA statistics, and presuming rideshare operators and hire cars complete 10 million fares annually, a 2 per cent growth in the number of CPV trips based on the Victorian taxi industry inquiry.

The \$2 levy will be indexed at CPI, and we assume CPI at an average of 3 per cent over the course of the eight years. It is highly likely that with population growth, coupled with the growing tourism industry, the number of CPV trips in Victoria will increase significantly. Therefore we expect that the time taken to recoup the losses will be much, much shorter.¹⁰³

The Committee have a number of concerns about the application of the new regulatory regime to rural and regional areas. Mr David Samuel described the situation with rural and regional licence holders and how compensation will affect them:

I have got members in the country. They had to build up those fleets of taxis in order to service their community. I have a member in Hamilton who had to buy another six taxis to service her community. That cost her \$900 000. She had to go and buy those licences in order to run that taxi service. She has done nothing wrong. She has gone out, built her business and serviced her community. There are no complaints against her service from the community. She has now left with \$15 000 she still owes money on. That is not equitable in our view.¹⁰⁴

Rural and regional communities will collect more revenue from the levy than licence holders in those areas and will be paid out in compensation. The Committee is concerned that the levy and its collection will be applied without consideration being given to the location where the levy applies or the fairness of its application.

Furthermore, in rural and regional areas where taxi fares are often much lower than in metropolitan areas, the \$2 levy represents a much higher proportion of the price paid by the rider.

¹⁰² Mark Shehata, Senior Operations Manager, Exclusive Cab Management, *Transcript of evidence*, 18 October 2016, p. 2.

¹⁰³ *Ibid.*, p. 3.

¹⁰⁴ David Samuel, Chief Executive Officer, Victorian Taxi Association, *Transcript of evidence*, 7 September 2016, p. 24.

The Committee is also concerned that cross border situations are uncertain and the Committee is not confident that there has been full consideration about how the levy will be applied in situations where licences are held in both NSW and Victoria. For example, will businesses operating in Victoria but registered in NSW be required to pay the levy?

5.5 Committee concerns

In summary the Committee believes that a number of unresolved issues remain surrounding the \$2 levy proposed by the government. These should be examined before proceeding with the Bill:

- The lack of a sunset clause in the Bill for application of the levy. The levy may operate indefinitely.
- The actual cost of the levy when considering GST applicability.
- Who will end up absorbing the cost of the levy: consumers or business?
- The ability of small business to absorb the cost of the levy.
- Whether the elderly and disabled riders will pay the levy?
- The amount of revenue predicted to be raised by the levy is uncertain and may far exceed the purpose of the levy.
- The cost of collecting the levy, and redistributing the levy, is unknown.
- The lack of a budget allocated to the State Revenue Office for implementation of this new program.

Appendix 1

List of submissions

1. Andrew Zheng-Macdonald
2. Centre for Access
3. Uber
4. Victorian Taxi and Hire Car Families Committee
5. John Glazebrook
6. John Sullivan
7. Graham Jefferson
8. Victorian Taxi Association
9. Goran Stojanovski
10. Andrew Leap
11. Yarra Ranges Council
12. Angela Logan-Bell
13. Mornington Peninsula Shire
14. Ingrid Pezzoni
15. Kirsten Miller
16. James Burt
17. Stephen Lee-Burman
18. Ian Hymans
19. Hormoz Keshavarzi
20. Harkanwalpreet Singh
21. Dominic Moc-Saint Clare
22. Alexandra Hardy
23. Rose Schmidt
24. Alister Sheppard
25. Harriet Scott
26. Ishan Dutt
27. RACV
28. Tiel Lillehagen
29. Bulent Kurtul
30. Harpreet Seeray
31. Ercument Sumercan
32. Will van Schaik
33. James Maulana
34. John Curtin
35. Shawn Flynn
36. Brendan Soo Siong Tan
37. Graeme Boocock
38. Bill Mason
39. Angela Chauvin
40. Phill Lloyd
41. Vlad Floca
42. Michael Cheung
43. Annie Ferguson
44. Rhys Richards
45. Roz Germov
46. Tim Sharp64.
47. Brenton Carbins
48. James Spencer
49. Cass Tombs
50. Adam Boswell
51. David Armstrong
52. Melissa Traynor
53. David Vallinga
54. Idan Grossman
55. Grant Morris
56. Christian Vasquez
57. Anthony Ellis
58. Sara Tankard
59. Arvind Kaur
60. Tuan Nghiep Ha
61. Sam McDonald
62. Charlotte
63. Christopher Jones
64. Michael O'Rourke
65. Terence John Macagugao
66. Justin Mastroes
67. Fabian Diaz
68. Kaylor Mclean
69. Daniel Pavlides
70. Morgan Kilgariff
71. Siobhan Elizabeth Kennedy
72. Terry Batistich
73. Linda Jones
74. Not available
75. Gillian Monahan
76. Jon Axtens
77. Fred Alale
78. Tegan Gawron
79. Lilly Cooper
80. Helen Godfrey
81. Anthony Boyd
82. Lazwah Stylee
83. Clare Dolan
84. Kerstin Wahlqvist
85. Belinda Burrows
86. Leeanne Creese
87. Richard Phan
88. Kathleen Corless
89. Dannielle Eastcott
90. Hilary Binks
91. David Heathershaw
92. Michelle Marotta
93. Cindy Liu
94. Joel Eggenhuizen
95. Aimee Mensink
96. Lynette Emmerson
97. Grace Zhang
98. Monica Tarca
99. Keith Larrard
100. Lisa Coutts
101. Michael Fletcher
102. Duwayno Robertson
103. Sarah-Jane Mebberson
104. Nick Sullivan
105. Sasikumar Pathmanathan
106. Daniel Groth
107. Nathan Harding
108. Pierre Hakansson
109. Rosemary King
110. Frank Ritters
111. Paul Brandt
112. Jennifer Guthrie
113. Giulia McGauran
114. Charlotte Pollock
115. Sara Rodger
116. Shane Price
117. Christine Brown
118. Matthew Wohlers
119. Liam Clarke

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|---------------------------------------|--|--|
| 120. Lindsay Adams | 166. Natasha Lazic | 209. Victorian Equal Opportunity and Human Rights Commission |
| 121. Dave Smith | 167. Sean Brown | 210. Wedding Car Association of Victoria |
| 122. Robert Follis | 168. Helena Boney | 211. Melbourne Airport |
| 123. Andrew Sorokovsky | 169. Kelli Frampton | 212. Tourism Network Yarra Valley |
| 124. Laura Carmichael | 170. Kate Bennett | 213. LINK Community Transport |
| 125. Nicholas Hope | 171. Narelle Berger | 214. Children and Young People with Disability Australia |
| 126. Richard Pitkin | 172. Jack Gardner | 215. Heinrich Bouwer |
| 127. Daniel Corridon | 173. Peter Gommers | 216. Grattan Institute |
| 128. Troy Ryan | 174. Charlotte Barnes | 217. Douglas Clark |
| 129. Kate Shedden | 175. Katy Paul | 218. Not available |
| 130. Paul Hocking | 176. Adrian Di Natale | 219. Datanomics |
| 131. Bus Association of Victoria Inc | 177. Emma Hess | 220. Debinder Singh |
| 132. Simon Rossi | 178. Ann Limbrey | 221. John Lane |
| 133. Classic and Prestige Car Hire | 179. Michael Leptos | 222. National Disability Services Victoria |
| 134. Clarissa Ryan | 180. Gary Phillips | 223. Tourism and Transport Forum |
| 135. Soraya Jain | 181. Jade Mckenzie | 224. Steph Hooke |
| 136. Stephanie Bradshaw) | 182. Madi Albrecht | 225. Pro forma submission A |
| 137. Joshua Blake | 183. Michelle Pride | 310. Pro forma submission B |
| 138. Adrian Mylius | 184. Beth Ryan | 2438. Tom Ng |
| 139. Peiter Kyriazis | 185. Summer Masters | 2439. Victorian Trades Hall Council |
| 140. Aaron Staunton | 186. Helen Todd | |
| 141. Georgia Nenna | 187. Laura Rimington | |
| 142. Patrick Livesey | 188. Graham Hill | |
| 143. Matthew Hegarty | 189. Rob Harwood | |
| 144. Alasdair Stretch | 190. Ajay Malik | |
| 145. Institute of Public Affairs | 191. Michelle Brown | |
| 146. Disability Services Commissioner | 192. Simone Bergamin | |
| 147. Southern Cross | 193. Ross Honeywill | |
| 148. Peita-Lee Ambrose | 194. Pia Demsky | |
| 149. WorkSafe | 195. Amelia Trifiletti | |
| 150. Magdalene Baines | 196. Youth Disability Advocacy Service | |
| 151. Nicholas Jury | 197. Arthur Galan | |
| 152. Tania White | 198. Vision Australia | |
| 153. Ellen Rodgers | 199. Hans Althoff | |
| 154. Peter Watson | 200. Victorian United Taxi Industry | |
| 155. Tammi Gove | 201. Yarra Valley Wine Growers Association | |
| 156. Michael Nankervis | 202. Yarra Ranges Tourism | |
| 157. Paige Gardner | 203. Fiona Patten MLC | |
| 158. Mark Paterson | 204. Not available | |
| 159. Paige Keyte | 205. City of Yarra | |
| 160. Joseph Barber | 206. Australian Taxpayers Alliance | |
| 161. Pat Flanagan | 207. Victorian Hire Car Association | |
| 162. Karen Dooley | 208. Daniel Odoi | |
| 163. Jabili Mchawala | | |
| 164. Aimee Parker | | |
| 165. Georgia Cimbaro | | |

Pro forma submission A

225. Corey Finger	269. Priyank Saini
226. Paul Ryan	270. Gary Mamouney
227. Vishal Sharma	271. Arshed Al-Obaidi
228. Ian Wallace	272. Teramed Fitamilak
229. Rakesh Kumar	273. Hung Thim Lee
230. Joey Joe Maranzano	274. Ashok Kumar
231. Saaddin Humed	275. Muhammad Salman
232. Upendra Singh	276. Sohail Moneer
233. Simon Chan	277. Amardeep Singh
234. Sunny Kalra	278. Sumit Khurmi
235. Mukesh Sharma	279. Syed Rizvi
236. Manjit Singh	280. Katharina Keil
237. Alpha Amadu Jalloh	281. Mohamed Ahmed
238. Raman Joshi	282. Vipin Raj
239. Umut Akalan	283. Pritpal Singh
240. Sheryl-Lee Raggat	284. Irfan Khan
241. Harshal Surti	285. Sai Karthik
242. Kapil Kalra	286. Mohammed Akbaruddin
243. Kuma (Gamini) Edirisingha	287. Neill Reeves
244. Matt Pearse	288. Tom Drake
245. Hashmi Hilal	289. David Webber
246. Brett Grindal	290. Siliko Ah-tioka
247. Mahi Alam	291. Sid Hurne
248. Ramanjit Singh	292. Daryl Lo
249. Somnath Gupta	293. Jeroen Kroese
250. Arun Sebastian	294. Ranjit Singh
251. Uthpala Kumarasinghe	295. Alpha Amadu Jalloh
252. Talal Halimi	296. Amin (Monzurul) Taluqdar
253. Lukas Farfalla	297. Muhammad Channa
254. Samir Khoury	298. Mahdi Dhuux
255. Mohammed Said	299. Jeff Azzopardi
256. Salveen Nand	300. Walter (Thanuja) Mendis
257. Phu Nguyen	301. Varinder Varinder
258. Mohammad Aljanabi	302. Kathy Curry
259. Garot Gunalan	303. Kin Tsiang Chiang
260. Greg Daniels	304. Mario Capodicasa
261. Ronnie (Narender) Kandalia	305. Alper Dincer
262. Ebrahim Shiroodi	306. Sai Doddasai Krishnareddy
263. Yosief Gerkidan	307. Danish Kazmi
264. George Manousaridis	308. Danny Khmelnitsky
265. Ramachandran Govindasamy	309. Jimmy Multani
266. Mike Fard	
267. Calvin Lee	
268. Anthony Tiliaveridis	

Pro forma submission B

310. Steph Hook	357. Adri Martinez	404. Khali Harding
311. George van Deventer	358. Jolly Zhao	405. Bryan Daly
312. Tanya Neary	359. Sharon Jones	406. John Williamson
313. Paul Stone	360. Dale Bradley	407. Matthew Mose
314. Trevayne O'Brien	361. Oscar Trevarthen	408. Simone Grixti
315. Simon Canard	362. Ebony Gessin	409. Antoinette Haraka
316. Andreas Kullmann	363. David Rhind	410. Liam Iliadis Sneddon
317. Georgie Cichy	364. Silvia Sabrina	411. Garth Motton
318. Neil Dong	365. Alex de Bie	412. Simon Hunter
319. Carla Ragonesi	366. Rinkoo Mittal	413. Tegan Bradilovic
320. Les Furness	367. Sharni Hutchings	414. Wena Spies
321. Christopher Philactides	368. Phillip Prescott	415. Noel Gibson
322. Cameron Milnes	369. Drew Woods	416. Valetta Fraser
323. Teresa Miraglia	370. Daniel Koppelman	417. Jane Gamble
324. Matt Batten	371. Jakson Brown	418. Luke Carbins
325. Nicole Jankowiak	372. Hanna Zhao	419. Grant Garniss
326. Elle Thwaites	373. David Sutherland	420. Dean Podger
327. Sally Turner	374. Michael O'Keeffe	421. David Chen
328. Rose Monello	375. Jade Horn	422. Mukhtar Mohammed
329. Maggie Tan	376. Greg Horan	423. Nadia Duffy
330. Erik Lovgren	377. Cable Sage	424. Aarav Vyas
331. Sridhar Chandrasekaran	378. Vanessa Robb	425. Todd Perissinotto
332. Katrina Sharpe	379. John Andrew	426. Mark Burdon
333. Kieran Connole	380. Emma Williamson	427. Helen Jeisman
334. Jarrad Biggs	381. Tania Petsinis	428. Nathalie Comty
335. Sam Kroonenburg	382. Claudio Foecking	429. Stephanie Speakman
336. Theodora Papadakis	383. Anup Batra	430. Sharn Rigney
337. Andrea Sheean	384. Ben Gundy	431. Kristin Goldfinch
338. Alaina Tuckett	385. Sara Jane Mori	432. Peter Leonard
339. Cian Doyle	386. Brad Higgins	433. Lisa Stow
340. Kristen Falzon	387. Zhou Ren	434. Olivia MacKenzie
341. Pravind Moorthy	388. Jane Hill	435. Tania Dorau
342. Mark Balla	389. Maxine Feynberg	436. Amy Weatherlake
343. Monica Reid	390. Tessa Botheras	437. Rhett Walton
344. Mark Fewell	391. Oscar Lee-Archer	438. Lukas Micallef
345. Maeve O'Driscoll	392. Kate Scott	439. Robert Sellick
346. Lian Xin Yuan	393. Lisa Philp	440. Catherine Allemand
347. Ryan Jones	394. Kane Hunter	441. Gemma Gannon
348. Lele Farrell	395. Dee Miljevic	442. Richard Roe
349. Brianna Cardamone	396. Avi Kaur	443. Annalyse Lister
350. Joe Tomaino	397. Maria Haywood	444. Steven Kwon
351. Angelie Lee	398. Karthik Usurupati	445. Frank Azzopardi
352. Marcus Finlay	399. Tess Colman	446. Emily Guy
353. Simon Canard	400. Sarah Paull	447. Summer Salvato
354. Chris Belfield	401. Mathew Merryweather	448. Ben Deckys
355. Todd Farley	402. Jade Snell	449. Jack Dinsmoor
356. Tim Humphreys	403. Himanshu Solanki	450. Steph Pirovano

451. Katherine Napier	500. Jordan Pyke	548. Tarvej Deep
452. Ron Lim	501. Ellie Cohen	549. Vanessa Lisle
453. Laura Lantieri	502. Reid Jenkin	550. Helen Radbone
454. Nick Riggs	503. Jo Rapone	551. Neil McEwan
455. Linda Volpe	504. Nao Horikoshi	552. Santosh Sunar
456. Mike Hodgson	505. Gabby Sujevich	553. Ian McKenzie
457. Robert Billing	506. Joel Graham	554. Jessica Milne
458. James Legge	507. Amy Murray	555. Isabel Toland
459. Greg Rikkhachai	508. Ngioka Bunda-Heath	556. Semu Ntulumbe
460. Paul Schneider	509. Ryan Brindle	557. Amier Hani
461. Ari Fox	510. Josephine Eunice Chandra	558. Angus Forrest
462. Peter McMullin	511. Justin Bragg	559. Michael Symon
463. Mariana Navarro	512. Anna Rogers	560. Hayden Parker
464. Rhiannan Lava	513. Nicole Maloney	561. Matthew Tiffen
465. Jake Neville	514. Eddie Drohomirecki	562. Lauren Priddle
466. Rebekah Pedler	515. Katherine Cardy	563. Shehan Seneviratne
467. Ian Beets	516. Surendra Lamichhane	564. David Caserta
468. Leah Wilson	517. Zannatul Mafruza	565. Rachel Wilson
469. Nick Smithwick	518. Sam Vessali	566. Annie Piper
470. Tim Goldenberg	519. Robert Shannon	567. Dane Birks
471. Thomas Bredin-Grey	520. Wayne Declase	568. Kile Kennedy
472. Doug Kennedy	521. Rhys Carter-Coleman	569. Louie Borromeo
473. Indi Robertson	522. Sean Henry	570. Pete Roberts
474. Chevaun Macilquham	523. Ferne Archer	571. Alexander Tung
475. Sagar Patel	524. Yvonne Pryan	572. John Gardiner
476. Damien Grinsell	525. Andrew Farrugia	573. Lia Spyropoulos
477. Camille Guss	526. Mutasim Ibrahim	574. Robyn Begg
478. Hamish Royce	527. Patrick Di Natale	575. Nicky Tran
479. Nick Piskopos	528. Julian D'Monte	576. Zane Carter
480. Emily Guy	529. Liana Gangi	577. Josie Toscano
481. Charlotte Jiang	530. Ivy Huang	578. Allie Veall
482. Adam Hobbs	531. Zhicheng Hu	579. Fatih Kaya
483. Elizabeth Conversano	532. Tanisha Charity	580. Chris Jones
484. Lucinda Buzza	533. Jamie Bartie	581. Jesse Kavanagh
485. Jack Ellice-Flint	534. Emily Matthews	582. Jack Taylor
486. Daniel D'Assisi	535. Madeline Wallman	583. Frances Jane Salazar Martes
487. Amy Clifford	536. Grace Zhong	584. Susanna Currie
488. Dominik Elias Nichols	537. Andy Shorthouse	585. Joe Downey
489. Marianne Golub	538. Matthew Ross Hennig	586. Jimmy Bob
490. David Armstrong	539. Rebecca Stewart	587. Connor Wooles
491. Ben Wilson	540. Chris Barr	588. Vivienne La
492. Justin Miles	541. Megan Belle	589. Kathleen Gallagher
493. Melissa Adam	542. Nick Colbeck	590. Bridie Cavanagh
494. Rachael Russell	543. Ankur Sharma	591. Andrew Murray
495. Justin Easton	544. Julia Anderson	592. Michael Rosario Altomare
496. Lilly Selby-Mitchell	545. Larry Clarke	593. Sarah Denham
497. Chris Fittkau	546. Trina Gilbert	594. Daniel Clarke
498. Nicholas Duggan	547. Lawrence Ponting	
499. Olivia Be		

595. Liam Nichols	644. Jair Castro	693. Jake Liberman
596. Troy Nickell	645. Daniel Scoble	694. Berrin Daricili
597. Tom Wambeck	646. Tyler Napolitano	695. Tara Burke
598. Jack Anning	647. Johan Aubry	696. Paul Commerford
599. Robbie Figgis	648. Lilian Eason Hubbard	697. Richard Vandenberg
600. Kathleen Gallagher	649. Jay Usher	698. Nicola Fearn
601. Manreet Sandhu	650. Cain Harper	699. Deb James
602. Bobby Ford	651. Brandon Trewern	700. John Bickford
603. Will Carroll	652. Kane Davidson	701. Murray Kelly
604. Jayden Manno	653. Ella Parry	702. Kristy Hickman
605. Ciara Timbs	654. Edward Bibby	703. Nathan McKenzie
606. Michael Lumsden	655. Andrea Girvin	704. Asad Abbas
607. Nigel Smith	656. Josh Abraham	705. Nelly Skoufatoglou
608. Robert O'Neill	657. Kate Wraith-Bell	706. James Raine
609. James Wapshott	658. Freya Feddersen-Browne	707. Rohan Herbstreit
610. Shannan Kelly	659. Preetinder Singh	708. Maria Strandberg
611. Andrew Martin	660. Ly Doan Thi Ha	709. Salil Ahuja
612. Sam Donaldson	661. Adam Lowes	710. Dion Selton
613. Erin Lander	662. Rohan Hardman	711. Marina Vaxman
614. Gyubi Yun	663. Matthew Thompson	712. Anna Iltiakov
615. Nick Warne	664. Tahli Luth	713. Luke Wevers
616. Ashlee Church	665. Samuel Granat	714. Bikal Thapa
617. Thomas Gunston	666. Andrew Cousins	715. Elizabeth Egan
618. Mitch Morrison	667. Alexandria Shaw	716. Dave McDonald
619. Thao Nguyen	668. Tony McCormack	717. Soobyn Kim
620. Shelley Thomson	669. Daryll Goodall	718. Kassie Watson
621. Hanna Zhao	670. Lauren Hinkley	719. Stacey Pearson
622. Alan Dassie	671. Hanzhi Jin	720. Ted Ivory
623. Silvia Castelblanco	672. Nathan Wilkinson	721. Blake Hutchison
624. Nouara Zimmermann	673. Fernando Nara	722. Stuart Lloyd
625. Shaun Butler	674. Sam Willoughby	723. Lee Coats
626. Joshua Gilliland	675. Ricky Catanzariti	724. Angela Rojas
627. Hayden Parker	676. Romeo Omar	725. Rookie Bjerg
628. Emily Moore	677. Sarbjeet Brar	726. Anthony Speranza
629. Nathan Masson	678. Edward John	727. Derrick Goostrey
630. Yvette Lippold	679. Melissa Benias	728. Russ Hogan
631. Christopher Hogg	680. Jesse Casserly	729. Nikhel Gurung
632. Veronique Murphy	681. Sanjay Verma	730. Howard Thomson
633. Patrick Barnes	682. Lucy Buffon	731. Martin Deeley
634. Joshua Pickford	683. Sarah Stewart	732. Sam Miles
635. Adam Jones	684. Maria Jones	733. Fiona Corbett
636. Shane Barrett	685. Patrick Barnes	734. Chelsea Butler
637. Danielle James	686. Yvette Page	735. Sasitorn Ammapha
638. Stina Leijonborg	687. Thao Nguyen	736. Lisa Reid
639. Kai Tosoneem	688. Peta Kortum	737. Pam Kershaw
640. Alison Hartzler	689. Courtenay Bisson	738. Jeff Wiggins
641. Jack Bridges	690. Anisha Prasad	739. Dhawal Rawal
642. Anthony Murphy	691. Kacey Knight	740. Mietta Kellett
643. Jana Batovska	692. Roselle Fuentes	741. Guo Alex

742. Adam Liddicut	790. Jacques Roux	839. Kent Forbes
743. Sean Fitzpatrick	791. Maybel Gastar	840. Katie Hooper
744. Ben Lai	792. Oliver Vickers-Price	841. Robyn Hill
745. Nicole Elliott	793. Sonal Dehsmukh	842. Bernadette Murdoch
746. Chris Charles	794. Jessica Lamb	843. Ken Myers
747. Jasmina Tot	795. Fengzhao Wu	844. Ashley Smith
748. Ben Jones	796. Hannah Smith	845. Craig Yelland
749. Daniel Coleman	797. Timothy Beevor	846. Tim Warren
750. Elisabeth Thomas	798. Tiago Terra	847. Samantha Elliott
751. Francis Kavanagh	799. Danilo Lima	848. Arran Lang
752. Lloyd Parks	800. Nick Lamorgese	849. Bob Atkins
753. Pamie Cheah	801. Michael Ross	850. Pallavi Manish Dasgupta
754. Felix Tickner	802. David Doolan	851. Tina Beltsos
755. Stefan Imbesi	803. Jacob Tang	852. Caitlin Britz
756. Luba Grigorovitch	804. Kalyna Taule	853. Natasha Acker
757. Munther Al-Moosawi	805. Gabrielle Van Cuylenburg	854. Chelsea Campos
758. Shane Monk	806. Melanie Leigh	855. Terry McCredden
759. Luke Davis	807. Sesimani Kostaras	856. Ben Pollock
760. Rachel Hook	808. Boris Dias	857. Jasmine Batra
761. Mase Faaosofia	809. Annabelle Phillips	858. Nina Anderson
762. Chelsea Wallace	810. Nina Fan	859. Margarette Quemuel
763. Ruby Muller	811. Zoe Morgan	860. Colin Xu
764. Mark Thompson	812. Dina El-Hakim	861. Maire Lyddy
765. Adriana Alvarez Artasona	813. Martti Martinson	862. Ryan Jenkins
766. Nic Gysen	814. Trevor Douglas	863. Beni Johnson
767. Thomas Wallrich	815. Ivor Vaz	864. Naveed Farro
768. Madison Webb	816. Peter Kakos	865. Rob Hawkesworth
769. Kennedy Mark	817. Jinming Dong	866. Isabella Santilli
770. Em Chen	818. Jane Ushe	867. Megan Toomey
771. Quashani Bahd	819. Sehelina Bano	868. Jay Ketelaar
772. Samuel Sturgess	820. Tinai Colawai	869. Belinda Walsh
773. Tayla Matthews	821. Aravinth Balu	870. Tracey Dowling
774. Graham Lewis	822. Daniel Cooper	871. Amber Sanders
775. Bharat Dahiyabadshah	823. Gaurav Kalra	872. Maleeha Ashfaq
776. Maddie Sturgess	824. Amy Charleston	873. Grant Johnston
777. Heath Ross	825. Siobhan Durkin	874. Madi Butler
778. Bridgette Peake	826. Sue Hayter	875. Danny Han
779. Kunzang Dorji	827. Clare Madsen	876. Erwan Alonso
780. Mayur Patel	828. Vivian Lam	877. Vivienne Crompton
781. Christopher Madden	829. Jodi Cutting	878. Olivier Kohen
782. Sorasich Siri-ek	830. Sean Maher	879. Gabrilla Calvo
783. Hari Bilalic	831. Dana Connell	880. Muhhamad Khan
784. Jingfei Zhang	832. Tricia Pagkalinawan	881. James Moedt
785. Omnia Holland	833. Tim Field	882. Peter Dunn
786. Tony Delas Alas	834. Danny Harris	883. Stephanie Sabe
787. Lerma Delas Alas	835. Liam Park	884. Alexandra Drewniak
788. Jaimee Millar	836. Daniel Esdaile	885. Flora Taran
789. Kiran Choudhury	837. Sueng Jin Lee	886. Logan Merrick
	838. Bev Killick	887. Rebecca Cortorillo

888. Geordie Lynn	937. Mislav Boltuzic	985. Sophie Polites
889. Gulzar Turi	938. Patricia Joy Mondejar	986. Matthew Tremigliozi
890. Lisa Anderson	939. Simon McEwan	987. Julie Lorenz
891. Tia-Michelle Horvath	940. Amanda McIntyre	988. Alex Law
892. Kelly van Brummelen	941. Serina Ung	989. Patricia dara Setyasmoro
893. Rachit Srivastava	942. Karmen Lim	990. Maleik Njoroge
894. Doug Golden	943. Katie Nelson	991. Hamish Prior
895. Jamie Shenker	944. Shashanka Reddy Salguti	992. Xavier Gonzalez
896. Andrew Cichello	945. Alexis Hunter	993. Shaun Pepper
897. Mikayla Harrison	946. Roacin Ward	994. Courtney Niemann
898. Pauline Zeeng	947. Maria Ricardo	995. Alice Cooney
899. Rodrigo Oliveira	948. Alex Wolf	996. Nicholas Collins
900. Davinia Coelho	949. Zichao Ma	997. Jack McHenry
901. Katie Lazos	950. Troy Burnett	998. Jackie Galatis
902. Alexandria (Sasha) Odoi	951. Paula Henry Hilton	999. Grace Wilson
903. Sam Schwarz	952. Xue Hou Detai Yang	1000. Parvinder Saroha
904. Ronald Ng	953. Adti Gupta	1001. Simon Langridge
905. Georgia Hunt	954. Lauren Bain	1002. Marcus Morris
906. Emma King	955. Brad Bowker	1003. David McAllister
907. Yao Kuang Su	956. Kelly Quirke	1004. Gary Sheridan
908. Elizabeth Bailey	957. Nick Keating	1005. Kris Schroeder
909. Jason Cotton	958. Virginia Murphy	1006. Nigel Skinner
910. Elliot Brown	959. Susruth Dev	1007. Emma Roberts
911. Ravi Murty	960. Henry Jaworski	1008. Erin Aitken-Simpson
912. Lucinda Hancock	961. Hayley Agius	1009. Malalay Badri
913. Sean Rogers	962. Sandy Adair	1010. Pat Piazza
914. Belinda Emmett	963. Anastasiia Kalashnikova	1011. Bharat Dahiyabadashah
915. Mansi Kothari	964. Angela Harbinson	1012. Hazel Alexander
916. Cindy-Lee Bamford	965. Jani Rundall	1013. Christina Matthews
917. Gillian Scott	966. Mitch Forester	1014. David Robinson
918. Tom Wigan	967. Elizabeth Morrell	1015. Daniela Pineda Molina
919. Helena Walden	968. GWD Associates	1016. Ayman Ashab
920. Matthew Minas	969. Lily Liu	1017. Mark Bingham
921. Mark George	970. Jesse Liquorish	1018. Kimberley Emby
922. Dianne Delbridge	971. Steven Woolley	1019. Gil Korman
923. Simon Huggins	972. Samantha Mills	1020. Josh Starick
924. Andrea Cronin	973. Sandra Smyth	1021. Ashley Smart
925. Jake Kearney	974. Nicole Grant	1022. Anthony Vassallo
926. Dan Clark Limarez	975. Meaghan Smith	1023. Serdar Shokrat
927. Natalia Pchelina	976. Nicole Minchin	1024. Kosta Vlahos
928. Kellie Boland	977. Darrell Fleming	1025. Rachel Mamaj
929. Yifan Cai	978. Sean Cooray	1026. Ng Chai Ling
930. Valerie Datannie	979. Nigel Gleeson	1027. Caitlin O'Toole
931. Alex Suidgeest	980. Kaia McCarty-Smith	1028. Nat Gray
932. Ryan Cairns	981. Simon Forbes	1029. Scott Travers
933. Gini Murphy	982. Jason Pan	1030. Sam Leung
934. Alexander Rusjan	983. Faigy Gross	1031. Anthony Nelson
935. Cam Batten	984. Hoa San	1032. Ariel Eitan Doron
936. David Diviny		1033. Peter Deguara

1034. Zoe Astbury	1082. Arthur Lariosa	1131. Renee Dela Cruz
1035. Kellie Rout	1083. Liz Young	1132. Vishakha Das
1036. Kasia Wroblewski	1084. Daniel Curtis	1133. Getter Vaidla
1037. Amelia Garnett	1085. Eva Liang	1134. Jennifer Forlonge
1038. Daniel Seoud	1086. Asad Abbas	1135. Motomu Kumano
1039. Amy Prendergast	1087. Jason Kaye	1136. Daniel Weam
1040. Junge Jhwampat	1088. Dawn Callery	1137. Divesh Sanghvi
1041. Maria Halkias	1089. Rose Monello	1138. Sonya Miller
1042. Leonard Mercado	1090. Indu Kalia	1139. Chrystal Chea
1043. Cathy Kourtis	1091. Amelia Ramsay	1140. Julia Meo
1044. Stephanie Hamilton	1092. Emma-Leigh Theobald	1141. Dean Bryant
1045. Hu Yang	1093. Michele Cocito	1142. Gil Rom
1046. Charles Foster	1094. Peter Shephard	1143. Jared Selvage O'Connor
1047. Blair Foster	1095. Rahul Sharma	1144. Nadia Gunsekere
1048. Sasha Mayorov	1096. Shao Lee	1145. Mitchell Hawthorne
1049. Camila Viviana Yanzaguano Bravo	1097. Jatinder Kaur	1146. Milena Milojevic
1050. David Shrimp	1098. Anant Nihalani	1147. Dale Young
1051. Chris Cook	1099. Gemma Moore	1148. Rosa Niki
1052. Charlie Shin	1100. Callum Cooper	1149. Cassie Ward
1053. Andrew Welsh	1101. Hoang An	1150. Wally Hanna
1054. Dale Ian Godfrey	1102. Dilani Rathnaweera	1151. Mabel Wang
1055. Marie Atza	1103. John Petrovich	1152. Eytan Tobias
1056. Ashlee Johnson	1104. Paul Merriweather	1153. Jaime Schey
1057. Kim Aberdein	1105. Renae Morgan	1154. Nhien Nguyen
1058. Eleanor Anderson	1106. Sean Sreedharan	1155. Maria Arnaoutidis
1059. Sunyuankai Zhang	1107. Becc McCall	1156. Casey Do Huynh
1060. Shambhu Puri	1108. Andrew Robinson	1157. Kailyn Brown
1061. Rajinder Kaur	1109. Rachael Davenport	1158. Marcos Gonzalez Neila
1062. Karl Hermelink	1110. Debbie Singh	1159. Andrew Palacios
1063. Maruthi Prasad	1111. John Cincotta	1160. Scottnes Smith
1064. James Kemp	1112. Anna Micallef	1161. Vince Cicero
1065. Kim Vo	1113. Thomas Marwick	1162. Gary Simmons
1066. Helene Lesperance	1114. David Vivian	1163. Mylene Mallari
1067. Fallon Senchey	1115. Alice Bunting	1164. Daniel Paul Stoof
1068. Maria Aguinaldo	1116. Claire Moritz	1165. Michelle Montague
1069. Matthew Goldenberg	1117. Jessie Kiely	1166. Justin Sturzaker
1070. Tristan Kelly	1118. Tori Oglesby	1167. John Robertson
1071. Essamax Alhosni	1119. Sam Price	1168. Kyle Minall
1072. Fred Moschini	1120. Ashley Ray	1169. Jack Skewes
1073. Kylie Bretag	1121. Maeva Cardot	1170. Gregory Tilley
1074. Aimee-Louise De-Zen	1122. Jessica Scott	1171. Jacob Young
1075. Winter Bo	1123. Haley Roach	1172. Tracey Pace
1076. Choochart Dinsrivijit	1124. Jeff De Bruges	1173. Kris Sokoloff
1077. Patu Ayu Siska Dewi	1125. Susan Fisher	1174. Steve McInnes
1078. Abhimanyu Bhatt	1126. Dee Stephens	1175. Adam Wickson
1079. Benjamin Connal	1127. Harathi Yenna	1176. Hayden Denbesten
1080. James Corboy	1128. Isaac Bartlett	1177. Samuel Nicoli
1081. Mohandas Vinod Saran	1129. Nigel Champion	1178. John Cincotta
	1130. Muhammad Siddiqui	1179. Elena Medici

1180. Nikki Palun	1228. Sheng Yi Lee	1276. Karl Barker
1181. Zoran Popovski	1229. William Miller	1277. Melissa Sharma
1182. Jodie Rochetich	1230. Kelvin Lau	1278. Nicholas Cruz
1183. John Foy	1231. Matt Carmody	1279. Eimear Kelly
1184. Scott Hastie	1232. Becca Ringersma	1280. Carlos Forero
1185. Jessica Leman	1233. Mohamed Tubar	1281. Samantha Russell
1186. Aida Izaguirre Rios	1234. Sandeep Mullick	1282. Zhang Bin
1187. Anthony Doughty	1235. Loy Meesoke	1283. Brandon Krapf
1188. Laura Christie	1236. Frank Ritters	1284. Anna McNaughton
1189. Zac Hayes	1237. Hannah Moliere	1285. Eliza Upreti
1190. Nathalia Valinote	1238. David Lloyd	1286. Ciall Rogers
1191. Aaron Brooks	1239. Matt Luscombe	1287. Tien Cernak
1192. Michael Albrecht	1240. Jenny Chendra	1288. Katie Hood
1193. Lorraine Hack	1241. Tanya Wan	1289. Jenny Stephen
1194. Tommy Mirgiannis	1242. Edward Jones	1290. Christine Botte
1195. Harpreet Sidhu	1243. Adam Hughes	1291. Ruby Mannion
1196. Thanh Nguyen	1244. Sanam Saini	1292. Jenny Wilkinson
1197. Phillip Nielsen	1245. Girish Makwana	1293. Taryn Scanlon
1198. Oliver Booth	1246. Usmita Karki	1294. Adrienne Carson
1199. Yok Pichchapa Kratsanaoh	1247. Gary Freeman	1295. Megan Marannu
1200. Carlos Sala	1248. Amanda Thomas	1296. Thilina Nimesh
1201. Rob Lewis	1249. Victoria Yelland Riddell	1297. Stephen Orridge
1202. Krishna Kondagunturi	1250. Sophia Collantes	1298. Malalay Badri
1203. Peter Stewart	1251. Ann Jackson	1299. Earl Jay
1204. Sobhith Pradhan	1252. Edwyn Jones	1300. Natalie Delaney-John
1205. Dan Reynolds	1253. Amelia Arnold	1301. Megan Davis
1206. Aaron Thornton	1254. Lachlan Wooden	1302. Bao Huyen
1207. Suchi Ganta	1255. Jack Stapleton	1303. Meabh Friel
1208. Flora Hamilton	1256. Kelly Kayne	1304. Kate and Brett Booth
1209. Mark Links	1257. Elle Bastin	1305. Cate Keane
1210. Jon Geoffrey	1258. Liana Hancox	1306. Tash Randall
1211. Annie Davis	1259. Aaron Lee	1307. Tony Yencken
1212. Michael Arbon	1260. Stephen Turney	1308. Troy Abraham
1213. Finnbar Nagle	1261. Brett Hammer	1309. Bree Grinlinton
1214. Estelle Paolini	1262. Georgina Worsfold	1310. Andrew Strano
1215. Rebecca Freyling	1263. Glen Byron	1311. Lirim Elmazi
1216. Vikas Bhardwaj	1264. Fabiana Navas	1312. Tim Gibson
1217. Cameron Simersall	1265. Jessie Smart	1313. Kasia Brosz
1218. Jyoti Pandey	1266. Joshua Harfouche	1314. Elliott Blackmore
1219. Nikki Owen	1267. Mohammed Ali A Alqarawi	1315. Claire Boyer
1220. Molly Pitcher	1268. Chris McHattie	1316. Christine Raymond
1221. Guy Peckham	1269. Derek Senseney	1317. Daniel Esdaile
1222. Sandeep Ramineni	1270. Jake Ferguson	1318. Hamish Prior
1223. Glenn Sullivan	1271. James Melton	1319. Ali Al Faiifi
1224. Damian Hurst	1272. Shaye Dunn	1320. Cassian Delsar
1225. Kelly Breheny	1273. Colin Lobb	1321. Janaki Collins
1226. Norma Tamby Chik	1274. Rebecca Mather Brown	1322. Emma Cann
1227. Aby Shukla	1275. Theresa Deraco	1323. Chris Kearon
		1324. Winnie Benjamin

1325. Calvin Cropley	1374. Tamara Ungar	1423. Vivek Pahwa
1326. Shae Jackson	1375. Bianca Hamilton	1424. Cheryl Conway
1327. Ella Donaldson	1376. Kane Richardson	1425. Michelle Kenna
1328. Jia Huey Lim	1377. Brendan Hawker	1426. Fan Yang
1329. Tomislav Sperac	1378. Viviana Lama	1427. Miranda McInerney
1330. Mark Nido	1379. Tristan Phillips	1428. Kathryn Logan
1331. Brendon Fredericks	1380. Tanya O'Brien	1429. Eileen Goh
1332. Elizabeth Lynch	1381. Lee Renfree	1430. Johnathan Yoon
1333. Seth Gablah	1382. James Dib	1431. Carla Adamo
1334. Daniel McClusky	1383. Bonnie Lawler	1432. Tejas Patel
1335. Amin Isam	1384. John Landy	1433. Jake Lineham
1336. Bianca Messina	1385. Sarah Elizabeth	1434. Hannah Vine
1337. Dawn Burgoine	1386. Lin Wee	1435. Jaydeep Makwana
1338. Amelia King	1387. Sophia Quinn	1436. Mushtaq Ahmed
1339. Emmanuel Elix	1388. Valentina Smith	1437. Daniel McCubbery
1340. Tanya Katz	1389. Corey Montry	1438. Mary Gilligan
1341. Peter May	1390. Damian Murphy	1439. Robert Ironmonger
1342. Stephanie Mulder	1391. David Dillon	1440. Amy Jones
1343. Ben Crosby	1392. Andrea Bowditch	1441. Cameron Hung
1344. E'Stella Lokodu	1393. Nikita Boko	1442. Kathy Tider
1345. Lenely Mwale	1394. Maryna Preap	1443. Ryan O'Toole
1346. Fabio Pegorin	1395. Francois Swart	1444. Kat Taylor
1347. Carissa Millwood	1396. Ben McLaren	1445. Simon Rossi
1348. Kristen Tebb	1397. Kate Stevenson	1446. Ceri Lloyd
1349. Julia Rose McNeilly	1398. Elli Febey	1447. Lisy Kane
1350. Emanuele Viterbo	1399. Katie James	1448. Cristina Gallego Martin
1351. Gemma Watts	1400. Jenny Joseph	1449. Amelia Chapman
1352. Anthony Di Nola	1401. Brian Walker	1450. Hugh Gyles
1353. Wanita Webb	1402. Josephine Monger	1451. Karl Paterson
1354. Robert Marsh	1403. Gita Karwal	1452. Ritichel Monaghan
1355. Sacha Martini	1404. Heather Graul	1453. Tania Petsinis
1356. Eddy Cekuc	1405. Damian McNair	1454. David and Pan Mould
1357. Martha Povazan	1406. Samuel Fricker	1455. Maleni Tovar
1358. Hemant Kumar	1407. Jarrod Ellery	1456. Matt Breasley
1359. Louisa Trazzera	1408. Sandra Lih	1457. Chris Beaton
1360. Silvia Goldwasser	1409. Yok Viboonsithichok	1458. Rebecca Stahlnacke
1361. Leigh Martin	1410. Mina Johanshahi	1459. Glen Moriarty
1362. Lauren Gemming	1411. Bex Deere	1460. Haydn Pope
1363. Al Graham	1412. Stephanie Winkler	1461. Tony Petruzalek
1364. Bryan Hogan	1413. Jack Daniels	1462. Steven Cleave
1365. Susan Renouf	1414. Mark James Butcher	1463. Lucie McGough
1366. Miles Jones	1415. Monique Boggia	1464. Michael Burr
1367. Alana Finegan	1416. Sasri Anindita Priyono	1465. Hassan Haidar
1368. James Cockburn	1417. Paul Martin	1466. Joe Samie
1369. Gitika Sanghvi	1418. Ray Brown	1467. David Littlejohn
1370. Keith O'Rourke	1419. Brad Hill	1468. Meghan Jones
1371. Lisa Houston	1420. Samuel Guerra	1469. Marcus Irwin
1372. Steve Houghton	1421. Tom Eastick	1470. Anna Murphy
1373. Sule Kaplan	1422. Will Fowles	1471. Patti Prabhat

1472. Niki Ramsay	1520. Genie Desert	1568. Dan Max
1473. Ruth Bamford	1521. Rupert Greenhough	1569. Robert Tadros
1474. Christian Graham-Tera	1522. Benjamin Carey	1570. Bella De Jac
1475. Elsa Klockenbring	1523. Mark Constantin	1571. Nyatap Muon
1476. Jaimee Salmon	1524. Jurg Gehrig	1572. Inzamam Ali Khan
1477. Jake Weightman	1525. Mark Bell	1573. Tyson Craig
1478. Monisha Sunil	1526. Lysandra Fraser	1574. Amirmasoud Zangiabadi
1479. Donna-Jane Acornley	1527. Samantha Duffy	1575. Farran Chong
1480. Georgia Turner	1528. John Toomey	1576. Matt Hince
1481. Rod Anderson	1529. Jean-Luc Etienne	1577. Chris Matthews
1482. Sophie Mitropoulos	1530. Susie Teschner	1578. Louella Seneres
1483. Sadi Iftekhhar	1531. Naomi Naismith	1579. Martyn Boyle
1484. Ella O'Neill	1532. James Ratsasane	1580. Jordan Young
1485. Nicky Moss	1533. Magdalene Baines	1581. Kayla Shaw
1486. Kath Nguyen	1534. Michael Lambert	1582. Shibaji Datta
1487. James Cody	1535. Jinnan Cai	1583. Chantelle Ellis
1488. Matthew Jaykob Flint	1536. Shane Mitchell	1584. Andrew Field
1489. Chris Tait	1537. Shayla Mayne	1585. Callum Smith
1490. Nick Hosking	1538. Michael Lenihan	1586. Steve Garcia
1491. Sam Sicilia	1539. Grant Wilckens	1587. Zo Perry
1492. Nick Ennis	1540. Lauren Schiavello	1588. Reuben Laver
1493. Alyssa Mae Apacible	1541. Bill Wallace	1589. Kathy Sloan
1494. Sahil Gill	1542. Jade Mare	1590. Julie Tucker
1495. Amanda Rozanski	1543. Aiden King	1591. Liam Richardson
1496. Tom Nathan	1544. Chas Venables	1592. Moaste Opetaiia
1497. David Gleig	1545. Vaneeta Bhojwani	1593. Stephen Delang
1498. Mark Skilton	1546. Melissa Meurant	1594. Josie Howell
1499. Marise Gaunt	1547. Melvin Artemas	1595. Lois McGruer-Fraser
1500. Rhodofer Russell	1548. Gerard Verschuren	1596. Francesca de Jonghe
1501. Anthi Bochoridou	1549. Kelly Smorgon	1597. Nicola Williams
1502. Christine Campbell	1550. Sarah Gregg	1598. Jay Gualtieri
1503. Debbie Young	1551. Shelly Tait	1599. Amanda Barber
1504. Fadi Shaya	1552. Terence Tadebois	1600. Anne Delas
1505. Kate Sargent	1553. Craig Wilson	1601. Emily Barnes
1506. James Idalgliesh	1554. Lucille Kelly	1602. Nicole Charalabidis
1507. Sharon Dennis	1555. Alessandro Grillo	1603. Barbara Skehan
1508. Nic Williams	1556. Alex McGinnes	1604. Erika Kelly
1509. Joe Russo	1557. Nick Madders	1605. Jack Carlin
1510. Sam Emerson	1558. Kate Mallyon	1606. Kelli-Anne Oxley
1511. Emily Hansen	1559. Chalakorn Chantasorn	1607. Tessa Mineo
1512. Arlene Delacruz-Smith	1560. Claire Comerford	1608. Lorna Farrugia
1513. David Tomat	1561. Grant O'Rourke	1609. Jarrad Provis
1514. Rae Clark	1562. Jeremiah Adelana	1610. Mitchell McLean
1515. Melissa Carson	1563. Geoff Hanson	1611. Cat Morrison
1516. David Frederic Parsooramen	1564. Molly Phillips	1612. Jennifer Rayson
1517. Harry Lewis	1565. Arnab Ghosh Roy	1613. Nick Elmore
1518. Pete Burnett	1566. Anne Marie Montgomery	1614. Tahly Ennis
1519. Sharon Chamravi	1567. Samuel Gargano	1615. John Ring
		1616. Itgel Altantsetseg

1617. Matty Keay	1665. Michael Berry	1713. Craig Read
1618. Annie-Rose Callanan	1666. Ivy Keane	1714. Shane McCormack
1619. Ashleigh Molnar	1667. Teagan Munro	1715. Trent Lawson
1620. Anthony Smart	1668. Akhlas Ali	1716. Natalie Roberts
1621. Andy Purvis	1669. Ange Javier Hoang	1717. Jess Jackson
1622. Nick Charalambakis	1670. Joe Flanagan	1718. Shannon Jade Jones
1623. Liu Ruoxue	1671. Amanda Roberts	1719. Annabelle Helps
1624. Scott Smith	1672. Tarek Elbadaoui	1720. Huong Pham
1625. Justin Nesvanulica	1673. Wayne Barclay	1721. Craig Dunn
1626. Joe Gersh	1674. Caitlin Carlene Surrey	1722. Lisa Mulcahy
1627. Robyn Payneau	1675. Gaynor Martyn	1723. Angus Taylor
1628. Raine Gaisford	1676. Todd McCarthy	1724. Hanny Makary
1629. Carla Riefkohl	1677. Maurice Greco	1725. Omar Hussain
1630. John Clemons	1678. Lucinda Florence	1726. Daniel Paul Stoof
1631. Timi Reedy	1679. Craig Magee	1727. Arj Lama
1632. Andy Maher	1680. Kim Sumura	1728. Carlie Shaw
1633. Elisha Calle	1681. Esther Williams	1729. Lilyana Ngatai-Stokes
1634. Andrew Read	1682. Somone Jones	1730. Harley Alexander
1635. Jordan Nyamunga	1683. Caitriona O'Connell	1731. Lynda Horton
1636. Tom Moriarty	1684. Richard Phoenix	1732. Sarah Mendoza
1637. Jackson Simpson-Nicholson	1685. Lily Barkhouse	1733. Dexter Prack
1638. Daryl Ah Wong	1686. Kate Mallyon	1734. Lucas Knafelc
1639. Marion Anrys	1687. Madison McPhail	1735. Bronwen Poolton
1640. Kane Michelin	1688. Rhys Graham	1736. Shane Pearson
1641. Khai Yong	1689. Karina Bloink	1737. Ed Holmes
1642. Valti Rambaldi	1690. Sam Styles	1738. Glen van Neuren
1643. Melanie Gleeson	1691. Alicia Rohloff	1739. Reginald James
1644. Kylie Hill	1692. Mariline Durhone-Desveaux	1740. Craig Chester
1645. Matt Ammann	1693. Amit Mehla	1741. Talia Young
1646. Rowan Wagner	1694. Jack Mercuri	1742. Nicolas Porras
1647. Courtney Clemence	1695. Kelly Donati	1743. Alice Adriaanse
1648. Jon Ater	1696. Jana Labiris	1744. Christina Robinson
1649. Craig Huxtable	1697. Jennifer McKechnie	1745. Bernice Ong
1650. Yang Yezi	1698. Tim Wilson	1746. Evette Cordy
1651. Scot Quigley	1699. Nick Lennon	1747. Jay Whitmore
1652. Tanya Elliott	1700. Hannah Hainsworth	1748. Lin Chen
1653. Vlad Savin	1701. Bec Harris	1749. Will Brown
1654. Mike Byard	1702. Dylan Dunkley	1750. Marty McGrath
1655. Michelle Dewberry	1703. Aaron Rich	1751. Natalie Versace
1656. David Grech	1704. Priya Govender	1752. Erin Moncrieff
1657. Emily Ryan	1705. James Mennea	1753. Avishek Banerjee
1658. Ryan Stewart	1706. Anant Nihalani	1754. Robyn Huxham
1659. Raymond Gallagher	1707. Indi Huma	1755. Sharon Rechtman
1660. Laurence Winston	1708. Evie Poggioli	1756. Michael Fitzgerald
1661. David Pike	1709. Musa Ali Hamed	1757. Cameron McCredie
1662. Charisse Soutar	1710. Evangeline Allison	1758. Etta Curry
1663. Sophie Molinia	1711. Ana Rokobaro	1759. Craig Trewarn
1664. Georgia du Plessis	1712. Pete Morton	1760. Lucy Vadasz
		1761. John Greig

1762. Bradley Schulz	1811. Holly Keat	1859. Justin Wildner
1763. Tim Gilles	1812. Andrew Murray	1860. Isa Brinkmann
1764. Akira Peters	1813. Nicholas Waters	1861. Antonella Morelli
1765. Roger Mushtaq	1814. Peter Ryan	1862. Conor Donovan
1766. Scott McGlinchey	1815. Hattie MacNamara	1863. Rachael MacRae
1767. Steve Lake	1816. Holly Bundy	1864. Paul Barrett
1768. Michael Chau	1817. Kate Mann	1865. Rick Irwin
1769. Lauren Owers	1818. Sandra Yong	1866. Korin Greenwood
1770. Dalia Cook	1819. John Paul Whitbread	1867. Zorana Dodos
1771. Heidi Cooper	1820. Louisa Mitchell	1868. Melissa Lehmann
1772. Markus Schwaiger	1821. Edward Crouch	1869. Austin Blyth
1773. Linda Grant	1822. Jack Saad	1870. Meaghan Payne
1774. Sacha Rodriguez	1823. Christine Shackels	1871. Tim Hunt-Smith
1775. Matt McKee	1824. Deb Clark	1872. John Davis
1776. Susanne Cukelj	1825. Callum Bowles	1873. Bianca Filer
1777. Maddie Starling	1826. Sophie Parratt	1874. Shannon Heath
1778. Georgia McElvaney	1827. David Ball	1875. Richard Cooney
1779. Marcus Hansen	1828. Florence Murphy	1876. Audette Tan
1780. Christie Ilias	1829. Scott Hayes	1877. Christel van Dael
1781. Jesse Hemmens	1830. Kate Hanley	1878. Ruihong Yu
1782. Craig John Anderson	1831. Anderton Michael	1879. Keren Summers
1783. Lisa Cullen	1832. Elaine Liebertrau	1880. Jacinta Louise Nolan
1784. Rob De Zeeuw	1833. Nick Browne	1881. Pete Akhurst
1785. Jarrad Italia	1834. Matilda Arthur	1882. Bridget Noonan
1786. Emma Spreckley	1835. Ben Zocco	1883. Joe Barber
1787. Skye Leona	1836. Matthew Hankin	1884. Matthew Merrigan
1788. Long Huynh	1837. Raylene Schafer	1885. James Hanson
1789. Lynette Henderson	1838. Anna Moloney	1886. Sinead Gibney
1790. Priscilla Rusa	1839. Nick Keenan	1887. Phillip Tsarouhas
1791. Dan Shelly	1840. Margarita Carranza Alonso	1888. Francis Keely
1792. Lauren Carter	1841. Daria Makarenko	1889. James Lee Legon
1793. Craig Radford	1842. Utkarsh Agarwal	1890. Steve Cooper
1794. Michelle Powys	1843. Gregor Stephen Bush	1891. Eliza Fidler
1795. John Cetiner	1844. Diane Distefano	1892. Cameron Muirhead
1796. Jim Sarkies	1845. Louise McCann	1893. Anthony Mason
1797. Steve Fraser	1846. Toni Antaras	1894. Nick Penny
1798. Paul Rodger	1847. Sandy Nevile	1895. Ann Aylmer
1799. Connie Paglianiti	1848. Abby Greening	1896. Liam Bell
1800. Simone Peace	1849. Paul de Vroome	1897. Paola Leon
1801. Sarah Caldwell	1850. James McCready	1898. Charli Hanson
1802. Aung Myo Tun	1851. Mohana Baptista	1899. Yvette James
1803. John Douleridis	1852. Darren Burch	1900. Madeleine Carlin
1804. Sarah Stevens	1853. Andrew Syme	1901. Aayush Basnet
1805. Jason Deeney	1854. Rex Radley	1902. Abbey Luckhurst
1806. Jodie Lister	1855. Emily Mara	1903. Monica de Sousa
1807. Peter O'Connor	1856. Mick Durham	1904. Alyssia King
1808. Tim Lane	1857. Natalie Rankin	1905. Tarryn Gillies
1809. Simone Carrel	1858. Michael Dawson	1906. Xia Vivienne
1810. Katherine Rossetti		1907. Victoria Chow

1908. Peter Skipworth	1957. Leigh Clark	2005. Millie Caddy
1909. Benita Tonkin	1958. Tessa Devery	2006. Marie Koshy
1910. Aimee Hawkins	1959. Sarah Lupold	2007. Marc Banytis
1911. Jill Grimm	1960. Emil Wolk	2008. Luis Carlos Libreros
1912. Tristan Martin	1961. Daniel Tan	2009. Morgan Dummett
1913. Aimee Trood	1962. Sharjil Sajid	2010. Eduardo Torres-Don
1914. Aaron Meredith	1963. Maria Gentile	2011. Jeff Bogensberger
1915. Jacinta Devitt	1964. Laszlo Puzsar	2012. Michael Watt
1916. Luana Rebello	1965. Jade Barrett	2013. Yvonne Tang Fei Fei
1917. Karen Kelly	1966. Emily Holmes	2014. Britney Dudley
1918. Carl Schwencke Mitchell	1967. Min Li Teo	2015. Samantha Newton
1919. Rohan Hodskiss	1968. Emma Shields	2016. Lloyd Haines
1920. Matthew Fogarty	1969. Cassie Livingston	2017. Isabella Stellini
1921. Luke Sloraach	1970. Sovit Pradhan	2018. Sarah Shaikh
1922. Lisa Taylor	1971. Nathan Mackinnon	2019. Francis Keaney
1923. Adam Elzahbi	1972. Gagan Grover	2020. Jordan Greig
1924. Isabella Reeves-Smyth	1973. Florian Simon Rothman	2021. Paige Osorio
1925. Sunnii Chatterjee	1974. Sufiyan Suhaimi	2022. Andrea Seignior
1926. Craig Luebker	1975. Danielle Fay	2023. Caroline Andrews
1927. Harry Conway	1976. Bianca Guest	2024. James Nash
1928. Mae Antonio	1977. Josh McLean	2025. Tom Currie
1929. Daniel Zelenko	1978. Chan Albee	2026. Huw Rose
1930. Kezia Adams	1979. Amy Coet	2027. Khanh Phan
1931. Tayah Nicholson	1980. Scott Sherwood	2028. Natasha Walker
1932. Ed Brennan	1981. Nicole Dixon	2029. Eleanor New
1933. Rachel Buntz	1982. Miranda Norquay	2030. Amy Treeby
1934. Ryan Kaplan	1983. Anthony Hampson	2031. Narinder Kumar
1935. Thomas Schulz	1984. Maria Camila Arias Arcos	2032. Jimmy McClennan
1936. Ciaran Rowan	1985. Breeanna Hill	2033. Seb Sudano
1937. Will Richards	1986. Fiona McLaren	2034. Ned Black
1938. Steve Martin	1987. Shannon Yates	2035. David Christensen
1939. Jeanette Bathgate	1988. Scott Campbell	2036. Saliesh Sedain
1940. Tom Walker	1989. Aaron Williams	2037. Emma Schreenan
1941. Amber Hunter	1990. Leon De Vercelli	2038. Rashidah Brown
1942. Chris Egan-Lee	1991. Jordan Laragy	2039. Melissa Barber
1943. Kate Shepherd	1992. Nicola Vandyar	2040. Jenny Boo
1944. Edward Alder	1993. Justin O'Loughlin	2041. Rubal Gill
1945. Renee Woolridge	1994. Liz Atchison	2042. Philip Theodorou
1946. Christopher Mandigers	1995. Damian Allan	2043. Cheryl Finn
1947. Alexandra Tokatlidis	1996. Jovan Atanasovski	2044. Lynne Williamson
1948. Richard Park	1997. Namita Bata	2045. Brigitte Rogan
1949. Carlos Gutierrez	1998. Melanie Morley	2046. Lucy Prowse
1950. Laura Bainbridge	1999. Campbell Rider	2047. Luke Dore
1951. Joel Henry	2000. Leo Yang	2048. Sharon Smart
1952. Andrew McCleery	2001. Suzanne Cronin	2049. Kathryn Davies
1953. Anthony Heyden	2002. Stephen Rooks	2050. Samantha Harstedt
1954. Chelsie Carrera	2003. Anna Fjellstrom	2051. Brett Shearer
1955. Luke Schuldt	2004. Jessica Nugent	2052. Shane Dennis
1956. Jimmy Daley		2053. Pedro Rufino

2054. Danielle Fisher	2103. Melinda Jordan	2152. Braydon Davies
2055. Edward Wright	2104. Yvette Hartley	2153. Frossini Rozanitis
2056. Charlie Peacock	2105. Bryce Meeks	2154. David Hughes
2057. Ryan Wadsworth	2106. Sam Block	2155. Laura Keegan
2058. Alex Murganti	2107. My Ngoc Tran	2156. Cathal Duignan
2059. John Utting	2108. Chris Smith	2157. Hayley Metcalfe
2060. Darshi Gunawardena	2109. Adam David Manfield	2158. Elizabeth Priddle
2061. Ian Aitken	2110. Lewis Hosie	2159. Jackson Meyer
2062. Xu Lian	2111. Carl Forte	2160. Nathan Costin
2063. Ashley George	2112. Katrina Wise	2161. Stephen Hill
2064. Jennifer Dore	2113. Liam Robertson	2162. Lulu Ebeling
2065. Nick Cescato	2114. Mark Harrington	2163. Kate Stevenson
2066. Billy Belle	2115. Bayer Toby	2164. Bryon Kerr
2067. Robyn Storey	2116. Sandy Cameron	2165. Socrates Capouleas
2068. Sophie Goodman	2117. Dane Porter	2166. Alicia Wilson
2069. Eric Firth	2118. Emilie Remedios	2167. Ruby Fraser
2070. Maya Tizzard	2119. Lauren Grenfell	2168. Isabella Barrow
2071. Tristan Barilari	2120. Marcus Hansen	2169. Bianca Petko
2072. Joseph Swain	2121. Megan Breen	2170. Darren McHugh
2073. Laura Thompson	2122. Bethany Bonham	2171. Danny Scott
2074. Jaye Frampton	2123. David Wilson	2172. Mary Majella
2075. Travis Garden	2124. Janene Babauskis	2173. Farah Bostock
2076. Shane Hazlitt-Black	2125. Emma Kate Richter	2174. Marcus Schadendorff
2077. Thomas Poly	2126. Samuel Murray	2175. Tim Maloney
2078. Maggie-Anne Pretorius	2127. Kerrie Haughton	2176. Janos Jakab
2079. Prateek Jampani	2128. Ryan Stephens	2177. Lucy Lyttleton
2080. Tony Gibson	2129. Caitlin Merritt	2178. Bonnie Borland
2081. Jack McLean	2130. Luke Boyer	2179. Sue McNee
2082. Rod Bourne	2131. Jesse Pigott	2180. Michael Silber
2083. Donna Abbey	2132. Ryan Marshall	2181. Sean Donovan
2084. Kato Adinegoro	2133. Anjana Chakravorty	2182. Stephen Sharp
2085. Tessa Mansfield-Hung	2134. Bill Hansen	2183. Chris Hanson
2086. Harry Butler	2135. Craig Stewart	2184. Jacqueline Everitt
2087. Isaac Sirianni	2136. Steve Cox	2185. Paul Merriweather
2088. Jason Del Busso	2137. Toby Mitchell	2186. Steve Wild
2089. David Witko	2138. Dina Elrouby	2187. Alexander Virr
2090. Ben Griffiths	2139. Chris Papa	2188. Yossi Shmaltz
2091. Grego Bacskai	2140. Emily Dyson	2189. Maggie Davey
2092. Carly Hopkins	2141. Karen Skillington	2190. Alex Gayer
2093. Helen Ballard	2142. Simone Veitch	2191. Rupert Jones
2094. Damen Smyrnis	2143. Tahlia King	2192. Andrew Palacios
2095. Danielle Street	2144. Hootan Heydari	2193. Tony Gale
2096. Amelia Vadarlis	2145. Dana Radovanovic	2194. Isabella Versa
2097. Luke Moon	2146. Rocco Scaturchio	2195. Alex Markwell
2098. Felicia Booth	2147. Amelia Maynard	2196. Jonathon Darburn
2099. Maitri Rao Kuppilli	2148. Kaye Hartwig	2197. Bridget Barker
2100. Sharon England	2149. Fernanda Moraes	2198. Gabriel Rafael
2101. David Perez	2150. Andrew Hughes	2199. Marshall Clarke
2102. Harmony Douglas	2151. Joshua Henkel	2200. Mark Pozzi

2201. Dominika Hubiak	2249. Luke Bower	2298. Danielle Alvarez
2202. Bryan Dsylva	2250. Sharon Pask	2299. Kierren Gersbach
2203. Zac Evangelisti	2251. Chris Game	2300. David Vinci
2204. Megan Cook	2252. Maryam Airin	2301. Emma Verryt
2205. Tom Bishop	2253. Caitlyn Hall	2302. Liam Mahon
2206. Sonja Lord	2254. Beau Arfi	2303. Stephanie Crossman
2207. Mia Adams	2255. Julie Rozo Nossa	2304. Jialin You
2208. Natalia Francisca Messina Jara	2256. Adrian Murdoch	2305. Ethan Daley
2209. Tom Versteegen	2257. Frank Di Donato	2306. David Mead
2210. Daisy Frey	2258. Georgia Taylor	2307. David Webb
2211. Valentine Paris	2259. Alyce Court	2308. Jessica Laffy
2212. Gary Phillips	2260. Jess Keating	2309. Eugene Stone
2213. George Bauer	2261. John Pratt	2310. Saleh Alduways
2214. Rowan Wigglesworth	2262. Arjun Reddy	2311. Joel Smith
2215. Susan Dimasi	2263. Alice Hann	2312. Dale Packard
2216. Melissa Crutchley	2264. Anne Fieldhouse	2313. Jenny Williams
2217. Robyn Beech	2265. Jane Heriot	2314. Thomas Falzon
2218. Jordan Garth	2266. Ben O'Donnell	2315. Kallan Greasley
2219. Liam Evans	2267. Amelia Cassidy	2316. Joshua Findley
2220. Joey Sullivan	2268. Daniel Egan	2317. Cameron Thompson
2221. Darren Westbury	2269. Jacquie Pernar	2318. Scott O'Halloran
2222. Nick Drennan	2270. Scott Warters	2319. Scott Tomson
2223. Stuart Mitchell	2271. Amy Haslemore	2320. Matthew Elliott
2224. Ken Harling	2272. Mitchell Wise	2321. Emily Rose Carr
2225. Stevi Greenwood	2273. Jamie Martin	2322. Mohammed Shafayat
2226. Jayde Delaney	2274. Marshall Hill	2323. Jack Griffiths
2227. Rachael Cairns	2275. Nicole Riediger	2324. Tanya McKay
2228. Kate O'Sullivan	2276. Ryan Jones	2325. Daniel Isaac
2229. Madeleine McGlade	2277. Semir Slimane	2326. Phonphailin Ong
2230. Kevin Chokshi	2278. William Kewley	2327. Sam Faringdon
2231. Anneka Pozvek	2279. Olivia Elsley	2328. Traye Stylez
2232. Toby Ryan	2280. Lucy Hawkes	2329. Blake Seeley
2233. Daniel Audino	2281. Laura Quigley	2330. Jennifer Stewart
2234. Julian Miranda	2282. Paul Talo	2331. Jessie Scott
2235. Luke Fringuelli	2283. Ben Campbell	2332. Matt Herbstreit
2236. Bec Dollman	2284. Shonelle Hurley	2333. Josie Solanki
2237. Dean Laws	2285. Jon Heslop	2334. Chloe Dinuccio
2238. Shirlene Nightingale	2286. Ali Drummond	2335. Romuald Oudeyer
2239. Jack Kennedy	2287. Daniel Smith	2336. Damon MacFarlane
2240. Jack Donne	2288. Emma Dowler	2337. Daniel Lim
2241. Evan Mahony	2289. Stephen Miller	2338. Jo Harrop
2242. Rachael Clear	2290. Andre Dupont	2339. Brian Burke
2243. Emma Noble	2291. Suzanne De Silva	2340. Adam Kinsman
2244. Tom Simmons	2292. Beau Andrews	2341. Prayash Dahal
2245. Rhyen Ellis	2293. Fletcher Hook	2342. Jayden McDonald
2246. Stuart Cullen	2294. Owen Hulett	2343. Tim Hookey
2247. Hannah Mellios	2295. Ciara O'Sullivan	2344. Gloria Pan
2248. Ian McLean	2296. Zach Broadhurst	2345. Slava Protchakov
	2297. Jidah Clark	2346. Simon Coffin

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|-------------------------|----------------------------|
| 2347. Gillian Scott | 2396. Ross Jagger |
| 2348. Peter Kay | 2397. Katherine Gascoigne |
| 2349. Olivia Moran | 2398. Jason Fetherstone |
| 2350. Julian Rey | 2399. Janine Hunt |
| 2351. Giade Giade | 2400. Aubanty Kazi |
| 2352. Joshua Te Hiwi | 2401. Steve Richardson |
| 2353. Brandon Hooper | 2402. Matthew Roebuck |
| 2354. Wayne Barclay | 2403. Aleks Lider |
| 2355. Gee Vas | 2404. Song Yong Peng |
| 2356. Suyoung Kim | 2405. Nicole Dries |
| 2357. Alex Gordon | 2406. Melissa Shae |
| 2358. Kasia Zietara | 2407. Kuwabara Yumi |
| 2359. Andrew Robbins | 2408. Pip Carne |
| 2360. Philip Cilimbini | 2409. Krishna Nadimpalli |
| 2361. Brooklyn Claire | 2410. Jacqui Coughlan |
| 2362. Ni Pan | 2411. Elenor Adams |
| 2363. Mietta Sancio | 2412. Debbie Prouse |
| 2364. Matt Sanderson | 2413. Sam Pope |
| 2365. Luciano Azzaro | 2414. Nijjar Manav |
| 2366. Tegan Higgins | 2415. Mark Darbyshire |
| 2367. Paul Parker | 2416. Zane Johnston |
| 2368. Erin Mould | 2417. Andrew Hastie |
| 2369. Sally Marsh | 2418. Tori Campbell |
| 2370. Jacqueline Herman | 2419. Tim Williams |
| 2371. Peter Cortese | 2420. Clayton Dewar |
| 2372. Isabel Hume | 2421. Kate Kwon |
| 2373. Adam De Giorgio | 2422. Anthony Pante |
| 2374. Steve Callen | 2423. Vincent Lim |
| 2375. Mila Volchek | 2424. Dante Martin-McCombe |
| 2376. Carlos Herbstros | 2425. Uzair Mohammed |
| 2377. Nick Braund | 2426. Sophia Demos |
| 2378. Isabella De Fazio | 2427. Paul Gerard Morgan |
| 2379. Cora Pia | 2428. Sam Howard |
| 2380. Chris Seoud | 2429. Karl-Anton Harms |
| 2381. Joanne Neil | 2430. Natalie Bannister |
| 2382. Daniel Hade | 2431. Lee Harry |
| 2383. Melinda Clough | 2432. Elliot Walsh |
| 2384. Michael Crawford | 2433. Kalena Muir |
| 2385. Ben Costar | 2434. Michael Razborsek |
| 2386. Joao Oliveria | 2435. Darren Rowlinson |
| 2387. Sammi Hutchinson | 2436. Alexandra Stojakovic |
| 2388. Fergal Fegan | |
| 2389. Michael Zuo | |
| 2390. Stephen Jasiak | |
| 2391. Brent Thomson | |
| 2392. Jen Aston | |
| 2393. Fleur Loden | |
| 2394. Maxim von Sabler | |
| 2395. Tim Heeps | |

Appendix 2

List of public hearings

5 September 2016, Bendigo

Name	Position	Organisation
Ms Kathie Bolitho	Treasurer	Bendigo Tourism
Ms Rebecca Morton	Chair	Victorian Community Transport Association
Mr Rick Lawford	Chief Executive Officer	LINK Community Transport
Mr Colin Wells	Manager	Taxis Associated of Bendigo Cooperative
Mr Allen Galea	Chair	
Ms Amy Moylan	Hotel Manager	Schaller Studio Hotel
Ms Ashley Wilkinson	Front Desk Manager	
Ms Mary Sullivan	Service Delivery Manager	Scope

7 September 2016, Melbourne

Name	Position	Organisation
Mr Brian Negus	General Manager, Public Policy	RACV
Mr David Singh	General Member	Victorian Taxi and Hire Car Families
Mr David Samuel	Chief Executive Officer	Victorian Taxi Association
Ms Georgia Nicholls	Senior Advisor, Government Relations and Communications	
Mr George Kapnias	Managing Director	Southern Cross
Mr John Gordon	Owner	Classic and Prestige Car Hire
	Secretary	Wedding Car Association of Victoria
Ms Kate Begley	Policy Advisor	Vision Australia
Mr Scott Jacobs	Advocacy Advisor	
Ms Georgina McEncroe		
Mr Michael Wright-Smith		Shebah
Ms Amanda Wallace		

8 September 2016, Melbourne

Name	Position	Organisation
Mr Matthew Denman	General Manager, Victoria	Uber
Mr Thomas Banks	Director	Centre for Access
Dr Jim Minifie	Productivity Growth Program Director	Grattan Institute
Mr Alex Holland		Youth Disability Advocacy Service
Mr Emilio Salve	President	Disabled Motorists Australia
Dr Chris Lowe	Executive Director	
Mr Parry Serafim	Industry Development and Planning Manager	Bus Association Victoria
Mr David Holmes	Chief Executive Officer	GoCatch
Ms Clare Amies	Chief Executive Officer	Worksafe Victoria
Ms Leanne Hughson	General Counsel	
Mr Aaron Lane	Legal Fellow	
Mr Chris Berg	Senior Fellow	Institute of Public Affairs
Mr Darcy Allen	Research Fellow	

12 October 2016, Melbourne

Name	Position	Organisation
Mr Richard Bolt	Secretary	Department of Economic Development, Jobs, Transport and Resources
Mr Aaron de Rozario	Chief Executive Officer	Taxi Services Commission

18 October 2016, Melbourne

Name	Position	Organisation
Mr Mark Shehata	Operations Manager	Exclusive Cab Management

8 March 2017, Melbourne

Name	Position	Organisation
Mr Paul Broderick	Chief Executive Officer and Commissioner	State Revenue Office Victoria
Mr Vasko Nastevsiki	Manager Legislation and Government Relations	

Appendix 3

Disability Services

Commissioner's comparison of Taxi Services Commission and Uber

	Taxi Services Commission	Uber
Accessibility	<p>Taxi licences as at 18 July 2016:</p> <ul style="list-style-type: none"> • Metropolitan: 4,660 (443 wheelchair accessible taxis) • Urban: 505 (85 wheelchair accessible taxis) • Regional: 336 (72 wheelchair accessible taxis) • Country: 162 (35 wheelchair accessible taxis) • Total: 5,663 (635 wheelchair accessible taxis) <p>Number of wheelchair accessible taxis as a percentage of total available taxis: 11 per cent.</p> <p>Picture-based Talking Taxi Communication Boards provided to people with disability to help taxi drivers and passengers understand each other. Personal Journey Cards are also available, detailing destination and payment information.</p>	<p>uberASSIST driver-partners (400 as of December 2015) can accommodate folding wheelchairs, walkers, and collapsible scooters. Vehicles do not have accessible ramps or lifts.</p> <p>VoiceOver iOS compatibility makes the Uber app accessible for blind and vision-impaired riders. Other assistive technology available such as visible and vibrating alerts and in-app text communication</p>
Service Provider Training and Education	<p>Provision of compulsory driver-training courses to promote disability awareness. The training is an enforceable requirement to obtain accreditation and is independently delivered.</p> <p>Provision of a specific "Wheelchair Accessible Taxi (WAT) Knowledge Handbook" and practical training for drivers including the modules:</p> <ul style="list-style-type: none"> • Understanding Disability • Communication with Passengers with a Disability • Vehicle and Equipment Checks • Helping your passengers in and out of the WAT • Safety when driving a WAT • Customer Service • Respecting your passengers • The Multi Purpose Taxi Program (MPTP) <p>Service users can submit feedback and complaints to the Commission who follow the TSC Performance Complaint Handling Policy and Procedure. Users can also complain to the Network Service Provider (NSP) to whom the taxi is affiliated. The NSP is required to handle complaints in accordance with business service standards that form a part of their accreditation. The NSP requirements are underpinned by Part 6 <i>Transport (Taxi-cab Industry Accreditation) Regulations 2007</i>.</p>	<p>Provision of non-compulsory uberASSIST training developed in conjunction with Australian Network on Disability. The training is not subject to external oversight and is delivered by Uber.</p> <p>Wheelchair-accessible services and training for drivers are not defined.</p> <p>Service users can rate their driver and provide anonymous feedback about the ride. If drivers fall below a certain rating, they are deactivated on the system, but can pay to be reinstated if they take a customer service class. Uber also offers a 24/7 support line.</p>

	Taxi Services Commission	Uber
Service Provider Training and Education <i>(continued)</i>	<p>Passenger rights and responsibilities clearly defined.</p> <hr/> <p>Taxis are licensed, and installed with safety equipment including cameras and duress alarms. Drivers are accredited, and undergo police checks. Police checks are performed at the time of accreditation, and on an on-going basis to identify offences committed after the time the driver commences working in the industry.</p> <hr/> <p>Industry Compliance Officers investigate complaints, inspect agencies, vehicles and drivers and ensure vehicles comply with safety standards</p> <p>Vehicles are required to undergo annual road worthy testing by a VicRoads licensed tester.</p>	<p>Community guidelines are available on the website.</p> <hr/> <p>Drivers need to provide their driver’s licence, registration, proof of comprehensive insurance, and information to run a full police check and check on driving history. Drivers can rate service users.</p> <p>There is no oversight to ensure that these measures are carried out. Drivers are police checked only at the time of initial engagement.</p> <hr/> <p>Vehicles are inspected by a third party accredited company and must be less than nine years old. Additional standards apply for uberASSIST vehicles.</p>
Stakeholder Consultation and Liaison	<p>Worked with the Department of Health and Human Services (DHHS) to support the NDIS on a pilot program</p> <hr/> <p>Convened the Accessible Taxi Advisory Committee, made up of service users, disability advocacy organisations and peak bodies. The committee advises the Commission on accessibility, regulatory change and other issues.</p>	<p>Worked with the Australian Network on Disability to create training for select driver-partners.</p>
Grants and other Support	<p>In 2014-15, allocated \$283,797 in program grants for WAT vehicles and training subsidies in the regional areas of Cobram, Wangaratta, Riviera, Daylesford, Horsham and Portland.</p> <hr/> <p>Runs the MPTP offering subsidised taxi fares for Victorians with severe and permanent disability who also experience financial hardship.</p>	<p>Drivers do not get any financial support from Uber other than the fares they pick up.</p> <hr/> <p>Uber fares fluctuate in response to demand. Service users with a disability are not offered any assistance with fares.</p>

Source: Disability Services Commissioner, *Submission*, pp. 4-6

Appendix 4

Transcripts

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Ms Kathie Bolitho, Treasurer, Bendigo Tourism Board, and Director, Tough Cookie Marketing.

The CHAIR — I will begin by declaring open the Standing Committee on the Economy and Infrastructure public hearing, and I welcome all who are present here this morning. I will explain that the committee is today hearing evidence in relation to the ride-sourcing inquiry we are undertaking. Evidence today is being recorded, and 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.

Welcome. Thanks for agreeing to come along and provide some testimony to our committee. If you would not mind, please state your name and the organisation you are representing and then go into some introductory comments, and then the committee will have some questions to follow.

Ms BOLITHO — Sure. My name is Kathie Bolitho. I am today representing the Bendigo Tourism Board; I am a committee member of that board. I also have a marketing business in Bendigo called Tough Cookie Marketing, and a lot of my clients are hospitality and tourism-based clients. That is my connection there.

Basically today I would like to speak on behalf of the local tourism and hospitality industry. The current taxi environment in Bendigo has a reputation for inconsistent service at peak times. Whilst generally the service, once you get in the front door of a cab, is polite and helpful, and we do have clean and tidy cars and it is quite an enjoyable service once you are there, we do experience long delays when we have peak times, unreliability and also, at times, a refusal to collect from locations that are further out of the central area in the CBD.

As the tourism dollar is a key economic driver for our city, the service experience must be complete from start to finish. Eliminating transport issues must be addressed to ensure growth in specific areas; particularly, connecting visitors from one form of transport to another, such as our trains, when arriving for major events has been an issue. Additionally, the development of Bendigo's night-life experience, which encompasses evening events, restaurants and hospitality, late night clubs and bars, has been known to suffer at different times with these issues.

The current issues include Bendigo being poorly serviced at peak times, including morning and evening arrival from V/Line. Many visitors to major exhibitions, such as the Grace Kelly exhibition we had a few years ago, have waited for up to 40 minutes for collection, as taxi services were booked due to other commitments by the industry.

Groovin The Moo is another good example. It is a music festival that comes to Bendigo, and at times attendees have had to line up for nearly 2 hours at the Bendigo train station waiting for transport. Local restaurants have experienced frustrated clients on a regular basis who are waiting for taxis to arrive for long periods of time in the evening and have, at times, been required to actually transport some of their guests to their different accommodations so that they could close up for the night. Obviously, again, it is at peak time and everyone is transporting as many people as they are capable of at the time.

This issue is also particularly difficult on very busy weekends and special dates such as New Year's Eve, Easter and festivals, where waits can be longer than an hour. At times we see a level of desperation and a little bit of aggression if a taxi does pull up at a restaurant, when it finally arrives, and there are a couple of people waiting; everyone is so desperate to get into it, and people can get quite angry with each other. It is not uncommon to hear the term, 'Oh, there are people out the front fighting over the cab again'. Bars and nightclubs struggle to get their clients home, and increasing safety risks are apparent as patrons often end up walking home because they cannot wait any longer.

It is not just evenings; we have some issues with large race days and festivals at the Bendigo racecourse. The experience there can be an inconsistent level of service. Smaller race days are pretty good; however, larger race days such as Bendigo Cup and the music festivals that they sometimes host out there see a deterioration in service quality. A refusal to drive into the front gates and collect from the main gate area is one complaint, and also at times there is a refusal by drivers to service the White Hills location at all. It is about 10 minutes out of the CBD here.

The key points in support for a change to the current model would be, first, to remove the barriers to entry. Changes to the current transport industry model would provide a greater opportunity for transport services to respond to the demand. This would allow an increase in services at the peak times that we actually really need them. Another would be supporting the city, as in the city of Bendigo, and the tourism growth. As both the

Bendigo population and the tourism sector continue to grow across the Bendigo region, better transport to service a growing city and a tourism destination are desired. Bendigo is attractive to tourism business investment, as a modern, cultural destination leader, and therefore we should be providing a greater choice and better services to those who both choose to reside in it and to actually visit it.

Bendigo recently published a destination management plan, which was put together by Bendigo Tourism. That destination management plan identified night-life as a key economic growth opportunity for our city. To be able to secure new investment in this area and to develop a greater utilised and more attractive night-life offering, we must provide easy access for our guests — and for our residents — to our region to be able to utilise these night-life services. So for those who enjoy a wine with dinner, dancing and socialising in bars and clubs, fast and reliable access to transport services post evening is obviously essential.

Finally, we believe that competition produces better services for the general public. Currently our service is insufficient at these peak times. Deregulation of the industry will not only provide better services but it will also open up new thinking and new opportunities for products. The recent trial by Uber for a wine touring service in the Barossa Valley is something that is very interesting for a tourism industry, particularly because it will also encourage inventiveness around new opportunities and new tours or experiences that we can actually create for our tourists, and it will benefit our region, obviously. These new possibilities can only be positive for our guests and for our business providers. That is it.

The CHAIR — Fabulous. Thank you very much. Thanks, Ms Bolitho, for that. I think one of the reasons that we came here — I think Mr Leane might have suggested coming to Bendigo when we were talking about getting out into regional Victoria — is just to get a bit of an understanding of the fact that these issues that are faced in regional Victoria are not necessarily the same as those faced in metropolitan Melbourne. So it was a good opportunity to come out. Thank you very much for your presentation. It has certainly raised a number of issues that came to my mind. In terms of events and the like, obviously you mentioned race days and those types of things, but I am assuming there are probably wedding venues and the like that are on the outskirts of Bendigo that people may find it difficult to receive transport to and from?

Ms BOLITHO — Yes, absolutely. There a few different vineyards, for example, that have a strong wedding trade. We actually have a couple that are becoming destination wedding venues now, attracting couples with up to 100, 150 guests to come with them. None of them have a connection to Bendigo. So the tourism, I guess, investment from those sorts of things is incredible. But it is very, very difficult for them to actually have that level of service, and to be able to get everybody out of there.

The CHAIR — I would imagine, outside of booking your own minibuses and that type of thing, it would be rather difficult to get taxis and the like out there to be servicing them.

Ms BOLITHO — Yes, that is right. So really you are then addressing the issues of how far in advance you start to tell guests to leave. It becomes a service issue there too, because otherwise you want to finish up at midnight, at 1 o'clock your liquor licence is then finished and you have guests who are waiting for long periods of time to actually then depart the venue.

The CHAIR — It makes it rather difficult.

Ms BOLITHO — Yes.

The CHAIR — One other thing I was hoping to ask about is that I believe there is a Facebook group or there have been a variety of different Facebook groups in Bendigo that have come about offering lifts — —

Ms BOLITHO — Rides for cash?

The CHAIR — Yes, rides for cash. So, basically, you say, 'I'd like to be picked up from here and dropped off here'.

Ms BOLITHO — I will be honest. I do not spend much time on that site — —

The CHAIR — No, of course.

Ms BOLITHO — However, I am aware that it exists. The bits and pieces I have seen of it are often people posting, ‘I’m driving tonight. Who needs a lift?’. I am sure it does go both ways but I am not aware of it. The main ones I have seen are people offering the ride and then having the taker as opposed to someone posting, ‘I’d like a lift’, but I cannot tell you whether that does or does not happen. It does exist.

The CHAIR — There are Facebook groups of that ilk. One of the issues that has been discussed is whether or not ride-sourcing organisations and the like are going to be taking business from taxis or whether or not they are going to be new rides that, effectively, are going to be made as a result of taxis already being at peak capacity during those periods of time on Friday, Saturday nights and the like. Do you have a view on whether or not these ride-sourcing organisations are going to be taking business from taxi organisations or do you think it is going to be a complementary service that is going to add more options?

Ms BOLITHO — My opinion on that is that at peak times we do not have enough so we are not servicing the people who need it. I am a Bendigo local and have been for a long time. I also owned a restaurant in Bendigo for a long period of time as well. It is almost a local’s given that on New Year’s Eve you take a flat pair of shoes because you have got to walk home. I do understand that in slower times people who need the service are well looked after; there are enough there. The peak times are the issues. There are just not enough.

The CHAIR — Not enough to meet the need.

Ms BOLITHO — Yes, absolutely.

Mr BOURMAN — If I may ask a question directly related to that. In Melbourne we have peak service taxis. Is there such a thing out here in Bendigo?

Ms BOLITHO — I do not know.

Mr BOURMAN — Do you have any idea roughly how many taxis service the Bendigo area?

Ms BOLITHO — I do not know the answer to that, no.

Mr LEANE — You are not sure if there is an organisation like Uber operating in Bendigo, did you say?

Ms BOLITHO — I do not believe there is.

Mr LEANE — You do not believe there is. Your submission was pretty comprehensive so I do not have a lot to ask you. Your submission was around those peak times — Bendigo races, when there is a big tourism opportunity in town and your concern, which is a fair concern, around people waiting a long time to get to those events.

Ms BOLITHO — Yes, to and from. You are waiting a long time to get there and a long time to get home.

Mr LEANE — I suppose you would advocate that if people do get a service outside the taxi service, there is a service where the drivers have actually been checked for safety reasons —

Ms BOLITHO — Absolutely.

Mr LEANE — and that they are actually insured in case there is an incident or an accident to cover the passengers. So that is where Bendigo Tourism would become involved.

Ms BOLITHO — Absolutely. Safety and security would be one of the most prevalent things that we would be advocating for. Again, because we are coming down to creating a holistic guest experience. So not only do we want them to come and have access to all the different things we have to offer, but they need to be safe and secure and feel as if they are being well looked after.

Mr BOURMAN — Just one last question and I think it is going to be fairly obvious. Do you think Bendigo is losing tourism opportunities and things like that because of the fact that public transport, for want of a better term, needs help?

Ms BOLITHO — I think we have some night-life economy issues and that is from a range of different things, not just transport. I think that is a key part of it, but we also have some other things that are happening

there too. We have a growing tourism industry, a thriving tourism industry, where we have a lot of people actually coming to Bendigo or coming back to Bendigo and opening new tourism-based businesses. The length of stay, however — and tourism's greatest goal is to get people to stay more nights — is creating different issues because we need them to stay longer, we want them to stay longer, and that is changing. People are not necessarily staying at night because access to what you need to do is varied. But that is not the only thing. There are a range of things there.

Mr BOURMAN — It is part of the issue.

Ms BOLITHO — Yes, exactly. In a holistic picture that is one box to fix, with a few other ones to get around as well.

Mr BOURMAN — Thank you.

Ms BOLITHO — You are welcome.

The CHAIR — I would just like to acknowledge Maree Edwards, the member for Bendigo West, who is in the gallery today.

Thank you very much, Ms Bolitho, for your presentation this morning and for answering our questions. I certainly wish Bendigo Tourism all the very best.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

Members

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Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Ms Rebecca Morton, Chair, Victorian Community Transport Association, and

Mr Rick Lawford, Chief Executive Officer, LINK Community Transport, and Member, Victorian Community Transport Association.

The CHAIR — I reopen our Standing Committee on the Economy and Infrastructure public hearing and welcome everybody present this morning. The committee is today hearing evidence in relation to the inquiry into ride sourcing. 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 privilege.

I thank both of our witnesses for being present this morning and for providing some testimony to our committee. I will hand over to you. If you would not mind introducing yourselves and your organisations and then move into any introductory comments, and we will then follow up with some questions from the committee.

Ms MORTON — I am Rebecca Morton. I am the chair of the Victorian Community Transport Association. I also work in community transport based in Hamilton.

Mr LAWFORD — My name is Rick Lawford. I am the CEO of LINK Community Transport. I am also a member of the VCTA peak body.

The CHAIR — Would you like to begin with some introductory comments?

Ms MORTON — Yes, I would. First of all I thank you for the opportunity to address the inquiry. I thought I would start by talking a little bit about community transport in Victoria because I am aware that not many people know about it and that sort of thing. The Victorian Community Transport Association, or the VCTA, is the peak body for community transport across Victoria. We believe in equity of access for all as our vision. Our members provide supported transport, primarily for senior Victorians. The provision of these services across Victoria is inequitable, so in some areas there is no cover, in some areas it is only social trips that are allowed or medical trips in others, and there is inconsistent pricing across community transport. This is by and large due to a lack of a structured funding model by successive state governments, and that has contributed to what is basically a very unknown and underresourced sector.

We are now moving into federal funding under the commonwealth home support program so most of our funding came from the home and community care program. We are now being funded under the commonwealth home support program, and they have just continued our funding even though compared to the other states where community transport has been funded and is much more structured we are very much the poor cousin. So it is actually continuing the state that we are currently in of being underfunded.

I think that to a degree our services are similar to those provided by taxis as it is often a one-on-one, door-to-door service, but often with the assistance of a volunteer driver or volunteer support, although there are also examples where it might be a multiple transfer like a number of people taken on a shopping trip. I just wanted to outline what community transport is and what we do. Thank you.

The CHAIR — Very good. Thanks, Ms Morton.

Mr LAWFORD — If I may, in support of that, it is rare air for community transport to get a chance to become known in such a high-profile medium so we obviously could not resist the opportunity to make you and make Victorians more aware of community transport. I know in Bendigo, for instance, there is no structured community transport despite its status as a prominent regional city.

Community transport provides very personalised care for people who are frail, aged or people with a disability. In the case of people with disability, which gets particular focus, I guess, by virtue of this forum, often they can be accompanied by people within the vehicle given the challenges for all in ensuring safe travel. Community transport is, as Rebecca said, quite underfunded relative to other states, and that is a great shame. If we take our self-invested caps off for a moment and just look at what we are really addressing, we are really addressing isolation, and that does not just come in the form of people who are aged; it comes, as has been well known, with people with disabilities and the like and, if they do not get access to accessible and affordable transport, they tend to bunker down and not engage with society. That leads to further manifestations, none of which are healthy either for the community or for the individual concerned.

What we have in community transport is a sector that is just waiting to blossom, as it has in other states. It is a sector that with added scalability and added resources would be well stood to provide effective competition in

fact and play a role in a social enterprise sense. It would be friendly competition, I would suggest, because it would be picking up the cohort that has not traditionally been done well. We believe with the taxi experience but also the Uber experience to date, that there is not a meeting of the minds in terms of the profit motive and the needs of the vulnerable. We can enjoy lots of representations to the opposite effect, but the truth is there are now two testbeds that have occurred and neither have worked.

So what we are suggesting is that with an appropriate sectoral strategy, and that will involve some research, and an appropriate tooling up in terms of infrastructure and communications, we could provide that service for those people who are most in need and who require that personalised care that goes over and above perhaps that expedient for profit purpose, and get Victorians engaged. I know that is not mainstreaming it, and there is a real push to mainstream services to allow people with disabilities to access mainstream services et cetera. However, I think one of the benefits of having a specialised service, which would also avail itself of general passenger fares, not as a focus but just for efficiency purposes, is that there is a real prospect for it to offer the ability for the profit motive and therefore the efficient market economy to really take hold and not, I guess, of itself be burdened by that whole accessibility issue.

Try as governments might to mandate and subscribe to various forums that herald equitable access, the truth is that a person with a disability, in a wheelchair for instance, is waiting in excess of three times longer than the average person for a taxi, and unfortunately that is not trending down that is trending out. They are the realities, and I do not believe that a relatively deregulated market would instantaneously provide a magic solution at all.

The CHAIR — Indeed. Excellent. Thank you, I will declare my ignorance and say that community transport is not something that I am particularly well versed in. I am curious to know what it practically looks like. Is it just people in their cars offering support to people who need to get around their community?

Ms MORTON — It looks like almost everything. We did a study back in 2010–11 and we had about 80 services respond to that. We found that 56 per cent of the vehicles were passenger vehicles — cars — and the rest were small buses from 12-seater up to 24-seater buses. Some are wheelchair-accessible vehicles, some are not. It could be volunteers using their own cars or volunteer drivers using a health service or local government-based vehicle. It is almost anything.

The services react to local conditions and therefore deliver what meets local needs. So you have things like in Kaniva where they have a community taxi whereby volunteers drive older people around just within the town boundary. It is based on a token service that is regulated through local government. It is extremely diverse because there has been no structured funding, so people have gathered little bits of funding or used the goodwill of volunteers to create a community transport service that meets the needs of their local community.

Mr LAWFORD — Perhaps in part we should also answer by how it looks like in other states on the eastern seaboard.

Ms DUNN — That would be useful.

The CHAIR — That was the next one, yes.

Mr LAWFORD — It is characterised by local knowledge, so in Victoria you will see volunteer drivers generally operating out of vehicles that are owned by the service but not exclusively. Sometimes there are those who for resource purposes or other purposes operate using volunteers with their own cars. It is fair to say that the people that are receiving the services are generally well known in the community but not always. Organisations hold a database that have all the pertinent details around transport, and often that extends to welfare matters. In fact services, by virtue of existing and having that sort of care factor, often make phone calls to people to make sure they are okay even though they are not travelling — just as a check, because not everyone is fortunate enough to have family dropping in and the like.

In other states what you will find is a hybrid workforce of volunteers and paid professional drivers. As with some in Victoria, including my organisation, we operate fairly sophisticated software that combines the logistics attached to travel and the matching of customers to vehicles et cetera with client management systems. One of the big challenges of course is to get a system that provides us with scalability. For instance, if we chose to cover a much larger territory, which I think ultimately is inevitable with the way funding for age and disability is heading, there is going to have to be scalability in people's operations.

I think like the service provider sector there will be a vastly reduced number of providers. Hopefully that does not equate to vastly reduced geographic coverage. In other states of Australia organisations are also contracting with government, they are contracting with ambulances, they are contracting across the board — hospitals and the like. It is a very, very mature system.

The innovation that exists in the sector in Australia is really coming from the north, and it is no secret that that is because of resource. The level of engagement is very, very strong even in the other states, even with the hybrid workforce. It is not a reflection on the volunteerism and rates of volunteerism; it is actually just purely a reflection on demand that they just simply have to supplement their workforce to meet demand. So what you have are highly efficient transport operations that do not respond to profit as their primary motive; they are responding to people's needs.

I guess with the age and disability changes as well the commercial factor will come into sharper focus, I am sure, and I do not think that is a bad thing, as long as it is not lost sight of exactly what the primary purpose of the organisation is. And, like with anything, we must all must make sure it is not a race to the bottom.

The CHAIR — Indeed. I think the issues that you have raised there are something that have certainly been on the minds of members of the committee in saying that with the rise of ridesharing there are some great benefits that are possible to come from that, but what are the negatives? I think one of the negatives has been those who may not be as able-bodied as others may be left behind in this space, but, from what you are saying, with the work that community transport is able to provide to the community, if there was to be further investment and development of that side, in saying there is a need here and there is a way that it can be delivered but it needs to be supported by governments — whether it be state or local or what have you — there is a need for that support.

Mr LAWFORD — It has been around a long time and sector participants have rubbed shoulders with their interstate counterparts for a long time. It is not new. It pre-exists — does not matter how it has got there or how it has survived to this point, the capability is there. There is nothing new about what the ask is except for the technology piece, which any developers I have spoken to are assuring me it is just technology. It is accessible. It might not come at the price you are looking for, but it is accessible.

My own organisation has the good fortune of being the highest-funded organisation in Victoria, which does not make it large by any stretch, I have got to say. But our primary focus at the moment is that whole technology piece. We need to measure trip lead times for people in minutes, not days, and the days factor is really about we do not have the enablement to bring it down to minutes. We have the desire, but good intentions alone are not enough, as I am sure you are aware.

The CHAIR — Indeed. Absolutely.

Mr LEANE — Just to follow up on the Josh's theme: do you think the system that you describe is more mature in other states because they have regulated the ride-sourcing industry before obviously Victoria, which is only just about to?

Mr LAWFORD — No, the developments happened prior to Uber. It has basically existed prior to the Uber phenomenon, or ride sourcing, shall we say. But as a sector I can say that it has openly embraced the use of technology to improve people's prospects in life. Our sector sees it as an opportunity to embrace that technology and use it in its own device. I guess from our perspective it is not that we jealously guard what we do, but we have bona fide concerns that it is just too easy to look at something and say, 'Technology will fix that and human nature will take care of the rest'. It is not that simple. You talk about the checks and balances. I know that is one of the briefs that you have. We do not want to see too much red tape and we do not want to see innovation stifled, because it is part of our future too, but there do need to be some fairly rudimentary checks and the barrier cannot be so low that anyone can jump it.

That is because the cohort that we service are quite vulnerable, and sometimes their vulnerability is not just their physical state; in fact often it is not just their physical state. And, as I said before, I cannot emphasise this enough: if those services are not available and particularly at an affordable level, people will tend to bunker down. They will stop engaging. I think there is already enough evidence of that elsewhere in the NDIS trial sites rollouts. The transport allocations are small. They often are self-managed. I can understand the choice thing, but

there is another issue as well. People, if given the choice to engage in the community or do something else, will tend to do something else if the barriers are so high.

Mr LEANE — So currently LINK is a not-for-profit social enterprise, and I want to ask you about the social enterprise bit in a minute. So with the service you are offering I would imagine that, despite being a not-for-profit and running on the smell of an oily rag, you would still have to have some sort of third-party insurance in case one of your drivers and cars unfortunately gets in an accident and it is their fault and you have got a passenger in the back and whatever injuries, so you have to be covered by insurance and that?

Mr LAWFORD — Absolutely. You know, national crime checks, working with children checks, driver competency. We have medical assessments on 12 months. We are continually refreshing driver skills and training.

Mr LEANE — Even with, as you are in this state, you are pretty much running on volunteers?

Mr LAWFORD — Yes. The financial metrics are such that that is all it can be.

Mr LEANE — That is really interesting and actually really helpful evidence I think for us on this committee. Do you mind if I go on a bit of a tangent? On the social enterprise part of how you identify as a social enterprise — it is just that we are working on a different era in government at the moment in that area — I am just interested in that, if you do not mind, Chair.

The CHAIR — Feel free.

Mr LAWFORD — If I may, it is probably as much a mindset as it is anything else, because the fundamentals of what you are doing do not necessarily change. I think it is just a greater appreciation that the service provision element and the commercial element are really a two-horse race. You have an obligation to drive the community dollar further — and in time that will be replaced by the realities of it just being individuals' patronage and fares — and further by running an efficient enterprise. It is not enough to have the right sentiment, and it is not enough to have the right ideals. You simply have to cut it, when it comes to operational efficiency, commercial balancing, with the service objective. So there are times you would like to do things and perhaps you would if you were just wearing that particular cap, but the realities of the finances are such that sometimes it is important to remember that you have an obligation to reach as many people as possible for instance. And that white glove service that you are providing, whilst it is nice, is not really the best fit or the greater good. So it is that balancing act.

And, look, ultimately as it stands right now — it may be subject to change, it may not — in about three years time the community transport sector is in essence going to be operating in a commercial environment. There will be no block funding. It will just come from patronage from people who have disability packages, home-care packages in the aged demographic, maybe a little bit of government support where they feel the need to plug a gap here or there in terms of some subsidy moneys, but generally speaking we are already on that journey. We will be no different to, dare I say it, Ubers in that respect. So patronage is important, but you are a not-for-profit. As a not-for-profit you enjoy certain taxation concessions, you enjoy certain abilities to fundraise and secure the favour of philanthropies, governments and the like, so it is not as if you do not have some point of leverage to give back in that regard and be efficient.

Ms DUNN — Thank you for your submission today. I was just interested in looking at and exploring in terms of the model of your delivery and perhaps picking up on a couple of things that came out of Mr Leane's questioning as well. I am wondering, in terms of the drivers who participate, if those drivers are injured in the delivery of their duties — so that might be assisting a client in or out of a car or perhaps with baggage or other things they might have — what happens with those volunteers?

Ms MORTON — Volunteers are generally covered by insurance, so organisations would have a policy insuring their volunteers. I am not aware of the absolute particulars. You have probably got a better idea about volunteer insurance. Mine is done at a distance.

Mr LAWFORD — Yes, it is the subject of an insurance policy, which the state government actually provides access to.

Ms DUNN — So the drivers are always linked to an organisation, which sounds like it could be multiple, different —

Mr LAWFORD — Yes.

Ms DUNN — depending on how that service is provided. So it could be via local government; it could be by a community-based organisation.

Ms MORTON — Primarily the providers would be local government and they put substantial funding into their community transport services. I think in a paper done in 2009 they estimated something like \$20 million a year across Victoria that they were actually contributing to community transport. There is also a range of health services, like community centres, basic welfare and community organisations that would be providing community transport. And in contrast to LINK, which is the large organisation, I work across the south-west, so five local governments in the south-west looking more strategically at transport — that is my individual job — and within that there are probably 10 community transport providers and they all do a little bit. The maximum amount they receive in funding is \$30 000 a year to provide that sort of service. So they are cross-subsidising their services from other areas, and there is certainly a real need to use volunteers in that situation. I would also point out that they are driving people to medical appointments in Melbourne.

Ms DUNN — So they are travelling some distance in some cases?

Ms MORTON — Yes. So it varies from going into the next largest town as a shopping trip in a shopping bus to an individual travelling to Melbourne. That is primarily because the public transport is limited in some areas — non-existent — so some people rely heavily on community transport just to get fresh food.

Mr LAWFORD — Some of the things we envisage via a sectoral strategy as such and resourcing, and just as a case in point, with the disability stage 1 rollout in north-east Melbourne, for instance, the nature of funding the NDIS is such that obviously the sector is a very tight environment — that is an understatement — so organisations are abandoning their fleets because they used to provide that service. It was a safety issue, it was a reliability issue, it was a control issue, I guess. But the pricing just does not allow for those niceties. We see an opportunity now for the sector to marshal and harness all the resources that currently exist before they are all gotten rid of, I guess, and create that real coordinated approach, and even a rural to metropolitan interface. At the moment you have people travelling long distances, but they are also travelling all the way in and then all the way out. Even from an efficiency perspective it does not make sense, much less the abrasive cost element and time element for the rural sector as well.

So we are suggesting that there is no time like now; in fact it is almost the last roll of the dice. There is a real opportunity for Victoria to take a good strategic look at this and not continue to lag way behind. There are other services that are doing great things in the country already. It is not far to go, it is not complex, it is not rocket science. But there are also international examples, where they have taken it even further again. No surprise, there is Europe, with their conditions. You would find some real innovation in those pockets. So we are saying, without overstating this, of course, and we understand it is a ride-sourcing inquiry, but this is a critical aspect to ride sourcing, because there will always be stuff that has found its way to the bottom and there needs to be a very good, reliable, efficient, effective service that is picking all that up so that nobody slips through the net.

Ms DUNN — So everyone has got access to services?

Mr LAWFORD — Absolutely. And the capability already exists. That is the big-ticket item for me — the capability already exists.

Ms MORTON — Just talking about that, I am not aware that Uber has ever actually made it past a capital city, and so it is unlikely that it would offer that sort of service across regional Victoria or rural Victoria.

Ms DUNN — Yes, so you have nothing to compare it with at this point in a regional sense because it is not operating regionally. Do your clients pay a fee for the driver service?

Ms MORTON — They do. They make a contribution. Because of the legislative requirements we cannot call it a fare, because that implies that it would be a route service.

Ms DUNN — That is right. It comes under — —

Ms MORTON — It comes under the Transport — —

Ms DUNN — the Transport Act.

Mr LAWFORD — But not all do. There are services that are starting up and proudly saying they are starting up without funding, but with the price tag attached to it, some of the suburbs that we service, you will not find too many that can just shell it out for a trip down the road. I guess the phrase that coins community transport a bit it is the first mile, last mile bit. It is the hard bits. It is the door-to-door service. It is sometimes assisting somebody getting out of their home and getting into a doctor's surgery or whatever it is, so it is those extremes. But it is not just that.

On the social enterprise piece — further to your question before — we kind of imagined that we would also seek to ingratiate ourselves with the general public, and the general public may be able to in their small, dispensable kind of way do their bit for the vulnerable in Victoria — like they pay for this trip via an app and they can pay for the next person's trip. It is things like that. It is not new stuff, but it is stuff that could really be enabled by a real marshalling of resources.

Ms DUNN — Yes, it just has not been developed in that sort of sense as yet.

Mr LAWFORD — Yes, absolutely.

Ms DUNN — I am sure this is an issue around capacity and equity, but I would imagine that it is impossible to compare the contributions that a client might make to getting a driver service to what might be provided by a taxi service because there is an equity issue in all of that.

Mr LAWFORD — Yes, there are just some natural phenomena that go on, as I am sure you would appreciate that. I am very reticent to become outlandish in some of my comments, but I can only tell you — —

Ms DUNN — I do not want you to!

Mr LAWFORD — No. I can only tell you what we get told a lot, and people do not have that inclination or persuasion. If they do not see us, they would rather not go anywhere. That is not blind loyalty; that is just reinforced by experiences. For too many people, our drivers, who obviously give us feedback daily, tell us that we are the only contact that some people have in a given week or however long between trips. It is not hard to become quite saddened by the realities of life out there. It is kind of mind-blowing, to be honest, to think that the sector is as fledgling as it is after all these years, certainly relative to other states.

Ms DUNN — Yes, so there is a community-strengthening element, I guess, from the services you are providing.

Ms MORTON — Can I just add something regarding community transport versus the use of taxis. In a rural sense, where you have a taxi because they are not that widespread, there is often a very delicate balancing act between taking business away from a taxi with local transport because if their business becomes unprofitable, then everybody else who uses a taxi loses out.

Ms DUNN — Yes, there is a consequence.

Ms MORTON — As a consequence of that. So between community transport and taxis in a rural sense or a regional sense there is actually a balancing act about how much transport you provide to those people who do not want to use a taxi for whatever reason or cannot afford to use a taxi. So it is quite — —

Mr LAWFORD — That is an important piece. It is not one or the other. It is that ability to coexist —

Ms DUNN — No, that is right, yes. It is the integration.

Mr LAWFORD — because for every bad story you will hear about taxis, there will be an operator out there who has a real affinity with clients who has put the good flag up the pole well and truly and should be acknowledged as doing such, but there is nothing systemic about that. That is a solution for an individual because by the good grace — —

Ms DUNN — It is good fortune.

Mr LAWFORD — Yes, absolutely. That is not a systemic solution to this issue, and so what I would imagine would come out of some kind of sectoral strategy would be a broad-based booking system of some description that can draw on taxi assets, can draw on, dare I say, Uber assets if they choose to register that way and certainly draw on our own amalgam of assets out there in the community — people and vehicles.

Ms DUNN — Do you know if any work has been done particularly in those other states that have a better resourced community transport model around, for want of a better phrase, return on investment in terms of the building capacity and strength of community, because I think it would be interesting to see that research?

Ms MORTON — There was actually a piece of work done by the Department of Transport in 2011 on a cost-benefit analysis of community transport in Victoria. I have seen the draft report. I do not think it was ever released.

Ms DUNN — We might have to try and follow that one up and see how we go.

Ms MORTON — I have got a copy.

Ms DUNN — Would you be happy to table that to the committee so we could have a look?

Ms MORTON — I have not got it with me, but I can certainly email a copy through.

The CHAIR — That would be fabulous.

Ms DUNN — That would be terrific.

Ms MORTON — At the same time there was a study on different jurisdictions and how they operate nationally and internationally, so I have a number of reports that I could certainly provide.

Ms DUNN — That would be very useful. That would be terrific, thank you.

Mr BOURMAN — Given the fact that you mentioned we are at a pivotal moment regarding ridesharing and all that sort of thing, what sort of regulation would you guys see being helpful to your cause in the context of ridesharing being introduced? What would you like to see to try and protect yourselves from the decreasing market or decreasing availability?

Mr LAWFORD — Look, I guess we have a kind of malleable scenario at the moment because there might be some age and disability cohort out there that are quite happy using mainstream services, and we would only encourage that. I guess in that scenario we would certainly want to see no less than what we currently have in place. It is not just about crim checks and working with children checks. It is also about driver competence and those kinds of things, and some level of proficiency around how to interact with people with disabilities — contingencies, in particular, should certain things transpire. So in that essence we would stand tall and say we are not suggesting we want to tie a rope around everybody and it is not a question of survival in that sense for us. But in terms of what sort of protections could exist for community transport, I guess I am a bit of a believer that the market economy is ultimately probably a good thing for our sector. I think it will induce pain initially, but it is the right kind of pain, I think.

Mr BOURMAN — Rarely does change come without pain.

Mr LAWFORD — Yes, that is right, and I think that social enterprise piece is very much behind that. But I look at the cohort that we serve and what it takes, and it is probably also supported by the fact that for-profit solutions thus far have not improved in any way, shape or form for the lot of people with disabilities and the frail aged. I would sense that there is possibly a need for capability payments as such, and then a piece of the revenue should be around patronage so that there is that whole efficiency piece happening. The last thing that anyone would need would be a slow, cumbersome sector that is, you know, enjoying its own company 10 years from now. I think we would have all failed. So there needs to be enough to keep us on edge, but, by the same token, there needs to be a safeguard — I think I could safely say that, yes.

Mr BOURMAN — No-one has actually brought up wheelchair-accessible transport. I can see that being an issue for Uber — or ridesharing, I should say — from the perspective that you need a specialised vehicle. Perhaps it is an opportunity for the government to strengthen that sector itself and make it easier for the current

taxi industry to supply that sort of vehicle. Do you guys have any other suggestions for what might help, because there are people with physical disabilities where a normal car just will not do.

Ms MORTON — There is already a system in place through the taxis to subsidise wheelchair-accessible taxis. From a rural perspective it still costs them extra and they do not get enough wheelchair business to cover it. I know that the taxi services in my area have had wheelchair-accessible vehicles. But then because they have not been able to maximise return on it they have had to give it up and go back to an ordinary vehicle.

Mr BOURMAN — And therein lies a problem. That is why I am saying perhaps it is an opportunity for the government to step in to make sure, because I was reading through the submissions before and the wheelchair-accessible transport market is shrinking, but I would suggest perhaps the need for it is not shrinking.

Mr LAWFORD — Absolutely. On the multipurpose taxi program, I think the committee would be well advised to consult the relevant departmental staff around that, because the messaging I got through that recent review was that all the incentives that were being provided to the taxi industry — and this is not a slamming of the taxi industry but just a relaying of that representation — was that it was almost the case that no matter how much they threw at it, it still did not actually give them the outcomes they were looking for, so it caused them to rethink and hence review.

I guess the other thing that I heard in that review was that it was a fixed amount program, which kind of tells me that you might be jumping on one leg for part of that because maybe the issue is resources. I am not close enough to the metrics of that to understand, but I do know it is not just a simple matter of opening it up to a new deregulated industry where ride-sourcing personnel can access those subsidies and provide services where community transport can. I think part of the challenge is also around how it is actually structured. So I think they were fairly generous subsidies right down to subsidising the actual vehicle itself, but it still was not driving the outcomes that they wanted. I think you could turn to the departmental staff for their perspective as well.

Mr BOURMAN — Great. Thank you.

The CHAIR — You spoke earlier about the fact that Victoria is lagging behind nationally in terms of what is being provided here. Which state is probably doing the best job, and why is it?

Mr LAWFORD — The eastern seaboard.

Ms MORTON — If we look at New South Wales, they have a funded peak body. It receives government funding. They put something like \$84 million into community transport through their Department of Transport, so their HACC funding — CHSP, whatever — goes to the Department of Transport, which then looks at what transport is needed and funds the community transport services there. Queensland have got well-funded community transport. Their peak body is not funded but their individual organisations are funded. ComLink, which operates on the Sunshine Coast and further north, has an income of around \$10 million — not all funding, but would obviously have substantial government funding as part of that.

Mr LAWFORD — They are vibrant organisations that are well structured with good people in the right place, doing the right things, getting the message out there. And that real theme of enablement is a dynamic scenario, certainly in relative terms. You might be shocked to know that they would like more as well. It is still shocking to me! I would not advocate the New South Wales system, but as an example they are probably three to four times the funding base of Victoria, and in Victoria a third of the funding base that is active in the community transport sector is coming from local government. I am led to believe that that is pretty much discretionary and it is now under serious pressure with rate capping and the like, as you can imagine.

The other issues around that are they operate to parochial rules as in they respond to lines on maps, boundaries and the like, which is really not of great use to a great many people. But in New South Wales, for instance, it is very apparent that they are endeavouring to get all providers on the same system so that the quality of data informing future decisions is dealt with. It seems very clear to me that they are recognising, whether by legislation yet or not, community transport as a valid tier of public transport, and I guess at the end of the day that is our pitch.

In Victoria community transport can be a seriously valid and effective tier of public transport, right down to people getting off mass movement vehicles such as trains and the like and they have got a kilometre to go. They

can get on those trains, those buses, whatever — that part is easy — but when it comes to getting that last k or two home that is where their world becomes highly complex. That is the role that community transport can play in a systemised kind of manner, and that is the role we are not playing nearly enough. We would only be scratching the surface of need in Victoria. I think that is proven by other states. I do not think we live too differently down here to any other states of Australia but — three or four times the funding in New South Wales, and they will all argue it is not enough, but I think New South Wales at last check was very close to the population of Victoria, for instance. It is a big disparity.

The CHAIR — So you are saying New South Wales is not a model that you would necessarily advocate. Do you think the Queensland model is a better model?

Mr LAWFORD — Whether it is in spite of themselves or not I cannot say, but the thing I do not like about the New South Wales system is that everybody was handed technology to utilise, and I think technology is such an important piece of this in the future. There has got to be room left for innovation around that, and if there is a competitive element in the marketplace to drive efficiency, then that is the leverage point; that is the key leverage point in this. It is an off-the-shelf program. I know it well. I am not wrapped in it myself. To me that off-the-shelf program is not really geared for how the future is starting to unfold. Technology needs to move in an entirely different direction and at a much more rapid pace. In my own organisation right now we are trying to move mountains, I guess, with that technology piece, with limited means, because what is on the shelf is not going to do it. There are solutions out there, but that comes with the almighty dollar.

The CHAIR — Indeed. Looking more broadly outside of Australia, there has been some commentary around saying that worldwide there is some good work being done in Europe. Specifically whereabouts are we seeing some good models that we might be able to investigate and have a look at?

Mr LAWFORD — The ones I know about are certainly the UK; there is an organisation in particular there that gets a lot of press for a lot of very impressive reasons, and I know the Netherlands system — in Victoria you have a Dutch guy operating Transdev, a public transport provider, who was the operations chief of that, so you have that resource nice and available.

The CHAIR — There you go.

Mr LAWFORD — Should call him up.

The CHAIR — Might be able to have a chat.

Mr LAWFORD — He would say — and I know this; we have had discussions — that the Dutch moved on 30 years ago from where we are currently. I know that is an easy thing to say, but by description and what I have researched since, it is clearly just in a different league to what we have in Victoria.

Ms DUNN — You talked about that last k as potentially the missing link. You might be able to navigate around a train or a bus if you have got one, but it is that last bit. I am just interested in terms of: if community transport is not an option, what are the consequences for that person? What does it look like for them?

Ms MORTON — Isolation and not getting appropriate medical treatment when it is needed, so they end up in the acute health system.

Mr LAWFORD — Undue risk-taking, I would say. If all else fails, I must get there type of thing, what risks have they taken to actually pull that off in some way? They are probably the primary consequences.

Ms DUNN — The big ones.

Ms MORTON — Potentially a lot of the people that we are transporting are in their own homes because they have transport provided.

Ms DUNN — Yes, so the ability to keep them in their home — —

Ms MORTON — It is the ability to remain independent and within their own home too that community transport contributes to.

Mr LAWFORD — That is the other piece in this. It is the whole ageing in place, taking the pressure off.

Ms DUNN — I think it would be an enormous benefit to be able to achieve that.

Mr LAWFORD — I am sure there is a way to measure it.

Ms DUNN — I am sure there is too. Thank you.

The CHAIR — Are you all done, Mr Lawford?

Mr LAWFORD — I am all done. Thank you, Chair.

The CHAIR — At that point I will thank both Ms Morton and Mr Lawford. Ms Morton, you have come across from Hamilton today, so thank you very much, and you from Melbourne today, Mr Lawford. Thank you very much. We as a committee certainly appreciate you making the effort to come here and provide evidence today, and you have certainly enlightened me on something that I was not aware of and I think something that will be very beneficial for our inquiry as well. Thank you very much for your contribution, and I remind you that you will receive a copy of the transcripts of today's evidence for proofreading and those transcripts will ultimately be made available on the committee's website. Once again, thank you for your contributions today.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr Colin Wells, Manager, Taxis Associated of Bendigo Cooperative Limited.

The CHAIR — I reopen our Standing Committee on Economy and Infrastructure public hearing and welcome Colin this afternoon. The committee is today hearing evidence in relation to the inquiry into ride sourcing, and the evidence today 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 the same things, those comments may not be protected by this privilege. At this point I will hand over to your good self, and if you would not mind introducing yourself and the organisation you are connected with and then going into some introductory comments. Then we will follow with some questions from the committee. Over to you.

Mr WELLS — Colin Wells is my name, and I am with Taxis Associated of Bendigo. We are the local taxi cooperative that operates in Bendigo. We are probably one of the few that is still maintaining the cooperative status. Many have converted to a company structure, but we are still a traditional cooperative.

Homework has never really been my strong point, so I was coming here today more to answer questions and give a general overview. One of the briefs I thought that the committee had was to look at how I felt the regulation, deregulation — however you want to phrase it — should be done. It makes it reasonably easy now that there is already, I will call it, a proposal on the table — although it is a fairly firm offer at this stage — that seems to have got most of it wrong.

Some basic points that we believe should happen with any change is that it should be done all at once, not spread out. Under the current arrangements they are looking to spread it. What I am referring to there is they are looking to bring in some legislation in six weeks — the easy bit — to allow other players into the market and then 12–15 months down the road to bring in the buyback compensation, the \$2 fare surcharge et cetera. Now, I am just a simple country boy, but six months before an election that legislation is never going to get over the line. So we are going to have a half-baked solution, where half of it is in and then all the funding for it is out the window. So I think it needs to be brought in in one fell swoop. It is either all in or none in.

I think the wording that is used is really important. The media love to bag the underdog in any fight. Unfortunately at the moment the taxis are the underdog, and they keep referring to it as compensation. It is not compensation. We bought these licences in good faith, no different to everyone who bought a megalitre of water up in the Campaspe area and when they wanted it to be brought back out so they did not have to put in all the new pipes, the government went in and they bought the water back off the water-holders. We bought these licences in good faith, and as little as three or four years ago we were being told to keep buying; it was a good nest egg.

Now the market is being deregulated. We are not disagreeing with that, but if the government wants to do away with the licences, they need to buy the licences back. I do not think that is an unreasonable position to be in, and I think it needs to be bought back at the market value. We had a buyer buy one of our licences not more than three weeks ago, and they paid \$200 000 for it. I had to go and see these people because the Taxi Services Commission website said, ‘That’s applicable as at 15 August — that’s when we will pay the \$100 000 back to whoever held the licence on the 15th’. That licence was transferred on 17 August. So according to the website they have given \$200 000 to the old owner of the licence and the government is going to give the old owner 100 000 and the new one zero. That is what is written.

Now, I have made calls and been assured that, ‘Oh, no, that will be looked at’. That is simply because the people who are writing this stuff do not understand the process. The process to buy a taxi licence takes about three weeks if you are already an approved operator. These are not corporations. This is a young couple. She has moved to Bendigo. As part of the family getting their residency, they have to spend a certain amount of time in regional Australia. So she is in health, and he is looking to buy into an industry where he can set his own hours and make a future for his family, as well as invest in a long-term asset. They have just lost \$100 000 — welcome to the lucky country. We really need to get this right.

Whether you put a moratorium on all transfers until it is done, I do not know what the answer is, but you cannot arbitrarily say, ‘This is worth this much money’, the same here as in Melbourne, as in Mildura, as in anywhere. You need to look at each case by case, and I do not understand what is wrong with the third and the fourth licences or the second one, for that matter. If you are buying them back, you buy them all back and you buy them all back for the same price, because that is how they were purchased. The money needs to be up-front; you cannot say, ‘We’re going to get it off you, but we’ll give you eight years’. You cannot hoodwink people.

You cannot tell people there is an emergency fund or there is a financial hardship fund. If you read through the rules, there is no financial hardship fund. That is a complete crock. The financial hardship clause, all that does under the current arrangement is forward pay the 100 000. We still get no more than the 100 000. That is what is in the rules that have just been released. The \$2 trip surcharge is just a joke. No-one is going to accept that. For almost 12 months New South Wales has been trying to figure out how they are going to collect the \$1 they would of introduced. I think what really needs to happen is: bring in the permit system, as has been suggested, but make it more realistic; make it \$3000 a year. Three thousand dollars a year to run a commercial vehicle is not that outrageous when you consider that six months ago the Victorian government was selling them at \$22 000. So to go from \$22 000 down to \$600 just seems a little bit of an overkill to readjust it. If you made it about 3000, given the number of commercial vehicles that are on the road now, you are almost funding a complete buyback. So that is where we think it needs to be at.

I have not seen it anywhere, but we need some protection of the current responsibilities that are in the marketplace. I mean, this is a commercial operation. Running a taxi is a commercial operation, but it comes with a lot of social responsibility, and that responsibility is taken fairly seriously by 99 per cent of the operators. You will always get some duds out there. It does not matter what market you are in, and that has always been seen as the trade-off. Part of being in a protected environment where the government limits the number of licences has always been, but we need to make sure that we are around. We have got one lady, honestly she lives on one side of the road but she cannot walk across the road to the chemist shop. So we will go and pick her up, and we drive her over the road. Now, it is not commercially viable to do that, but it is done because you have just got to cop it on the chin. There is good and bad in everything, so you cannot just take the good.

One of the issues that we see is that if we have people come in to just cherrypick and take the best of times, then the older operators will just retire, and they are the ones who have got a relationship with these vulnerable people. We have a lot of vulnerable clients. It is an industry that has a very, very significant impact on the lives of many people. I have not been in the industry long; I have only been in the industry about 18 months. I can still vividly recall a conversation — I had been in the industry for six weeks — with a lady of one of our clients who happens to be in a wheelchair; he is 34 years of age. She said to me, ‘Without the Taxi Association of Bendigo, Jim would not have been able to stay at home’. So he would have been institutionalised if there was no way to get him around. I am calling him Jim. The worst thing about Jim’s disability is it does not affect his mind. He cannot really speak. He has very limited control of his limbs, but if you talk to him, if you look him in the eye, you know he understands absolutely every word that you are saying, so much so that you can even joke and muck around with him and he gets it.

Now, that kid has lived in a loving home for 30 years because of the industry. It is not just because of Bendigo — because every other taxi association will have similar stories. So this commercial passenger vehicle market has a major impact on people’s lives. It is not unusual for the drivers of any commercial vehicle to spend more time with their passengers than their own families do. I do not know whether you have been involved in any WorkCover claims or TAC claims. Those people go through case managers like I change shirts. Generally they last about five weeks. So there is no relationship with the case manager and the individual. It all gets down to who is transporting them around. So any professional driver is in a great position to give some good feedback on how the passenger is travelling. That sort of stuff has to be protected.

I also see there needs to be some protection between a regulated fare, which is what we have come out of, and the surge-pricing fares. Again language is really important. Many of these booking applications allow you to tip the driver. Again I am just an old-fashioned sort of bloke, but I thought you gave a tip to somebody for good service. How can you give a tip before you have even received the service, and that is perfectly legal. That is a bribe. So we are going to end up with a two-tiered system where the people who can afford to get home will just give a greater bribe to get a driver there, and human nature is human nature. I know, if I am out in the car, which fare I would take. So all that stuff we really need to get our head around it, and to try to rush it through I just think is a big mistake.

A question was asked about wheelchair access taxis. We have got a quarter of a million dollars sitting on our books as debts for the 320 000 we have just invested in four new wheelchair taxis over the last 8 to 12 months. We are urban here; we are not country; we are not regional. We get diddly squat from the government when it comes to funding these \$80 000 vehicles. Now we are in a position where we have got two more that need to be replaced, and we are tipping money into them like it is water. We have spent \$3000 on one van in the last four months. It is tired. It has done 600 000 kilometres. It is due to be replaced. What do you reckon my chances are

when I go to the bank and say, 'Listen, we want to borrow 160 000 for two new vans. By the way we have just had a \$700 000 loss in the last 12 months, because \$900 000 of our asset has been reduced to 150 000 in the licences that we paid for. Not only that, we are going from a reasonably stable industry to an exceptionally volatile situation'. Do you reckon my chances are good at getting those vans?

So I am now about to go out and see the disability groups to let them know that our services are going to be reduced by 25 per cent, because two of the eight vans will have to go off the road at some time in the very foreseeable future. This is the impact these things are having. And even if the bank were prepared to lend us the money, from a prudential point of view there is no way the board can agree to that — to tip money into an industry that has got limited, if any, future. That is the position we are coming from. It is extremely biased. I make no apology for that, but you guys need to be aware of just how important it is, not just for people who have invested over time in an industry but also the users of that industry.

To say to make more players available will automatically mean shorter wait times — it will not. At 3 o'clock on a Tuesday morning it is only the diehards that are out on the road waiting in case someone wants to be picked up. Saturday night, yes, the wait time will reduce, but I would suggest most Saturday nights are not used by regular taxi users. They are used by people who are going out for a party. It is not the regulars. We have got one girl in particular, I know for a fact because she is the sister of a mate of mine. I am 56 years of age. When I was going to school with this bloke and we were both 15, his eldest sister was being picked up and dropped home every day — taken out to Harcourt Street, out to Scope. She is still going out there some 40 years later. So five days a week she gets picked up and taken out there. She has got no idea. Her sight is appalling. Her mental capacity is quite severe. And she just tips money into the centre console, and the drivers just shuffle through it and take out the \$5 or \$6 she needs to pay. Those people will be impacted severely if this industry starts to wilt.

The CHAIR — Thank you, Colin, and obviously there is a significant impact that could possibly occur here. So I am interested by way of the first question to find out about consultation with the government with regard to the announcement that was obviously made a couple of weeks ago. What led up to that? What consultation was there with people like yourselves in the industry from the government before that announcement was made?

Mr WELLS — Little to none. We, being the chairman, myself and a couple of others, went and saw Jacinta Allan over various times, as our local member, and it was really all around when the reforms came in, the impact of the knowledge test and how there were no drivers coming through, because the general way in is much like the dairy industry. You start off sharefarming, then you buy a herd, then you buy more of a herd and then you will lease the farm. Well, with the taxi industry, you start as a driver, you generally drive days, weekends, then you will move up to the quieter nights and then you will go to the busier nights. You get a reputation as someone who brings the car back undamaged, you have no problems with your passengers, you take reasonable money and so then they start offering you the day shift, which in Bendigo is the most lucrative of the shifts because the work is consistently there during the day. So you need that feeder process to come through. When the knowledge test came in, we suddenly had no new drivers coming in. It did the reverse of what was hoped in that it kept a lot of drivers in the industry who should have been moved on.

The CHAIR — So obviously little consultation. When the announcement was made about the \$2 per trip levy, what was your reaction to that?

Mr WELLS — It is not going to be collected. The passengers will refuse to pay it, and at the end of the day if they are the ones not paying it, then it is not going to be paid. I do not know how you police it. I do not know how you work out who has taken a ride or how many trips have been done, because under the current rules everything is tracked. Under the new proposed rules, that sort of goes out the window. Your traditional dispatch service is still there, but there are more and more applications that drivers are allowed to use, like the ihail or any of those sorts of things. It shows up as a street hail on our system because the meter went on and the meter went off. That is a trip, but if you are getting the same information from ihail, then it is being counted twice. I just do not understand how they are going to work it out. I do not understand how you are going to get information out of international companies that have already got a track record of ignoring the rules. So I do not know how you make sure you get accurate information there. It is just a recipe for disaster. It will be a brave government that brings that \$2 in, because it will be crucified for it.

The CHAIR — I am wondering with the buyout of the taxi licences that has been announced by the government, what impact is that going to have on the members of your cooperative? What does that look like in dollar amounts per member or the like? What does that do?

Mr WELLS — We have got 33 members. One of them has four taxi licences; he also happens to have four children. Another one has got three taxi licences, and he happens to have three children. There is another one with two licences. The rest are single licence-holders. I do not know where the perception has come from that there are major investors in the industry. Most of the operators have come up through the ranks and bought their licence as a way in. Most people who buy a licence or want to lease a licence really want a day shift — a permanent day shift — and that is one way they can get it. They buy the licence so they get the best shift, the most profitable shift, but it also happens to be the most socially acceptable shift. From that perspective, there are a few that have lost significant funds. The cooperative itself is owned by the members. We have got eight licences, and as I have said, we have gone from having 900 000 sitting on our books to 150. That 900 000 is what we paid for them.

The CHAIR — So 900 000 represents what you have outlaid.

Mr WELLS — The purchase price, yes.

Mr LEANE — Thanks, Colin. My understanding from just being here this morning and from other witnesses is that Uber is not operating in Bendigo. Is that your assessment?

Mr WELLS — It has had a couple of little runs, but for all intents and purposes it is not a significant player in the Bendigo market at this stage.

Mr LEANE — Because obviously, even though they are operating illegally, they are all over Melbourne — all over the Melbourne market. Do you think they are not operating in Bendigo purely due to economics, because there is not a buck in it for them.

Mr WELLS — It is probably a combination of that and they have not been able to source drivers as yet. They had a meeting, it would be close to 18 months ago, and on that day there were five people who turned up to sign up. They had their usual ice-cream day, which happens to be in the middle of winter for us, but it is a worldwide event that they have where they deliver ice-cream on a certain day. That flavour may change year to year. They had that, and I think there were three drivers out on that day. I heard anecdotal evidence that there may have been two cars floating around on the weekend, but I myself have not seen or heard of any definitive ones.

Mr LEANE — So I suppose on the economic side of it, you would think if there was a buck in it for them, they would be operating. So after they actually get regulated and have to do a number of things that you already do, as far as the insurance, the checks, do you think it will be less attractive for them to operate in Bendigo, if they actually do adhere to those things, which is a cost to them? Do you think it will be a less attractive for them to operate here?

Mr WELLS — It will be less attractive to them certainly, but you may find there will be other players who look at our market, because we have got a fairly strong market in Bendigo.

Mr LEANE — Actually the Chair mentioned this morning there is a Facebook page in Bendigo; is that right?

Mr WELLS — Yes.

Mr LEANE — I hope I am not asking you something you do not know, but do you know if there are many people on that Facebook page that utilise it?

Mr WELLS — Look, I do not know for certain, but I believe in the vicinity of 50 to 100 people will be doing that on and off. I know that the Taxi Services Commission came in and issued about 30 show-cause notices.

Mr LEANE — Good.

Mr WELLS — It was interesting that they got probably a dozen phone calls from concerned parents who had no idea what this letter was about because the kids were driving around in mum and dad's car. So it was really profitable; they were not even covering the cost of petrol. I guess that is the inherent danger and shows how easily someone can be caught out — when they just think they are going to get \$10, \$20 or \$30 taking two

or three people home, how quickly they can get caught out. The taxidriver, he is a really weird dude. He has got to be prepared to spend a lot of lonely hours in the car on his own, but he has also got get on with people, and it is a strange mix. The night driver is even more out there. He is working unsociable hours; he is dealing with people who are often at their best or worst. He will take one group and they are the friendliest, happiest people in the world and then you take them home and they are the most obnoxious.

Alcohol does make life challenging for these drivers, but the recent thing that seems to be making a massive impact is the drugs that these drivers have to put up with. Generally with booze they can kid them around, but with the drugs there is just no rhyme or reason; there is no logic; there is no dealing with them. That is where at least if you make it a commercial operation and make it a reasonable commercial operation, then people will be doing it more often to recover their investment, but it also then gives them more experience on handling the situation. It is the once-in-a-blue-moon operator that is really going to end up getting hurt themselves.

Mr LEANE — Just one last one: do you think it was unfair criticism; we had some evidence today from another witness around long waits when there is an event on in Bendigo?

Mr WELLS — What I would really like to see happen is that if someone puts in for a permit to run a concert, then there is a transport plan attached to that permit application. The last Jimmy Barnes concert they had out at the racecourse they said, ‘Oh, yes, everyone can get public transport’. The concert finished 15 minutes after the last bus ran!

Groovin The Moo is a great example. There are 18 000 people who go to that concert. With 46 taxis in Bendigo we cannot do a lot to help them. We have been to a lot of meetings with the organisers; we attend that meeting. Christian’s buses are there and V/Line are there. V/Line put on five extra trains that day to get people up here and get them home.

We have arbitrarily said that we are not picking up anyone from the venue site. If you want to get picked up, you go back into the station. By bringing them all back into the middle of town that allows mum and dad to meet them in a safe place instead of either side of the road. It enables the buses then to do what they do best. They shift 50 people at a time. At best, we shift four, or if it is in a high-occupancy vehicle, the maxi taxi, we are shifting 10. We just cannot cope with the numbers; we never will.

Mr LEANE — That is a really fair comment.

Mr WELLS — So having a transport plan means that the responsibility goes back onto the organiser of the event. You are never going to have enough cars. The same thing happens every Saturday night in Bendigo. We never have a problem with wait times until the lockout kicks in. Once people no longer have a place to go and are forced to go home, that is when they say ‘We want to go home now’. So you do the best you can.

Mr LEANE — Fair comment.

Ms DUNN — Thank you, Colin, for your submission. You talked about the legislative program the government intends to do, in that there are two separate bits of legislation, and you raised concerns about that the second part of that legislative program. You were concerned. You saw there were some risks there because of the proximity to election time, and I am just wondering: with that first lot of legislation that lets other players into the field, have you identified any other risks because I guess there is a grey area between that legislation being introduced and the second lot that completely opens up the marketplace? Are there any other risks that you think need to be identified?

Mr WELLS — The biggest risk I see is that the second piece does not get through and just decimates the people who have invested in the industry. But it seems rushed. I get more cynical the older I get and I would suggest that if there had not been a cabinet leak and it had not been in the *Herald Sun* and the *Age*, I do not know that we would know what the proposals were. I do not know that for a fact, but the government has been playing catch-up ever since. It has almost been policy on the run. The government has had in place all these things it wants to do, but it seems that it is rushing to get them announced and get all the background stuff done. I think that has been brought about because it has been brought forward a lot earlier than was originally planned. It is my fear that we will end up with a half-baked cake.

Ms DUNN — So in terms of your perspective, the best-case scenario is to just maybe take a little bit longer than the six weeks for the first lot and get the full package introduced in one fell swoop.

Mr WELLS — In one go — and then it is either accepted or it is not accepted, because I can see now ‘Yes, we like this half’. It makes it too easy for everyone to eat their lollies and then not want to run that 3 kilometres they promised to do next week.

Ms DUNN — Is your cooperative a member of the Victorian Taxi Association?

Mr WELLS — Yes, we are a member of the VTA.

Ms DUNN — So you are aligning with what they are advocating for, it sounds like as part of your presentation, which is around having one lot of legislation and that just that one entry price into the market.

Mr WELLS — I do not know whether they are going with the ‘every licence be bought back’. That is something we feel pretty strongly about.

Ms DUNN — You talked about the fact that your cooperative has \$900 000 worth of licences. I am assuming there is a timescale in which those licences have been purchased over time, so some of them have operated longer than others and there will be an income attached to those licences as well. Are you able to explain, in terms of the fact you have got an asset of \$900 000, what the earnings of that asset might have been, taking into account that timescale?

Mr WELLS — Have you got a rental property?

Ms DUNN — No, I am possibly one of the only MPs who does not.

Members interjecting.

Ms DUNN — There are a few of us.

Mr LEANE — I actually live in a rental property.

Ms DUNN — I am sorry I mentioned it. You started it.

Mr WELLS — You buy your rental property in good faith and it is needed to operate in that market and you get income from it. I would suggest they would get more money out of a rental property than they would have out of that. But if that property has to go because a freeway wants to go through or something like that, it gets bought by the government. I do not see just because money has been made out of it as being completely relevant. In our particular case, 8 of our 10 licences are actually for wheelchair-access taxis and the wheelchair-access taxi market at best is breakeven. That is purely down to the running costs of that fleet.

Ms DUNN — So essentially those vehicles just cost more to run generally?

Mr WELLS — Yes, you can get a taxi on the road for about \$30 000 in round figures. The wheelchair-access taxi costs you \$80 000 and the maintenance costs on them are far greater because of the hoists that are used.

Ms DUNN — It is the additional equipment.

Mr WELLS — Yes. And what has happened is that you see them now, but if you go back 10 years a motorised wheelchair was a bit of a rarity and if there was one it was not the size of this table. Now, with gophers and the battery size of the motorised wheelchairs it is the weight of them. You have got nearly half a ton sitting out the back of the taxi being lifted up and down. Well, that puts an amazing amount of strain on the whole substructure of the taxi. That is why you have to have the engineers’ reports that you get. The chairs are getting bigger; they are not getting smaller, and as individuals we are getting bigger. You have got two people and a wheelchair on that hoist going up and down.

Ms DUNN — Is demand for that service static or is it a growing demand?

Mr WELLS — It is growing.

Ms DUNN — That is what I suspected might be the case.

Mr WELLS — It is just growing, and that is down to the government policy of trying to keep people in their homes.

Ms DUNN — Ageing in place.

Mr WELLS — It is also down to human nature being such that as a society we are heading into the danger zone. We have got all of the war generation passing away, and they were very stoic and they accepted as their lot whatever they were dishd up. We have got the baby boomers coming through now, and they will not accept anything less than what they want. It is their right to have this — and they will scream long and loud until they get it. So the days of the infirm, the elderly, the less mobile just accepting, ‘Oh look, that’s part of my condition’, they are disappearing, and the demands are going to get stronger and greater.

Mr BOURMAN — I think every question I could possibly think of has been asked and answered, thank you, Chair.

The CHAIR — Very good. I might have another go, if I could. I am just interested in the fact that earlier you mentioned the details of the buyback, and you particularly mentioned a date at which the buyback was going to be. I am just wondering whereabouts did you find those details about that.

Mr WELLS — That date is listed on the taxi services website, on their information sheet.

The CHAIR — That might be a good one for us to look up as well. I am also hoping to just ask you about innovation. I suppose what we have seen through ride sourcing is innovation through Uber and GoCatch and the others. I am wondering what do you see as the future of innovation within the taxi industry? What could or should the taxi industry be doing to embrace technology further, to deliver a service, perhaps, that customers might be looking for? Have you got any ideas on what that might look like?

Mr WELLS — No, not really, because if I did, I would not be sitting here; I would be inventing it. But it has not really changed. The industry is one that has changed and evolved. I mean, once upon a time not everyone had a phone in their house. We went through exactly the same thing when the mobile phones first came in. You go back three years and I was leading the charge: ‘I just want a phone that makes phone calls’. Now I do not use my phone for phone calls, I use it for everything but phone calls. So all it is is that the booking mechanism has changed; the basic delivery has not.

The interaction with the customer has changed a little bit too, in that now a lot of the apps will let you see when the taxi gets the job and see it approaching. That still does not help us when we have got more passenger demand than we have got cars on the ground. Whether or not they can come up with a way of predicting what the wait time will be, that may be an innovation that helps with people’s expectations. Because the biggest problem we have got at the minute is we are almost too efficient at answering the phone. It is really easy to make a booking. If you make a booking — human nature — and it takes you 30 seconds to make a booking, then the expectation is, ‘Oh, they must be quiet, so we’ll get them here in a couple of minutes’. Sometimes we will slow down our answer process just to try and drive down the expectation that there is going to be a car there inside of the 20 minutes.

We are experimenting at the moment. We are trying to roll out some automated texting, because whilst the drivers can send a text message to the potential passenger, it takes time for them to stop and to key that in, and then the passenger has got their mobile number, so they are going to get calls at 3 in the morning, ‘Are you working tonight?’. We want it just to appear on the system, or have the system automatically send a text message. We are finding our data costs are what is going up more so than phone costs, and we are no different to any other business.

Mr BOURMAN — Actually I have come up with a question.

The CHAIR — Very good. Mr Bourman, over to you.

Mr BOURMAN — Melbourne has some peak services taxis. Now, obviously, from what I am gathering, the issue in Bendigo specifically is peak services. Would you see a peak service licence being able to take up the slack as a way of dealing with the problems?

Mr WELLS — I would suspect how many would be taken up, because the issue that you have with the peak service is, ‘I’ve got to invest \$30 000 in a taxi. Now, I’ve still got to invest \$30 000 in a taxi, but I’m only going to use it for 7 hours a week, realistically’ or 14 hours — we will put Friday night in there as well.

Mr BOURMAN — I would like to hope, but I am not au fait with at all, that the licence would be somewhat cheaper than a full taxi licence?

Mr WELLS — Sorry, I am not talking about the licence price; I am talking about the cost of the car.

Mr BOURMAN — The car itself, yes, but I would hope that at least there would be an offset on the cost of the licence to do that —

Mr WELLS — Yes.

Mr BOURMAN — that might make it a bit more attractive. It was just a thought I had. You see them around Melbourne in the peak hours, and I am presuming that is just to take up the load.

Mr WELLS — Yes, and the other thing that you will also see is when you have got a couple of ships coming into the docks, they will allow them to operate outside their normal times. The Melbourne Cup, the grand final — some of those big event ones — and the grand prix, they will say, ‘Yes, we’re extending when the peak times can work’.

Mr BOURMAN — I am wondering about a hybrid model of ridesharing and a peak taxi as such. It is just a thought.

Mr WELLS — With the changes, whatever you do it would be nice — I do not know how much involvement you have had with the TSC, but whatever you do — if you give the overseer of it, or the regulator of it, just make sure they have got some teeth to do something.

Mr BOURMAN — Definitely.

Mr WELLS — Under the current legislation, even with licensed drivers, it is exceptionally limited what the Taxi Services Commission can do. They cannot suspend anyone. They can take their DC away, but they do not appear to have anything in the middle, and you have really, really got to be bad to lose your DC. A lot of times, if you have got to spend a week having a rest, that is enough to get the message across of, ‘Hey listen, this what you’re up against. You need to do the right thing’. Because as a depot we are third party; we are often removed from the arrangement with the driver. So we have an arrangement with the operator of the taxi, but the operator of the taxi then has an arrangement with the driver, and so it gets a bit blurred — who can do what, when penalties can come in, those sorts of things. It also gets a bit blurred when the person doing the misdemeanour happens to be one of the co-op members and you are, essentially, trying to sanction your own boss. So that is where the industry can come in and say, ‘Well, this is the standard. You have gone outside the standard; you need to serve this time’. So yes, I do not think they are going to object to having a few more teeth.

Ms DUNN — Colin, I am sitting here listening to your presentation. I do live in Melbourne, although in a part of Melbourne where you cannot actually get on to ridesharing services; in fact you can rarely get on to taxis either, so I guess that is a level playing field where I am.

Mr WELLS — So you are on the outskirts somewhere?

Ms DUNN — You betcha.

Mr WELLS — Same problem, no matter how big the town is or how small it is.

Ms DUNN — That is right. But my question is: it is my understanding that if you take an app like Uber, it is incredibly easy to book that service. You understand exactly what the fare is going to be, and the transaction is all conducted through your smart phone, generally on your credit card. Do you see a time where taxis might utilise that same sort of app? I apologise if you already do, because the last time I did get a taxi, I actually phoned it.

Mr WELLS — There are myriad apps out there that do that. Some are proprietary, like we have got our own. I do not believe it gives you a fair estimate. There are others being introduced to the industry whereby you will use that one taxi app, and it will just go to whichever operator is closer, so it does not matter, particularly in Melbourne, whether it is a Silvers or a Blacks —

Ms DUNN — It crosses over.

Mr WELLS — it crosses over all of them. Where you get into a bit of strife is with the meter, because what is on the meter is what the fare is, and sometimes the app will —

Ms DUNN — Yes, there will be a miscalculation.

Mr WELLS — not allow for that. Yes, the fare estimate would be fantastic, but it then creates a false hope.

Ms DUNN — Yes, and it has got to align with the meter.

Mr WELLS — All of the new guys when they come in, because in Bendigo we generally will give an estimate and it is really unusual for us to take a prepayment. Generally working, even on a Saturday night, after 10 it is mandatory; it just does not happen because most of our customers are good. With most of the fares in Bendigo you are talking \$15 to \$10, so it is not worth getting into an argument over. If you want to go to Melbourne or somewhere like that, then they will get a prepayment. The recommendation is we always suggest that the driver overestimate by 50 per cent what the fare is going to be, because giving someone change you look like a hero; asking for an extra \$50 you are going to get, ‘Yeah, you went the long way. You didn’t allow for the roadwork’. There are lots of tricks of the trade to try and make life easier for both the passenger and the driver, because the prepayment is not the fare. It just means that everyone knows it is going to be paid.

Ms DUNN — It is like a good faith payment.

Mr WELLS — Yes. Again one of the biggest issues or the greatest challenges is around the wheelchair-accessible stuff. That to me is critical because in our case if the members are no longer making money running their own fleet, they are not going to be prepared to subsidise the WAT fleet. I just do not know what the answer is.

Ms DUNN — Yes, and I assume that is currently happening because of those higher maintenance costs and fit-out. There is a cross-subsidy?

Mr WELLS — Yes, it is purely down. And you have got the silly circumstances where the likes of Scope and Radius — Scope is an organisation in Bendigo that particularly deals in wheelchairs — have got their own vans now that will take the wheelchairs, and they sit parked empty because it is cheaper and more efficient for them to use our service than to pay for the number of staff who need to be in the van when it is transporting people around. Those vehicles can be three years old at end of life and have done 45 000. They go back to Norden, who fit them out. All the equipment is pulled out. The van goes down to one of the auction houses, it is sold, and the taxi operator can then take it back and pay Norden to refit it. Whether or not the government can get into an agreed purchase price or in certain areas you are entitled to one of these vehicles every 12 months; it seems to be a very expensive way of doing it at the moment, and that really all goes way back to the Kennett years when it was open government and everything had to go to tender and it could not go to tender unless it was in its original condition. I think this is one of the areas where the government might say, ‘Look, we’re going to lose \$10 000, or we’re going to lose \$20 000, or we’re not going to get as much as we could, but given the industry that it’s servicing we’ll make that available to all commercial operators’ — not just taxis. I am talking generally now.

Ms DUNN — Yes, to whoever wants to operate them.

Mr WELLS — Yes, whoever wants to operate one can. It is seen as a lucrative market; it is not — not when you consider how long it takes to strap someone in, and that is why you need special drivers. They are exceptionally patient. You will be bending down and sometimes you will get your hair pulled. I can still remember one day I was strapping someone in — because I do have my ticket; I do not go out very often — and this particular passenger has got the desk part of the chair in front of her and she was belting a wooden rattle on it. This is a 28-year-old, something like that, and she is hitting that for all it is worth. That is all she ever does; that is part of her condition. But I am just thinking, ‘My head is incredibly close to that rattle, and if I get

clobbered it will take me out'. But that gets down to the nature of what they do in that they know their passengers, and most have the mentality that, 'Look, if this is the worst I've got to put up with today, bearing in mind what this poor passenger's got to put up with, I'm pretty lucky'.

Ms DUNN — I want to go to the \$2 levy that is being proposed. You talked about the fact that no-one accepts that, and you were concerned that passengers may not pay that. My question is, and there are a couple of elements to it: one, do you think that pricing mechanism is the wrong price? So should it be aligned with what New South Wales are doing, which is \$1? And if there is not a levy at all — if you think that is an outcome — what do you see as a way for government to generate revenue in order to buy out licences? What is an option?

Mr WELLS — My preference would be to see no levy, because that will be seen as a sales tax, and the media will use that to crucify whoever tries to introduce it. But rather than charge the \$600 that is being proposed at the moment, make that a more realistic \$3000 to run a vehicle for the year. As I said, to lease a government licence, however many weeks ago, it was going to be \$22 000. So to go from \$22 000 back to \$600 is a big fall, whereas if you make it \$3000, you look at the number of licences — —

Ms DUNN — And that negates the need for that smaller fee on service?

Mr WELLS — Yes, and then it is collected up-front. It is really easy.

The CHAIR — Thank you, Colin, for providing some evidence for the committee today. I will just remind you that you will receive a copy of the transcript of today's evidence for proofreading in the coming days, and that transcript will ultimately be made available on the committee's website. But once again, thank you.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

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Mr Khalil Eideh — Deputy Chair

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Witnesses

Ms Amy Moylan, Hotel Manager, and

Ms Ashley Wilkinson, Rooms Division Manager, the Schaller Studio, Art Series Hotel Group.

The CHAIR — I begin by declaring open the Standing Committee on the Economy and Infrastructure public hearing. Thank you for coming here today. I will begin by explaining that the committee today is hearing evidence in relation to its inquiry into ride sourcing and the evidence today 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 that same privilege. Thank you both for coming along and agreeing to provide some evidence to the committee. What I might get you to do is just introduce yourselves — your names and the organisation you are attached to — and then provide some introductory comments, and then we will go on to some questions from the committee from there. Over to you.

Ms MOYLAN — My name is Amy Moylan and I work for the Art Series hotels — the Schaller Studio. I have been with the Art Series Hotel Group for five years now. We have hotels nationally, and this is our only regional property, here in Bendigo. I was with the opening team when we opened in May 2014; I spent some time in Melbourne and I am back at the hotel now. I have been here for 18 months, here at the hotel. I am also on the Bendigo Tourism board as well. We at the Schaller Studio are a 120-room hotel. We also have a cafe, bar and conference area in the hotel, so it is quite a substantial property. It is on the grounds of the hospital, there on the corner of Bayne and Lucan streets. It is a very busy property in terms of occupancy and so on.

Ms WILKINSON — My name is Ashley Wilkinson. I am the rooms division manager now at the Schaller Studio. Again, I was with the opening crew just before May 2014, so I have sort of been there from go to whoa. As Amy said, it is a busy property. Obviously we have got the four properties in Melbourne, so we have a lot of our clientele coming from the city who are fans of the Art Series Hotel Group and are coming to see us regionally as well. That is a lot of our crowd.

The CHAIR — Very good. Are there any introductory comments you would like to make just in general about ride sourcing and the taxi industry and the like here in Bendigo?

Ms WILKINSON — Yes, I think going from my last point, obviously we have a lot of Melbourne-based clientele. A lot of our guests are from the city and surrounds, so I think that going by comments that we get from guests staying all throughout the week, be they corporate during the week or leisure on the weekend, I think it has become the new norm and the base for what our guests expect that they have an option other than taxis. The consensus that I have got from guests over the last year or year and a half is that they are quite surprised that a town like Bendigo does not have it yet.

The CHAIR — Are there any other introductory comments you would like to make?

Ms MOYLAN — For me, I just work a lot at the hotel, and we talk a lot on the board, when I am representing the board, about delivering the best possible guest experience for Bendigo. For me, it is really important that that goes from the moment they get off the train at the train station, and perhaps they get transport to the hotel — you know, for their whole journey, really, from end to end. It surprises me how much this town is very much a city. We call ourselves a city, and we are a regional city. Many parts of our culture are at the forefront. Our food is very much at the top of its game, and certainly, for me, our accommodation is, with the addition of our hotel; perhaps previously it was not. There is the arts community, obviously, with a state-of-the-art gallery and the thousand-seat Ulumbarra Theatre. So I suppose for me it is about having every aspect of the traveller's and guest's experience or journey being the best it can possibly be. If that factors in transport, then I feel that it would be a good thing to have more options and more of a competitive balance.

The CHAIR — Indeed. I suppose you heard earlier today from the taxi cooperative. They were saying they have 47 taxis here in Bendigo. One would imagine that when there are events on and the like that people staying at your hotel would have extreme difficulty in getting around either to where they need to go or back to the hotel.

Ms WILKINSON — Yes, definitely. I think Bendigo is great at putting on public events — the Easter festival. When we have got exhibitions on obviously there is a lot of foot traffic coming for that as well. I think the point we were discussing earlier is that in low-demand times, when there are a fair amount of taxis around, the service is fabulous — you know, taxis do not take very long; we have got an automated system set up with the taxi companies so it is quite a painless operation when there is not a huge demand. But then when we have those high-demand weekends, we have a lot of guests checking in, checking out. Public transport is encouraged so a lot of people do catch the trains, but being on the other side of town and being that little bit further out of

town, some people do not want to walk. I think that when the town is busy they are the times when you really notice that it is lacking.

Ms MOYLAN — It is not unusual for one the staff members to take someone down to the train station because they are running late. We actually bought a 12-seater bus for our hotel because the maxi taxis are a problem. I do not know what the figure is, how many maxis are in the fleet —

Ms WILKINSON — I think there are about four.

Ms MOYLAN — but when you have the wedding groups or people going to the theatre at the Ulumbarra and you have those groups, that is where we were finding problems on a Saturday night. So we have actually got a 12-seater Sprinter now that the staff use just as a complimentary service for our guests, which has been quite helpful.

Ms WILKINSON — Yes.

Ms MOYLAN — It is a good service as it is, but when this town is constrained, and we do have a really strong events calendar here, that is when the problems arise.

The CHAIR — And that is certainly something that we heard earlier today from the manager of the taxi cooperative in saying that during events on at the racecourse, whether it was the races themselves or another event, taxis were not even going out to the racecourse at that point. They were just staying in town. So I can imagine that that would cause all sorts of dramas for people who are hoping to get back into town without the use of a bus or what have you. So it is really that peak-time service that is the real challenge here in Bendigo.

Ms WILKINSON — It is, yes.

Ms MOYLAN — The other challenge is the satellite locations and the villages because we are trying to drive tourism out to the regions — to Heathcote, to Maldon, to Tooborac — Tooborac has a craft beer brewery and Heathcote is a shiraz region. We are trying to develop those regions and push our guests out to those areas, which are only a small drive away. But in many cases alcohol is involved in the tourist destination, so people are reluctant to visit those locations, you know, if they have got to drive. So that is just something that is not on the cards in terms of taking a taxi out there. They just could not really go out there.

Ms WILKINSON — I know that with events like the Heathcote Wine and Food Festival a big part of what the organiser has to do — because it is hard for people to get to and from Bendigo, which is a huge guest base, a big part of their event is organising the transport and the buses. I did notice there was quite a bit of waiting around. It is a popular event, but I feel like that could maybe tinge someone's opinion of the event and maybe affect whether they were to come back again. So I think if there was just that extra helping hand and a different option for people to get to and from, I feel like it would just relieve it a lot.

The CHAIR — Yes. So just to be very clear: you would support the advent of Uber or another ridesharing group beginning in Bendigo to provide that further option?

Ms MOYLAN — Absolutely. I think ultimately the service we have is adequate, and the people that are doing it are doing a good job, but I think the tourism industry, and that is our sector, is growing and if we want to stay at the forefront — and we have got to compete against other regions like Ballarat and what have you — we want the best we can possibly offer to the guests coming, for the guest experience happening here in town, in Bendigo. Certainly if a contributing factor is not being able to get to a location, well, then, that is why I support it.

Ms WILKINSON — Yes.

Mr LEANE — I was just wondering what sort of percentage of your guests would drive themselves, whether it be a hire car or their own car.

Ms WILKINSON — Typically the leisure guests over a weekend will have a one or two-night stay, obviously. Initially they will drive, but then I find a lot of people will utilise walking to town or utilise taxis while they are here. If they are going out for dinner or if they are going to go out for a long lunch, then they will leave their vehicle at the property.

Mr LEANE — At this time of day on a Monday if I came to you and said, ‘I’m checking out. Can you get me a cab?’, what sort of period of time would you think I would have to wait?

Ms WILKINSON — I would not think any more than 10 minutes in the middle of the day on a Monday.

Mr LEANE — Yes, but in peak times, when there might be an event on, it might vary. What is the longest you would have to wait?

Ms WILKINSON — Look, on something like a Groovin the Moo weekend it can be up to half an hour or longer.

Mr LEANE — Thanks a lot.

Ms DUNN — Just to get an idea of proximity, how far is the hotel from the train station in distance?

Ms WILKINSON — I do not know kilometre wise, but it is over a half-an-hour walk. It is about a 34-minute walk, I think.

Ms DUNN — So it is a substantial walk.

Ms WILKINSON — Yes.

Ms MOYLAN — But it would take you 10 to 15 minutes in a taxi or in a vehicle.

Ms DUNN — I am assuming the taxis do not rank there in terms of when the trains arrive, on the off-chance that they are going to pick up a ride.

Ms MOYLAN — I am not certain about that.

Ms WILKINSON — I am not sure about the station, but obviously with us being off the main road, they do just supply the hotel when we call, so there is not going to be a taxi waiting there.

Ms DUNN — One that just happens to be floating around in the area. Have you ever had a circumstance where guests have been stranded — they have arrived on a train and have not been able to get to the hotel because they cannot pick up a taxi?

Ms WILKINSON — Yes, I think that we try and do what we can. We send a pre-arrival email out the day before with our location and our proximity from the train station. I do not know of anyone that has been stranded coming from the station to the hotel, but I know of people that have scheduled to catch a train at a certain time and we have had to run them over to the station.

Ms DUNN — It is the other way around.

Ms WILKINSON — Yes, the other way.

Ms DUNN — The getting back. Are there circumstances around that in terms of: did it happen to be a busy time where there was high demand?

Ms WILKINSON — It would usually be a high-demand time, yes.

Ms DUNN — And are weekends generally a high-demand time? Just given the number of activities that go on in Bendigo, I am making an assumption that during the daytime on the weekends it is quite busy. Is that right?

Ms WILKINSON — Yes, usually after lunchtime on a Sunday, just because we do get so many guests from Melbourne, people will sort of have their late breakfast and then head back to town. So usually after lunchtime on a Sunday it quietens down, but from that Friday evening to Sunday morning it is very busy.

Ms DUNN — Okay. So I guess the support for additional services is just so your guests are never stranded and there are plenty of options for them to get around.

Ms WILKINSON — Yes.

Ms MOYLAN — And perhaps a small element of that is the guest expectation, though, and the guest experience, because our largest market is coming from Melbourne, and people know that we are an iconic Melbourne chain as well. So I suppose it is just an option that certainly our guests would value and appreciate. I think more and more tourists are seeing Bendigo as a city that is more urbanised. There are a lot of young professionals coming into the area, so I think there is an element to it that is also just that guest experience as well as the convenience and the need.

Ms DUNN — If you want to retain market share, I guess — your slice in that market, of having a regional city that can offer everything that Melbourne can but — —

Ms MOYLAN — And we can say, ‘Look, we’ve got the best restaurants that can compete with Melbourne’. We have got a chef hat restaurant and things like that. You want to have all of these facets of the tourism industry that can compete with Melbourne and certainly blow all the other regions out of the water, because we are all competing. So I just see it from that perspective, I think.

Ms WILKINSON — Yes.

Ms DUNN — Yes, it is just part of that picture — to complete the picture.

Ms MOYLAN — Yes.

Mr BOURMAN — How many of your guests would arrive by train versus their own car, just as a rough sort of — —

Ms WILKINSON — It is probably a quarter or less. It is quite a low percentage.

Mr BOURMAN — That is actually more than I was thinking, to be honest.

Ms DUNN — On the train, that is.

Mr BOURMAN — It is more than what I was thinking.

Ms MOYLAN — It is strange because I would say lower if you asked me this question pre-Marilyn. We saw an increased use of the trains over the Marilyn time, so we are coming off the back of the last kind of four or five months, where we really did see a big, big increase in train usage. I am not sure if you are aware of what the guys from tourism were doing on the trains. We had people jumping on at the Castlemaine and Kyneton stations giving out brochures and information about Bendigo and promoting the town on the last leg of the journey, so there was a lot of train use over that time. Whether the numbers have stayed high off the back of all the promotion that was happening in Melbourne to get people on trains to come and see Marilyn, there were a lot of daytrippers coming for Marilyn — that was huge — and they were all coming on trains. It was a pattern we noticed. So whether that train patronage has remained high — but you would probably say that — —

Ms WILKINSON — Still on the weekend definitely. Midweek with corporates I find that people will still drive more than train, but definitely on the weekends there are higher arrivals by train.

Ms MOYLAN — Yes, midweek. Our car park is normally at its fullest, to put it in perspective, on a corporate Monday, Tuesday, Wednesday, because they are driving.

Mr BOURMAN — Okay. Do you reckon the current lack of predictable public transport is costing you guys business and also costing the general area business? You were talking about the experience before, which is quite true: if you have a great time and then you spend three quarters of an hour waiting for a taxi, you remember what sucked, generally. Do you think that is actually costing you?

Ms WILKINSON — I think it is a tricky time for Bendigo as well because if you go somewhere like the Royal Mail Hotel, you go there to stay at the hotel. The restaurant is on site. You can have a few glasses of wine. I think it is a tricky time for Bendigo because we do have so many great wineries. Chateau Dore is only a 10 or 15-minute drive away, but public transport there is nothing and it is quite a remote location. So I think it is quite tricky if you are coming and going. They have lots of weddings. It can be quite a late night. I know that transport makes it hard to get back from there. Balgownie Estate is only 10 minutes away, but it is all those places that are close but a little bit too far, and I think that really impacts on those locations around town. If you

are staying in town, it is fine, but all of those Heathcote wineries and areas like that, I think it would definitely impact them for sure.

Ms MOYLAN — Probably them more so than the restaurants in town and whatnot.

The CHAIR — Yes, that is right, and that is something that we certainly discussed earlier today as well — those places just outside of the CBD where it might be more difficult to get a taxi to attend, whether it be places that are hosting weddings or other functions and the like. It is quite difficult to get the transport there if there is not a bus that has been arranged by the organiser, or even if there is a bus, everybody is caught in having to travel at the exactly the same time. It is much easier if you have an option that would provide transport to that location 15 minutes out of town that cabs may not be willing to go to on a Friday or Saturday night due to how busy it is in town.

Mr BOURMAN — You take the low-hanging fruit.

The CHAIR — Yes, that is right.

Ms MOYLAN — And they know they can go to the rank and get an immediate pick-up, so why would they go out of town. The roads are very dark at night time. It is a challenge when you could just have an easy collection on a Saturday night rank in here.

The CHAIR — In town.

Ms MOYLAN — Even the bus route, if you are talking specifically from our property, we have a bus stop on our side but then it heads out towards Epsom area so you sort of have to do a loop if you want to go anywhere on that side of town. It really is sort of taxis or nothing at the moment if you are just wanting an easy to and from.

The CHAIR — And if it is on a Friday or Saturday night it is almost nothing then, is it not, if you cannot get a taxi?

Ms MOYLAN — Yes, and a Sunday. We are fortunate enough that we are an art hotel, so a lot of our clientele are either going to the Ulumbarra Theatre or to the art gallery and in both cases it is a walkable distance from our property. There might be other operators where that is not the case and they are stuck, but certainly we are really lucky. If a theatre show or a concert finishes at 11 o'clock and they cannot get transport, it is only about a 4 or 5-minute very easy walk to our property, so we are fortunate in that regard.

The CHAIR — Thank you, Ms Moylan and Ms Wilkinson. You will be provided with a transcript of today's evidence for proofreading and then those transcripts will be going up onto the committee's website. Once again, thank you very much for your attendance and evidence today.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Ms Mary Sullivan, Customer and Service Delivery Manager, Scope.

The CHAIR — I will reopen the Standing Committee on the Economy and Infrastructure public hearing and welcome Ms Sullivan. Thank you for coming along today. Today we are hearing evidence in relation to the inquiry into ride sourcing, and 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 the same privilege. At this point I will hand over to you to introduce yourself and tell us a bit about the organisation you are involved with. Then you can make some introductory comments and then we will go into some questions following that.

Ms SULLIVAN — I am the customer and service delivery manager for the Loddon region for Scope. Scope is a statewide organisation that supports people, children and adults, with a disability. Historically we have worked with people with cerebral palsy and very high and complex needs, but as time goes on that is expanding out into people with other needs. Here in Bendigo we provide accommodation support, individual support for people living in their own homes, and therapy and day programs. That is sort of a snapshot of what we do here in Bendigo. As I said, Scope is statewide. I am just from this little corner of it here.

The CHAIR — Are there some introductory comments that you might like to make?

Ms SULLIVAN — Yes, really to first of all say how important affordable, accessible and responsive transport is for people with disabilities. The multipurpose taxi program is often the major way that people are getting around, so it is actually vitally important for the people we support that they do have a very responsive, affordable way of getting around. Otherwise we have people who actually cannot get out and about.

I guess too, from Scope's point of view, we welcome anything that will bring more competition and hopefully improve the service. Here in Bendigo we actually have a very good multipurpose taxi program. Not enough of them — that is the problem — but we are very lucky that there is a small number of drivers generally during the weekdays. So there is a very good personal relationship with the people that use the taxis, which means that they do get out and about more. For example, people are happy to go out on a Saturday night, because they know the people who are going to be taking them home. Sometimes we will have drivers coming up from Melbourne who do not know people, and that actually does cause some problems. But when there is that personal relationship and trust, it means that people do get out and about.

The lack of it is a major barrier, so you have people who do not get to appointments, who are not able to do things because of a lack of transport. So yes, you have very sad tales of people missing out on appointments. I had one a few years ago in Melbourne of someone missing out on going to a wedding because a booked taxi did not come, so anything that actually is accessible and responsive.

The other issue, I guess too, is that any ridesharing has to include people with high support needs. It cannot just be looking at people who are independently mobile. It really does need to make sure that, if you are using a wheelchair, you have the same access as everybody else. I guess that is a bit of a concern. The requirements that are on the taxis at the moment to provide that transport should be on any ridesharing, so that it does not discriminate against people with a physical disability.

The other item I think is one of yours, which was the customer safety. Again a lot of the people we support are quite vulnerable. They have communication issues, cognitive impairment, so it is really important that the safeguards are there — that the drivers are trained; they have an understanding of people with disabilities and there is good regulation of it — so that our vulnerable customers are not taken advantage of and do feel safe and secure in what they are doing.

The other thing I guess from a Scope point of view as well in looking at ridesharing is that we and a lot of other disability organisations have vehicles that we continue to provide transport support with because there are not enough other options. We would love to get out of it, but while there are not enough options, whether they can be brought into the ridesharing, because there are unused vehicles that are well adapted. That could possibly be opportunities for not-for-profit organisations to perhaps have some increased income but also perhaps employing some people with disabilities to be involved in it. So yes, I think that was basically it from Scope's point of view.

The CHAIR — Fabulous. Yes, that is great. I think the last point you made there is a very pertinent one about the ability to use vehicles that are already capable of transporting people with disabilities and use them in a more efficient way, because I suppose with the opening up of the ridesharing economy, or however you might

like to determine it, there are options there, but they certainly need to be fostered and encouraged so that there are those options there. We have just heard today from the Bendigo taxi cooperative that some of the future of the current maxi taxis is in doubt due to a variety of different issues, and I can imagine that would place your clients in very much a disadvantaged position if that was to be the case.

Ms SULLIVAN — Exactly. Yes, perhaps not being able to go out or they can only make doctor appointments at 1.15 on a Tuesday afternoon or whatever.

The CHAIR — Yes, so to lose that flexibility would be a huge concern. We have also heard from community transport groups today in terms of the work that they do. Is there a way that those groups could better service the clients that you are talking about, in particular maybe even with the vehicles you are talking about now that are currently able to transport disabled people? Is there a way to better utilise those vehicles?

Ms SULLIVAN — I think there are a lot of ways that we could use it better. We have got wheelchair-accessible vehicles, and so have other people. A lot of the rules and regulations have been working against that a little bit, of what sort of systems you need in place if you are going to be hiring out vehicles and all those sorts of things. It is a little bit of an unlevel playing field, but I think some of those community vehicles could become part of ridesharing, which would make a massive difference to people. You would actually have these vehicles that were being utilised to their potential, and people with disabilities would be able to get out and participate. With the NDIS coming in, which will be 1 May in our area here, Scope's experience in Barwon is that a lot of people have got more funding to be out and about in social participation and education et cetera. So obviously there will be a higher demand for transport, and again people needing to get where they want to go at the time that they want to go.

The CHAIR — We have certainly heard a lot of concern about the impact that deregulation of the taxi industry could have on the ability for those with disabilities to be transported around, but you can see there is also a huge amount of opportunity there for under-utilised vehicles to be better utilised throughout the day.

Ms SULLIVAN — Yes, and be hoping that anyone who does come into it has to have a certain percentage, or whatever — that it is a requirement of them that they have to consider people with disabilities. Because I am sure in the taxi industry, a lot of their customers are people with disabilities — aged people who can no longer drive themselves around, people with visual impairment, people with cognitive disabilities or physical. So I think we need to make it that it is to everyone's advantage to include everybody.

The CHAIR — As part of the government's current plan to deregulate the industry there is a \$2 levy per trip that is being spoken about in the government's media release. What impact do you think that might have on your clients?

Ms SULLIVAN — People who are surviving on a disability support pension are, well, surviving. There is not a lot of extra money, so every little bit that comes in does make an impact. People have got much higher costs. Transport, for example, is a high cost for people, but also just medication and often medical needs, so we would be concerned. From our point of view you would think '\$2, that is not going to make a difference', but if you are doing that morning and evening, perhaps to get to wherever you are going during the day and you want to go to the football on Saturday and out to visit family on Sunday, that is a reasonable percentage of somebody's \$470 or whatever it is a week. It is a lot of money really.

Mr LEANE — You cover a regional area?

Ms SULLIVAN — Most of our services are within Bendigo, but our therapy does go out of Bendigo so we do Echuca and some of Swan Hill and down to the Macedon Ranges.

Mr LEANE — Okay. I was just interested — I do not know if you have had a chance to speak to your counterparts in Melbourne where Uber has been operating unregulated — if an organisation like yourselves has had any interaction. I would imagine no.

Ms SULLIVAN — I think because they are not accessible.

Mr LEANE — Yes, they are not accessible.

Ms SULLIVAN — Our experience has been that in Melbourne what Scope does is have relationships with particular drivers and particular companies of drivers to make sure that the people we support get the support when they want it. That has been a real advantage and I think could happen perhaps with the ridesharing as well — that people would get a relationship with particular drivers, who then would see it as being to their advantage to be able to get these customers and keep them, but it would also be an advantage to the customers because in Melbourne we find that people who get to know taxidriviers suddenly are happy to go out on a Saturday night. They actually can get out.

We find with the people here that we support, if they know that Alan, for example, is working this particular Saturday night, they will be much more likely to go out because they know that they can ring him and he will come exactly when they want, they will feel 100 per cent safe, he will not do other work — he will not do non-wheelchair work because he knows that he has got people out. The drivers here will communicate with each other so if they know someone who has gone out for the night and it is 3 o'clock in the morning and they have not gone home yet they will stay out until get them safely home.

The CHAIR — That is great.

Ms SULLIVAN — I think there is that potential perhaps with some of the ridesharing to have what we have got with the best of the taxis here.

Mr LEANE — I suppose Scope would like to see that with any new players in this industry there would be an onus on them having disability access-type vehicles. There would be an onus on them to have that.

Ms SULLIVAN — Yes, that they have to have a certain number.

Mr LEANE — A certain number. Thank you.

Ms DUNN — Thank you, Mary, for your presentation. Do you ever have circumstances at the moment where your clients cannot access transport and so they are just left high and dry, not being able to get to where they need to go, and how often that actually happens?

Ms SULLIVAN — Yes. I could not tell you exactly how often, but enough just anecdotally, particularly on weekends when it is not the regular drivers. All the regular taxi customers have got to know the drivers well. If they are going to make an appointment somewhere they will sort of say, 'Oh, we will do that at 10 because we know the taxis will be free'. Also the taxidriviers will swap around if necessary to get people there. But you do hear particularly on evenings and weekends that people might be waiting for an hour or 2 hours, ringing again. You were asking about whether we are regional. The Bendigo taxis tend to be regional because a lot of the surrounding towns do not have any wheelchair-accessible taxis.

Ms DUNN — They are providing that.

Ms SULLIVAN — A Bendigo taxi may go up to Echuca or to Kerang or something for the day and that leaves everybody here a bit high and dry. That is when you often get really quite long waits and so people will be an hour, an hour and a half, 2 hours. You just cannot get where you are going. All the taxi users tend to make sure they get a taxi much earlier than they need it, but then they will sometimes still be late. They will come in halfway through the movie, so is it worth going?

Ms DUNN — So you are building insurance into your travel arrangements?

Ms SULLIVAN — They always build insurance in, yes. I think they are still finding in parts of Melbourne — I know just anecdotally from people — that some of the drivers are still not prioritising wheelchair taxi work, even though they do have the wheelchair-accessible vehicles.

Ms DUNN — You said you had your own transport as well, and I am assuming it only operates certain times because that is about the programming that you run?

Ms SULLIVAN — Yes. We have at the moment here four vehicles: two that are coasters — not coasters, they are Mercedes Sprinters — and so they do the getting people to and from activities during the day, so they are busy from about maybe 8 until 4.30, and the rest of the time they are only occasionally used if people are

going to Melbourne or something; and then we have two vans that are attached to houses, so they are busier a little bit more often and there would be more evening and weekend work.

Ms DUNN — So you see there is a potential, I guess, in the downtime for those vehicles to pick up the slack, if you like?

Ms SULLIVAN — Yes.

Ms DUNN — But at the moment the rules and regs prohibit that from happening?

Ms SULLIVAN — Prohibit, yes. It is funny; one of the staff said to me at the end of last week when we were talking about Uber and ridesharing and all sorts of things, ‘Oh, Saturday night we could take the vans out and we could drop people off and pick them up and do whatever and everyone would have a great time’. Yes, well, they would because we have got support workers who understand people with disabilities —

Ms DUNN — Yes, who get it.

Ms SULLIVAN — and customers then who feel very comfortable about getting where they need to go.

Ms DUNN — I guess if we see them — and we are going to see changes to the transport act — you would be looking at some way that you might be able to participate in some sort of ridesharing service of your own?

Ms SULLIVAN — Yes, and I think all the other community transport that is around that is not being utilised to its full potential — —

Ms DUNN — Yes, where it has got downtime.

Ms SULLIVAN — Downtime, yes.

Ms DUNN — Thank you.

Mr BOURMAN — Thank you for your presentation, Mary. Roughly how many of your clients, people, whatever they are, would need something to the level of a wheelchair assist, like a maxi taxi or something like that?

Ms SULLIVAN — We support about 80 people in our day service programs, and out of them probably it would be about 70 per cent who would need a wheelchair taxi, and some of the others would actually need support with their cognitive impairment, perhaps. It is quite a lot of people using them.

Mr BOURMAN — Which brings me kind of to my next question, but you have answered most of it. For those that need support because of their cognitive abilities, what does that entail? Does that mean someone rides with them, or does someone help them into the car? How exactly does it work, on average?

Ms SULLIVAN — Very occasionally you have someone who needs somebody with them, but more often than not it is actually drivers who get to know the person and drivers who are happy to listen to, say, the family members or the support staff at one end and the support staff at the other.

Mr BOURMAN — Okay, so it would be them being comfortable with the person as much as helping in the car, or whatever?

Ms SULLIVAN — Yes, which is, I guess, that whole thing — that people do need to have some training. You just cannot come in and suddenly become a ridesharing driver; you need some level of training and knowledge.

Mr BOURMAN — You may not know the next one, but with the people who do use the maxi taxis and things like that now, is there a government rebate for the people? Obviously they are on a pension, would be my guess, and I would like to hope they are not paying the full fare. Do they pay half or something like that?

Ms SULLIVAN — Yes, there is the multipurpose taxi program. So people who use a wheelchair have the lifting fee, which I think is about \$14. That is subsidised by the MTP — you probably know better than me —

and then you get a half fare. That makes a tremendous difference. So people, instead of maybe paying a \$25 fare, are perhaps paying a \$12.50 fare.

Mr BOURMAN — When you are on a pension, it all adds up.

Ms SULLIVAN — Yes, so that is really important for people on their limited income.

Mr BOURMAN — Excellent; thank you.

The CHAIR — At that point, Ms Sullivan, thank you very much for providing evidence to the committee. You will receive a copy of the transcript of today's evidence for proofreading, and ultimately that evidence will make its way onto the committee's website. Thank you very much for your evidence today.

Ms SULLIVAN — Thank you for the opportunity — anything to improve things for people with disability.

The CHAIR — We will close our hearing.

Committee adjourned.

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 Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

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 taxidivers — \$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, imposes 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.

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 Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr David Debinder Singh, Victorian Taxi & Hire Car Families.

The CHAIR — I reopen the Standing Committee on Economy and Infrastructure public hearing, and I welcome all of those who are present here this morning. I will begin by explaining that today we are hearing evidence in relation to the inquiry into ride sourcing and that 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. At this point I will welcome you, Mr Singh, and thank you for coming along.

Mr SINGH — Thank you very much.

The CHAIR — Absolute pleasure. I might hand over to your good self. State your name and the organisation you are attached to, then move into any introductory comments that you might like to make, and then we will move to some questions from the committee at the conclusion of your comments.

Mr SINGH — My name is David Debinder Singh, and I am representing the Victorian Taxi & Hire Car Families. My background in the industry is: I started in 1986, and I have worked virtually in every department, except any government department. So just to let you know, in 1986 I started off as one of the youngest drivers at 20 years old and on a P-plate, and that was interesting. I worked for about 20 years, owned a car, and I ended up selling a car. My father owned a fleet of cars; he ended up selling. In the 1990s Professor Fels made certain, he said, if he ever got into power he would deregulate the industry. You would probably remember that, as in ACCC. My father had a heart attack two weeks after that, because he owned 18 cars and he thought it was worth nothing, as the drivers and operators are going through today.

I do not own a car. I am a hire car driver at the moment, so I understand the pain and suffering from everyone concerned. I have worked at 13CABS from 2005 to 2011. I worked in compliance, I worked in training, I worked in driver safety, I managed the call centre, handled the emergency situations when drivers were in trouble and trained the staff on how to handle emergency situations. I then was taken up by somebody else to run a fleet of 50 taxis, called SE Taxis down in south Oakleigh. The Fels inquiry put an end to that. When it made it 55/45, it was a non-viable business to operate; therefore I lost my job and I became a hire car driver. So now I have been fighting the cause for two years.

I drove Uber for one year. I drove uberBLACK, not uberX. As a VHA driver you are accredited, and you can do that. I left uberBLACK on the basis that I saw their training, and I saw them committing fraud — that is my opinion — advising drivers to not inform the insurance companies that they were driving for Uber at that particular stage. I do not know now, but for that first year that I was there it was clearly noted. There is a YouTube video of me being assaulted by a trainer in May of last year at Airport West when I went to the induction training and I put my hand up and I said, 'Why don't you explain in legal terms an agreement about the insurance?'. He got upset. He is now, I believe, the manager of Western Australia Uber, and I was assaulted and threatened. And that is on YouTube if you want to see that. So I have been through it all.

I have a real passion. I do not have anything to gain by this. In actual fact it would be in my best interest if I was not here because I could get a cheap car in 18 months time. But I understand the pain and suffering of everyone, and I want a genuine level playing field, so I would like to help out if I can.

The CHAIR — Certainly. Thank you for that. So at this point in time you or members of your family do not have a financial interest in taxis in terms of owning licences or the like?

Mr SINGH — No. My father sold in 2006 and 2008. I sold back, I think, about 1998 when things got a bit tough. I am a VHA driver of the last three and a half years.

The CHAIR — So in terms of the history of the Victorian Taxi & Hire Car Families, how is it that the organisation came about, who does it represent and what does it do?

Mr SINGH — It was basically two or three housewives who had their husbands working out there; they saw what was happening and they decided to form a committee. It is a volunteer-based committee. We have gained a lot of members. We basically represent owners, and we represent drivers and also the hire car — the hire car is with us. Yesterday David Samuel of the VTA did ask whether we could actually work closer together, because we have a few differences. I said, 'I'm happy to work with you'. But we are going to try to work together because we think it is better and easier for you to sort of work out if we are all coming from the one direction.

There may be a slight difference here or there, but I think we can work together to come out with a fine conclusion for everybody.

The CHAIR — Do you have any idea how many taxi licences might be represented by members of your organisation?

Mr SINGH — We had 2400 attend Bulleen two weeks ago, and they were mainly owner-operators who own one. There were some that own two, a few that own three or four and then just one that owns 11. One of our members on our board owns 11. He is now 84 years of age. He was worth \$5.5 million three and a half years ago. He is now worth \$150 000 outstanding, and as you can understand he is not well.

The CHAIR — Absolutely. Obviously the government have announced what they plan to do with regard to buying back licences, deregulation of the industry and the like. What consultation occurred with your organisation from the government?

Mr SINGH — Okay. The VTA and the Victorian Taxi & Hire Car Families were part of the subcommittee, with Uber I believe and others. It went for about 12 months. Based on what was said and heard in the subcommittee, 95 per cent of it was disregarded, only 5 per cent was listened to and it seemed to be from the non-favourable end to the taxi and hire car industry. So that is the report that we got back, that they were happy and everyone seemed to agree with how things should flow, but it just seemed the tables were turned afterwards. I do not know what happened. I do not believe Jacinta or Daniel Andrews had anything to do with that. I believe it was people behind them, the advisers, that sort of put one and one together and came out with four.

The CHAIR — So the subcommittee was sort of formed and placed in the corner over here to talk amongst themselves?

Mr SINGH — No, no, the subcommittee was created to work with the government.

The CHAIR — Yes, it was apparently organised to work with the government, but really what happened was they were put over here and basically ignored and the government did what they wanted to do anyway.

Mr LEANE — Do you want to answer the question for him?

The CHAIR — No, that is fine. I am just putting something — —

Mr SINGH — He actually answered it beautifully. Thank you very much.

The CHAIR — So that is what happened?

Mr SINGH — That is how it appeared, yes.

The CHAIR — Yes, okay. So lack of consultation and something like the \$2 tax that has been mooted by the government to be imposed on every taxi, hire car, Uber trip, that was not something that came out of that subcommittee?

Mr SINGH — No, no \$2 tax was spoken about. That surprised everybody.

The CHAIR — What sort of an impact would that \$2 tax on every trip have on the taxi industry?

Mr SINGH — It depends on how it is done, but I can see it creating confrontation and conflict between driver and passenger, as it already does coming from the airport when the driver says, 'Oh, my parking fee is \$2.88', which is not on the meter; it is not built in there. So this will create conflict, I believe, between driver and passenger. I do not think it is a safe workplace in that sort of environment. Financially it would add an extra cost, obviously, but I do not think they need to go down that step. I think there are other options which they have not really looked at.

The CHAIR — And the \$100 000 for the first taxi licence, \$50 000 for a subsequent licence and then nothing for third and ongoing licences, what sort of an impact is that going to have on people who own taxi licences?

Mr SINGH — People have already committed suicide. We have already had two; two attempted — one on the day of the strike we had down here. I can see dozens and dozens of drivers who have worked in the industry for 40 years. Back in 1986 Tom Roper, who was then in charge of transport, said when they handed out \$50 000 licences to 300 of the best drivers in Melbourne, when the licences were \$75 000, ‘This is your superannuation’ — it is recorded — ‘This is your business’, and so everyone believed.

Now, whenever you purchased a licence it was like when you purchase a block of land, there is a section 32 and everything is explained to you. Nothing was explained when purchasing a licence about the fact that the government can take this from you for nothing or next to nothing. I believe the government is at fault for not advising people, because they got a transfer fee; every time there was a transaction done, they got a transfer fee. Now, it was their duty to explain to the buyer, ‘Are you aware that the licence can be made to be of no value at any time by the government?’. Never was that mentioned. It is not even documented in there. It may be in section 32 of the legislation or whatever, but as in when you were buying and selling, it was never mentioned at all. You can have a look at their documents of transfer, and you can see it is not in there.

The CHAIR — The government have announced what they want to do with the buybacks and the \$100 000, \$50 000, then nothing for subsequent licences.

Mr SINGH — Yes.

The CHAIR — What is the view of the VTA in terms of — —

Mr SINGH — The VTA, I cannot answer for.

The CHAIR — Sorry, yes, your organisation.

Mr SINGH — But for the Victorian Taxi & Hire Car Families and drivers out there who own, it is just a disaster. I had a gentleman call me on behalf of his friend this morning 20 minutes before I came in. He has got three kids. He lives in Mill Park. He has three licences. He leases five licences. He has got a letter from the bank — I asked him to supply that to me because I do not want to say something that is not true, so I said, ‘Supply it to me, and I will bring it forward’ — that they are going to take his house, because they now know that the value of the licence is nothing.

So there are going to be hundreds if not close to 1000 families now getting letters that ‘Your licence is worth nothing. Either pay up or we’re going to sell the house from under you’. So that is the current situation right now. That it has happened to one family is bad enough; to happen to maybe, I would say, 1000 families, it is disastrous. You can just imagine coming to Christmas it is a disaster. It is very painful. It is painful for me here.

The CHAIR — So right now and here, in Melbourne and across Victoria, we have people who own taxi licences whose homes are at imminent risk.

Mr SINGH — Yes, absolutely. The government has put out that you can only apply for the special fund if you bought the licence after 2011. Now, I can tell you in 2010 and late 2009 licences were over \$500 000. It seems very convenient that they did it in 2011, when the Fels inquiry was starting and as licences started to drop, if you know what I am saying. If you got financial hardship — if you bought in 2008, it should be 2008. There should be no cut-off line, if you understand what I am saying. I do have a cousin who has a licence worth 540. He owes over \$300 000, and he is in that situation too. So it is happening, and it is very, very scary.

Mr LEANE — Thanks, David, and I 100 per cent accept your submission around the concerns around the level of compensation that you have prescribed. I think to balance that — and I do not agree with it — on talkback radio people are ringing in saying, ‘Taxidivers should not be compensated anything because that was their business risk they took’, and then you have economists helping different inquiries, putting out graphs saying that this is how much money taxidivers made over the year and they should not be compensated. What would you say to that?

Mr SINGH — Yes, very easy. The one that Uber is going to present you tomorrow from the Grattan Institute; they paid Grattan Institute to come out with a report, hypothetically. So the fact of the matter is the Essential Services Commission never factored in the price of the licence to what the fare should be. That was never factored in. That is the first and foremost thing everyone must understand. Secondly, we have different stakeholders. If I owned a licence, it is the government that sets the level of drivers that we have. It is not the

taxi industry; it is the government. They have set the bar down to here; they have set the bar down to the floor. They have deliberately set it down to the floor.

It would make sense that if you had a driver that was a permanent resident that lived here for five years — we are talking hypothetically — rather than jumping off a ship or a plane, six months later what do you think the quality is going to be? The quality is totally different. The minimum level was set by the government; it was not set by the taxi industry. It was not set by the taxi owner. The taxi owner has got a licence; he can only put someone in that car who is accredited. The government accredits the driver. They have set the standard down to where the shark droppings go to, and that is why we have got what we got. Then when people complain on 3AW, they think the driver is the owner. Yes, some of them are, but the driver is a representation of what the government has accredited.

I was a trainer for five years at 13CABS, and we had to deliver the training that the government set. One of the standards was you had to have 5.5 as a minimum IELTS level into university. That was pretty low; it should be 6, because if someone says to me a suburb, I have got to be able to understand. Now the government says you do not need to be able to speak English. There is no English requirement now. How is that going to improve service? I thought in the final draft report it says, 'Better service'. How is it a better service if I can drive a HQ Holden? That is what it is. How is that better?

Then they got a report from Monash University that it makes no difference how old your car is. I used to work in the insurance department with the company in terms of taxis. The average commercial vehicle, whether it is a taxi or a rideshare, has about two accidents per year. Every time you have an accident it weakens the capsule of the vehicle. After five years if that car is involved in a semi accident, that could explode. So you tell me how a car could be safe if it is 10 years old? It is not just based on wear and tear; it is also based on accidents.

I have put a submission in. I have spoken to someone in reference to that. I do not know whether they are going to take that on board, but I am very passionate. I know that is a fact. It may have come down to 1.9, but it is roughly two accidents a year. It does not matter — I am not making any bias towards rideshares or taxis, but if you are a commercial vehicle operating 24/7 doing 150 000 kilometres a year, you are going to have a couple of accidents. Whether you were right or wrong, it does not matter. You are going to get hit from the side, the back or the front. You can get your own report and find out, but every time you are involved in an accident it weakens the structure of the vehicle.

Now they are saying I can get a roadworthy for the car and drive it as an Uber or a taxi. How do they know if the vehicle is cut and shut — it means, in other words, that the car was not put together in two pieces? How do they know how many accidents that vehicle has been in? These are the measures that should be in place. I probably covered three or four areas — sorry about that — because I am passionate about all areas.

Mr LEANE — No, I understand that.

Mr SINGH — But in terms of the quality of the driver, we must understand in 2013, when they implemented that Fels report, in 2014–15 complaints dropped by 40 per cent across the board. It is there in the 2014 stats with the Taxi Services Commission. You can have a look at it. It dropped. So why are we doing what we are doing?

Mr LEANE — Thanks for that extra information too. Can I get back to the arguments around — there are people arguing for zero compensation, which is not the government's position, as we know, and I respect that — —

Mr SINGH — Yes, okay. So we get back to that. So — —

Mr LEANE — I want to bring you to that the Liberal opposition transport spokesperson, David Hodgett, was quoted in *Neos Kosmos*, the Greek paper, on Saturday, 27 August — so only a couple of Saturdays ago — arguing that there should be no compensation, to the point that he says the government's compensation package is 'a slush fund to buy the votes of the companies that hold these taxi plates'. So not only is the Liberal position no compensation — —

Mr FINN — That is not the Liberal position.

Mr LEANE — I am reading from a paper that he is quoted in.

Mr FINN — Well, if it is in the paper, it must be true!

Mr LEANE — I am only reading from the paper.

Mr SINGH — I understand what you are saying.

Mr LEANE — Yes. So what would you say? I do respect your position about disappointment towards the level of compensation, but what would you say to people who say there should be no compensation?

Mr SINGH — Okay. Firstly, we have never had the opportunity — today is the first opportunity — to explain to the public how it works. It was a regulated market. The government controlled the market. If I wanted a licence, if I wanted to drive a taxi and own it, I had to buy it at market price. They set up the BSX — Bendigo Stock Exchange — in 2006. I was trained up in 2005 in reference to that. They set that to make it a transparent transaction, if you know what I am saying. Now the government is collecting a \$23 000 a year, or near enough, lease from drivers. You have to put \$600 000 in the bank to get \$23 000, maybe \$700 000. That is the way the value of licences works. If interest rates were 10 per cent, the value of a licence today would be \$200 000. That is investment.

The government in the Kennett era — Tom Roper — allowed investors to come in. Prior to investors coming in, it was just the mum and dad drivers. It would have been a reasonable price. The government has collected \$30 million a year from the taxi industry in fees, because they were running 1500 cars — 600 green tops, 600 maxi taxis and several hundred other cars — on which they have been collecting \$30 million a year. They have been engaged in this business, so we have got to take it separate from it being a video store. This was a regulated business. We do not have to deregulate the business. Why do we? Why don't we keep the status quo?

Mr LEANE — So would that be your argument?

Mr SINGH — My argument is nobody pay anything; keep the status quo.

Mr LEANE — Would that be your preference?

Mr SINGH — I would say keep the status quo. If rideshare want to be in it, the only thing I say with rideshare is it must comply with what we comply with exactly. They are saying they do not want a camera, and we have a camera. If you ever get a chance, please go to whosdrivingyou.org — it is in the US — and there are thousands of assaults and rapes on passengers and drivers. A camera helps to minimise the risk of an assault. I have gone off the road there, but in other words — —

Mr LEANE — You believe that because it is regulated you should be compensated.

Mr SINGH — You either pay us out fully, whatever it may be, or, two, leave the status quo and let us compete on the same field in terms of the compliance cost and the regulatory cost. I know that governments want to get out of this and probably want to get rid of the Taxi Services Commission, but the public deserves safe travelling and needs to be protected. We are not just looking after Mr and Mrs Smith; you have got people in wheelchairs. If the taxi industry is not viable and they are not making money, the disabled will be let down. It is simple. You need a turnover of X amount, as you are well aware, to make it fly.

Mr LEANE — To be able to subsidise.

Mr SINGH — But we need the chance. When everyone thinks, 'The taxidriver shouldn't be compensated', do you know what they are thinking about? They are thinking about that driver that knocked them back. You see, most of the people that are retired rely on that as their pension.

Mr LEANE — I think that has answered my question. Thank you.

Mr BOURMAN — Do you see, if ridesharing does become legal, it will have a greater or lesser effect on regular taxis or hire cars, given they operate in a different manner, as you would well know?

Mr SINGH — No, because they affect both, because they have UberBLACK, which is VHA — which is the hire car — and they have UberX, which is similar to or below taxis. When you say ride sourcing, we are all ride sourcing. Taxis have been ride sourcing — —

Mr BOURMAN — Ridesharing, or however you want to call it.

Mr SINGH — Okay. In all honesty, we are all ridesharing. The hire car is the genuine ride, but technically speaking the correct ridesharing, because why? Because the customer and the driver know where they are going to, and the fare is agreed upon before we go. Uber, the fare is not agreed upon before we go. Technically speaking, UberBLACK was illegal, and the government did not understand that. The conditions of a VHA hire car are that, before you jump in, you and I must agree to a fare, you and I know where the destination ends and I know what your name is. When Uber dispatches a booking, it has your name, but the driver never gets a destination and there is no predetermined fare, so it is a taxi. The genuine ridesharing is actually the legitimate hire car, because I know where you are going to, whereas the Uber driver does not know where he is going to until the passenger jumps in the car, and then he has to then swipe. He cannot swipe the app until a customer is in. Once the customer is in the car, then he will see the destination, and only if the customer has put in the destination.

Mr BOURMAN — Regarding the \$2 tax they are looking at putting on both Uber and the taxi industry, what impost are you predicting on the taxi industry to actually collect and give that to the government?

Mr SINGH — The way that I understand the system working now, there are modems now in every taxi that have been put in through Cabcharge. On the app they are able to identify every time you put the meter on whether it is a radio booking or a hail, so the system is already in place for that to happen. The only one that would not be would be a hire car, because he would have a prearranged fare, and the government would not know what is happening with that.

Mr BOURMAN — So will he just have to add \$2 to that, to a prearranged fare?

Mr SINGH — Legitimately putting him in that position, he may not even disclose it because he does not even have a meter.

Mr BOURMAN — Yes, but whether he discloses it or not, it is hard — —

Mr SINGH — But in terms of taxis, most of it will be disclosed, because now the Cabcharge EFTPOS and the modem — they are virtually now in every taxi — knows every radio booking and also knows all the ride and the hailing, if you know, at the taxi rank where it is not a radio booking. It collects all that data, and 13CABS and Silver Top have that data.

Mr BOURMAN — So then will 13CABS and Silver Top have the job of getting that money to the government?

Mr SINGH — They will know what it is. In my opinion, the NSP should be paying it and the customer should not be paying it. The NSP, as in 13CABS, collect close to \$8000 a year already from the operator. They can cover that, and I believe Uber — if they are crying about it, their drivers do not have to — can pay for it. They do not pay any business tax in a real sense. It is not a level playing field if I, the driver, am paying tax, and their driver may be paying tax. Cabcharge is paying tax, 13CABS is paying tax and Silver Top is paying tax according to our law — yes, 30 per cent business tax. What is Uber doing? How is it a level playing field until Uber itself or any overseas company pays the same tax as Australian businesses? In my opinion, they pay the \$2. In my opinion the taxi industry should not, because the company is already paying business tax. Correct?

Mr BOURMAN — Yes.

Mr SINGH — But if you want to collect it, go for the NSPs, go for the big players; do not worry about the drivers. It does not have to be passed on to the customers. The big players already make enough money. Uber is struggling at \$80 billion, and Cabcharge is making plenty, so I cannot see why the NSPs cannot pay for that and the customers not pay for it. As a driver they collect about \$770 a month, roughly that.

Mr BOURMAN — The last thing is, in some places in the world ridesharing has been legalised, so obviously that has had an effect on the taxi industry. Have you done any research to find out what that is actually likely to do to the taxi industry from what has happened?

Mr SINGH — Yes. If rideshare is able to operate on a non-level playing field, Uber says that they do not do rank and hail. We all know that if you use the Uber app, the Uber app is the new rank and hail. Seventy-five per

cent of the market is rank and hail. Twenty-five per cent of the market, roughly, is radio bookings. Their app is a rank and hail. If I am in Alma Road, St Kilda, at 11 o'clock in the evening and I am a young woman, why would I go out to Alma Road and wave a taxi when I can sit in my room and just book and wait for him to come and go out? That is the new hail. They are taking the hailing business, and I think you are all very well aware that they are. They claim they are not rank and hail. They are the new electronic rank and hail. The ihail app that 13CABS has or whatever is also electronic rank and hail.

Mr BOURMAN — Do you have any actual figures? With taxis, when I say rides, the number of rides reduced by 30 per cent — —

Mr SINGH — In Manhattan about four years ago they worked out that roughly there were 3.2 million fares dropped in the taxi industry, and Uber gained 3.2 million, so there was correlation. I can provide that later on. I did not know about that question, but I am definitely happy to provide that. Do not get me wrong — Uber is also taking work from trams, trains and buses. I agree with that, but they are taking a lot more from taxis. The issue I have is that it is a false economy that Uber is running. There is a running cost to running a vehicle. The ATO states that running your own car as a business, outside of just as a sales rep, is 75 cents a kilometre. Taxis are about \$1.15 a kilometre and VHA would put rideshare around 90 cents to 95 cents a kilometre, give or take.

If they are only charging \$1 a kilometre and 21 cents a minute, so \$1.21, and they have to pay 20 per cent to Uber, that gets them down to 98 cents. They are not making money. These drivers are subsidised by Uber. It is a false economy. That is what is happening. You can see: 'We will pay you up to \$30 an hour in peak period if you do not make the money. We will pay you'. The drivers see the money coming in. What they do not realise is that three months later the ATO wants their money, their 20 per cent, and then six months down the track they have got the brake pads and the tyres. But they do not see that. Nine months later they are gone overseas — they have gone back home — and not the ATO or anyone has collected any money, because they are only here for a short time.

Mr BOURMAN — Thank you. One last one. Obviously over the years the taxi industry has had issues that prompted the Fels review, regardless of what you think of the outcome, and the cages surrounding the drivers and things like that. Should ridesharing become legal and more widespread, and particularly because it will be less regulated, do you see the same sorts of issues over time happening to ridesharing or ride sourcing, whatever you want to call it — —

Mr SINGH — As assaults and that sort of thing?

Mr BOURMAN — Just those sorts of things.

Mr SINGH — Absolutely. There is clear evidence overseas that it is happening. I can go and get a prepaid Visa card, create a fake email and a fake name. I can do that and have one dollar on the card. My mate rings me up and says, 'Buddy, I've got me and my mates who want to go. We want to go to Dandenong. We don't have any money. Can you organise it for us?'. It happens. I was an Uber driver, so I understand. I would be going thinking I would be picking up the passenger who had booked it, but I would be picking up his mates. He does not know whose other mates they are. What happens if they are influenced by drugs or alcohol or if they get assaulted? It is going to happen. It definitely will happen. Then where is the video evidence? There is no video evidence. Within the terms and conditions of being a registered member, you are not meant to do that, but people do that. So, yes, drivers will get assaulted.

The other thing a lot of Uber drivers do — and it is a clear fact, and if you want me to prove it, I can prove it within two weeks — is accept cash. I can be standing outside the Prince of Wales and throw out \$20, and I can say, 'Can you take me to St Kilda from St Kilda?', and he will say, 'Yes'. So where is that cash economy going? That driver now is not protected because on the booking system it does not have him yet picking up a passenger. So there needs to be compliance that they do obey the rank and hail, because if they do not, it is also the driver's safety and the passenger.

The other thing I know is that there are some drivers who have been kicked off Uber, but they are still going around with the Uber app. They look for drunk women and people who are intoxicated. We call them 'UberX XXX', and they are just looking. It is open. We have got to be very, very sure that we have a system in place that protects the customer and the driver.

Mr FINN — David, thank you for your contribution today. You made some, I thought, oblique allegations a little bit earlier about your experience with UberBLACK. Given that you are covered by parliamentary privilege today, would you be kind enough to give us some more details of that?

Mr SINGH — Yes, I was with UberBLACK for a year. It was very good to me. I have no issue with UberBLACK. It was legitimate. It was accredited. Most of the customers were fantastic. I got great ratings. Everything was good. But at the same time, when I would go in, I might have an issue or two, and they were very good helping me out. I saw how they were handling UberX drivers. A lot of these UberX drivers were on 457 visas and other visas. I am not 100 per cent sure whether 457 visa drivers are allowed to drive taxis or hire cars. I do not think they are.

The reality is — and I know this, and I could put my hand on the oath — that they were clearly at that particular point advising drivers. Drivers would be asking them, ‘Do I need my car insured?’, because that was the issue they were worried about too. The trainer would say, ‘Look, if they don’t know that you’re driving UberX’. Because how do they know that you are driving your vehicle for a fare? If I am involved in an accident or if you and I have an accident, I am not going to tell you I am an UberX driver. There is no way of finding out. But if I am a taxi, you can identify that I am a taxi or a hire car. So what would happen if he is involved in an accident — and I am sure they were involved in accidents — is the insurance company would be paying them out. It is your tax dollars at the end of the day; premiums will go up. That is what was happening. I am not saying that is happening now, but I can clearly say in the first year or so that I was there, within their training, yes, that is what they were doing.

Mr FINN — And did you say you were assaulted?

Mr SINGH — Yes.

Mr FINN — While you were there?

Mr SINGH — No, okay. They have an induction day when they try to recruit drivers. I was there on the induction day. It was at the hotel out in Airport West. I entered. I wanted to hear them give their full training and induction to potential people. At that time people were asking, ‘Are we regulated?’ — ‘We’ll be regulated soon’. One of the questions was, ‘Are we protected with our insurance?’. They would say, ‘Yes, you’re protected’. I said, ‘Hang on a second, let’s take it back a step. How are they protected? If they’re driving a vehicle that’s not commercial, okay, and doesn’t have commercial insurance, that’s not protected. Just tell them the truth’. Then I was chested, I was headbutted, I was spat at and I was kicked out of the centre. I can provide that as evidence, too; it is on YouTube. That was by their trainer in induction on how to handle customer service.

Mr FINN — Obviously very effective.

Mr SINGH — I can show that. When it occurred it was actually presented to a lot of people in government, who were shocked.

Mr FINN — That does not sound good at all. I was just wondering: given the added competition that is coming the taxi industry’s way, do you think this will actually make the taxi industry get its act together?

Mr SINGH — Can I take two steps back to go one step forward with this?

Mr FINN — Please do.

Mr SINGH — Okay. You have the network service providers. The network service providers, 13CABS and Silver Top, have two customers: one is a driver, and one is a passenger. They will only employ the staff that they can afford. They know during peak periods they will need a lot of staff to handle calls. They sometimes would not have enough staff. They would then collect the data. You have had the experience, you have held on for 15 minutes for a taxi — that gets down to the staffing level. They knew if they had enough complaints, they could take the matter to the government and say, ‘Look, we just don’t have enough cars’. In actual fact they do, but the issue was that they were slow in responding to calls because they did not have enough staff.

So who benefits out of the complaints? The NSPs. In the last nine years they have introduced 1500 cabs at \$8000 a pop to each of the depots. That is \$12 million; they gain \$6 million each. It has never been in the NSPs’

interests to invest money to provide a better service for the customer, in my opinion. I was there during that time. I had a private conversation with one of the managers there, and I said, 'Why aren't we leading the way?' The answer was, 'We're not going to spend any money unless the opposition spends money'. It has never been the taxidriver's fault. The taxidriver is the one who receives the booking, but if the call centre is not fully occupied, then the customer is not receiving the service and they are going to complain. The people who were not providing the service were 13CABS and Silver Top, and who benefits? 13CABS and Silver Top. The poor old driver is being caught out in all this mess.

To go one step forward, now that there is competition — what is competition? Competition is when both people are starting at the same starting line and are going off, but at the moment for the last three years Uber has been starting at the 90-metre line with 10 metres to go, and we have been starting back because our NSPs have failed to implement the new technology, as you were talking about.

Mr FINN — Would it be fair to say that Silver Top and 13CABS have been acting almost like a cartel to the disadvantage of the drivers and the passengers?

Mr SINGH — A very dangerous word, but as close as you can get to saying what you said is my opinion, yes. But please take that as nothing to do with the driver or the vehicle. When we talk about 13CABS it is always about the driver, but when we talk about 13CABS here today it is about the NSP. It is not the drivers but the NSPs.

Mr FINN — I hear what you are saying. In fact the driver has been disadvantaged.

Mr SINGH — For years.

Mr FINN — Possibly more so than the passengers.

Mr SINGH — Absolutely, yes. There have been many cases where the system is so old — you have probably had it, but I do not know if you have — that two taxis will go to your address. You have probably heard of two cars going to the one address. That is because the technology is old. The system tries to give it to the first car, it cannot get to him, it gives it to the second car, he gets there but eventually the first car gets the same booking. Two cars — inefficiency through an old system. Because of the NSPs being lacklustre in investing in the future, it has affected the taxidrivers' income and also the taxi owners' income.

Mr FINN — So do you think some of the big operators in the taxi industry have brought the situation upon themselves where Uber has stepped in and filled a vacuum?

Mr SINGH — Technically speaking they have been illegal all the way. Their technology is great. It should have always been there. I am sure 13CABS and Silver Top could have had that same technology. They failed to invest. Due to their lack of investment the consequence — part of the consequences — to the taxi industry and to the consumer has been a poor service basically because of it being inefficient. So they have contributed, partly contributed, to what has been happening today, in my opinion, towards the driver, who are not being —

Ms DUNN — My apologies if you have already covered this, and my apologies for not being able to get here until now. Mr Singh, the Victorian Taxi Association have put forward a position that talks about one lot of legislation rather than two tranches of legislation and a \$3500 entry fee instead of the \$2 levy on rides. I am just wondering in terms of your organisation whether your views align with that position.

Mr SINGH — I cannot speak on behalf of the VTHF in reference to that. If you are asking for my opinion, that \$3500 to \$5000 would be, I think, adequate. Sorry, what was the other point you were —

Ms DUNN — The VTA have suggested that there should be only one lot of legislation to change how transport operates, instead of two lots of legislation. I am just wondering: do you have any views on that at all?

Mr SINGH — The beneficiary out of all of this will be 13CABS and Silver Top because the more cars there are, the more depot fees, so they benefit from that. I do not know if you know, but the VTA represents the NSPs predominantly. Part of the payments that drivers or the owners of the vehicle make monthly goes to the running of the VTA. The drivers or the owners virtually have no say — most of them have no say — in whether they support the VTA. I would say that 98 per cent of owner-operators do not support the VTA, because the VTA represents 13CABS, Silver Top and Cabcharge.

Should there be one? I think, if there is going to be one, there needs to be a cap. There needs to be sustainability and equity for all. And what that is? At the moment taxi occupancy rate is 25 per cent. That means that 75 per cent of the day they are doing nothing, and that is on 5500 cars. With Uber coming and if they get bigger and bigger, the occupancy rate will become less and less and it will become inequitable to run. So it is a balance of how many cars and whether we do this transition in a slower way so the government can look at it for two or three years. If it was going to be one, maybe 7500 to 8000 cars as one and leave it for two or three years and see how it goes.

The CHAIR — Thank you very much, Mr Singh, for coming along and answering our questions today. We certainly appreciate your time. I remind you that you will receive a copy of today's transcript for proofreading in the coming days and that that transcript will ultimately be made available on the committee's website. Once again, thank you very much for your attendance today.

Mr SINGH — Cheers, thank you very much for your time.

Witness withdrew.

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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Mr David Samuel, CEO, and

Ms Georgia Nicholls, senior adviser, government relations and communications, Victorian Taxi Association.

The CHAIR — I declare reopen the Standing Committee on the Economy and Infrastructure public hearing and welcome your good selves and everybody else who is present here this morning. I will explain that today we are hearing evidence in relation to the inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say here today, but if you go outside and repeat those same things, those comments may not be protected by this privilege. Welcome to your good selves. I might ask you to introduce yourselves, state your roles within the organisation and then move into any introductory comments. We will then have some questions from the committee to follow, so over to you.

Mr SAMUEL — I will start. I am David Samuel, the CEO of the Victorian Taxi Association, which you have just been discussing. My role is to run the organisation. I have been in the organisation in that role for about two and a bit years now. Previous to that I did a similar role to what Georgia does now, which is government relations and communications work.

Ms NICHOLLS — My name is Georgia Nicholls. As David said, I am in government relations and communications with the Victorian Taxi Association. I have been there three and half years now, which has been a pretty action-packed period.

The CHAIR — Fabulous. Have you got some introductory comments?

Mr SAMUEL — In terms of an opening statement, I will not say too much. I distributed, as part of our submission, a proposition we basically put to the current government, who are considering this issue. I thought it sensible, just to be consistent, to provide that without too much more commentary. I think it is fairly self-explanatory. We have been quite clear that we recognise that the world is changing around us and around our businesses quite rapidly. Regulation is always slow to move in those spaces. We understand that. But we put forward this proposal that basically looks at two key pillars, if you like. One is allowing the industry to transition into that new space where we see a market now which has far more competitive pressures than there were in the past. Secondly, it is important to ensure fairness for people who operated in the previous regulatory structure and make sure they are looked after as a part of that transition process. As I said, it is all pretty much covered off in there. We have since obviously had a government announcement. There are elements which are similar in the government announcement and other bits which are not as similar. But we are basically happy to take any questions the committee has.

The CHAIR — Very good. I might begin with a question then on that regulatory framework that has been announced by the government. We heard from the previous witness that he certainly felt that the consultation was not a true and proper reflection of what came out in the media release that effectively stated what the government intended to do with regard to deregulation of the industry. I am interested to find out the VTA's view on consultation that may have occurred and whether or not that consultation was actually taken on board by the government.

Mr SAMUEL — I would suggest that from my time in doing this type of work it was a fairly standard consultation process. The organisation that gentleman claims to represent was at every meeting I was at with the minister and other stakeholders through that process. I do not think there was anything that came out of the decision that was particularly surprising. There are issues that we would certainly like to see addressed coming out of it, but I do not think there was anything disingenuous about the process. I think the process was pretty standard. There was a fairly significant level of consultation through that.

I think in modern government people tend to make their decisions in departments and in political circles a little more independently of external stakeholders than perhaps occurred in the past. That is nothing surprising to us. But I would not fault the consultation process. The minister, I think, has been fairly open to all stakeholders in terms of discussing the issues at hand, as the previous minister in the previous government was. It is about, at the end of the day, that they have to come out with a decision. They have come out with a decision, and it is about looking at that and seeing the bits you like and you do not like. But I would not suggest that it was the consultation process that really affected that in any way.

The CHAIR — From my view, a consultation process should be one where stakeholders are engaged and heard from, and then their views are taken into account when the response from government is provided to provide a solution to an issue. Did that occur, or was it just a matter of you being listened to, and then the government going and doing what they wanted to anyway?

Mr SAMUEL — No, I think a lot of what the government have done, particularly in a framework sense, is listen to industry about the challenge it faces and the changes we face, and you can see that from what we proposed and in terms of what they have put forward. There are issues around the fairness fund and these types of things, but as a framework sense, I think it was the most concise argument that was put to government, and they accepted large parts of it — in the sense of a framework. In terms of them making a decision, I suppose ultimately they have to, and we will continue to talk with them and say what we do and do not like and try and get changes where we want changes, obviously.

But at the end of the day, the minister ran her ministerial forum, they took any number of submissions on what people thought should be done and there were varying views in that space definitely, but there was a lot of material provided. As far as I am aware, there was a lot of material provided. In those meetings, as I say, those consultations were very rarely run in isolation. It was usually done where you would have several stakeholders who had an interest. Uber were involved in that, disability groups were involved in that, we were and the group the gentleman represents were involved in those discussions, so it was a fairly standard consultation process.

It is always confronting, I think, when you get to the end of it and then government make an announcement, because you are not always going to like all of it, and you think, ‘Hang on, how do I now get involved in that?’. So people feel a bit, I think, shocked when that final decision comes down. But as I say, I do not think it was really the consultation process as such.

The CHAIR — Talking about that announcement that may have been a shock to some, part of that was a \$2 levy on every trip, whether that be Uber, whether that be taxi, whether that be a hire car. That was announced as a part of the government’s response. What is the VTA’s view on that \$2 levy per trip?

Mr SAMUEL — We have made it quite clear that we do not support it in any way, shape or form. We have been told for the last 10 years that we could not have fare increases, because the impact on demand would be too great and consumers could not afford it. We had to accept those decisions. This represents the biggest single fare increase in Victoria in a long time. On a country taxi fare this is almost a 20 per cent fare increase. So we are concerned about that. We understand the government’s need to compensate and to recover money in order to do that; we just think there are better ways to do it, which are contained in our proposal. We are not convinced by the arguments that the levy is the right way to go.

In terms of the structure of that levy and how they propose to implement it, New South Wales did a similar thing in December last year in terms of paying their compensation packages. We are nine months into that process, and still no-one knows how they are going to do it. You cannot simply turn around to a company at the end of the year and say, ‘Give us \$50 million’. Despite what the previous witness said, these companies do not have that sort of money sitting in the bank. There is one company that does, but most of them do not, and their ability to pay that will be very difficult. They will then have to recover that money, so they will have to go out to the people that actually do the trip and recover that money. These companies have no involvement in the actual transaction, so they do not actually see that money. It is between the driver and the passenger, and then the driver and the operator, so it never goes up to that level. Their ability to recover it, outside of electronic payments, is next to zero.

In South Australia they determined they were going to do it at the transaction level. Once again, I have got no idea how you do that. I mean, 60 per cent of the payments are still cash. Are you going to have a tin can in the cab where you drop a dollar in? To me it is unworkable. It is unjust. The consumer should not pay for this. Government have a responsibility. They took millions and millions of dollars out of this industry for a long time. It is not the consumers’ responsibility to repay that. We are happy to say the government needs to find a way to pay for it, but it should be done via entry into the industry, not via the consumer. That is our firm view, and we have made that pretty clear.

The CHAIR — In Queensland I believe the Queensland Labor government looked at collecting \$1 from taxi and Uber riders and the like; however, they found that the cost of collecting that \$1 would actually be more than \$1 and therefore they would effectively be losing money.

Mr SAMUEL — It would be enormous. The cost of doing this will make these companies debt collection agencies, not taxi dispatch companies. It is a very expensive process to manage. You have got to consider that you have got 5500 cabs in Victoria. At the moment sort of 50-50 are split across the networks in terms of numbers — probably more on one side than the other, but close to. That is 2500, roughly, that you have got to

go and get money out of. Now, most of those licences are held by single people, so just one car on the road. They are not fleets. You cannot do it; you have got to chase all that money. It is a big impost on those companies. And that is in Melbourne. Outside of Melbourne these are small co-ops; they are not companies. They are not-for-profit organisations. They simply do not have that money in the bank to pay it or the resources to collect it. It is just unworkable, in our view, and an unnecessary impost to avoid trying to hold certain companies accountable who just do not want to pay anything at all.

The CHAIR — Very good. With the \$2 levy as it has been announced, however, I have heard discussed that in fact it may not be technically seen as a levy, but rather a sales tax, and as we would be well aware, the state government does not have the legal capacity to collect a sales tax; that is in the remit of the commonwealth government. Does the VTA have a view on whether or not this is in fact a levy or whether it is a sales tax and whether or not the government can even legally collect this \$2 levy or tax?

Mr SAMUEL — We do not claim to be lawyers, but we are certainly seeking that advice. I think the New South Wales association similar to ours did that work and found that it was not a sales tax. It seemed to hinge on the fact that a tax is something that is seen to be permanent, whereas a levy is something which is temporary, and as a result you define the levy as a levy, not as a tax. But there seem to be a lot of grey areas in that discussion. I have not received the formal legal advice yet in that space, but I will wait until I do before I give too much comment on that topic.

The CHAIR — Just to move on to the buybacks of the licences now, obviously the regime has been set out by the government. In effect, if you own more than two licences, those subsequent licences are effectively worthless, in terms of the buyback. What is the VTA's view on that?

Mr SAMUEL — I think our view is stated by our position in our paper, which is that we believe that every licence should be bought back. The big difference here between every other jurisdiction, and one of the things we are very supportive of in terms of the government's approach, is that it is bold. But in being bold and removing that licence, that perpetually held thing, you are creating a new world, and you have to accept that people had to build businesses over a number of years, and in order to do so they had to buy these things. There is a big focus on the Melbourne market, which is understandable, because a vast majority of licences exist here. Allan Fels did a very good job of convincing people that these people are investors. Nothing could be further from the truth. In the vast, vast majority of cases these are people who bought a taxi licence because they were required to do so by government a long time ago, and then that acquired value over time because of the rules established by government.

I have got members in the country. They had to build up those fleets of taxis in order to service their community. I have a member in Hamilton who had to buy another six taxis to service her community. That cost her \$900 000. She had to go and buy those licences in order to run that taxi service. She has done nothing wrong. She has gone out, built her business and serviced her community. There are no complaints against her service from the community. She has now left with \$15 000 she still owes money on. That is not equitable in our view.

In Melbourne there are people that own an awful lot of them. Yes, that is the case, but once again everyone oversaw that process for a long period of time. I think we have shown through our modelling that you can achieve fairness here without blowing the state budget out of the water. You can get that money back via entry over a relatively short period of time and make sure these people are dealt with fairly as we adjust and transition to a new world.

The CHAIR — Certainly I think it is true that the impact that this is going to have on the regional areas needs to be focused upon as well. The committee went to Bendigo to speak with concerned organisations and people in Bendigo. We certainly heard from the manager of the Bendigo taxi co-op that he felt it would be a very brave government that would proceed with this in its current form, because he thought there would be a huge fight. Indeed he committed to a huge fight against the government if it continues along this line. Is that the view of the VTA as well — that this is something that you are going to be fighting the government against? Where to from here for your organisation?

Mr SAMUEL — Look, it is a fair question and a hard one to answer. At this point in time we are having very productive discussions with the government, with the minister. We intend to continue doing that and seeking that change. It comes down to a simple question of where you can fight that battle if you choose to fight

it. In our view it is far better to be in the room having those discussions, being sensible, being productive and trying to produce outcomes for people who need fairness and equity out of this process. So I am not going to make veiled threats against the government and behave in that manner. All I will say is that we have to look after our members and we have to look after our industry and do all we can do to make sure they are properly accounted for as a part of this, as I say, dramatic process.

The CHAIR — Thank you, Mr Samuel, and I do not think they were veiled threats from the manager in Bendigo.

Mr SAMUEL — Sorry, no. Yes, quite explicit threats.

The CHAIR — No, no.

Mr LEANE — Thanks, David and Georgia, for your time. At the start of your submission you said that you have been with the VTA for a number of years in different roles, so you would have been involved in a lot of inquiries.

Mr SAMUEL — Yes.

Mr LEANE — You mentioned Mr Fels. So this would be number — —

Mr SAMUEL — This would be no. 3, this one.

Mr LEANE — No. 3. What sorts of great expectations would you have out of this one?

Mr SAMUEL — Look, I think that we have seen a lot of inquiries and we just need results now. We need certainty for our industry, we need sustainability and we just need to move forward. I respect the right of the Parliament to call for inquiries, of course, and to look into things properly and do them properly. But what I would say is that I think there is enough information out there and I think it is pretty clear now. If you go back to the Fels inquiry, there was not a lot of information. It was a murky thing, and it was a strange industry that had been allowed to grow in certain ways over a number of years. It was very confusing. I think this one is pretty clear. The industry is facing significant competitive threats on a number of fronts. That corrects market failures that in the past needed to be regulated for. It is now time to open that market up and allow people to compete fairly, while at the same time accounting for those people that have invested in the industry.

Look, I wish you all the best in your inquiry, and by being here today I am obviously happy to take part in it, but I just think that what our industry needs more than anything is some certainty.

Mr LEANE — I think we do need to be wished all the best. I think, and you touched on this, that it is important that there is a level playing field and a safety standard that everyone has to reach. Is that pretty — —

Mr SAMUEL — Yes. When you regulate I believe that you regulate either for market failures or for safety. Those are the two reasons a government would intervene in a market. In the past, given the structure of the industry, you needed to intervene. Fare setting is a classic example. You needed to intervene not to protect the industry but to protect the consumer from any abuse that they might have suffered in pricing — so you had to regulate. As you introduce more competition, the need to regulate in that space dissipates. In the safety area, that is never going to dissipate. That is why we have said that at that top level, if you create one licence, everyone plays by the same rules at that central point. That is where safety needs to be accounted for, so that the person has a proper police check, not one they do once and then never get done again — like we do now, where every taxidriver goes through the LEAP database once a month, so that if they do commit an offence after that initial one they can be identified and removed. We want to have all those proper insurance, registration, WorkCover and TAC issues covered off at that central point so that every Victorian getting in a cab or an Uber or a hire car knows that they are covered off and they are safe. I think that is the government's key responsibility. As I said, there are still going to areas in the market where we will need regulation, but that will dissipate over time.

Mr LEANE — I fully respect that you are passionately representing the people you are paid to represent around the transition and fairness, and I appreciate that you have got some concerns about what is being proposed at the government level; I fully appreciate that. But it sort of goes from a point where some people are out there — I mentioned it before; they might just be on talkback radio or they might be the opposition spokesperson — and they are saying that there should be no compensation.

The CHAIR — I am not sure he did say that.

Mr LEANE — I have got a record of it.

The CHAIR — I know you have got it on paper.

Mr LEANE — I am glad that my colleagues disagree with their spokesperson — —

The CHAIR — No, that is not what he said.

Mr LEANE — That is good.

Mr FINN — We have to work out what the spokesperson said.

Mr LEANE — That is right. There might be a spill.

Mr FINN — There is only one place there is going to be a spill, brother, let me tell you!

Mr LEANE — David, I suppose that is something you are combating. You are combating this mindset. A good example from the previous witness was, ‘I started a video shop and everyone went to DVDs. I didn’t get compensated’. You hear that; that is what you are combating. How are you combating that?

Mr SAMUEL — That is the biggest challenge. There is a public perception when you look at industry restructure and transition that, you know, is a very simplistic view of that. Naturally, people do not want to and do not need to understand the detail; they just want a cab to get them where they want to go when they want it. They do not understand the complexity of what lies behind it. We have seen a number of commentators in the media come out and make some pretty bland, and I think at times cruel, statements about people, particularly in this industry — that it is a failed industry and so forth. I just think that is rubbish. I do not accept that. The world is changing; the industry has to be allowed to change with it. The industry has not failed. It is just that the regulatory structure does not any longer allow it to compete effectively with the new market entrants, and as a result we have to change that. But there is always going to be public concern about government paying out large sums of money. I respect and understand that. I have just got make an argument to the decision-makers to say, ‘Guys, this is why it is fair, and this is why it is necessary’, and that is what I will continue to prosecute.

Mr LEANE — The VTA’s relationship with Uber — is it because Uber obviously look like coming into the market in a regulated form, rather than before when they were operating illegally, which obviously gave your association and your members great angst? Do you see there being a relationship being built between Uber and the VTA, or is it still being competitive?

Mr SAMUEL — I do not really speak about Uber much. It is a new business model. They are one company that provide service in that space. My concern is that when a new entrant comes in we all play by the same rules. I have no personal issue with anyone or any company, except to say that my members need to be afforded the same flexibility that they are in as to how they run their business and face the same costs. Other than that it does not really bother me what they do.

Mr LEANE — If everyone is on a level playing field, good luck to them?

Mr SAMUEL — Yes. I do not really care beyond that, and I certainly would not shut the door on a conversation with anyone if they are thinking of coming and being a member. I would love it. But at the end of the day it is not an attack on a particular company. It is a business model I do not like personally, and it has caused my members a great deal of angst and suffering, unfairly. Once it is fair, you cannot complain. If they get more customers than you, then they are doing a better job. That is the way it comes out at the end of the day.

Mr BOURMAN — Just one quick question: Uber have announced that they are going to do a pre-booked fare at some point in time, much like a regular taxi. Do you think that it would be fair to restrict ridesharing people to a certain business model so that it does not directly attack the already existing taxi industry?

Mr SAMUEL — In our model what we see is that we are not really talking about restricting people are such, so everyone would get the same licence, and that would open up a number of business opportunities to you. So you might choose just to do app-based work; that would be your choice. You might choose to do

anonymous rank and hail. You might choose to run a traditional hire car service that only uses phone bookings or whatever it might be. But at that basic level down there as the business with that permit you get to choose what you want to do. So if you want to do a combination of both, nothing would stop you; you would just need the livery on a car and a camera, if you were going to do anonymous at work and so forth. I think it is much more flexible model at the bottom there. Certain companies will want to focus on certain market segments, and as a result their vehicle will look and behave in a certain way. But we are not talking about restricting people in terms of how they do their business like that, and I think the government understand that. Part of having it at that licence conditions level is it makes it must easier to adapt and change those conditions. Where it is enshrined in legislation, obviously it is much harder to adapt and change quickly.

Mr BOURMAN — Given the current proposed legislation really does not have a level playing field, the way I am sort of going at it is that it is going from ridesharing in the historical model, for want of a better term, to a pure almost taxi thing, if you want. It just seems to me that there is an avenue for having what a taxi would do, whether it is painted yellow or someone's personal car, without the restrictions.

Mr SAMUEL — Yes. There are all sorts of opportunities this opens up in that space, and when you free it up they are the opportunities that are presented. I would say that it is an interesting question too with the notion of 'what is a booking, what is rank and hail' and how that world has changed. I mean, it was really easy to segment it 10 years ago. We were the first people in Australia to introduce booking apps for taxis, and once that happened you started to blur that line very quickly between what is a hail and what is a booking. If you walk out on the street and go 'bang' on a phone and the car turns up within 3 minutes, I would suggest that looks far more like a hail than a booking in a traditional sense, so I think that is one of the real complexities in this space.

When you see regulators like those in New South Wales saying they are going to carve out the rank and hail market for taxis, I wish them luck because they have not been able to do it for the last five years. It has been breaking down; technologies and consumers will continue to break it down. I think it is unenforceable. That whole notion of what a booking is, what a rank and hail is and so forth has changed. I mean, Uber themselves set up ranks at Avalon Airport and other places; they want them at airports. It is a complete blurring of that line, and to pretend, as they have in other states, that you can regulate it, I think is very misguided.

Mr BOURMAN — Just roll with the technology?

Mr SAMUEL — You just have to, and then protect the consumer wherever you can.

Ms DUNN — Thank you for your submission this morning. There are just a few areas I want to explore. The first one is around the current insurance that taxis are required to have. I just want to try and get an understanding of, I guess, the cost of that insurance and the coverage of that insurance and how that would compare with what currently might be in place with ridesharing services. I understand you might not know the ridesharing side, but I am still interested to understand the taxi side of that.

Mr SAMUEL — Samantha, I might let Georgia answer that, because it is one of her favourite topics!

Ms NICHOLLS — The requirements that were brought in following the Fels inquiry to effect clarity around insurance for taxis was to say that they needed to have a minimum of \$5 million coverage in a commercial policy, which is provided by an insurer which is covered by the commonwealth Insurance Act. So there was an attempt obviously to clarify what was the existing situation in taxi insurance, which was that there was a lot of group buying approaches, so what is called taxi clubs; and that was an attempt to really remove the influence of people going into shared buying schemes for insurance and clarify individual policies. I think it definitely has improved. The market has probably still a way to go in that space, and we have been working with a number of organisations that have been assisting in determining how successful that has been and where we can go to improve the robustness of those regulations. But certainly it is a regulatory requirement that every taxi have a copy of the policy in the car and are able to demonstrate that they hold a policy that is compliant with those requirements. I think that is fairly clear now as to whether or not you are compliant with those rules. Obviously the situation with ridesharing is very difficult for us to say other than that we understand that the app providers claim to have some sort of umbrella insurance that kicks in at certain times and does not at other times.

There have been various attempts in places in America to try and clarify what they call stage 1 tax, stage 2, stage 3. It depends on whether you have got the app turned on or off, whether you are on your way to a booking or not, whether you have a passenger on board; there are different levels of coverage. But we can be fairly

certain that the Insurance Council of Australia has put out some very unequivocal statements saying to their members that ‘If you are on a domestic policy, we will not honour those policies in the event that you are operating a vehicle commercially’.

Mr SAMUEL — I think also that brings up that very interesting point about: is this a commercial service, or are you sharing a car with someone? The insurers in Australia seem to be taking the view that it is a commercial service, money is transacted, changes hands —

Ms NICHOLLS — If there is a transaction.

Mr SAMUEL — and as a result there is some sort of policy movement from groups like the NRMA and so forth to try and create an insurance package that would cater for someone who was using their private vehicle in a commercial sense for some of the time, but it is still very unclear in that space.

Ms NICHOLLS — Naturally they want to try to find a solution because they know that certainly they will have members on their books that are operating their vehicles in that way and it is leaving them sort of exposed in making claims decisions at a time when they will not necessarily be privy to information about how that member is operating their vehicle.

Ms DUNN — Yes, how the car is being used.

Ms NICHOLLS — So they would like to be able, obviously, to clarify what product is applicable when, but there are certain caveats around the products that are available around occasional use. They say if you ‘occasionally’ use your car for ridesharing. Well, I think that is a very rubbery definition and you will probably find that those — —

Ms DUNN — What does that mean?

Ms NICHOLLS — Yes. Those people may have, with the best intentions, taken out that policy to try and cover themselves and end up exposed at the end of the day.

Ms DUNN — What would it cost — if you do know the answer — I guess, per vehicle to get that sort of coverage that is required under the law?

Ms NICHOLLS — It is a bit difficult to tell because we have been in this transition from what was a non-regulated space to now with regulatory requirements. It varies depending on whether you own and operate the car yourself as an individual, whether you have several drivers going in and out of it, what zone you are in. Obviously there are different risk profiles for a country wheelchair taxi.

Ms DUNN — Yes, metro and regional.

Mr SAMUEL — Fleet size.

Ms NICHOLLS — You know, in the ballpark of 3 to 5 grand a year, depending on the provider, your claims history and all that kind of stuff.

Ms DUNN — That gives me a bit of an indication.

Mr SAMUEL — It is also important to look at what that 3 to 5 grand buys you. The insurance policies can look quite interesting when you buy them in terms of excesses and things like that, and it is very different between businesses. It has been our firm view, at least for the last few years, that these taxi clubs, as they are called, which seem to be completely unregulated, are a blight. There are a couple of reputable ones, but the rest are just a blight on the industry and on the community more generally. What they also do is shut out genuine insurers wanting to come into the market because they do not want to deal with them.

Ms NICHOLLS — It obscures the market because the prices are not reflective of the real risk profile of a commercial vehicle, and so people see that as an option and think, ‘Oh well, I’m getting the same thing there. They will give me a certificate’.

Ms DUNN — ‘I’ll run with it’.

Ms NICHOLLS — ‘I’ll run with it’, yes, but it means the genuine insurers find it hard to price their product properly.

Mr SAMUEL — We have been working with the community legal centre and others for some time to try and find a way to remove these entities so we can have legitimate insurers move into the market. It is the only place in Australia where they exist. In every other state you have legitimate insurers insuring taxis at a commercial rate. It is a far more appropriate and better way to deal with it. It is just that they seem so embedded and hard to remove, and there is no specific regulator to deal with them because they are not really covering it.

Ms NICHOLLS — They fall through the gaps.

Ms DUNN — Okay. Thank you for that. Another area I am interested in, and there was a bit of a discussion about this in Bendigo, particularly with the taxi co-op up there, which is the taxi service and people with a disability. It was highlighted up there that there are issues currently with the provision of wheelchair-accessible taxis in that service generally. It comes with its issues. I just am interested in your comments about how we ensure that there are accessibility requirements across the whole suite of transport options, because I am concerned that they are going to get locked out of options.

Mr SAMUEL — It is a hard area to deal in. Outside of Melbourne it works really well. I mean, for example, in Geelong the response time for a wheelchair booking is quicker than a standard taxi. They perform very well, and that is because they are small geographic centres and it is easy to move the resource between bookings very quickly. In Melbourne it is much harder because it is a much bigger city; it is much harder to get a limited number of things around; and then if you introduce too many of them they are all competing for a pretty set demand pool, which means they cannot make enough money to sustain their business.

We sort of argued through this process that in the taxi industry this is probably the one area where there still is a market failure in play. It is very hard to balance demand and supply in that space and remove those resources. So we still see it as a challenge. Having said that, the vast majority of wheelchair work is done quickly and efficiently, but obviously because of the sensitive nature of the area and the vulnerable nature of the passengers, none of us likes to see those people being left isolated or unable to get taxi or waiting longer. It is about how you address that issue.

People have often focused on the booking. The booking is quite simple: you ring up, you book a taxi. The problem has always been getting the drivers to travel the distance to do the job or getting them to do the job when there is a more lucrative job on offer. We have been strong advocates over the last couple of years of saying, ‘You need to find a better balance in this regulatory framework between incentives to do it and a stick when you don’t’. There has been little to no enforcement of these licences in terms of actually lifting quotas; they are supposed to do a set number of lifts per month.

Ms NICHOLLS — It is very low.

Mr SAMUEL — It has been very, very low, and it has been largely unenforced. You also need to make sure that you have got the economic incentive up front to encourage the driver to go and do it. That does not mean that the government actually has to fork out more money. What it means is they have to spend the money they are spending now more efficiently. We think that is relatively easy to attain. We put submissions into the review of the multipurpose taxi program to say that. There is a bunch of sort of peripheral incentive schemes in place that are strangely administered and difficult to understand and so forth.

We have said. ‘Clean that up, introduce a system that says if you are going to pick up one of these permits or licences to do this work, there is a carrot, and that is you can make more money’, because the good wheelchair-accessible taxi drivers are making more money than any other taxidrivers; so if you want to do that work, that is the carrot, but the stick is you have got to do it. We do not want to see you at Melrose holding yard in a 4-hour queue for a passenger. I have been out there, and I have said for some time we need to just balance this, and I do not think it is that hard to get it right.

Ms NICHOLLS — There is also an argument that we put, I think, in that submission and certainly in what we put to the department regarding the MPTP — that there is actually an oversupply in the wheelchair-accessible taxi market in Melbourne, which resulted from a huge release of licences which was almost 150 per cent on what the existing fleet was at the time. That was in 2008. Not only was the auction

process around that quite perverse in that it resulted in people paying huge, huge prices way beyond market value at the time for a government licence of that nature, which obviously puts huge pressure on the productivity of that vehicle from day one, but also it means that there is not enough specialist disability work to supply those vehicles full time. So they have to go and search for that extra work all the time.

Ms DUNN — So the perverse incentive is that they have got to — —

Ms NICHOLLS — They have got to plug those holes all the time. So if you then end up 10 kilometres empty from a wheelchair job and you are halfway up the rank on Collins Street, there is a real tension in that choice for that driver, whereas there should be no tension there. It should be personally a regulatory expectation that they will take that trip, but also that at the end of the day if they take all those trips, they will be able to pay the bills. So I think there was concern in what government had told us about their intention to reduce the price on the current annual wheelchair-accessible licences at the same time as reducing the hire car licence fee. We think that would send a really dangerous signal to the market about the viability of taking up wheelchair taxis, and they are a huge infrastructure investment, obviously far out and way above an ordinary taxi. We think that if there is to be a better alignment of the kind of payment incentives placed both on the driver-industry side and the passenger side, we can achieve much better outcomes from the existing fleet, if not less, and actually sending more out will probably worsen the situation.

Mr SAMUEL — I mean, those licences have been coming back for the last two years. The taxi fleet has been growing, but the wheelchair-accessible taxi fleet has been shrinking dramatically. That is because there is not work for those vehicles. You are better off getting yourself a standard licence and doing standard work; it is cheaper to run it and more effective. We have not seen an increase in waiting times as those licences have been coming back, which is a pretty good indicator that the demand is pretty set. It is oversupplied. It is just not necessary.

Ms DUNN — I am pretty sure you were in the gallery for our prior speaker I asked a question in relation to whether his views aligned with yours on a couple of matters, and the submitter talked about your membership and who you represent. I just wondered if you could clarify for me your representation and whether you had any comments to make in relation to that?

Mr SAMUEL — I appreciate that opportunity. I could happily answer the other part of the question that he did not answer for you. Our membership is structured at a number of levels. First of all, we have network service provider members, then we have operator members and we have licence-holder members. They are the key membership levels. At a network service level the previous speaker liked to speak ad nauseam about two of our members. They are certainly our biggest members — that is Silver Top Taxi and 13CABS in Melbourne — and we thank them very much for their contribution. They could probably do a lot of this work without us, but they contribute a great deal to the industry in this way. At that network level it then goes right across the state, so I think we have 90 network service members, and that is most network service providers in Victoria. There are a couple that are not. I do not think Swan Hill are a member and a few other small country towns, and that is their right. They do not have to join.

At the end of the day most of those network members own licences and operate taxis and in many cases drive them, so to suggest that I am not interested in the welfare of licence-holders, operators or drivers is patently absurd — not to mention my president is the single biggest licence-holder in Victoria. While he separates those businesses, clearly we have an interest to make sure licence-holders get the respect they deserve while also transitioning the industry.

Our membership does not extend to drivers at this point, largely because we would not have the resources to deal with that influx of inquiries, and it is a difficult pool to represent and take money off because we do not think they earn a great deal of money. We provide any number of services to drivers. We are at the airport regularly, speaking to them. We deal with all of the issues when they are fined on they receive fines from drivers. We do all that free of charge. I have a staff member who is busy most days providing those services and spends a great deal of time with drivers. We put on lunches. We put on all sorts of events for them that are well attended. So I resent and reject the notion that we are only interested in two players in Victoria. The industry is far more complex than that, and if you were to take that view of it and operate in that way, you would be out of business in a week.

Ms DUNN — Thank you. I believe you have made commentary in relation to the two tranches of legislation that are mooted to be introduced. It is my understanding that the VTA thinks it should be one lot of legislation.

Mr SAMUEL — Yes.

Ms DUNN — I just wondered if you could elaborate on the concerns that you might have in that two-stage process.

Mr SAMUEL — We are concerned on a number of fronts. Basically, once you reduce that hire car to zero you create a set of perverse incentives if you do not do it to taxis at the same time. So you end up with one thing over here again, which is free, which is pretty much how it operates now with certain market entrants, and then you end up requiring these people to continue to pay a fee for the next 12 months while you do it. I understand that a lot of that is coming from a good place and good intentions. Our concern is that it will unravel in that intervening period where people will say, ‘I am not paying all this money for something when I could go and try and get one for free and operate the way I want to’, or, ‘Why am I paying full stop? This person will be gone in 12 months anyway’. It is a very difficult process to manage. As I said, the intent might will be good, but I think the process and the concern from us is that it will unravel and lead to a situation of government trying to regulate after something has gone beyond a certain point.

What we have said to the government is, ‘Don’t do that. Don’t rush it. Do it next year. Do it all in one go’. The other thing is that the government have to pass it, as the law requires, through both houses of Parliament. We would not want to see a situation where the first bill passes and the second does not, because that would just prolong the agony of the uneven playing field. So we are saying, ‘Make a quick, decisive decision’. We respect that particularly in terms of the second tranche. It is an awful lot of legislation to go through and amend in that space, and it has to be done appropriately. You cannot do that by October. You have to be realistic in that space. We understand that. What we are saying is: do it all in one go and get it right. Compensate people. Pay them their ex gratia payments, whatever they are, at that time. Move them on. Do it quickly and decisively. We are just concerned that you will end up in a situation where things will unravel very quickly once that first lot of legislation goes through. It is already starting to happen, where people are saying, ‘What licence have I got? How much have I got to pay for that? Who do I pay?’. The confusion is, as you can understand in an exceptionally complex licensing regime, paramount. I do not know if you want to add more to that.

Ms NICHOLLS — Well, as soon as that announcement was made the assignment market had collapsed. I think the intention was to try and maintain the income for licence-holders that were privately renting their licences for the period up until which the compensation package could be effected, but the idea that that is going to continue in the meantime I think is already proving to be untrue. That really leaves, again, people in a position where not only have they lost the income that they were previously getting from those assets, but they are in a position where they are waiting up to two years to even begin payments over then a further eight-year period. That idea that it will be business as usual in the meantime is not so.

Ms DUNN — It is already not happening. It is business as usual. Thank you.

The CHAIR — Ms Dunn, I thought we might cross over to Mr Finn and then if we have some further time at the end we might come back. Mr Finn, you are very keen.

Mr FINN — I am very keen. This Uber issues has been going on for a very long time, as I do not have to tell you, and if the change of leadership of the government that Mr Leane alluded to comes about, then perhaps it might take a little bit longer.

Mr LEANE — I was talking about your leadership.

Mr FINN — Can you tell the committee in your view why this has taken so long? Why has it taken the government so long for them to still get it wrong? This is somewhat of a mystery to me. Normally when somebody takes such a long time to consider something in every aspect and from every angle, they usually get it right, but on this occasion it has not happened. What is your view on that?

Mr SAMUEL — Mr Finn, I will not get too involved in the political side of it. I do respect that this is an immensely complex area and heavily regulated and legislated, which does make it hard to make decisions quickly. I respect that. I think we saw in other states that jumped earlier politically opportunistic decisions made

that they will come to regret in time, as will the industries that they regulate. Out of these processes you are always likely to get some things right and some things wrong. Some people will be happy; some will not be happy. There is no doubt I would have liked to have seen everything I put forward adopted by the government; that is the nature of what I do. I do not take issue with the length of time to get it right, but there are certain issues that we think could have been got more right, and I would agree with you on that. But I do not take issue with the length of time. I think that the Victoria Parliament taking its time to consider this properly and get it right once — not having to deal with it again in 6 months, in 12 months, in 2 years time — is a far more sensible approach.

Mr FINN — Do you see that happening? Do you think we will have to revisit this in 6 or 12 months?

Mr SAMUEL — Look, I think that if certain changes are not made, we run that risk, yes. We have made that clear to the minister and said that if some things are not done properly, we will end up revisiting this again. She is aware of that, as is the Premier, I hope — that we need to get it right in the first go. There is still an opportunity to do that. Cabinet has made a decision on this and announced what they intend to do. I would hope that does not mean that the door is completely closed on making sensible amendments to what is to be done, and if that occurs, then we have got it right first time around and the length of time is justified.

Mr FINN — You made it clear that you thought the compensation was not fair. What would be a fair compensation package?

Mr SAMUEL — That is my favourite question. It is a very hard question to answer, because people's ideas, a licence-holder's notion of fairness is — —

Mr LEANE — Is more than zero.

Mr FINN — More than zero, are you saying?

Mr SAMUEL — More than zero is a good starting point. Every licence-holder will have their own — —

Mr FINN — No. David Hodgett never said that.

Mr SAMUEL — I think that it is relative to each licence-holder's view of their own situation. Having said that, as an association you have got to come to a point where you can talk to government and negotiate around that. What we have said is that basically we need to look at market value for all those licences and each one of them. That market value has been fluctuating obviously over the last few years. When I started in my previous job in this organisation, they were worth half a million dollars. As we all know — it is well stated — that has declined over time, so naturally government have to draw a line in the sand somewhere and say, 'This is the rate at which we are going to buy these things back'.

We put \$250 000 for a metropolitan licence in our proposal and declined that over the zones, because in certain zones they were worth less and so forth. We would stand behind those claims and say, 'You can finance them, and you can do it', and you can get a whole bunch of people out of trouble at the same time. What we are very pleased to see is a proper hardship fund included in this announcement to make sure people are not losing their houses. We note the Premier's comments about that in the announcement. We do not want to see people losing their houses and left with debt. That would be a catastrophe for those individuals, and they do not deserve it.

If you compensate at a proper level, there would be a question mark around whether or not you even need a hardship fund, so you could probably spend that money differently and just say, 'We are just going to make sure that people are properly accounted for in that process', and therefore you would not need that money. Putting an actual dollar figure on it, though, is difficult and controversial. We have made our points in that submission, and we stay true to them.

Mr FINN — Putting on the devil's advocate hat, if I can, do you think that the taxi industry has largely brought this situation on themselves? Do you think that the industry has not kept up with the times? We have heard from a previous witness that in fact two of the big players have not invested to the extent that they should have invested to keep things up to date. Do you think that the taxi industry itself has to share a fair portion of the blame for the appearance of Uber and a lot of what has followed?

Mr SAMUEL — This is a global issue. This is not something that is unique to Victoria, where you can single out two people and say they did not invest enough. It is a global issue. Those companies are having to respond to those challenges, and their response has been hamstrung by the regulations and laws they follow. There were compensations. The previous speaker is speaking about something that he has no real knowledge of in terms of how those companies invest their money and how they operate. While we all have to respect his opinion, and we do, he has no detailed knowledge of how those companies operate.

The reason they look the same and operate similarly is that they were required to do so by law. The shape of their dome light was regulated. The colour of their door handle was regulated. They could not easily differentiate their brands. There is now a need in an increasingly competitive market to do that — to differentiate their brand. Are we perfect and were we perfect? Far from it. Did we respond to this challenge? Yes, we did. We had smart phone booking apps before anyone else in this market, so to suggest they were not innovating and investing in those, I do not accept. Did they get it right and perfect? No, they did not. That is why you have to keep innovating, keep investing and keep adapting. The law has to allow you to do that.

But I am not going to stand here, hand on heart, and say that we did not make mistakes. Of course we did. We have to address those mistakes, and we have to be given the freedom to address those mistakes. But to blame it on two companies — this is a global company that is going right around the world doing the same thing — is patently absurd. These companies will adapt and adjust to these challenges like they have always done, and they will succeed. End of story.

Mr FINN — What is the next step for the taxi industry if Uber is allowed legally into the market?

Mr SAMUEL — The most important thing is that we adjust to the expectations of consumers. We are in a competitive market now where people will demand things of us that we have or have not done in the past in different and new ways. If we are not agile and do not change with that in a competitive market, they will choose someone else's product over their product. It is pretty simple when the market operates like that. Once we get a level playing field, all is fair in love and war. At the moment it is not fair, because we cannot adapt, we cannot charge the prices we want and we cannot do those things. Once that is established, it is all fair in love and war. It is business. It is competitive. If our businesses are not good enough, they will not succeed. If theirs are not good enough, they will not succeed. I see it as being fairly simple in that space. Our industry has to adapt to the change and most importantly changing consumer expectations.

The CHAIR — I just had one final comment there, one question there, actually, in terms of the announcements about the regulation. I thought you were very kind in saying that they were announced via cabinet. I thought they were announced by the *Herald Sun* via a leak, but perhaps that is just me.

Mr FINN — That is the way cabinet works.

Mr LEANE — It was one member of cabinet.

The CHAIR — I am curious to know who has been made happy by these announcements. I was just jotting things down. Obviously there are your good selves, the VTA, there are ridesharing organisations like Uber and there are passengers. You do not necessarily appear to be entirely happy with the \$2 and the compensation. We are yet to hear from Uber, but I doubt they are going to be happy with the \$2 announcement that has been put in there. I think passengers who are going to be slugged \$4 for a return trip do not seem to be very happy. I am wondering where this announced regulation or deregulation of the industry has got it right, because I am struggling to see anybody who thinks it is a good idea.

Mr SAMUEL — I think lots of people think that. As I have said to you at the outset, there are two elements to this issue. One is setting up a framework, a commercial structure, a regulatory structure, moving forward that allows businesses to succeed and to compete and honour the requirements of consumers. That is one set of issues, but it is contingent on another set of issues, and that is short-term fairness for people. That is where the angst rightly comes from and will continue to come from. Once those things are addressed the framework will allow us all to provide a better service, so I do not doubt that. You can read that in my paper, in my proposition; it is clear that is the way I think the world is going. But I have made it very clear also that I want people that have invested in the old regime to be properly accounted for.

Naturally those people will quite rightly receive a lot of attention as part of this process, and they should, but there are lots of people that win out of it in the longer term. In the short term, yes, it will be difficult. But I cannot think of a decision any government from either side could have made that would have avoided that. It is like any industry going through significant structural change, and we saw it heavily through the 1980s and 1990s. We have seen it in the agricultural sector. We have seen it in the logging sector. We have seen it in the automotive sector. This is really confronting for people, and it is very easy to pen a piece in the *Herald Sun* and degrade the contribution of those people, simplify it and make them sound greedy. That is not the case. They contributed and committed and invested an awful lot of their lives in this, and they deserve respect as part of it. That is always going to be the focus when these processes occur, but I cannot think of any outcome in this situation where you can get it 100 per cent right and make everyone happy straightaway. It will take time.

I would implore you guys to work together to achieve that and make sure that when it comes to Parliament we do get the decision right, that the right thing goes through, those people are accounted for and at the end of the day the people you represent largely, the consumers, are looked after as to whatever framework develops coming out of that.

Ms DUNN — I am wondering if you are aware of taxidriviers who also drive for Uber, what that number might be and what their motivation for doing so might be.

Mr SAMUEL — It is a very good question. I will not name the company because I am sure there will be other companies that come into this space. We do not have clear numbers on it, but we know it happens. The really interesting thing we have seen is that traditionally in the taxi industry, even with a lot of drivers available, which certainly has not been the case over the last couple of years, cars were hard to fill during the week. It was hard to fill those shifts. A Tuesday morning was hard to fill. Fridays and Saturdays you could not get enough drivers to drive them.

Ms DUNN — Plenty of work.

Mr SAMUEL — What we have seen is a complete switch of that. Our cars are full during the week. There are plenty of drivers to drive them, but there is no-one to drive them on Friday and Saturday nights. The reason we think that is is that our fare structure means that you earn more in a taxi during the week than you would doing rideshare. Come the weekend, when the price surges, all the drivers want a share of that, so they go and drive those services. We have seen a complete and perverse shift in that over the last 12 months to 18 months. It is quite fascinating to watch and quite concerning to watch. I could take you down to a depot of cars on a Friday night down in the south-east now and show you a full lot of cars waiting to go out — taxis — because they are not driving them. They are out there making more money doing rideshare when the price surges. When the price drops off on the rideshare during the week, when demand is lower, they flip.

That to me is a demand and supply issue of labour allocation and how you allocate that labour and the market actually achieving that. There is a notion in this industry that we should not be able to put our prices up with demand. When you do not have competition, no, you would not necessarily want to see that. You would not want to see the 9 and 10-time surges we saw over New Year's Eve, but there is only one reason they can do that, and that is that they have no-one to compete with in that surging market. So once we can push our price up, they go nine, we go eight, they go seven, we go six, and we find a proper plateau. You are not going to be able to address that through regulation, but you stand a far better chance of addressing it through competition in that space.

We do not want to see customers charged nine times the price. At the moment, though, people can do that, and they just come back to the good old regulated taxi that has their tariff limited. We cannot also be allowed to be second best in the pricing market and told, no, we have to accept a restraint on how we do business but our competitors do not. That also breaks down that rank and hail issue too, Samantha, in that once upon a time you could not do that as a hire car because you had to have a pre-booking; now with technology you can overcome that issue relatively quickly.

The CHAIR — Ms Dunn, did you want to have a final question and maybe any further questions we might be able to put on notice? I am just conscious of the time.

Ms DUNN — Yes, it is a really quick one, and it leads to software. Do you see time when taxis will be able to utilise the same sort of software in Uber so that you can book and know the fare you are going to pay?

Ms NICHOLLS — You already can.

Mr SAMUEL — You already can; 13CABS, if you use their app, you pay on the app; Silver Top will be doing it shortly; on ihail you can to it all. They need to refine those products, which they have been doing, and they do, in my view, just as well. It is a marketing issue as much as anything.

Ms NICHOLLS — You have got full mapping, and you can see all the cars that are available. Once a car is allocated it will tell you the car number. That connects to the public register and will give you the driver's name. The driver can contact you anonymously — they do not get your number; you do not get theirs — they have a driver connect system so that they can call and say, 'Hey I'm out the front', or, 'Where are you?', or whatever. There are in-app payment and in-app receipts, driver ratings, passenger experience ratings — the whole lot.

Ms DUNN — So it already exists?

Mr SAMUEL — Yes.

Ms DUNN — That is great.

The CHAIR — Thank you very much for coming along and presenting evidence today. That evidence that you have provided will be provided to yourselves by way of a transcript for proofreading in coming days, and that will eventually find its way onto the committee's website. Once again, thank you very much for your attendance today.

Ms NICHOLLS — Thank you.

Mr SAMUEL — Thanks for your time, everyone. It is appreciated.

Witnesses withdrew.

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 Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr George Kapnias, managing director, Southern Cross.

The CHAIR — I reopen the Standing Committee on the Economy and Infrastructure public hearing and welcome everyone present today. We are hearing evidence in relation to the inquiry into ride sourcing. The evidence today is being recorded. All evidence taken today is protected by parliamentary privilege. Therefore you are protected for what you say here today, but if you go outside and repeat those same things, those comments may not be protected by the same privilege.

Welcome, and at this juncture I might hand over to you to introduce yourself and to give us an idea about the organisation you are representing and then move to any introductory comments. We will follow with some questions from the committee. Over to you.

Mr KAPNIAS — Terrific. I understand that I have about 10 or so minutes to present an opening remark —

The CHAIR — Indeed.

Mr KAPNIAS — and then I am happy to have an open dialogue and answer questions.

The CHAIR — Great.

Mr KAPNIAS — Thanks very much, firstly, for inviting me to the inquiry today and for offering me the opportunity to address the inquiry. Let me begin by declaring my biases. I am a second generation hire car operator. My father, Theodore Kapnias, started driving taxis for my godfather in 1960 and was a career owner-driver of both taxis and hire cars for over 50 years. I personally obtained my DC — driver certificate — in 1989, owned and operated a wheelchair cab or London-style cab for five years and, in 1996 I founded Southern Cross Chauffeur Drive.

Southern Cross now operates 32 VHA-registered sedans and people movers; four are company owned and the balance of the vehicles — 28 vehicles — are owned by full-time owner-drivers who work exclusively through Southern Cross. The company services approximately 50 000 bookings per annum, employs six full-time and two part-time staff in the office and is the primary, and in many cases the sole, source of income for 45 career drivers. I am 48 years of age. I have been in the industry for 27 continuous years, and I propose to be in the industry for another 20.

We have been operating in an industry which for the past 25 years has been living with the periodic threat of deregulation hanging over our heads like the sword of Damocles. Just over the past 15 years we have had the KPMG Peat Marwick review, the Rob McQuillan review, the Essential Services Commission review, more recently the Allan Fels review, the ministerial forum and now this inquiry, to name but a few. All along, however, a precondition to one's involvement within the industry has always been the capital cost of compliance and the largest single item has been the cost of purchasing a taxi or hire car licence — an MH licence. This has always been the case, whether you go back to 1963, when my father bought his first taxi licence for £4000, or when Southern Cross bought its first MH licence in 1998 for \$78 000. The cost of buying an MH licence has always been made with one eye over one's shoulder, operators not knowing when the musical chairs would stop.

So when the industry became aware that this government had finally overcome its prevarications of the past two years and announced a parliamentary inquiry we were hopeful that the inquiry would conduct a thorough process of due diligence. We assumed the inquiry would conduct its deliberations, receive submissions, hold hearings as it is today and, in turn, make recommendations to government upon which the government would thereafter make a decision. Unfortunately it seems that even this has proven to be presumptuous, because after two years the government suddenly made its own announcement irrespective, it would seem, of the inquiry's eventual recommendations.

That being said, the advent of ridesharing has offered this government, I believe, an ideal opportunity to establish an overarching industry architecture that can be designed to serve the travelling public of Victoria well into the future, and, after all, that is who it is all about — the travelling public of Victoria. We are of the view that if the reforms are favourable to the travelling public, our customers, they will invariably be good for the long-term industry participants such as Southern Cross.

As I stated in my submission, we welcome a decision that will: ensure the travelling public has a broad choice of operators, including ridesharing services — and I believe Uber is but the first; secondly, ensure the security

of the travelling public by mandating basic minimum standards, such as police and health checks for drivers, commercial passenger vehicle insurance, maximum age limit of vehicles and roadworthy condition of all cars; thirdly and probably most importantly, ensure a level playing field is created for all operators within the industry and eliminate the existing dichotomy where one part of the industry has onerous capital and compliance costs and the other has virtually no costs — and also a decision that would ensure that existing operators who have invested in good faith in government-issued licences over an extended period of time are fairly compensated.

In addressing the committee, I will assume the committee is familiar with my submission, and I will talk to my submission in light of the government's recent announcements. There are two broad issues. The first part is those announcements with which we agree. Southern Cross welcomes large parts of the announcement, including the establishment of a level playing field by making available, as I understand, commercial passenger vehicle licences in the state of Victoria to all industry participants at the same low cost regardless of how those operators wish to source their bookings; the removal of unnecessary red tape, including mandating car standards — that is something that each operator can determine depending on which market they wish to service; and the removal of the current confusing and convoluted mandatory driver certificate system.

As I stated in my submission, these matters are best left to industry operators to administer just as is the case in so many other industries. Southern Cross, as an example, currently recruits, trains and manages drivers to a standard that is independent of and well above the standards required to obtain a DC. We will continue to enforce these standards and improve on these standards, irrespective of the minimum government criteria, and only by doing so can we hope to stay competitive and prosper. This also applies to our vehicle standards. So Southern Cross wants to impose more stringent vehicle standards and high levels of driver training. It wants to impose working with children checks and to enforce a strict uniform policy, as we currently do. The market will respond accordingly and reward those operators who do so well and with diligence. These parts of the proposed reforms are good for the travelling public as the costs to business are minimised and those costs that do apply are applied evenly so that all operators can compete equally. I encourage the inquiry to support these proposals.

The second part brings me to the part with which we do not agree, and that is the issue of compensation to existing licence holders. Over the past 12 years the government has been selling hire car licences, initially for \$66 000, then for \$55 000 and since the Fels review, for \$40 000. As I understand, the government sold approximately 650 licences over this period, which equates to about \$35 million from industry participants, largely mum-and-dad investors who have either paid cash for their licences or borrowed money and secured that loan against their family home. But in all cases these payments have been made in full, up-front and in advance. Had those same conditions been applied to the company for which Mr Allan Fels now advocates, the 11 000 drivers on the uberX network would have had to have paid \$40 000 each, a total of approximately \$450 million. In order to be able to charge lower fares, Uber has been allowed almost a half-billion-dollar free kick.

The government proposes to pay only \$25 000 for the first MH licence, \$12 500 for a second MH licence and nothing for any subsequent licences. To rub salt into the wound, it is proposed to make these payments over eight years. In my case, for a lifetime of compliance and a lifetime of savings, working hard to buy permission to operate hire cars, Southern Cross, which owns four licenses, will receive \$37 500 over eight years. I put it to the inquiry that this is mean spirited and a miserable proposal. To put it in perspective, this is from a government which currently enjoys a \$3 billion operating surplus, spends tens of billions of dollars on every other form of public transport, found itself able to compensate east-west \$850 million in its first weeks of government. It has allowed Uber a half-billion-dollar leg-up, yet this is a government that, whilst in opposition, lambasted the previous Liberal government for unilateral determinations that were against the interests of licensees.

As I put to the inquiry in my submission, it would cost approximately \$48 million to buy out existing commercial passenger vehicle licences that are not taxis across the entire state of Victoria. I would have thought in the scheme of things this would be eminently achievable. Unlike every other form of public transport, the hire car industry does not and has never enjoyed any government subsidies whatsoever and has no access to subsidised taxi schemes. Since 2004, when the government decided to sell licences, the industry has operated in an open and competitive market and each additional licence has been bought from the government. The government has already banked that money. The industry has earned every dollar by generally providing an

excellent customer service and winning the confidence of its clientele — that is not just Southern Cross but across the industry as a whole — and the government has charged us for that privilege up-front.

In my submission I did not argue for the \$78 000 that I paid in 1998 and indexed for inflation by way of compensation, but for the \$40 000 that the government has legislated as the current cost of compliance. MH licences were never an investment like a taxi licence. They were not able to ever be leased, and for 12 years there has been no limit on the number of licences permitted to be issued. So just as it is good enough for the government to demand its pound of flesh up-front, it should now compensate existing licensees in the same format — in one lump-sum payment. There is a saying that I use, ‘What’s good for the goose is good for the gander’.

The final point I would like to make is about the proposed \$2 levy. The \$2 levy is not dissimilar to my proposal of a \$100 per month licence fee plus a \$1 levy per booking. As proposed, the government wants to start imposing the \$2 levy from 2017 and start making payments to industry from 2018. In other words, the government is asking our clients to fund its compensation obligations to the hire car industry.

I will probably reinforce the perception of me being an atypical thinker in the industry, but I actually have no problem with the concept of the levy in itself. In fact when I met with my local member, Mr Robert Clark, and Mr Guy, the Leader of the Opposition, 15 months ago in this building and when I have met with the transport minister’s own adviser, I actually put it to them that it would be fiscally delinquent of the government not to deal itself in on the industry and extract an annuity for the benefit of the state and the benefit of Victorians.

I think everyone knows that eight years is effectively forever, and let us not try to hide behind our finger. As with our tolls, I believe that the levy will be extended in perpetuity. At least, though, the levy that is proposed is applied evenly and across the board. There is a bit of sensationalist reporting about the fact that the levy is a brand-new tax on the travelling public. My response is that those opinions are naive in the extreme. The travelling public have had to pay increased taxi and hire car fees to operators in order to fund expensive government licences for a very long time. However, I do not agree that the levy should be indexed over time, as has been reported recently, and I believe it will raise well in excess of \$44 million annually.

As the population of Victoria grows and people of means continue to outsource driving duties, the industry will grow and, as a result, government revenues will grow. The government should practise some of what it preaches and support the industry to grow in itself and achieve increases in revenue through productivity increases rather than increasing the levy over time. I do wonder as to how the government proposes to administer the collection of the levy without establishing a mini ATO-style bureaucracy that will cost the government half its revenues.

In summary, the announcements are generally welcome but I believe the proposal to compensate licensees over eight years is not. The proposal to compensate only the first two licences, when each and every licence has been paid for in full, is certainly not welcome. It seems that the government can give an 11 000-licence head start to Uber but cannot bring itself to compensate hardworking, compliant, taxpaying citizens such as myself and the owner-drivers at Southern Cross for the licences and the permission to trade that we have rightfully paid for. Our clients do not want to be charged for these licences again, knowing full well the government has already banked the payment once. Thanks very much for hearing me out.

The CHAIR — Thank you, Mr Kapnias. We might move on to some questions. The first one I want to ask is just a point of understanding: exactly what are the different licence types? There is the MH, the CH and the SV. What are the differences between those three licences?

Mr KAPNIAS — Okay. The metropolitan hire car licence is commonly referred to as a VHA licence. It is a licence which permits someone to operate a modern, luxury car and to perform any sort of booking, other than pick up at the kerbside. So we are effectively a pre-booked cab. We can provide weddings, tours — do any sort of work — and to buy an MH licence we have had to source that from the government over the last 12 years at a cost. The CH licence is a country hire car licence, and those are the licences that are operated by hire car operators in Bendigo and Ballarat and across regional Victoria.

An SV licence is a special vehicle licence. If we go back some time, if I wanted to operate something that is unusual — a modern, luxury Lincoln limousine — and I did not want to do all sorts of hire car work but particularly wanted to concentrate on doing weddings and tours, I could obtain an SV licence, and the cost of

obtaining those was always far less. Theoretically you were not permitted to have a broad gamut. You were not able to do general hire car work; you had to do what your licence specified, which was either weddings or tours or that sort of thing. But it is very, very hard to police these things, and there has been lots of cross-pollination between drivers who say, 'Well, I don't want a stretch Lincoln now; I'll have a sedan Lincoln. Then I'll convert my sedan Lincoln to a sedan Ford', and they are effectively a hire car.

I am not of the view that there are separate markets. There is one market, and that market is called the travelling public of Victoria. There should be one licence, and it should be left up to operators to choose which market they service by the way they market their service, the standards they impose, the fees they charge et cetera. But they are the three broad classifications.

The other classification is the RH licences, which I have not put there because they are basically available for free. The RH is a 'right of hire'. If I have got a 1957 Cadillac, I can pay a small administrative fee and operate commercially. So more than 25 years old, I think, is the current — —

The CHAIR — Okay, a significant vintage. So in terms of the issue price that has been paid for these licences, am I correct in assuming the government is not going to be providing any compensation for the hire car industry?

Mr KAPNIAS — No. The proposal, as I understand it, is that licensees who own one licence will receive \$25 000 in compensation for the first licence, \$12 500 for the second licence and nothing for any licences held thereafter. In the example of Southern Cross there are 32 licensees at Southern Cross, 28 of whom are owner-drivers, and they own one licence each. The only one who owns more than one licence is the company, myself. I own four licences. As recently as December 2015, I bought a hire car licence off one of the retiring owners for the full value of \$36 000 plus GST, because there was no decision being made and I wanted to continue employing the drivers that were on that vehicle and to do so I had to pay for that licence in full — as recently as 12 months ago, knowing full well that that was just a permission to trade. That is what hire car licences have been, as distinct from taxi licences, which have been bought as an investment and you can then say, 'Well, Mr Smith, you can have my bit of paper and pay me \$2500 a month for your permission to trade'. We have not been able to do that with hire cars.

The CHAIR — So the \$25 000 of compensation, is that equally going to be available to those who are operating a country licence that in effect was a — —

Mr KAPNIAS — No, I think the country licence compensation fees are less — \$10 000 if I am not mistaken; I cannot be sure.

The CHAIR — Yes, so it does drop down from there. What impact do you see the current levels of compensation having on either yourself or others in the industry?

Mr KAPNIAS — Okay. Let me give you a small example: John Jessup. John Jessup is 70 years of age. He is one of the owner-drivers at Southern Cross. He has been operating a hire car for the last five years. He has done everything right. He has worked hard, he has got up at 4 in the morning to service bookings at 5 in the morning out to the airport. He has worked consistently five and six-day weeks. He is planning to retire in October; he is retiring in October. He is being offered compensation, as proposed, of \$25 000, with the payments starting in 2018, for eight years. So he will receive his last payment in 2026. That is \$3000 a year from 2018. He will receive his last payment when he is 80 years of age. John is typical of many operators out there in that he has bought a licence which has enabled him to operate a hire car. He has had to operate that hire car himself, and to suggest that it is fair and equitable for him to wait 10 years to receive a trickle of \$3000 a year is, I think, stretching reasonableness.

In the case of Southern Cross, I have paid \$78 000, I have paid \$36 000 — I have paid for every licence that I operate — and I will receive \$37 500 over eight years, for which, mind you, we will have to impose the proposed \$2 levy. Again, I do not have a problem with the concept of a levy, but the government is not going to be charging a licence fee; if the government is extracting a fee of sorts out of this industry, I think it would be a missed opportunity for the government. The government has got so many expenses. The government is under so much pressure to fund budgets and to fund hospitals and schools. So imposing a levy I understand, but I do not think that in the case of the hire car industry, where the hire car industry has actually paid for these licences — the government has banked the money — it should be termed a levy to compensate hire car

licences. In the clear light of day, if you speak to any taxi owner out there — and I empathise with taxi owners; I am related to many taxi owners because I have grown up in this industry — I do not think any of them would say to you, ‘I anticipate that when compensation does come, the government will do so in one lump sum payment’. I think every one of those people, on a one-to-one basis, would acknowledge, ‘Yes, we will probably get a payment over time’.

So to impose a levy over time, as I propose in my submission, that will go some way towards compensating taxi operators, I accept that. But in a situation where the hire car industry has already paid for its licences, paid for a permission to trade — because it is not a licence of a cab nature — and that money has been banked, I think the government, particularly when the sums are not so huge, is well within its resources to say, ‘Mr Hire Car Industry, thanks for your performance over time, but the rules have changed. Here you go. As of 2017, it’s an open arrangement’.

Mr LEANE — Thanks, George, for making the time and for telling the committee about the hire car industry, which we have not had a great deal of information from. It has been really helpful. I have a couple of questions. In your business have you sort of built up a loyal clientele? Obviously you go over and above now — —

Mr KAPNIAS — Well and truly. Yes, and our business is a little bit atypical. Our business over the last 12 months has actually grown marginally. But again it is not because of a lack of effort or a lack of diligence. It is because we have in fact kept our rates steady. We provide a far superior service, if you like, to that which can be expected from other options out there — UberX, taxis et cetera. Yes, we have a very loyal client base which we have built up over 20 years. We are a commonwealth government-approved supplier. We service large corporations. But more and more we are servicing just mum-and-dad travellers wanting a reliable service to get to their annual holidays, who want a car with a baby seat, who want a driver who has got basic compliance, and who want to receive a text the night before so they know that — —

Mr LEANE — That you are coming.

Mr KAPNIAS — That we are coming. They receive an email confirmation when it has been booked. I am automating my booking processes, and I anticipate that I will have an app of sorts within 12 months. But I do not argue that because I have got an app and other people do not, I should have a different licence category and different cost privileges.

Mr LEANE — I appreciate what you are saying. You are arguing clearly for a level playing field in that area. As you say, if people want to go over and above, like your company has, and build a certain clientele — —

Mr KAPNIAS — And lots of companies do.

Mr LEANE — And that is a commercial decision.

Mr KAPNIAS — That is right.

Mr LEANE — So getting to commercial decisions, your submission is in line with a lot of other submissions around the commercial passenger vehicle licence and the importance of that being part of the level playing field. Why would that be your submission? I am not arguing against you. We are trying to get our heads around the difference between a share driver, like, say, me — 5 per cent of the time I am an Uber driver, and I go out and pick up passengers, or whatever I do, and I have just got regular vehicle insurance with any insurance company compared to commercial insurance.

Mr KAPNIAS — I would argue that every person who is operating for commercial benefit should absolutely have commercial passenger vehicle insurance. If nothing else is mandated, that should be. The travelling public should have the confidence — and I am batting for the opposition here — to be able to order a car regardless of how they choose to order their car, via phone, email or an app, knowing full well that that car has basic safety procedures in place: the driver has had a police and health check; if there is an incident, they have got commercial passenger vehicle insurance; and if they choose to operate only — —

Mr LEANE — Five per cent of the time, yes.

Mr KAPNIAS — Ten hours a week. Fifty per cent of UberX drivers are reported to operate less than 10 hours a week. That is fine. They will pay less in the form of a levy. They will pay less costs. But for me to have to come up with a capital requirement that is onerous means I have to charge a lot more to get that back, and I cannot compete. And the success of Uber has been the fact that they have not had to come up with half a million dollars in capital, as the poor — and I will use this term — Indian owner-driver, because largely the Greeks who dominated the industry have moved out of the industry and more recently it has been the more recently arrived immigrants and they have a huge capital cost to come up with.

Let us work on the Fels reforms. They have imposed an \$18 000, if I am not mistaken, lease amount for cabbies. Now, if an average cabbie performs about 600 bookings a month, that is about 7000 bookings a year, so he has been charging a least \$2.50 per booking to make that \$18 000 lease that he has got to pay to the government. I think those costs should be levelled out so that we can compete on a level playing field for our clients.

Mr LEANE — I understand that is your submission. Now, there have been write-ups in certain papers, there has been talkback, there has been radio, and even with some political parties we are not too sure what their position is. How do you combat the argument that there should be no compensation for taxidriviers and for hire car drivers?

Mr KAPNIAS — Well, in the case of the hire car industry, I will give you an example, and I know you have had probably lots of right-wing think tanks that march through here and espouse the scorched earth policy — —

The CHAIR — I think they are coming tomorrow.

Mr KAPNIAS — They are coming tomorrow, okay. In the case of New South Wales in 2000, Australia was privileged to host the Olympics, and at the time and New South Wales government saw that it needed its hire car industry on side, but also it needed to increase the number of hire cars on issue. So what the New South Wales government did was it said, ‘Look, as of tomorrow we are going to start leasing licences to hire car operators so that there is more of them out there. And it is not a closed shop, so anyone who wants to lease a hire car licence from the state of New South Wales can pay \$8800 a year, and there will be an unlimited number of licences issued’. At the same time the existing licences were worth around about \$150 000. I do not know the exact details, but they were able to either continue operating or, if they chose to bail out, they could have chosen to be compensated by being given a taxi licence, which at the time was worth twice as much as a hire car licence.

I have not in my proposal argued, ‘Give me twice as much as what I paid’, but in that case I venture to suggest that the government actually needed the industry, it needed them on side, because it was on show, and to do so it came up with a solution which bought a lot of goodwill. Now, I have been in the industry for 27 years — the better part of 21 years operating Southern Cross — and every time the government has made a decision, I feel I have been burnt. Our licences, firstly, were mandated to be 66, then 55, then 40 — unilaterally. I was not consulted, the industry was not consulted, but that was the determination of the time, and we have not been operating in a monopolised environment. We have been operating in a commercial, open economy, so the permit which we have purchased has been simply a permit to operate. It is not a licence. It has not been an asset, and everyone knew it was not an asset. People knew it was not an asset; it was a permit to trade.

Now, you are taking away that permit to trade. That is fine. You are opening up the market. That is fine; I suggest it is actually good. If you do so, do so at one low cost for all. In my submission I argued for all operators that are pre-booked. I did draw a distinction between the pre-booked market and the taxi market, but the government’s recommendations or announcements go further than that. Given that that permission is going to be made available to everybody who is interested, I think it is fair and reasonable that the government compensate existing licensees the money that they have paid or at least the legislated value of that permission, as per the rules that were passed by the previous Liberal government on 1 July 2014.

Ms DUNN — Thank you, George, for speaking to us today. Following on from Shaun’s questioning, in relation to the issue of compensation, do you think that factored into that issue is that the purchase of that licence has enabled you to generate income for yourself — —

Mr KAPNIAS — Absolutely.

Ms DUNN — Do you think that the generation of income should be a factor in determining the level of compensation?

Mr KAPNIAS — Sorry, you will have to explain that to me. I am a basic hire car operator.

Ms DUNN — That is quite all right. So you have spent your money purchasing a licence.

Mr KAPNIAS — Yes.

Ms DUNN — You have made money operating as a hire car.

Mr KAPNIAS — Yes, earned an income.

Ms DUNN — So you have earned an income. Potentially you may have earned a very good income over a time span.

Mr KAPNIAS — Possibly.

Ms DUNN — Possibly. So do you think the level of that income should play a part in calculating the value of compensation, or do you think it should only be about the face value of the licence and not the fact that you have been able to generate income from that licence?

Mr KAPNIAS — Does the inquiry have any statistics as to what hire car operators earn?

Ms DUNN — We would love them, George!

Mr BOURMAN — No, but you can help us with that.

Mr KAPNIAS — I am happy to put you that since we have introduced our booking system in 2001, last year we broke the 1 million booking mark, so I can probably account to you for the bulk of the 1 050 000 bookings we have on our booking system.

I will speak for myself. I started in the industry in 1989, and I took my first three consecutive weeks off in 2010. For those 21 years, and since, I have worked six and seven day weeks, 12 hours a day or more. The industry is unforgiving. You hear the reports about the Uber drivers now who are starting and are realising there is no holiday pay, there is no one form of employee entitlement et cetera. Well, this is the market in which we have had to operate. Hire car drivers typically work five or six-day weeks, typically are available for a 12-hour day, generate \$100 000 or \$120 000 in income, 45 per cent of which is costs, so they earn a \$60 000 salary. They are working far and above a 40-hour week. They have capital which is exposed; they have risk. They do not have holiday pay; they do not have mandated other employee benefits.

So if there is an argument out there from other operators that somehow we have been working in a protected environment and have been able to charge exorbitant fares and make handsome profits, I would like to see the proof of that. I would argue and I would contest and am happy after leaving this inquiry to forward to you the sorts of revenues that are earned and the time spent on the road by the drivers associated with Southern Cross, who I would argue are some of the higher earning drivers in the industry.

Ms DUNN — Thank you, George, that actually gives us a very good insight in terms of the week-to-week life of a hire car driver.

Mr KAPNIAS — Yes.

Ms DUNN — I do not know whether you have particularly looked at this, but the government's intention is, and it has announced, that it wants to introduce two sets of legislation.

Mr KAPNIAS — I have not, but I am happy to be informed.

Ms DUNN — My question is more around if you have any comments about whether it should be one lot of legislation that covers off on everything or the two sets that were announced. But if you have not looked at it, that is fine.

Mr KAPNIAS — What are the two sets of legislation broadly?

Ms DUNN — The first set really seeks to create a very open market and does not look at compensation arrangements in it.

Mr KAPNIAS — Right.

Ms DUNN — The second set of legislation looks at the compensation arrangements.

Mr KAPNIAS — Okay.

Ms DUNN — That is it in a nutshell.

The CHAIR — I think that is right.

Ms DUNN — Do you reckon I did pretty well? I am not a government member, so hence I am trying to choose my words very carefully.

Mr KAPNIAS — Yes, fair enough.

The CHAIR — No, I think that is pretty close to what we have seen.

Ms DUNN — But if you have not examined it, you do not need to comment on that. The only other question I have is: are you aware of any hire car drivers who may also be driving for Uber?

Mr KAPNIAS — Yes, of course.

Ms DUNN — And the extent or how much that might affect — —

Mr KAPNIAS — Cross-pollination. There is probably lots of it. I mean, Uber started in Victoria. It was the Trojan Horse, getting people familiar with their technology, offering the technology to hire car operators and calling it Uber Black. Drivers sourced bookings between other bookings, during their downtime, or exclusively doing Uber Black bookings. And that is fantastic. That is called innovation within the law. But once people got familiar with the technology, Uber said, 'We'll jack up the rates of Uber Black by 20 per cent', which it did one day, and then a few weeks later they put them up by 20 per cent again. At the same time they introduced UberX. You swiped one way for Uber Black and the other way for UberX. UberX has a huge cost advantage over existing operators, and very quickly what we have seen, and what Uber tells its clients when it goes out and meets with them, is, 'Well, Uber Black is just — what we are really focused on is UberX'.

So innovation is welcome, and if they have got a better rat-trap than the rest of us, congratulations to them, and that should not be hampered in any way, but what needs to happen for the rest of us to be able to compete is for us to have the same cost basis to do business. Had we had access to the capital that we have invested in our permits to trade we would probably be able to develop a pretty sexy app ourselves.

Ms DUNN — It gets back to that level playing field.

Mr KAPNIAS — Absolutely, it does. I think at the very least the government should have one level playing field for anyone who wishes to service a pre-booking. I know there are people out there that argue that even that is becoming hazy because the response time of UberX is equivalent to walking up to a rank, so perhaps even that, as I have put in my submission, is outdated.

Mr BOURMAN — Thank you, George. We talk about compensation and we talk about buybacks and buyouts and all that sort of thing. At least in your estimation, in the hire car industry how many people actually want to call it a day as a result of this impending landing of ridesharing?

Mr KAPNIAS — None — none associated with Southern Cross. More broadly across the industry? I will just talk about the drivers at Southern Cross because, I am sorry, I am working pretty hard in my own little business to stay afloat in times of impending peril, like that facing Genghis Khan at the border basically. If we achieved a compensation package equal to the legislated amount of the licence, which is \$40 000, not one of the drivers at Southern Cross would say, 'That's it, I'm hanging up my hat' as a result of that. They may do because

they are reaching retirement age, but at the time when they are earning \$50 000 or \$60 000 a year, it would be, 'Well, okay, it will afford me an extra holiday down the track'.

So, perhaps unlike the taxi operators, who have a hell of a lot more capital invested in the licence, who may be saying, 'Bail me out; this is becoming too hard', the drivers at Southern Cross are there predominantly to drive, because they are career drivers. This is what we do, this is what we know, this is what we are good at, and in order to be able to service pre-bookings, in order to have permission to do that, we have had to buy a licence. So more broadly across the industry I am not in a position to answer that, but I do not think it would be a big portion of the operators out there.

Mr BOURMAN — So you are not going to expect mass walkouts or mass quitting to go to another line of work or something like that?

Mr KAPNIAS — No, particularly as generally drivers in the industry who are driving a hire car are doing it because, frankly, they got sick of driving a cab. They thought, 'I can do this a little bit better; and I would like to be well dressed, well spoken to and a little bit safer. I do not want to have the threat of having a Coke bottle put through the back of my head every night. And one way I can do this and continue doing what I know, which is being a career driver, is to operate a hire car'. And that is what they do. Generally the drivers who are driving hire cars are not university educated; they are not highly qualified people.

Mr BOURMAN — I am a fan of hire cars myself. Years ago I started catching them as opposed to a normal taxi. I will not go into the reasons why, but I stick with it for exactly the reasons you said. Anyway, I am not sure if I got my figures right, but I believe you said that compensation was looking at around about \$48 million?

Mr KAPNIAS — That is right.

Mr BOURMAN — And that with that \$2 levy it would be roughly \$44 million a year or something like that?

Mr KAPNIAS — Okay, well — —

Mr BOURMAN — I am not going to try and trap you with the figures; I am just coming up with a concept here. I just want to make sure at least I am in the ballpark. Do you think it would be fair, at least, to have a time limit on that levy, because clearly if the compensation goes through at \$48 million a year, after a year and a number of months that has been paid back, for want of a better term.

Mr KAPNIAS — You have got your figures — you are cross-pollinating. So \$48 million is a figure that I have come up with as a pretty accurate figure to compensate all commercial passenger vehicle licences across the state of Victoria that are not taxis. The government has reported that the levy imposed on the industry as a whole — hire cars, taxis and ridesharing combined — would raise \$44 million, and the bulk of that would be used to compensate the taxi industry, which is a heftier payout.

Mr BOURMAN — So obviously the taxi industry would have a much larger amount of compensation because it is a larger sector.

Mr KAPNIAS — That is right.

Mr BOURMAN — Okay. I just wanted to sort that out. I was not entirely sure. It just seemed to me like it would look too good to be true that you could —

Mr KAPNIAS — Good ROI!

Mr BOURMAN — pay it off, for want of a better term, after a year, and then we all go back. But curses, no!

The CHAIR — Thank you very much, Mr Kapnias, for coming along and providing evidence to us today. You will be provided with a copy of the transcript of today's evidence for proofreading, and that will ultimately make its way onto the committee's website. Once again, thank you for your attendance today.

Mr KAPNIAS — Thanks very much for having me.

Witness withdrew.

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 Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr John Gordon, owner, Classic and Prestige Car Hire, and secretary, Wedding Car Association of Victoria.

The CHAIR — I reopen the Standing Committee on the Economy and Infrastructure public hearing. Today the committee is hearing evidence in relation to the inquiry into ride sourcing. The evidence today 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 the same things those comments may not be protected by this same privilege. At this juncture I will hand over to you, Mr Gordon. If you might like to just state your name and the organisation you are associated with and then move into any introductory comments, and then we will go into some questions from there.

Mr GORDON — My name is John Gordon, and I am representing two organisations today. I am representing my own wedding car company, which is Classic and Prestige Car Hire, and I am representing the Wedding Car Association of Victoria, of which I am secretary. We will go into those a little bit further.

The CHAIR — Great.

Mr GORDON — Wedding car operators are really at the very end of the hire car chain. We have just heard from George about metropolitan hire cars — VHA and VHB. They sit here. Above them, of course, are the taxis. We are somewhere way down here. We have always been sitting around the very end of the tail of the dog. Whenever the VTD and government have had the dog wag its tail, of course we have suffered.

It is a little bit different, our industry, and there are two major parts to the wedding car industry. The first part is a bunch of old guys like myself, mainly retired, who love old cars, and we love to show them off. The second part of the industry are younger guys who go out and buy a bells-and-whistles stretch limo — you know, a Hummer or a Chrysler 300. They put with that an equivalent sedan, and they run their business accordingly. They are generally younger guys and been made redundant somewhere and just go out and get into the transport industry. The older classic car guys, like myself, we generally only do weddings. In fact 99.9 per cent of my business over the last 15 years has been weddings. The other small part might be a 60th wedding anniversary, or somebody whose dream is to ride in a Rolls-Royce — I might take them for a jaunt. The classic car part of the market is weddings only.

The guys that run the limos of course are out there doing everything they can. They are doing weddings. Funerals have become big, and debutante balls and school formals, which are all part of their SV licences — we will go into that a little bit later on as well — but they also do events, which is acting ultra vires of their licence rally. Events are mainly Spring Racing Carnival work.

Mr LEANE — Concerts?

Mr GORDON — Concerts, tennis. Now, in theory they are acting outside their licence to do that sort of work — that is the domain of the metropolitan hire car licence — but these guys have got investments of up to a quarter of a million dollars in their cars, and they are going to take every piece of work they can get.

Focusing on the weddings, we are a very specialised part of the market. We have low profitability and low revenues, but that is not why we are in the industry. We are in it because we are car enthusiasts and we love nothing better than showing our car off on a Saturday afternoon just parked down here.

In the total industry we are the quiet ones. We are quite numerically strong — probably looking at 700 or 800 operators, licences — but we are the quiet ones. We are not protesting on the steps of Parliament or blocking Flinders Street. Over the years we just take our medicine handed down to us by the government and the taxi directorate, now the Taxi Services Commission, and we just go on doing what we do. We do not get political.

We have always done things the right way. We have always supported regulation. We are vulnerable of course to others coming in and eating our lunch. For George's metropolitan hire car guys, it is perfectly legal for them to do weddings, but because they are out on the road seven days a week, they can fit in the 3-hour booking on a Saturday afternoon much cheaper than I can do, who only does one or two bookings a week. Their cars are already in town. Their drivers just throw a ribbon on it and do a wedding. That keeps us price competitive, I suppose.

The other threat that we have is from unlicensed operators, and this has been a real threat over the last 10 or 12 years. The VTD and the Taxi Services Commission have not really been out there protecting us as our

licences would hope for. It is too hard for them. They are reluctant to stop a bride or a car with ribbons on it and say, 'Are you licensed?'. In fact what they do is they tend to take the easy pickings, which is to stop guys like me, who have got the stickers on the car and all licensed and all registered, but it is easier to target me to make sure I have done everything properly than target somebody who is unlicensed. It gets too hard. They just say, 'I'm just doing a wedding with my cousin; not getting paid for it'. But we see the same cars out there day after day after day, and we know they are running little businesses.

Then of course the other competition that we are hitting at the moment, which is a little bit unfair, is the club cars. I do not know if you are familiar with VicRoads club cars. It is where you get a reduced licence fee. It costs \$70 to register a CH club car. They are only meant to be used for private use, but we are seeing more and more of these out there doing weddings. Nothing we can do about it.

Our biggest concern is that we will become collateral damage while you guys are sorting out a solution for the taxis, Uber and metropolitan hire cars. We are down here, and we can be greatly affected by decisions you make, so we want you to know that we are down there. We are here — a very small part of the market, but we are here. By the stroke of your pen, you could wipe us out. We just really need to be confident that there are no unintended consequences that occur to our part of the business by making your decisions that cover 99 per cent of the revenue earners in the hire car industry.

I have been involved in this for 15 years. I have owned classic cars for many years. I own six Rolls Royce Silver Clouds, and I have been secretary of the Wedding Car Association for 15 years. The Wedding Car Association was formed in 1980 and has 75 members, with 500 special vehicle and RH licences. So, as I say, numerically we are quite strong. We are a large stakeholder in the industry numerically. Those licences include classic cars, stretch limousines and modern cars — just the modern Calais and Chrysler 300 sedans that are used for weddings and various things.

We have represented the industry in several reviews. I personally have been involved in the 2004 review and the 2012 Fels report. It was interesting, the Fels report. The recommendations for the wedding car industry were not adopted by the state government, and they were referred back to the Taxi Services Commission for review. The Fels report recommended that we be cast off and just be completely unlicensed and unregulated. We did not want that, so we objected and the government took heed of what we said and referred it back to the Taxi Services Commission. Nothing has ever gone forward from there down the years.

You asked George about the licence types. We operate under two licences: a special vehicle licence — which is mandatory on cars less than 25 years old, and most, if not all, of these stretch limos operate on those licences — as well as the sedans. The terms of the licence limits them to weddings, funerals, formals and debutantes, and you can get an extension if you want to do tours, so wine tours and such like. Events is that grey area, and this is the area where the limo guys kind of infringe a little bit on the metropolitan hire cars, but they need to do it to make a living.

The licence costs \$2000. That has not changed for 14 years. The cars need annual roadworthy certificates, and all bookings must be pre-booked. The second licence, which covers probably 95 per cent of the classic car hire business, is the restricted hire, or RH. Those licences are free on application, with an annual fee of \$152.40. They are available on any vehicle over 25 years old. Once again all must be pre-booked. There are two-yearly roadworthies, and that was argued on the basis that we spend more money on our cars and look after our cars far better than the average motorist does, because we are enthusiasts. They felt that an annual roadworthy was probably pushing it a bit too far.

The government made a little bit of a mistake here when they issued these licences in 2004. They virtually opened them up to all sorts of business. With an RH licence on a 25-year-old-plus car we can actually do exactly the same work as George's metropolitan hire cars can do. The government thought, 'Nobody's going to buy a 25-year-old car and run up and down the Tullamarine Freeway', but unfortunately people did. They went out and bought a 25-year-old Mercedes-Benz, put an RH licence on it and competed with these guys up front. But as far as the majority of us are concerned that run RH licences, we have stuck our living — weddings only, generally weekends, Saturdays and Sundays, and very seasonal.

There are 970 SV licences at the moment, and probably about 200 of them are on stretch limousines. There are 617 RH licences, of which about 400 are on classic wedding cars. Within the marketplace in Melbourne we are looking at about 75 classic car operators, doing weddings only. We are looking at about 35 limousine operators,

where weddings are a dominant part of their business, but as I have said before, they are doing everything they can because they need the revenue.

Then of course we have got about 50 operators with modern cars, who ostensibly are providing them for weddings and funerals but will do corporate work as well. The feature of the weddings only is that it is all booked well in advance. It is booked 12 or 18 months in advance. I would say that with my business 90 per cent of brides and grooms come in and inspect the cars before they book. That impacts a little bit on the safety aspect. It lessens the requirements on them. For the industry itself, and this is the wedding car industry pre-Uber, the biggest issue that was facing our end of the market were these SV-licensed cars doing work that George's metropolitan hire car guys should be doing. He talked about that cut-over, that blurring of distinction, and that is very real. But there was no easy way to stop that, and the Taxi Services Commission have struggled. I can understand it from their perspective. They have now got a \$40 000 licence against a \$2000 licence.

One of the issues that has never, ever been addressed by successive governments or the Taxi Services Commission is stretch limos. When we did the initial work on the legislation back in 2004, there were no stretch limos. There might have been one or two stretch Commodores or stretch Fords, but they were not on the radar. That is the biggest change that has hit the industry in the last 15 years, but they have always glided a little bit under the radar as far as licence types are concerned. Really what our recommendation to Fels was was that they had their own licence type that freed them up to do all the things that they needed to do. But that got a little bit hard, and once again Allan Fels recommended no licensing completely, so it sort of fell by the wayside. But stretch limos are a real problem. Where do they fit into the licensing structure? They do the work that a sedan does, except they do not do airport work. A stretch limo operator will not go to the airport, the reason being that if you have 10 passengers, you have not got room for 10 passengers' luggage. You can take two or three passengers and their luggage and then have to put their luggage inside. Stretch limo operators do not like that, so they do not do airport work, but they do corporate work and they do the tours and all the other things.

The other issue that was really facing us pre-Uber was that there was no enforcement of the rules by the Taxi Services Commission. No matter how hard we complained — we used to file photographs and documents of unlicensed operators — they just turned a blind eye. It was all too hard for them. Certainly we do suffer from that. We are also suffering because the current health of the wedding industry in Melbourne is not that strong at the moment, especially pertaining to cars. You might not be aware, but it appears that the total number of weddings in Melbourne is dropping by 33 per cent a year. The best figures we can get from births, deaths and marriages is that it has gone from an average of 30 000 to 20 000 in the last 12 months.

We are also seeing a change in dynamic — a move away from church weddings to garden style. Of course they do not need cars for that, so we have been hit a little bit there. Ceremonies and receptions are all at one venue, so they do not need a car. We are seeing more offshore weddings as well. People are spending less on their weddings. The days of the big, fat Greek wedding are not over, but they are certainly nowhere near what they used to be 20 years ago. People are spending much less on their weddings. Because of that, we are seeing a move to alternative transport. People are providing their own cars. Rather than paying me \$550 for a Rolls-Royce, they use Dad's Commodore or Toyota Camry.

We are also seeing, from the classic car perspective, a change towards limos. They are hiring one stretch limo that takes 10 passengers rather than three classic cars, because of the economies. We are all up with increased operational costs and fewer new entrants to the industry. People are just not coming into it now.

So that is just a little bit of background, but then the reason I am here and the concerns that we have — the biggest concern we have — is the setting of the fee, the license fee. In terms of revenue streams we are well down here. I think George said his average VHA revenue per car was about \$130 000 in his presentation. The average revenue for a wedding car, a classic car, is less than \$20 000. For a limousine it is just slightly more than \$50 000. So we do not have the revenue or the profitability to be able to pay large fees. At the moment we are paying \$152, and for some guys that is a stretch, that is an impost. If the fees went up astronomically, in answer to your question before, Jeff, we would have a lot of retirements from the industry. Guys would just say, 'It is not worth it'.

The average operator of a classic car makes about \$4000 a year per car. That covers all of his time, his own wages for driving it himself. There is not a lot of money in it, not a lot to come and go. That figure for a stretch limo is about \$16 000, but you are talking about a \$200 000 motor vehicle. The average value of a classic car is probably around \$30 000 — the Jaguars are cheaper, the Rolls-Royces are more expensive. We do not have the

revenue or profitability streams that these guys have. We are limited, our business is Saturday and Sunday and it is seasonal. We operate between October and April, and that is pretty much it. We are certainly not seven days a week and we are certainly not 12 months of the year.

Our other concerns are the time frame for reform. I have been reading in the newspapers differing stories about the time frames that the government is working towards heading towards 2018, but I heard this morning that in fact it had been brought forward to 2017, so we have a concern about some of the transitional arrangements. We have now been invoiced for our next year's licence fee of \$154. Most of the members of the Wedding Car Association have rung me saying, 'Why are we going to pay this? Do we have to pay it? What happens if we do not pay it?'

We want to know what is going to happen between now and the time that this new licence is valid. Are we going to see a whole host of unlicensed operators running around with impunity? We had a situation this week where one of my members sold an SV licence — face value \$2000, sold it for \$1000 on Friday. The new owner went down to the Taxi Services Commission on Monday to register the change — because they are transferable, those licenses — and over the desk at the Taxi Services Commission they said, 'No, this licence is valueless. Take it back to where you bought it and get your \$1000 back. You do not need a licence. They are going to be not required from February 2017'. So what is going to happen? All of my members are asking me that question, especially this guy who has now got to refund \$1000 to this operator. Then this operator rang me and said, 'What happens between now and 2017? I am not going to have a licence to operate, the Taxi Services Commission will not register the change or sell me one, but I want to go into business because I am ready to go. I have got the car. What happened?'. These are questions that need looking at.

We looked at the trip levy, the \$2, and we hope that it will not apply to us. If it does apply to us, because weddings are generally multi-car bookings, is it \$2 per booking? Is it \$2 per car? How are you going to enforce it? How are you going to collect it? These are all questions that the members have rung me and asked me. What sort of documentation is going to be required? You have got to remember that we are just a bunch of old guys running classic cars. We struggle with things like BAS and all the licensing requirements. Put another impost on us and they might just throw their hands up. We have always been fervent believers in regulation, and right through from the first reviews of the industry that I was involved in in 2004 we have always said we want to maintain that regulation. In fact we objected to Allan Fels's recommendation.

There is a little hurdle that people have got to climb to get into the industry. We do not want people to wake up one morning and say, 'I am going to do wedding cars'. That little hurdle that is there at the moment is getting a licence, getting a drivers certificate for the driver, having a VicRoads licence — they are just small barriers, but at least it puts something there that somebody has actually got to go out and do something before they put up their shingle and start operating. But of course — —

The CHAIR — Mr Gordon, I am conscious of time. Are there any final comments you wanted to make just before we pop into some questions from the committee?

Mr GORDON — The real thing is the financial aspect. That setting of that fee — that is the one that will drive us out of the industry or drive us underground. Most of the old guys will say, 'It is not worth it now. I will just leave the cars in the garage', and that will be a whole industry that just disappears overnight. That is the one takeaway that I want you to have on the top of your page.

Mr BOURMAN — That is the \$2 fee we are talking about?

Mr GORDON — No, this is the annual customer passenger licence fee, which is yet to be set. Everybody is saying it is going to be the one same fee for a taxi, Uber, metropolitan hire car and us, and we are saying — —

Ms DUNN — For you that is a higher amount.

Mr GORDON — Yes, that would kill us.

Mr BOURMAN — When you are earning four figures per year, that is a killer.

Mr GORDON — Yes.

The CHAIR — You would want a club licence almost type approach here. You have your club cars that can be driven for certain reasons under certain permits, and if there was a capacity there for a permit that is just for wedding cars — —

Mr GORDON — Or cars that are 25 years and over.

The CHAIR — Indeed, that is right. I imagine there could be a bit of a boost in your business, though, if we get a plebiscite up and we get the right answer in the plebiscite. There could be many more.

Ms DUNN — I think we should just avoid the plebiscite and just go straight to legalisation.

The CHAIR — There could be some more weddings there for you to operate in. We will have to wait and see the outcome to that. In terms of what you want to be able to get out of the reforms to deregulation — whatever it is you would like to see — effectively you just want to be able to do what you are doing now without a great financial impost, whether it be a \$1000 fee or something like that, to ensure that you can do what you are doing.

Mr GORDON — That is right.

The CHAIR — It does not seem like it is too much to ask, I do not think.

Mr LEANE — That was pretty comprehensive. I did write down \$550 for your — what do you run?

Mr GORDON — Rolls-Royce Silver Cloud.

Mr LEANE — Rolls-Royce? I have a daughter getting married next year.

The CHAIR — Time and place, Mr Leane.

Mr LEANE — We do take away your message as far as the association wants to see some form of regulation so you have not got cowboys everywhere, but you want to keep it as un-onerous as possible. Is that pretty much it?

Mr GORDON — Sure.

Mr BOURMAN — Just a quickie. Do you have any idea of the unlicensed or unregulated industry for wedding cars at the moment, because I know a lot of people will drive their mates in their cars and whatever but then I know you see on Facebook from time to time someone will say, because I am a classic car guy myself, ‘I want a car for my wedding and I will chuck in a slab’ or whatever the case may be. It is hire for reward. Does anyone have any idea?

Mr GORDON — No. No idea. Empirically it is large, just based on the number that we see around town on a Saturday and Sunday afternoon. But then that is blurred because it could be a genuine friend of the bride and groom.

Ms DUNN — I do not have any questions but I do just want to say, John, thank you for presenting to us. In terms of the value of the licence that you pay for and the issue around that \$2 levy, I think they are important ones that we need to consider as part of our deliberations, so I thank you for bringing them to our attention.

Mr GORDON — Most of us who run RH, of course the licences were free. There are some of us who have the old \$2000 SV licences because historically we had them before 2004 when RH licences first came out. There is a \$1250 credit for the first one, \$625 for the second. Look, that is neither here nor there, so we are not going to be saying — —

Ms DUNN — It is what is coming in the future.

Mr GORDON — It is that fee and that flexing of the \$2. Whilst that is not going to make or break us, it is going to be an administrative nightmare. If that fee is too high, higher than the \$152.40 that it is at the moment, a lot of people will just say, ‘No — too hard’.

Ms DUNN — Forget it.

The CHAIR — You are right, it might be difficult to administer whether it is going to be a \$10 transaction every weekend if you have got your five cars out — \$2 per car or what have you. It is not going to be a significant financial impost but indeed the administrative burden, however it is going to be captured, in whatever way, is going to be quite difficult, is it not?

Mr GORDON — That is right.

The CHAIR — And it is going to cost you more in time in trying to fill out a form or do a transfer or what have you than the actual \$10 that is going to be received from the levy.

Mr GORDON — Yes.

Mr BOURMAN — So it is going to make a job that you are doing for love effectively even harder.

The CHAIR — Indeed. Thank you, Mr Gordon, for coming in. It is always good in these inquiries to hear from people like yourself in different parts of the industry that we may not have had front of mind, so we certainly appreciate your time today.

Mr GORDON — Thank you very much.

Witness withdrew.

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 Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Ms Kate Begley, policy advisor, and

Mr Scott Jacobs, advocacy advisor, Vision Australia.

The CHAIR — I reopen our Standing Committee on the Economy and Infrastructure public hearing and welcome our witnesses who are present here today. Today we are hearing evidence in relation to the inquiry into ride sourcing. The evidence today 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 privilege.

Welcome to you both. Thank you for agreeing to come along today to provide evidence to our inquiry. I might get you to introduce yourselves, tell us where you fit within your organisation and make any introductory comments, and then we can go into some questions from the committee after that.

Ms BEGLEY — My name is Kate Begley. I am a policy advisor at Vision Australia.

Mr JACOBS — I am Scott Jacobs. I am an advocacy advisor at Vision Australia, and we are based at 454 Glenferrie Road, Kooyong.

Ms BEGLEY — I will start off by telling you all a little bit about Vision Australia. I am not sure how much you know about our organisation, so I will start with that. Vision Australia is the country's largest provider of services to people who are blind or have low vision. We are a national not-for-profit organisation. I should tell you all also that I am legally blind myself, so reading from notes is always a little bit tricky. We have 28 offices, and we work with 27 500 members of the blindness and low-vision community each year. Vision Australia has a strong presence in Victoria, consisting of 13 offices. There are around 90 000 people who are blind or have low vision residing in Victoria, just 10 per cent of whom are legally blind. The remaining 90 per cent of people with vision impairments are classified as having low vision.

People who are blind or have low vision do not drive and are more reliant on transport options such as taxis and ridesharing. Personalised transport services represent the closest equivalent to independent car travel for the blindness and low-vision community and are a critical link to maintaining employment, gaining an education and participating in recreational, sporting and other community activities.

Today we would like to focus on these key issues within our recent submission to the committee: the extension of the multipurpose taxi program fare subsidy; the need for regulation and enforcement of accessibility requirements; the accessibility of ridesharing apps and booking options; vehicle identification; driver awareness training; and the access rights of passengers with seeing eye dogs. We believe that the MPTP subsidy must be extended to cover all forms of ridesharing. It is vital that ridesharing is an affordable transport option for people with disability so that they are able to function on an equal basis with the rest of the community. MPTP offers subsidised taxi fares to those deemed eligible. MPTP membership is for life and subsidises 50 per cent of standard taxi fares, paying up to \$60 per trip.

Taxis are a non-optional cost of blindness. Many people who are blind use the MPTP subsidy in order to assist with the cost of travel to employment, health care and community or social activities. Figures show that many people who are blind have low incomes, which reduces transport options. Based on Productivity Commission and Vision Australia data, we estimate that at least 80 per cent of our clients are supported fully or partially through social welfare payments. Further, four out of five people who are blind or who have low vision rely heavily on subsidised services. It is important to note that although NDIS individual funding packages or plans do provide transport allowances which are based on an individual's work, study, social activities and day program attendance, NDIS plans will never fully replace or absorb the MPTP system. This is because the NDIS does not include people aged over 65 and the MPTP eligibility criteria differ from NDIS individualised plans.

We anticipate that the extension of the MPTP fare subsidy across all ridesharing services may well save taxpayer money in the long run. The hope is that costs of point-to-point transport will go down as all forms of point-to-point transport move to an equal footing in a competitive marketplace. As the MPTP is tied to the cost of a taxi fare, if taxi fares and other point-to-point transport fares come down, then so too the cost to the MPTP would be lower.

I will just talk now from my own perspective as someone who has low vision. I am a sole parent of two children, so I rely very heavily on taxis, and the only way I can use taxis all the time to ferry my children to their sports and to school and to parties and to the myriad of things that you need to do when you are a parent is with my MPTP subsidy. It is basically my critical link to having a life with my kids. Because it is only accepted in taxis, quite often when I use taxis I am out and about with the kids and I cannot see a taxi to hail — there is not

one driving past — or if I do see it, I see it too late and I am not able to hail it in time or I am on hold for ever and ever with 13 CABS and I think to myself, ‘I would love to be able to tap into this ridesharing that all my friends and family are using’ — things like Uber. At this stage it is just not affordable for me with the amount of travel I do in taxis. That is just a little bit of my perspective.

I will now pass over to my colleague Scott who will talk about accessibility and vehicle identification.

Mr JACOBS — Our experience shows that the Disability Discrimination Act is not enough of an incentive to ensure accessibility options are provided for people who have blindness or low vision. We would urge you to recommend that there be some form of regulations with an enforcement mechanism to try and ensure accessibility within the new ridesharing regulatory framework that you are setting up. Without this, too often the burden falls on the blindness and low-vision community to try and enforce these accessibility features through either the Disability Discrimination Act or court complaints, which become expensive, and it is unfair to place the burden on the blindness and low-vision community to do so.

Also for members of the blindness and low-vision community who do have access to the internet and smart phone technology, it is imperative that booking apps and online information be presented in an accessible format. People who are blind or have low vision often use a voice-over function on a smart phone in order to be able to read or navigate what is on the screen, and apps that are compatible with voice-over screen-reading software enable them to have equal access to this information.

However, for many, traditional booking methods remain essential for the foreseeable future. Research that was conducted by ACMA, the Australian Communications and Media Authority, in 2012 found that in the general population of 65 and older, only 15 per cent uses smart phones. Of Vision Australia’s 27 500 clients, around 70 per cent of them are aged over 65. We did some of our own research into this, and we found that up to two-thirds of our clients do not have access to the internet. A survey that we conducted earlier this year revealed that only 16.7 per cent of our clients use smart phones, and when you break that down by an age cohort, only about 6 per cent of people over 65 actually use them regularly; 19 to 65 is around 52 per cent, so it is still low there as well.

We believe that developments in personalised transport that rely solely on or make use of smart phone technology, such as the booking apps, will not lead to benefits for the majority of people who are blind or have low vision in the community. Technological developments are providing new opportunities for innovation, and that is a good thing; however, we feel that these opportunities need to be balanced against the emerging digital gap that is present, where there are those who can take advantage of these new and emerging technologies and there are others who cannot. We feel this could be widened unless there is an effective regulatory process put in place to ensure accessibility. As part of that, we believe that an alternative booking method needs to be required for consumers and customers who do not have access to smart phone technology.

There are similar issues arise in regard to payment terminals. Regardless of attempts to familiarise people who are blind or have low vision to use gesture-based tablet devices, it must be emphasised that this is neither the preferred, nor the most suitable, method to use for the majority of our community. The need for assistance to process transactions and to verify their account details denies passengers their independence, and it also denies the secrecy of their personal details, obviously. We think it is important that accessible terminals — for instance, EFTPOS terminals — that have a physical pin pad with the braille identification on it, orientation, should remain available in the ridesharing industry.

Similarly, with regard to vehicle identification we would tend to recommend a braille and tactile print sign on the outside and on the inside of the door — they can be reasonably easy to install — that allows people who are blind or have low vision to identify the vehicle that they are in and identify the driver. This is quite important in case of an emergency or in case of a complaint and also just in identifying that they are entering a ridesharing vehicle, so they are certain of that. In addition, driver awareness can assist here, where they verbally identify where the vehicle is instead of just pulling up and expecting someone to know that it is there. Kate has a couple of short points to finish off, if that is okay.

Ms BEGLEY — Yes. I am going to talk about driver awareness training. Driver awareness training for those in the ridesharing industry is essential for the safety of the blindness and low-vision community. People who are blind or have low vision can sometimes require door-to-door assistance in order to safely reach and

enter the vehicle and, in turn, safely arrive at their destination. Passengers must not be made to feel like a burden or a 'parcel' if they are being assisted by a driver.

Driver awareness training also needs to extend to the legislation around seeing eye dogs' access to public transport. On occasions when people are refused access to transport on the basis of their seeing eye dog, it is not only unlawful under anti-discrimination laws but it can also present safety concerns when people are left roadside in isolated locations.

This concludes our opening statement, and we would be happy to take any questions if anyone has any.

The CHAIR — Fabulous. Thank you both very much. I think it is something that certainly the committee has become enlightened about — the importance of accessible transport for everybody in our community to ensure that they can move around to where they need to go and that everybody can move around to where they need to go, irrespective of whom they might be. I think that with seeing eye dogs, the fact that we are still hearing of taxidrivers not allowing assistance dogs into cars is something that certainly community awareness of is growing. Obviously even one incident is too many. I am conscious that we have certainly heard that disruptive technologies can provide greater options for everybody in our community, but we seem to be at a point where the right decisions need to be made to ensure that everybody does have accessibility to lots of different options.

I am wondering: the MPTP — have there been any discussions between Vision Australia and the likes of Uber about the possibility of it extending into an organisation like Uber or other ridesharing organisations? Has Vision Australia led any of those discussions?

Ms BEGLEY — Yes, we have spoken to Uber about that. I will have to probably get back to you with more detail.

The CHAIR — Sure.

Ms BEGLEY — I know a small bit about it in that the lead policy adviser at Vision Australia had spoken to Uber about them paying the remainder of the subsidy, so Uber themselves covering the subsidy rather than it being a government-funded subsidy. I am not sure the outcome of that — well, it has not happened, so there is the outcome — but I do not know how far into the talks Bruce is. His name is Bruce Maguire, the lead policy adviser at Vision Australia. So I will be able to get back to you with more detail about that.

The CHAIR — If you could, that would be great.

Ms BEGLEY — Yes, I would be happy to.

The CHAIR — That is of interest to the committee.

Mr JACOBS — Our understanding is that across the different states they have been waiting for the legalisation of Uber before they start to look at the extension. In Queensland they are going to do that as part of stage 2, or at least it seems like they will. So there does seem to be willingness in other states to allow that transport subsidy for the taxis to be extended. They vary in the cost and arrangement from state to state, of course, so it is not directly comparable, but as we mentioned in our statement, we do tend to think because it is based on the cost of the taxi fare in general, if the fares overall come down, then we would hope that the program would cost less in the long run.

The CHAIR — Yes, indeed. With regard to driver education in ride-sourcing organisations, of taxidrivers and the like, what should that look like in an ideal world, to ensure that all drivers are aware of the needs of all their passengers?

Ms BEGLEY — The need to?

The CHAIR — To be educated about the needs of different passengers who have different abilities?

Mr JACOBS — We are working with Uber at the moment around seeing eye dog access, and assistance animals more generally, so they are in the process of developing a driver education video, I believe. I think they are appearing tomorrow; you would probably be able to find out more from them. But a large amount of the

barriers that people with blindness and low vision face tend to be lack of awareness — there are obviously some elements which are more deliberately exclusionary, but I think a lot of the time it is awareness — and then, as we mentioned earlier, making sure that there is some kind of an enforcement mechanism, rather than purely relying on the DDA, the Disability Discrimination Act, to act as an incentive, because historically that does not work. It is not enough on its own.

Ms BEGLEY — I think also there is some basic protocol that it is quite easy for people to be trained in around dealing with people who are blind, like saying things — instead of pointing to something you will articulate yourself. Just some really basic things that would be very easy to put into driver training that would make a big difference.

Mr LEANE — Thanks so much for helping us with our inquiry. The MPTP — excuse me, but what does that acronym stand for?

Ms BEGLEY — Multipurpose taxi program.

Mr LEANE — Right, and so that has been established for obviously a number of years now.

Ms BEGLEY — I believe so, yes.

Mr LEANE — So your submission is that being a group of people that are very reliant on taxi services or taxi-like services or ridesharing services, you would welcome more people into the market for obvious reasons —

Ms BEGLEY — Very much so, yes.

Mr LEANE — but the frustration is that without the MPTP being in place in that area, it is the affordability issue. Does that pretty much encompass it?

Ms BEGLEY — Yes. A lot of my friends who are legally blind and also have an MPTP card, like myself — none of us use Uber. All of my other friends, who are fully sighted — everyone — if we go out, everyone is using Uber. We do not. We are all taxi users, and that is solely based on the fact that we have a subsidy. We definitely think it should be extended to all ridesharing services.

Mr JACOBS — So the MPTP varies depending on your level of disability. It is uncapped if you are legally blind. It is quite a wide range of different criteria that are attached to it. It includes your financial situation as well as your residency and medical criteria. So it is not a kind of blanket pass, but it does have a very large impact in supporting people who need to be able to engage with the community and be included, obviously.

Mr LEANE — Absolutely. I think we all understand that.

Mr BOURMAN — I have only got one question — or a comment, I guess. To make a vehicle friendly to someone with low vision, you are talking about tactile things, I would assume — braille on doors. To be honest I have never looked at a taxi from that perspective. I will do that from now on. I guess the question I have is: if Uber or ridesharing cars are private or semiprivate cars, have you got any idea how that could be actually done to someone's vehicle without making it essentially a taxi with all the same overheads?

Mr JACOBS — Not speaking to lock in technical possibilities here, but something like a magnet version of a sticker that could be applied and then removed from the outside of the car. You could have something similar on the inside — maybe a velcro thing that attaches to the inside of the door. The technical elements of that sort of thing can be worked around. It is more around having a standardised thing so that every car you get into that is a ridesharing, you know where to try and touch it.

Mr BOURMAN — And just the transaction process now, I am actually curious because I have caught Uber in America — where it is legal, just for the record — and I actually got someone who was a mute as a driver, which was a lot easier to deal with because all he did was type it out on his phone and show it to us and all of that, but it gave me an appreciation of how difficult it could be. The process now for paying in a taxi — does the taxidriver read it out to you and you know the numbers on the pad of the EFTPOS machine? Exactly how does it work?

Ms BEGLEY — For me I use PayPass, so I do not key anything in. I ask the taxidriver what the amount is, and the taxidriver always tells me the amount after the subsidy, so the amount that I have to pay. I just have to trust that that is correct, because I cannot see the thing. Then I just use PayPass, so I am not keying anything in. I think the advantage of Uber is that you do not have to do anything and you do not have to rely on a driver and trust that they are telling you the right amount, because the amount all happens behind the scenes and is processed and directly put onto your credit card. No-one is keying anything in. It seems like a very good system for people who are blind or who have low vision, the current Uber payment system.

Mr BOURMAN — I guess the problem for people with low vision would be the swiping or something like that to accept the fare or whatever.

Ms BEGLEY — Yes.

Mr JACOBS — It relies a lot on trust, I suppose, is the key part. Anecdotally you hear stories of some clients who have had that trust breached. It is obviously a rare event, but it is more that it takes away the independence and the ability to know and to be secure with yourself as well. I think that is a big part of it.

Mr BOURMAN — We would not need the police if everyone obeyed the laws. In fact we would not even need laws, but anyway.

The CHAIR — I have one final question. We have been talking about the \$2 levy that has been bandied around by the government. I am interested to understand what impact an additional \$2 levy per trip would have on people represented by your organisation.

Mr JACOBS — We do not have an organisational position on the extra levy, as to who should pay for it or how it should be structured in the fees at the moment.

Ms BEGLEY — Essentially for us, I guess, it would be a \$1 levy.

Mr JACOBS — With the MPTP, yes. It is also important to know that there are a large number in the community with low vision that may not have an MPTP pass. So they are still reliant on it but they also face a lot of the same obstacles. That is something else to bear in mind.

The CHAIR — Thanks, Ms Begley, and thanks, Mr Jacobs, for agreeing to appear before us today. You will receive a copy of the transcript of today's evidence for proofreading in coming days, and those transcripts will ultimately be made available on the committee's website. Once again, thank you for your attendance today.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 7 September 2016

Members

Mr Joshua Morris — Chair

Ms Colleen Hartland

Mr Khalil Eideh — Deputy Chair

Mr Shaun Leane

Mr Nazih Elasmr

Mr Craig Ondarchie

Mr Bernie Finn

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Ms Georgina McEncroe,

Mr Michael Wright-Smith, and

Ms Amanda Wallace, Shebah.

The CHAIR — I will begin by declaring reopen our Standing Committee on the Economy and Infrastructure public hearing, and thank you very much for agreeing to provide evidence to our committee today. Today we are hearing evidence in relation to the inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you are to go outside and repeat those same things, those comments may not be protected by this same privilege. Once again, welcome. Thank you for agreeing to appear before us. At this juncture, I might hand over to your good selves, if you would not mind introducing yourselves, telling us a bit about your organisation and any other introductory comments that you might like to make.

Ms McENCROE — My name is Georgina McEncroe. I am the director of Shebah Pty Ltd, which was formerly known as Mum's Taxi. It is a women-only rideshare app, developed to be driven solely by women to collect only women passengers. It is in its initial stages. The app we are building at the moment is currently under construction. It will be rolled out in January. It is a simplified version. There are two parts to the production, but the first version will pick up women and be run at a competitive rate with other ride-sourcing services. We will be starting in Melbourne and regional Victoria. We have taken so far about 200 expressions of interest from women, just using our Facebook page and other connections — social media and so on. This is my business partner, Mick Wright-Smith.

The CHAIR — Welcome, Mick. Come and grab a seat.

Ms McENCROE — The app is being built by a company called Hyper Apps, an Australian company. Amanda Wallace here is one of our first drivers. When I came up with the idea I had registered twice to be an Uber driver. I am a single mum with four kids looking to earn some extra money, and I felt very unsafe driving possibly inebriated men in numbers in a car. I think it is an inherently unsafe thing to be doing. Once I started a GoFundMe page and raised \$8000 in a matter of a couple of weeks from other women who are supporting the notion around the country, I thought this is obviously striking a bit of a nerve with a lot of other people who feel similarly unsafe.

That was sort of a way of dipping my toe into the water, I suppose, and seeing how much of a need there was and how people felt about the current status quo, and I thought, 'This could really go somewhere'. With that, investors came to me and said, 'This looks like it could be very interesting', and it got a lot of media attention. From there I started with one company; that did not really work out. I had to change a few ways, but I finally found my way to an app builder who can manage the build in a timely fashion. So that is where I am now.

The CHAIR — Fabulous. Very good. Any other comments that you might like to make before we move into any questions?

Mr WRIGHT-SMITH — Just as a general introduction?

The CHAIR — Yes, a bit of a general intro, yes.

Mr WRIGHT-SMITH — If it helps, I read about George's idea in the *Sydney Morning Herald*, I think it was, and gave George a call. George really sold me on the fact that, if you look at the taxi industry or the broader ridesharing industry, including taxis, more than half the passengers are women but very few of the drivers are women — less than 10 per cent — so there is a real mismatch there. That got me thinking a bit about the inequity of it, and that is for drivers. For riders, as we have dug into publicly available data, as well as anecdotal commentary, the stories are quite horrific about the treatment of some women by taxidriviers not just in Melbourne but around the country. So we think it is a good idea, and we got some money together to build an app, and we think it is a real goer. But we are keen to do it within the law and with all the correct regulations, and we want drivers to be safe and we want riders to be safe. We do not want to cut any corners.

Ms McENCROE — Yes. Safety is the absolute cornerstone of the product. We were not going to start it without letting our drivers know that they needed an ABN or that they did not have the right ridesharing insurance. We were pretty horrified just going for our corporate liability insurance, when we put our insurance to market, at the number of other ridesharing companies — that will be nameless — who had not told their drivers that they were not insured, that they did not have ABNs or that they could be audited at any time and find themselves in a cashless economy. There is no such thing as hidden money in a cashless economy. So our

drivers will be fully apprised of what their obligations are as contractors. We are going to do it all absolutely above board so that our drivers are protected legally as well as physically.

Anecdotally, my daughter, who is 18, and her friends will not use Uber. They will not use any other ridesharing. They will not use taxis. They have a saying amongst themselves — that they will be feet on the street before they will get into a car with a man they do not know. We spend our lives being told not to get into a car with a strange man, and then at the end of the night we have to get into a car with a strange man. They have had some pretty horrific experiences, so they certainly are delighted at the prospect of having an option of being taken home by a woman.

The CHAIR — Fabulous. Very good. Ms Wallace, have you signed up as one of the drivers?

Ms WALLACE — Yes. I love the idea of this service. The first time I was propositioned by a cab driver was when I was 15 — the first time I got a taxi by myself. It was in the middle of the night, and I had snuck out — so okay, I should not have been out in the middle of the night by myself — and I realised I was not going to be able to get home unless I got a taxi. So I got a taxi, and the guy basically said, ‘You don’t need to give me any money. You can repay me in sexual favours’. That is pretty terrifying as a 15-year-old girl in the middle of the night in a taxi. I am 44 now, so this was some time ago. I have not caught a taxi for probably about five years, because I am just sick of being if not propositioned then just asked really inappropriate questions — ‘Do you have a boyfriend?’, ‘Do have a husband?’.

I have often asked to be dropped further down the road from where I actually live because I do not want the cab driver to know where I live. I have had some very unpleasant situations in taxis, so I do not want to be a passenger in a taxi anymore. It is the same thing with Uber because, again, you are in a car with a man who has the ability to lock the doors. If you are by yourself in the middle of the night, whether or not you have been drinking, but obviously particularly if you have been drinking, you are extremely vulnerable, and there is just that feeling of discomfort. I do not think it is fair that women — well, that anyone — should have to feel uncomfortable when you are just trying to get around.

As a driver too, I would not drive a taxi and I would not drive for Uber, because I do not want to pick up male passengers. I certainly do not mean that to sound as if all men are potential attackers, but as we know, people who are sexual predators do not tend to wear T-shirts to that effect, so basically you are gambling every time you get in a car. All of my friends have experienced similar kinds of uncomfortable or actually bordering on criminal behaviour from drivers. Also unfortunately male taxidrivers, as we know, are often at risk of being assaulted by passengers, whether male or female. I have looked at some of the research. Taxi driving is an unsafe profession. So it goes both ways: I do not want to be a passenger, because I do not feel safe; I do not want to be a driver, because I do not feel safe. This service will give me the potential to travel around as a passenger in comfort and safety and also to work and earn a flexible income in safety and in comfort.

The CHAIR — Indeed. Thank you. I might just begin with a couple of questions insofar as I am curious to understand discrimination laws and the like. Have you needed to seek an exemption or the like to be able to operate your business? What does that look like at this point?

Ms McENCROE — My legal advice has been that, because there are many similar services where men can work under similar or like conditions, my service does not stop the movement of men in any way. We cannot pick up couples, so there is no impingement on men’s ability to seek similar or like work as a result of my service beginning. The majority are, I suppose, party nights, Saturday nights, going-out nights; it is couples moving about together. Where my service will really come in handy, I suppose, is for times when girls are feeling vulnerable and alone. They can have an option of getting into a car safely.

In Victoria I have to start my business and wait to be sued. That is the nature of how things roll. In New South Wales I have an exemption that is pending. In Queensland I have to seek an exemption to operate, but because there is the taxi service, there is GoCatch, there will be Lyft and there is Uber, there are four other services that exist that will employ men, and women make up 2 per cent of cab drivers. Because it is such a male-dominated industry already and has been for such a long time, I think you could make a very good argument about the complaints that women have made continuously about the industry. The industry has done things like institute CCTV footage but not included sound, so when prosecutions of sexual assault have been brought before the DPP, drivers have been not prosecuted because they have said, ‘This is simply evidence that the passenger

chose to pay through sexual favours. This is not evidence of a sexual assault; this is in fact evidence of sex in exchange for a cab fare'. There are things like this where the industry has had a very long time.

There are 60 complaints that were just published in the *Sunday Herald Sun*. The CEO, Blair Davies, was just on air the other day saying he could not tell us where those drivers were, what punishments, if any, had been meted out or whether those drivers were still driving. The indifference with which the taxi association has dealt with its passengers and in fact said on the radio that women should probably sit in the back seat — —

Ms WALLACE — Which is also the advice from the New South Wales police to passengers.

Ms McENCROE — And the Victoria Police for safe transport of women. In fact it was the defence barrister's response to a young woman who was raped in Ringwood last year travelling from a Ringwood nightclub to her home. That taxidriver received a non-custodial sentence by the judge because she took six months to report her rape. The defence barrister said this was wholly avoidable had she sat in the back seat. Now, as far as I am concerned, a passenger can sit anywhere but behind the wheel of the taxi.

If that was a hospital or a school, and an industry was very concerned about the safety of its customers, they would take serious measures, especially with Uber breathing down their neck, Lyft coming into operation and GoCatch. I think their indifference to the safety and wellbeing of their female customers is pretty self-evident.

There is an interview that I would encourage this committee to listen to, which is Ellen Fanning interviewing Blair Davies on Radio National the other day. It was not good. It was not reassuring for women who catch taxis, and it certainly was not reassuring if you were the parent of a disabled person putting their child in a taxi or a family member in a taxi. There was very little concern.

The CHAIR — Mr Bourman?

Mr BOURMAN — Actually I think you have covered everything I was thinking about. I actually heard you on the radio a little while ago. I think it was Neil Mitchell.

Ms McENCROE — Oh yes, Neil.

Mr BOURMAN — Yes. That would have been fun.

Ms McENCROE — He was not a fan.

Mr BOURMAN — He is not a fan of me either, so do not feel alone.

Mr LEANE — In your submission you spoke about making sure you hit the ground running and complying with every regulation or law, and you did mention making sure the contractors had the appropriate ridesharing insurance. That is something we have been talking about all day actually. What is that?

Ms McENCROE — We have been negotiating with a guy from InsureRisk.

Mr WRIGHT-SMITH — Our advice is that Alliance is pretty much the only insurer who will give you insurance to cover you while you are ferrying your family around in the family car and then working at night for a rideshare operation as a commercial operator. I have not gone any further than that, but we understand that Alliance have a policy that will cover you.

Mr LEANE — Yes, because I would imagine — and this is something that the general public would not necessarily understand — that with the current ridesharing operators operating in Victoria illegally there is the issue of the insurance of their contractors currently. We are trying to get an answer to the question, 'If you're a passenger and there's an accident, what does that mean?'. We did get a response today that the TAC would cover the injury side of it, but there is also top-up of income and other specialist things. There are a lot of people who have TAC accounts they are not necessarily happy with. That is what we are trying to get our heads around.

Ms McENCROE — There is this guy that is looking at our insurance. As you know, women are cheaper to insure. With these new regulations in place too, now you have got drivers with the government regulating health checks. Our drivers will all have to have working with children card checks as well. So we will have women

who are in good health, have no criminal records, have working with children checks, have roadworthy vehicles and have an interest in earning an income from this source. In terms of a risk at market they are a pretty good source, and if we can take a sufficient number to an insurer or group of insurers, there might actually be some group discount that we can get from someone, especially if we are the only women's rideshare in Australia that is observing all these regulations and has wanted to start from a noble position from the get-go. With 1 per cent of our profits going towards a charity supporting women and children, we really are trying to get women around in a really comfortable way.

The other huge aspect of this that I have not really addressed to my satisfaction is that women absorb part-time work like a sponge absorbs water. It is the thing, and as a mum with four kids who was married to a barrister for a long time, I was working between the cracks all the time. Women are rejecting rideshare, whereas they should be absorbing it. Why is that? I had an email just before I arrived from another woman coming to me who drives for Uber. She works full time, and she makes \$650 a week driving for Uber. She said the word from all her female passengers is that they cannot wait for Shebah to start. I was thinking, 'This is the thing'. If women could actually turn off their app, relax when they get home, not ring up a boss when their babies get a fever or when their mum breaks a hip or gets a diagnosis of some terrible illness, they can actually work and focus on being the carer and focus on driving when they want to drive. They can turn the app off and turn the app on.

Having said that, we are also liaising with other groups because girls will spill their guts, literally and metaphorically, in the back of their cabs. They will have a few drinks, and they will tell you things. We are liaising with CASA, with 1800RESPECT and with Lifeline so that our drivers can refer on. If someone says, 'My stepbrother copped a feel at a Cup Day picnic last year', these women, especially in our country towns — I am very aware of how people talk — can pass on a number. They do not have to deal with it themselves. They can come home, switch off the app, watch something on the TV and not take it home with them.

I am trying to be very mindful of the mental health and wellbeing of our drivers, managing their tax for them, getting them the right insurance, building a real community of drivers, reaching into our Islamic community and getting those women driving, getting that extra income for them, supplying income to women who are trying to get financial independence after family violence, getting women into a safe financial position to rebuild their lives and getting girls like my skinny little daughter out of King Street while I am sitting at home on half a glass of wine thinking, 'If she doesn't ring, I am going to sit here all night waiting for that phone call to come'.

Mr WRIGHT-SMITH — Shaun, we think Alliance have got an appropriate policy. We have not tested that with a lawyer, but certainly we would not allow a driver to register with us without having shown us evidence of appropriate insurance. We will follow whatever regulations have come out.

Mr LEANE — It has been a vexing issue for us where you have got someone at the moment in an illegal industry using their own car for 5 per cent of the time and then picking up a passenger that does not really understand that that is the situation they are being put in and what that might mean, so it would be good to maybe find out at a later date how you went with that. That would be really interesting. You are setting a good template, I would have thought.

Mr WRIGHT-SMITH — Yes, no worries. Apparently, being an international, global insurer, this is a policy that Alliance is familiar with and have come up with specifically for the ridesharing industry.

Mr LEANE — Fantastic. That is interesting.

The CHAIR — Fabulous. I just had one final question, which was in relation to children. Is the idea of Shebah that children will also be able to be picked up, or is it just women?

Ms McENCROE — No, women and children, and baby seats will be available. The Mum's Taxi app is the second part of the app, which is going to be able to be held by a third-party account so you could stay here at work and see your children picked up using FaceTime on your phone. You could stay here, your kids get taken to swimming lessons, you see your driver and watch the whole thing with just current technology. You do not need CCTV footage for that. A third-party account could be held by a school or a nursing home or a hospital. That is a more expensive build, and that will probably be out in June or July next year. That is actually the most exciting part.

Shebah is a much more straightforward thing, but it is still really expensive. That is stage 1, and then the second part is much more in mind for disabled clients. That is when we will have men being able to use the service. There will be men with exemptions to use that service, and they will be men with disabilities. I spent six years working in the disability sector. I am very passionate about making sure that those passengers are catered for. Again, it is taking pressure off people who are generationally squeezed with ageing parents and young children and also so that you could be at home, your daughter could be at a nightclub, she can hit the app and you can approve a fare from a remote location and put her in that cab. She cannot go to Mount Hotham without you approving the fare. You have to remotely approve it, and then you know that she is on her way safe and sound with a female driver whose name and picture will come up on your phone.

Ms WALLACE — Had this service, had this technology, been available back in 1985 or whatever it was, I would not have been in the situation I was in, because I did not have any money on me and of course I was going to have to wake up my dad to — —

The CHAIR — Pay for a cab.

Ms WALLACE — Yes. We wish kids would not do that, but they will always do that. Teenagers. I was a secondary school teacher for seven years, so I know a lot about what kids get up to on the weekend and in their spare time, and this will help young women get home safely from parties, nightclubs et cetera.

Ms McENCROE — And just not panic all the time and not have to move in packs. I teach at TAFE, and I watch my girls organise themselves around safety all the time. They will be out later, they will be drinking more, they will be spending more and they will be working later, longer. In terms of productivity it will be a winner for them.

The CHAIR — Indeed. Well, I hope my four-year-old daughter is not going to nightclubs just yet, but you just never know, do you, in this strange new world.

Ms McENCROE — But she might be able to get to swimming lessons without you having to leave work and think, ‘We have to get a nanny just to get someone to one thing’. That is the stuff that kills you.

The CHAIR — There is the opportunity there. Indeed, wonderful. Thank you all for being present here this evening and providing evidence for the inquiry. You will be receiving a copy of the transcript for proofreading, and the transcript will ultimately make its way onto the committee’s website. Once again, thank you for your attendance here today.

Committee adjourned.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 September 2016

Members

Mr Joshua Morris — Chair

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Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr Matthew Denman, general manager, Uber.

The CHAIR — I declare open the Standing Committee on the Economy and Infrastructure public hearing and welcome everyone present here this morning. Today the committee is hearing evidence in relation to the inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by the same privilege.

Welcome, Mr Denman. Thank you for coming along this morning to provide some evidence to the committee. At this juncture I might hand over to your good self. You might introduce yourself and state your role within the organisation and then move into any introductory comments. We will then have some questions from the committee to follow. Over to you.

Mr DENMAN — Good morning. My name is Matthew Denman. I am the general manager of Uber in Victoria, so I am responsible for managing the operations across the state. I appreciate the opportunity to be here today. I want to start by saying that we have welcomed the effort of the Victorian government and opposition in delivering reform to the point-to-point transport industry recently. This should help to grow the market for transport, giving people more choice in how to get around. Importantly it has also created more earning opportunities for thousands of Victorians. These reforms have only been possible due to the efforts of all sides of Parliament. We would particularly like to thank Fiona Patten and Matthew Guy for their efforts in delivering this reform that has led to more choice for the travelling public.

I know some of the committee members are very familiar with Uber, but I would still like to take this opportunity to take a minute to talk you through what ridesharing is and how it came to Victoria. At first Uber was an app exclusively for hire car drivers, giving them an extra tool to keep busy between their regular bookings. Using the app was a great means of increasing their earnings, and as people took to the simplicity of the technology and the ease of using the app to earn a bit of extra money, it took off.

Building on this momentum, we launched the ridesharing service uberX in Melbourne in April 2014. As I am sure many of you will remember, this has been a bit of a game changer. UberX provides safe, reliable and affordable rides, with high-quality service, at the tap of a button. The ease of using it, coupled with it being safe, reliable and affordable, meant we saw an explosion in popularity with travelling Victorians. This is what has now led to the regulatory reforms that are to be implemented.

However, when we first began, none of this was certain. Back in 2014 Uber Victoria consisted of me and a few others working seven days a week out of a co-working space in St Kilda. Today we have a fully-fledged office in Cremorne, housing over 50 of the best and brightest talent in Victoria, and that number is growing every week. I am also proud to say that we are making a significant investment here in Melbourne and are on the cusp of opening a new support centre to assist our driver partners to get on the road, help them through the new regulatory processes and support them after that.

The reason why Uber has been so successful in Victoria is that it brings the benefits of innovation to hundreds of thousands of people every day. For the first time ever, students, mums and dads, teachers and retirees are able to earn an income using their own vehicle on a schedule that suits their lives. People drive for every reason you can imagine and come from all walks of life. I have met parents who drop their kids off at school and pop the app on for a couple of hours to make a bit of extra income. Some of our best partners are seniors. They often have a great car, love to drive and love the social interaction that the platform provides. The benefits for riders are being able to easily get a safe, reliable and affordable ride from A to B, and for drivers it means being able to access flexible income at the push of a button using your personal vehicle.

We have expanded Uber from Melbourne into Geelong and the Mornington Peninsula over the summer months, and we are now actively looking at launching in other regional centres like Bendigo and Ballarat. There are over 600 000 people in Victoria catching rides through the Uber platform, with more than 14 000 drivers partnering with us to provide those rides.

You are likely to hear me refer to ‘our partners’ when discussing the Uber platform today. Let me quickly explain why. We call the drivers who use the Uber app our partners — that is, they partner with our platform to connect with riders. Partners have full control of when, how often and for how long they drive. They are able to log in and out of the app whenever they choose, and there is no minimum time that a partner needs to drive on the platform. They can choose to drive on multiple platforms like GoCar, which has launched in New South

Wales and Queensland and will come to Victoria very soon, or a local Melbourne start-up like Shebah, which some of you may have recently heard about.

Partners can choose to take one ride and not share a ride for months or ever thereafter and, equally, could mix between doing different days and nights on different days or weeks depending on the circumstances of their lives. Flexibility ensures ridesharing partners enjoy being able to fit their driving around their personal commitments.

Ridesharing has also opened the door for more choice and access for people with a disability. Last year we were proud to launch uberASSIST, which allows a rider to request a vehicle on demand that can accommodate folding wheelchairs, walkers and collapsible scooters. We also welcome the opportunity to work with government to deliver expanded services for people requiring wheelchair-accessible vehicles as well.

On behalf of the thousands of Victorians who rely on Uber for income and the over half a million who use it to get around, I am excited to see this recent recognition of ridesharing. This is of course just the beginning, and I look forward to working together to make sure Victoria can make the very most of these opportunities. On that note I will conclude, and I am happy to take any questions.

The CHAIR — Thank you very much, Mr Denman. We have certainly heard a lot already from different witnesses, so we are very pleased to be hearing from you this morning, but I was hoping to move to the government's announced regulation of ridesharing in Victoria. I am hoping you might be able to enlighten the committee about the consultation process that was gone through by the government prior to their announcement.

Mr DENMAN — Obviously it is fair to say that the reform process to get to this point has taken some time. The government had a process that they went through and they were pursuing. Last year there was a ministerial forum, which we were glad to participate in, and I guess that has led us to the reforms that were announced a couple of weeks ago. At this stage the consultation has been satisfactory.

What is really important, I think, for us and for, I guess, the committee to appreciate is that obviously we have got an announcement. What is really important now is over the coming months and years, as we look to implement these reforms, that we have high levels of engagement right across the industry to ensure that when it gets right down to a process level we are unlocking all of the benefits that ridesharing can bring. So we are really excited to participate as fully as possible in that process. We believe we have great experience both in other jurisdictions in Australia and certainly all around the world. We operate in over 500 markets. We believe we have experience in technology that will be very beneficial in informing the design of this industry in the coming months and years.

The CHAIR — Yesterday we heard from the VTA, and we heard some similar comments with regard to the consultation — that the consultation was adequate — and yet there was fairly severe criticism of the outcome of the proposed regulation. I am wondering if you are in the same position. Was the consultation — what was actually gone through — adequate but then the announcement at the end not in keeping with the views that were expressed during that consultation period?

Mr DENMAN — Obviously I am the operations manager in Victoria, so as far as consultation on this process has gone I can probably only speak to my experience here. I think probably we would share the view of the VTA that it was adequate in that sense. In terms of, I guess, the final package, it is really important to note that at this stage what we have is an announcement with a kind of proposed future model. There is a lot of detail to be worked through, and for me as the manager of the operations here in Victoria it is the detail that really impacts on my business and my capacity to deliver the level of service that we would love to bring to Victoria and the benefits that we know not just our company but new entrants into this market can bring to this industry.

Obviously the proposed outcome is relatively in keeping with what we would desire. Clearly there are parts of the total announcement that we might have some issues with, but ultimately I think the direction is right. The question is: what does the implementation look like from now?

The CHAIR — Indeed. One might assume that the \$2 levy, or tax, per trip is one of those areas of concern. Does Uber in any way support \$2 on every Uber trip, taxi trip and hire car trip in the state of Victoria as a result of this announcement?

Mr DENMAN — We have been very consistent in our comments that anything that makes transport more expensive for consumers is something that we cannot support, so to your question, Chair, naturally we obviously do not support the \$2 levy. The intent of the reform as announced is to increase competition and to bring more innovation to this industry in the hope that will deliver benefits to our consumers, and that is an admirable aim. It is very hard for us, as we move into a new regulatory setting, to reconcile that objective against the decision to impose such a levy, such an impost, on the consumer from the outset.

The CHAIR — Does Uber have a view on compensation for taxis? Obviously the \$2 levy on each and every trip is intended in some way to go towards compensation for taxi licences. What is Uber's view on that?

Mr DENMAN — We have made arguments in our submission to this committee as to why we do not believe there is necessarily any legal or economic requirement for compensation. It is certainly for the government to take a position that they believe compensation is necessary, and that is up to them. All we would ask is that if they are going to take that position, we have a full, open and transparent debate so the analysis and economic modelling that should be underpinning that proposal are fully released to the public and we can have a debate on the merits of any package that is being proposed. Then thereafter I think the Victorian taxpayer will be in a better position to make a decision on whether or not the compensation is justified. At this stage we are just calling for full transparency in the process, which it is probably fair to say we have not had at this stage, but of course the reforms have only just been announced.

The CHAIR — Yes, that is right. All we really have is a media release to this point. With regard to the \$2 levy, I note that there have been other states in Australia who have considered introducing a levy but decided not to as a result of the inefficiencies in collecting the tax — that a \$1 tax may indeed cost \$1 to collect and therefore be of very little net benefit. If that were to be similar in Victoria, if we were to have a tax of \$2 per trip that was costing \$1 to collect, what impact is that going to have?

Mr DENMAN — Well, I think obviously that is less a question for me or Uber and really one of, I guess, policymaking. So the question for all sides of the debate, I understand, is: if we agree following a full and transparent debate on the compensation that there should be one, how are we going to fund it? Certainly questions, of course, of that nature can be raised about the cost of administration on the levy, and at this stage I think it is a valid question. It is not one that we have detail on, but I am sure the committee would have views on the benefits of a levy 50 per cent of which was going towards the administration of the levy, and I am sure those views are probably more well founded or understood by others than by me as the Uber operations manager, I guess.

The CHAIR — You mentioned regional Victoria, and the committee actually travelled to Bendigo to hear some of the views from the taxi cooperative as well as hotel operators and tourism operators in Bendigo. We heard of some of the challenges that are facing regional centres. You did mention that Uber is looking at launching in Bendigo, Ballarat and those types of places. Are there any time frames around when that may occur?

Mr DENMAN — Obviously we are really keen. Uber's mission is to bring transportation to everyone and make it reliable and affordable, so that obviously includes regional centres, and we are acutely aware of the issues around availability of transport in most regional centres around Victoria and around Australia generally. We are also aware of many of the problems — that there are challenges — around under and low employment in those areas, so bringing economic opportunity to these centres is certainly something we would love to do, and certainly particular challenges around drink-driving and so forth that we know Uber can have a really positive impact on.

And certainly we are seeing some regional centres reaching out to us, particularly around major events, where they have a small number of taxis that during the week, I guess, service demand but every Friday and Saturday night simply cannot keep up with the demand in those cities, and then when you have, say, the Ballarat races, they are completely not fit for purpose. So having a dynamic and a flexible supply base of drivers who can come on to the Uber platform at these peak times to really help keep the city moving, and particularly support the tourism industry, which is so vital in these regional centres, is something that we want to be a part of.

At this stage we need to understand what the process of bringing a driver onto the platform looks like, so it is fair to say that the higher the barriers to entry and the more restrictive the regulatory process is around that, the harder it is for us to launch quickly in those regional markets. So certainty around that process is key to us, and

once we have that clarity, and hopefully once we have a process that enables that speedy accreditation of a new driver, we would love to launch everywhere. There is no reason why we should be bounded by anything. The beauty of our technology is it can be launched anywhere. Where we struggle is when we have to interact with bureaucracy that might make it difficult to launch quickly.

Mr LEANE — Thank you for your time today. Just going to your verbal submission, you mentioned that it was you and two other people who started the Uber company in Melbourne. Were you interacting with the US? Were you interacting with the parent company to be able to do that?

Mr DENMAN — Uber is a global company, so the technology is developed out of our headquarters in San Francisco.

Mr LEANE — So headquarters are in San Francisco. So who is Uber? Who is at San Francisco? Who is the board? Who actually owns Uber?

Mr DENMAN — Uber is a private company.

Mr LEANE — Yes. So who is the private company?

Mr DENMAN — I do not know all of our investors off the top of my head, but there are a wide range of investors in the business. Like most early-stage start-ups — and it is important to note that obviously Uber is still only six years old — it is a young company. The business is funded by venture capital, and so there are a range of private investors in the business.

Mr LEANE — So is there a board, or is there — —

Mr DENMAN — Yes, there is a board. I manage, obviously, the operations here in Victoria. If there are specific questions about how Uber is managed, subject to any confidentiality requirements, I am certainly more than happy to — —

Mr LEANE — Can you take that on notice?

Mr DENMAN — We can, yes, and get back to you.

Mr LEANE — Because it would be good to know who the board is and who the chair is and, I suppose, who the main players are.

Mr DENMAN — Yes, sure. I am not completely sure. As a private company obviously there is not the same governance requirements as exist for a publicly listed company, but obviously we have to have — a company of Uber's size has to have — internal governance to make sure we function effectively.

Mr LEANE — Yes, and I suppose the buck has to end somewhere. It has got to end somewhere, doesn't it?

Mr DENMAN — Yes, absolutely. Our CEO is one of our co-founders, Travis Kalanick. He has been with the business from the start. We are arranged like any other company; we are just not publicly listed, and that is the same as many private companies that exist in Australia and all around the world.

Mr LEANE — I am not too sure why Uber would even buy into the compensation argument or debate for taxi licence drivers. I understand that you have been operating in Melbourne for a while, so you, along with us, would see that taxi licence owners are concerned about the deregulation, and their grief of what that might mean to them is real. It is real. Would you agree with that — that there are people who are actually very concerned with what the deregulation will do?

Mr DENMAN — I understand that others have opinions on things. Obviously I cannot comment on the views of others. Clearly there have been statements made to the media, and I am sure to this committee, to that effect, but I am not in a position to comment.

Mr LEANE — I am just surprised. Why would Uber be bullish about this? Why would they want to get into this space?

Mr DENMAN — Into compensation?

Mr LEANE — Into the space where there should be no compensation.

Mr DENMAN — I think, as I mentioned, we in our submission made arguments about compensation. I think, simply put, as a participant in this industry it certainly falls on us to make evidence-based arguments about the rationale behind any particular policy decision in this industry, because naturally that will have flow-on effects to the rest of the industry, and it is one that we are clearly a significant participant in.

To the question that was asked previously by the Chair, I guess our position is that if the government choose to have a compensation package, that is for them to decide. However, in the due course of public debate, it is important, we believe, that when money is to be transferred from either the public purse or from the consumer there be a full and transparent debate on that. Clearly as a participant in that debate we stand on the side of the Victorian taxpayer and the Victorian consumer, and in that sense I think we have an obligation to be involved. But, at this stage, really our main concern is just ensuring that there is a full and transparent debate and that the justification for any compensation is made.

Mr LEANE — So operating the way you have been, how much Victorian tax does Uber as a company pay?

Mr DENMAN — Uber pays all of its applicable taxes in Australia.

Mr LEANE — Taking the answer to the Chair's question about the levy and your argument against it — that that would increase travel — would you argue against the GST? Would you say the GST should be lifted as well?

Mr DENMAN — Our suggestion is that when we are creating a new market with the express purpose of increasing competition, making the market more accessible, particularly for people who are of a lower socio-economic status, imposing a flat levy can only have the impact of reducing demand for that service. We know that there is potential over time, if this industry is properly handled and if innovation is allowed to come to it, for huge benefits.

We have a significant congestion problem here in Melbourne, and that is a problem that is only going to get worse, and so Uber has technology such as uberPOOL, which you may or may not have heard of, and that would allow multiple riders who are travelling on broadly the same route at the same time to actually share that ride and split the cost. The net impact of that is to put more people in fewer cars. With that product, when you split the cost of that fare, you actually will start to see that the fare for each individual starts to get quite low — we are talking down to potentially single digits. If you were to put a \$2 levy on that fare, we are talking about a 20 or 25 per cent impost on an activity that surely all of us can agree is beneficial to the community. Carpooling is something that governments of all stripes have been trying to encourage for generations. For us it is about making sure that we are encouraging a market to grow that we know will benefit the city at large.

Mr LEANE — Given that answer, how does Uber justify the surge pricing that you apply?

Mr DENMAN — Uber aims to be the cheapest, most reliable ride at all times. The reality is that if you have a fixed price, quite simply put there will be times when you cannot keep up with demand. The purpose of dynamic pricing is to match supply and demand, so at periods where there are a lot of people looking to travel, dynamic pricing may come into effect. And this has two effects: it both encourages more drivers to be online and to be in the areas where that demand is so high, but it also causes riders to think about whether they really need to travel at that particular time.

We actually have a function in our app that a rider, when dynamic pricing is in effect, can actually press a button that says, 'Notify me when the pricing reduces to normal levels', because you will find that people are out to dinner or they are at their friend's place and were going to go now but, because the dynamic pricing is in effect, they say, 'I can stay an extra half an hour and wait for it to balance out'. What we see is that dynamic pricing matches the supply and demand on the network. It is no different to airlines charging vastly different rates for airfares at various times of the week or the year.

Mr LEANE — In your submission, and in your verbal submission too, you mentioned that you were working with the government around accommodating accessibility to people with disabilities. Is it 11 000 drivers at the moment?

Mr DENMAN — Fourteen thousand.

Mr LEANE — Out of the 14 000 drivers, how many of their vehicles are geared to accommodate people with a disability that means they need to use a wheelchair?

Mr DENMAN — As I mentioned, we are committed to providing accessibility services. We have the uberASSIST product, and that accommodates more than 70 per cent of riders with a disability. You are right to mention that the question of wheelchair-accessible vehicles is certainly a pertinent one, and it is one that we are very interested in solving. What is good about Victoria in particular, but actually all Australian jurisdictions, is that we have fairly generous subsidy schemes in place to support people who require at this moment a wheelchair-accessible taxi. However, I think the government admitted in its multipurpose taxi program inquiry that it began last year that the disability community are not happy with the level of service that they receive from the MPTP at present, and our conversations and engagement with the disability community would confirm that.

This is something that we are really interested to solve, and it is a real challenge. My job is to bring transport to as many people as possible, and so we are committed to doing that. What we know from our work — and we have had people do some preliminary analysis internally about what it would take to bring a wheelchair-accessible vehicle product to market, and we have had conversations with the disability community — and I think this committee has had submissions from members of the disability community to this effect, is that they like Uber but unfortunately they do not have access to the MPTP subsidy, which is a problem for them.

Where we keep coming back to is that there is this subsidy in place. It is quite generous, and the government pleasingly have announced that they will increase the level of that subsidy following the reforms a couple of weeks ago. However, the subsidy is only made available at this stage for use in a wheelchair-accessible taxi. Simply put, even if we had a fantastic wheelchair-accessible vehicle product, the subsidy could not flow to it. If you were someone who had access to that subsidy, as a matter of common sense if you had two choices — one of them received a 50 per cent subsidy and the other one received zero — quite simply you would take the one that got the subsidy.

As far as we are concerned, this is a challenge that one company, Uber, cannot solve by itself. It is one that is going to require government and industry working together not just taking what we currently do and moving it to a new provider but actually saying, ‘We’re committing this level of funding to provide this service. What is the most effective way of delivering that?’. We have some ideas that we think might be helpful in that space, and we are truly excited to be given the opportunity to work closely with government on delivering that service to get the disability community the service that obviously they want and the one that they deserve.

Ms DUNN — Thank you, Mr Denman, for your submissions this morning. I just wanted to pick up on a question Mr Leane asked in relation to how much tax you pay. I know that you acknowledge that you pay all the taxes that you should be paying in Victoria and Australia, but I am just wondering if you could take on notice and get back to the committee on how much that is and the revenues attached to that as well.

Mr DENMAN — Absolutely. As I have said, I do not have that knowledge.

Ms DUNN — I do not expect you to have it on you; that is fine. I just wanted to pick up also on people with a disability having transport that they can access across the range. You said that uberASSIST accommodates 70 per cent of people with a disability. I am just wondering what your thoughts are on how the other 30 per cent might be able to participate in this market, because it does not appear that there is an avenue for them to do so at the moment, setting aside the fact that there are some regulatory issues around subsidies.

Mr DENMAN — To return to the comments that I was making just previously to the honourable member, at this stage we are looking at this and would certainly love to be able to participate in this market, but we do not want to do it in a tokenistic fashion. In order to deliver a reliable service, you need to have enough wheelchair-accessible vehicles on the platform at any given time that, regardless of wherever you are in Melbourne, you can reliably access a vehicle. I suppose I reiterate the comments I said before. The question is: how do we actually increase the demand for those services to such a point that you can actually have a reliable network of vehicles on the platform? At this stage those who have access to the MPTP subsidy can only use it on a wheelchair-accessible taxi; they cannot use it on Uber. Without them having the choice to use it on Uber, it is very hard to see why they would, and therefore it is very hard to see how a market can be created to support them.

Ms DUNN — Thank you. In terms of uberASSIST and the drivers who participate in that program, I would imagine when they pick up their rider that has the potential to take a little bit longer if there is folding up of wheelchairs or assisting that passenger into the vehicle. In terms of your income structure to that driver, is there any recognition that that takes more time and therefore essentially affects their capacity to earn?

Mr DENMAN — At this stage the way a driver partner would actually become an uberASSIST driver as well is after they have completed a certain number of trips on the platform, and if they have a suitable car and their rating and feedback and so forth are very good, we invite them to become an uberASSIST partner as well. I think one of the truly great things about my job has been the interactions that I have had with thousands of Victorians who drive on the Uber platform. By and large they genuinely love the opportunity to be able to help people get around. UberASSIST is purely voluntary, and these drivers choose to become uberASSIST partners, and they do not receive any extra financial compensation for doing so. They do it because it is a good thing to do and it is the right thing to do.

Ms DUNN — They are committed to it. In terms of Uber drivers — and you said there are 14 000 of them now, I think — do you have an idea of the average hours those drivers would work and an average income of those drivers?

Mr DENMAN — Coming back to my initial statement, these drivers come from all walks of life, and they use the app in very different ways. For instance, well over 50 per cent — approaching 60 per cent — of our partners drive less than 10 hours a week. We have a very small percentage of partners who drive full time, but certainly we value their contribution.

In terms of the earnings on the platform, obviously like most of the point-to-point industry, they vary by hour of day and day of week, so clearly at midnight on a Saturday the earnings are going to be much higher than they are in the middle of the day. So a partner's earnings are very much dependent upon which hours they choose to drive, and of course it is important to emphasise again that they have complete control over which hours they do drive. When we see at the moment average hourly earnings across the week, it is important to note that we know when a partner is online. To go online a partner simply needs to press a button, so a partner could go online and sit at home. Are they technically working? It is hard to say that someone sitting on the couch watching TV is working, but that hour then gets added to the total pool of hours when we go to actually think about what earnings are. Average earnings in Melbourne per hour are well over \$30 at the moment for partners.

Ms DUNN — Do you have any instances or are you aware of any instances where drivers might be working to the extent of 13 to 14 hours?

Mr DENMAN — Not off the top of my head. We obviously discourage — clearly discourage — drivers driving fatigued, and we are actually using technology to try and manage some of the safety concerns that might come about from that. The problem with necessarily putting in specific certain hourly restrictions, which might seem to be the solution to the problem you are reaching at, is that for the drivers who partners with Uber — as I say, the overwhelming majority of them — this is not their primary income, so whilst we can monitor how many hours they are on the Uber platform, we do not know what they are doing outside of the Uber platform, so simply crudely looking at how many hours they are online with Uber is probably not the best way to manage fatigue.

The beauty of technology is that we can actually deploy solutions which are far more rigorous. We have pilots running around the world which, using telematics technology, can monitor what is actually happening in real time on the app, so if someone is accelerating too fast or braking too hard or if they are too close to the curb, the telematics can allow us to identify that and then actually in real time deploy solutions to that. So we might say, 'Hey, are you a bit tired, should you take a break?', et cetera. These are the really exciting things that can happen when you obviously embrace innovation. We have a whole team of engineers in San Francisco looking for ways to further improve safety on the app.

Ms DUNN — So is that telematics, in terms of tracking when vehicles are moving and what they are doing, still in development and not actually operational yet?

Mr DENMAN — There are many pilots in place. I am not sure of the exact time frame off the top of my head. I can certainly get more information on it for you.

Ms DUNN — That is great — —

The CHAIR — Ms Dunn, sorry to interrupt you. I am just conscious of time, so I might head over to Mr Bourman. I am sure there are plenty of questions we might be able to put on notice to Mr Denman towards the end.

Mr BOURMAN — Thank you, Chair. Thank you, Mr Denman. You mentioned earlier that ridesharing is going to potentially reduce congestion. Why wouldn't more taxis just do the same thing?

Mr DENMAN — More point-to-point transport in general would do the same thing. The benefits of ridesharing and the technology that Uber has are that through uberPOOL, which we would love to bring to Melbourne in the not-too-distant future, you can actually put more people in the same car, so people can actually share that ride. In a sense, if uberPOOL was fully functioning in Melbourne and everyone was using uberPOOL, then you would at least cut the number of vehicles on the road by half and sometimes maybe even more than that if you were to get three people in the car. That is obviously a hypothetical scenario. At this stage I have not seen technology that could accomplish that with taxis.

Mr BOURMAN — Working on the uberPOOL thing, given the problems that normal, non-fee-charging people have with carpooling, what makes you think something like uberPOOL would work any better than that?

Mr DENMAN — Well, I guess firstly the fare. There is a regulated maximum that you can charge for essentially a car pool trip at the moment, so uberPOOL — —

Mr BOURMAN — I will just interrupt. Even free ones seem to have difficulty taking off, like a bunch of people from the same office.

Mr DENMAN — Yes, and I guess the reason is that there is no economic incentive, I think, for people to use those products and no easy way to connect to riders. Carpooling at the moment in the traditional sense would probably rely on you and me living near each other and knowing each other and agreeing to carpool. But what happens on the occasion where you have got a late start or I have an early start? The carpooling arrangement is probably not going to work. With uberPOOL, once you have enough riders and enough drivers on the platform at any given time and you are making that request in real time, there is a far higher likelihood that we are going to see a match and therefore we are actually going to have the pool trip conducted. In San Francisco — it is our first market generally but also our first market to launch uberPOOL — nearly 50 per cent of all trips are uberPOOL trips.

Mr BOURMAN — Fifty per cent of Uber trips?

Mr DENMAN — Yes.

Mr BOURMAN — Okay. Has it had any measurable effect on cars on the road, to your knowledge?

Mr DENMAN — It has certainly had an impact on the number of Uber vehicles on the road for the number of trips completed — that is for sure — so in that sense I guess it has had an impact on cars on the road. I think we also need to make sure — and let us take Victoria as an example — that the government is trying to create a regulatory setting not for today or for tomorrow but for the next generation. If we take the long view on this, as the technology develops and as we get the right processes in place to enable it and as we get more competition and innovation in this market, we would hope to see such products as uberPOOL. UberPOOL is just an example; there are plenty of other applications for this sort of thinking. Once innovators are allowed to actually flourish, which hitherto the markets have probably meant they have not been able to, they can gradually have this impact over time. I am certainly not suggesting that congestion can be solved overnight — clearly it cannot — but the sooner we put ourselves in a position where we can enable these sorts of innovations to take hold, the sooner we will get those benefits.

Mr BOURMAN — Regarding dynamic pricing, I went over to America earlier this year, and I actually happened to be in Nevada by chance. I took Uber, seeing as how it is legalised over there. Kind of knowing this was coming, I asked a lot of the drivers some questions, and the impression I got was that after an introductory period not only do the prices for Uber go up for the consumer but the return to the driver is reduced. What do you have to say to that?

Mr DENMAN — I cannot speak directly about what is taking place in Nevada. What I would say is that in the two and half years I have been working with Uber and working in this market the prices have reduced considerably for riders and earnings for drivers have gone up considerably. The reason that is is that what we are creating here I guess is a marketplace that requires lots of drivers and lots of riders, and as that marketplace grows the pick-up times decrease, because you are always going to be closer to your next rider, and the reliability increases, which means that more people are likely to use Uber more often. As a result the drivers are kept busier, as in they do more trips in every hour, and their earnings go above where they were, even notwithstanding changes in the pricing.

Mr BOURMAN — Once it becomes legal, though, the whole paradigm shifts. At the moment in Victoria there are 14 000 people technically doing it illegally. Wouldn't it be fair to say, though, that once it becomes legal, assuming it does, more people will use it and it will be easier for the company to change the pricing structure or the return-to-driver structure or anything like that?

Mr DENMAN — Clearly the reforms are targeted at increasing competition in this sector. Obviously at this stage Uber appears to be the only ridesharing participant in this market, but as I mentioned we would expect GoCatch to launch their ridesharing product in Victoria.

Mr BOURMAN — Or Lyft, or one of those other people as well.

Mr DENMAN — Very soon. Uber has a number of large, well-funded, highly capable global competitors, so if the market is viable here, then there would be no reason why they would not want to enter it, and that is before you look at any homegrown innovators that might want to develop our market. I think the history of, I guess, the world of business is that companies that treat their consumers poorly are living on borrowed time. Uber have a great incentive to not do that, simply because we want our company to be sustainable.

The other thing I would note is that at this stage it is easy to look at the existing point-to-point transport market and think that it is a zero-sum game. Broadly speaking when we talk about uberPOOL what we are trying to accomplish is making it possible for more and more people to not own a car, and so the market opportunity for that is ginormous. So there is no reason for us to be looking to change our pricing in any direction other than going down, because ultimately that only attracts more customers.

Mr BOURMAN — One thing I picked up about the dynamic pricing in America — and you said that it possibly makes people review the need to take a trip — was that it was put to me there that it is actually price gouging. People want to go at a certain time — hence why it is peak period — so they have got two choices: take Uber or Lyft or whatever it might be, because I think they all run similar pricing schemes, or a taxi. My experience with Uber in America was far better than with the taxis there. It was chalk and cheese; there is no disputing that. But it was said by a number of people to be nothing more than price gouging. What have you got to say about that?

Mr DENMAN — As I said previously, dynamic pricing exists to help balance supply and demand. The lion's share of every Uber fare, it is really important to note, goes to the driver; it does not go to Uber. That includes the lion's share of any surge price trip. We have the highest number of drivers online on our platform at midnight on a Saturday every single week. That is a time when, ideally, they would probably be home with their families. They are not online for their health; they are online because they know that the likelihood of high demand and potentially dynamic pricing is higher, and so what is happening is that the market is responding to that flexible pricing structure. If it was just a fixed fare at all times, then why would anyone drive on a Saturday night?

Mr BOURMAN — Fair enough. So with dynamic pricing, if the pricing goes up, the return to the driver goes up.

Mr DENMAN — Correct. So their share of the fare, the percentage share, remains the same regardless of whether dynamic pricing is in effect or not.

Mr BOURMAN — One last thing: 14 000 drivers are possibly driving a commercial vehicle illegally. What sort of insurance flows are you aware of of people having an accident? Because unless they have got commercial insurance, as I understand it, if they have an accident whilst doing an Uber trip, they could potentially be left hanging in the breeze.

Mr DENMAN — Firstly, it is important to note that every Uber ride is insured. Uber has a commercial liability policy, an umbrella coverage.

Mr BOURMAN — Sorry to interrupt. Is that for the car as well, like normal car insurance?

Mr DENMAN — Yes. Firstly, that is third-party bodily injury cover that covers the rider and the driver involved in any particular accident, and obviously the TAC has similar coverage.

Mr BOURMAN — I am thinking more along the lines of property damage. No-one gets hurt, but you have done a few thousand dollars worth of damage to your car.

Mr DENMAN — Obviously we require all drivers to have third-party or comprehensive cover. Certainly it is fair to say that when the majority of those drivers are doing less than 10 hours a week, the car is still primarily being used for personal use. The level of insurance cover the driver has is ultimately a question for them. We make sure that they do have cover, though. What we are seeing is that the market, the insurance market — and it is similar to the regulatory reforms that we are seeing from the government, this is a changing industry — is clearly responding, so there are multiple insurers who have publicly stated that their cover explicitly covers drivers. So this is a market change like any other, and we would expect that to continue over time.

The CHAIR — Thank you, Mr Denman, for your appearance here today. I am sure there are many more questions that the committee have, and we would be very pleased if we could provide those to you on notice and if you might be able to provide written responses to those. We would be very thankful for that. At this juncture I will thank you for your attendance here today. You will receive a copy of today's transcript for proofreading, and those transcripts will ultimately be made publicly available on the committee's website. Once again, thank you for your attendance today.

Mr DENMAN — Thank you. I appreciate your time.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr Thomas Banks, director, Centre for Access.

The CHAIR — I declare reopen the Standing Committee on the Economy and Infrastructure public hearing. Welcome to all those present this morning. The committee is hearing evidence in relation to the inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you were to go outside and repeat the same things, those comments may not be protected by this privilege. Thank you, Mr Banks, for agreeing to be a witness today at our inquiry. At this point I will hand over to your good self for any introductory comments, and then we might move into some questions from the committee following that.

Mr BANKS — Hello. My name is Thomas Banks. I would like to acknowledge the committee and thank you for the opportunity to address you today. I feel honoured to be here representing people with disabilities. I want to start by talking about what life was like before Uber existed. Taxis were hard to navigate. I would be on hold for hours when I called to book a cab. Then when I finally got through the operators could not understand me. They would hang up on me without even trying. I often waited for cabs which never turned up. Some drivers would pull up, wind down their windows and ask me where I was going. They would refuse me because they either thought I was drunk or would not accommodate the short distance. They would drive off when they could not understand me. It really frustrated me.

My world changed forever when I was introduced to Uber last year. I could suddenly get around without experiencing the same barriers with the taxis. I did not have to wait on hold for a long period of time. I loved how I could contact the driver directly and rate him after the end of my trip. I loved how simple the app was to use. It was good how my receipts were sent directly to my email address. I no longer needed to fumble with any small pieces of paper anymore.

I recently caught Ubers in the USA, which was amazing. They have a service called uberPOOL, where you can share a ride with strangers to keep the cost down. I hope to see uberPOOL introduced in Australia because it is fun, but it is also really cheap for customers. You never knew who you would meet.

One of the arguments with the taxi industry is that Uber is not a professional service. I can actually have conversations with the drivers when I catch Ubers around. They are not talking on their phones in another language. It happens all the time when I am in cabs, but it rarely does when I catch Ubers.

Now I would like to give some recommendations about how Uber can be more accessible for people who have disabilities. I know a lot of friends who have disabilities who would benefit from catching Ubers around. They cannot access the service, because Uber currently do not have any wheelchair-accessible vehicles available. Many people with disabilities are entitled to a half-price taxi card, which is subsidised by the government. If the government worked with Uber to offer the same incentive, there would be so many people with disabilities who would benefit from using the service.

I would like to see Uber establish an advisory group where they invite people with disabilities in to learn from their lived experiences. It would be great if Uber invested funds into having every one of their drivers specifically trained to understand how to communicate with people who have disabilities. I am available to work with Uber and other companies not only to deliver the training for their drivers and employees but also to support them to understand what access really means and how to implement it into their day-to-day business activities. I have so many other innovative ideas about how Uber can make the app more disability friendly.

People with disabilities have had to put up with the unreliable taxi industry for so long. As someone who relies heavily on public transport to get around, I am excited to see how Uber will contribute to the disability community in a positive way. Now we finally have a reliable choice, but Uber needs to be accessible for everyone, and that includes people who use wheelchairs.

Before I finish my address to the committee, I have a challenge for you. You should all catch taxis and Ubers with me, especially in peak times, so you can experience the way which I am treated and so you can experience firsthand what the difference is between both services. It would also add credibility to the final outcome of your inquiry. Thank you for your time.

The CHAIR — Thank you, Mr Banks, for your contribution today. I think it is something that we have heard from a number of people who have presented insofar as we find ourselves with a significant opportunity in terms of transport here currently in Victoria, particularly with Uber and the like, and right now the right decisions do need to be made to ensure that people with mobility issues or low vision or the like do find these

ride-sourcing options accessible. So I am curious to know: you mentioned about an advisory group that might be able to help. What would that look like, do you think? How would an advisory group work with the likes of Uber to assist in ensuring that members of our community with mobility issues, vision issues and the like are not left behind?

Mr BANKS — I will write my comments, so please be patient.

The CHAIR — Sure.

Mr BANKS — So a lot of times people with disabilities are not consulted, so it is really important that it happens. Uber Melbourne currently does not have an advisory group, but it is really important. So my hope is that the group meets every few months to give feedback directly into the further development of Uber in Australia, and also they should pay us for recognising that we are in fact the experts because we have to navigate these barriers every day. Also Uber should employ in an access position someone who identifies with a disability.

The CHAIR — Indeed. Further to that, we have heard about the multipurpose taxi subsidy that is available currently only to taxis. Is that something that you believe is important to be extended to Uber and other ride-sourcing organisations?

Mr BANKS — This is an important issue which needs to be addressed. From a personal perspective I think Uber should have a government subsidy, because people with disabilities deserve choice.

The CHAIR — Absolutely. It is a very good point.

Mr BANKS — And a reliable choice.

The CHAIR — Indeed, yes.

Mr LEANE — Thank you so much, Mr Banks. I agree with your sentiment that we need expertise like the Centre for Access and you. Disability access or access for everyone in the new rideshare-Uber world is a huge issue for us as a committee. It has been one of the major issues. Uber gave evidence just before you — I noticed you were in the gallery — and I asked Uber how many of their 14 000 vehicles are actually wheelchair accessible. I am not sure I got the answer, but can I ask you: how many people that you know, you deal with or you assist who rely on wheelchairs have accessed Uber? Do you know if any have?

Mr BANKS — I do not think any have, which is a real issue. Before I came here today I consulted with people, and people in wheelchairs who own wheelchair accessible-vehicles want to drive, so maybe the government could subsidise a small portion of funds for wheelchair drivers to start to make the industry more competitive.

Mr LEANE — Good on you. That was my only question. Thank you again for helping us.

Mr BOURMAN — I have just one quick question. Thanks for your evidence today, Thomas. Are you aware of whether the taxi industry has an advisory group for people with disabilities?

Mr BANKS — They did, but they cut it.

Ms DUNN — Thanks, Mr Banks, for coming in today. I wonder if you have got any views on the \$2 levy that is proposed for each trip.

Mr BANKS — So basically I personally think it should not be implemented, because it would affect people with disabilities dramatically, but at the same time, when taxidriviers get bookings, automatically there is a \$2 extra cost, so it needs to be fair. The only difference is when I hail the cabs there are no fees added, which is a disadvantage to Uber. I do not know what happened with the taxi inquiry last year. Will there be an outcome?

Ms DUNN — Good question. I do not know either. The other thing I wanted to ask you, Thomas, was: do you know anywhere where fully accessible ridesharing works well, either in Australia or across the world, that maybe we could look at and see what a good model is?

Mr BANKS — Good question.

Ms DUNN — We would love to think there is one.

Mr BANKS — I do not know any.

Ms DUNN — Okay, no problem. Thank you for that.

The CHAIR — Thank you, Mr Banks, for your attendance today and providing testimony to the committee. You will be provided with a copy of the transcript of today's evidence, and you can proofread that and provide any changes as necessary. That transcript will ultimately make its way onto the committee's website.

Mr BANKS — Whichever way, let me know what happens.

Ms DUNN — Yes, we will absolutely let you know what happens. The other thing I did forget to say, Thomas, is that I would be very happy to come and share your journey on the taxi and Uber and see just how that goes. I would be very happy to.

Mr BANKS — All right. Lilian has got my email.

The CHAIR — Very good. We will be able to follow that up. I am sure other committee members would be interested in doing that as well, so we might be able to do that.

Ms DUNN — We can go on a trip together.

Mr BANKS — Funded by the government, of course.

The CHAIR — Yes, we will get Mr Leane and his friends to look after that for you. We joke, we joke. Thank you, Mr Banks, and thank you for your time today. As I say, you will be provided with a transcript of today's evidence, and once again, thank you for your attendance today.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Dr Ian Minifie, director, productivity growth program, Grattan Institute.

The CHAIR — I declare reopen the Standing Committee on the Economy and Infrastructure public hearing and welcome everyone who is present here this morning. Today the committee is hearing evidence in relation to the inquiry into ride sourcing. The evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege. Thank you, Dr Minifie, for coming along this morning and providing some testimony to the committee. At this juncture I will hand over to your good self. You might like to state your name and your role within your organisation and then move into any introductory comments, and then we will follow with some questions from the committee.

Dr MINIFIE — Thank you. My name is Jim Minifie. I run the productivity growth program at the Grattan Institute. In that capacity I am responsible inside Grattan for identifying policy reforms that will improve living standards for Australians, particularly by driving productivity, essentially by improving the allocation of resources and getting more valuable services and goods for the same cost.

In that capacity, the emergence of a whole set of new peer-to-peer platforms caught our attention because they do provide the prospect of improving productivity in the sectors in which they operate by reducing transaction costs and permitting strangers to provide services in a more decentralised way than we have had in the past. It has got implications for policymakers because it does change the kind of regulation that you need, and ride sourcing is really the biggest of those near-term opportunities.

You would have seen the letter that I put in front of our report — the cover letter — which served as a summary of the recommendations in respect of ridesharing that were included in the report, so let me at a very high level run through them. First, our analysis suggests that there is a sufficient benefit to the Victorian community that the government should legalise ridesharing in some form. What we recommended was that a new transport booking service category be created rather than a kind of overarching category that includes taxis. I am happy to discuss some of the issues around that separation.

With respect to some of the details, it was clear to us that the anonymous rank and hail part of the taxi market requires a more involved regulator than in the effectively prebooked and less anonymous ridesharing part of the market. We are not experts on the safety performance of ridesharing versus taxis — clearly there is work to be done to evaluate what kind of prescreening and whether in-car cameras and so forth are required — but broadly it struck us that retention of the safety regime for taxis was appropriate given the anonymous part of that rank and hail part of the market, which is the majority of the market.

The third observation we made was that the disability access regime will probably need to be adjusted over time, and the reason for that is that the way the system works today effectively provides operators of, for example, wheelchair-accessible taxis with a discounted licence. They can access non-wheelchair-related work essentially at a discount, and that permits them to provide coverage across the city for people who do need those wheelchair services. As licences drop in value, essentially the value of that, if you like, cross-subsidy diminishes, and so the government will need to develop a new protocol to support disability access.

Our next observation was around cutting the price of taxi licences and deregulating fares. I think it is important to recognise that the interests of different participants in today's taxi industry are not fully aligned. For example, fully deregulating entry into taxi operation could well benefit operators while reducing the value of licences and therefore impacting on licence owners. We felt that going forward the right set of policies is the one that maximises the size of the pie — and I will come to compensation in a moment — and maximising the size of pie really means reducing entry barriers to the industry, and that means essentially permitting people to operate taxis without paying significant rent streams to licence owners. There are a number of ways to achieve that, and the way that the government has put forward in its architecture that was put forward a couple of weeks ago achieves something close to that.

Our fourth point, around compensation, was essentially to say that if there is a case for compensation, it is probably best to focus compensation for hardship purposes. People bear all kinds of risks in the community, and the risk that regulators might change a restricted-entry market in response to technology change is really no different from many of those other risks. We have got a social security system which provides for the management, to an extent, of some of those risks. In some respects the quantum of compensation is really a kind of ethical or political issue. We are policy analysts — we do not have special insight into the quantum there — but I would note that Victoria's compensation package is much larger than many of the other states for the first

taxi licence certainly, so it is just worth considering whether you are in line with community standards with the quantum of that compensation.

The final point that I observed is that there will be some budgetary impacts, ongoing impacts, if you move to a model that involves zero licence sales. You are not going to get relatively small sums — perhaps \$15 million in revenue — and the disability service funding increase could be bigger than that, from a base of approximately \$50 million. Of course both of those numbers are small with respect to their impact on the current budget compared to the size of the proposed compensation package, which, all up, is in the order of \$450 million.

Overall those were our recommendations. Those recommendations are largely drawn from chapter 2 of the report that we included as an attachment to our submission, which goes into some of those issues in more detail. I am happy to discuss with you any aspect of the submission or that chapter.

The CHAIR — Fabulous. Thank you very much, Dr Minifie, for that. Obviously it is a very comprehensive submission that you have provided to us, and we are very thankful for that. Since this inquiry began the government have announced what they see as the way forward to deregulate the industry and also to provide compensation to those currently involved in the industry. Part of that is the \$2 levy on every Uber trip, taxi trip, hire car trip et cetera. I am keen to get an understanding of your opinion of that \$2 levy and the likely impacts of it — you know, the collecting of it and the like.

Dr MINIFIE — Obviously any government expenditure needs to be funded, and a general principle of public finance, of course, is trying to raise the money in the least distorting way, potentially with a fairness overview as well. In a sense the government has got a choice about whether to fund from general revenue or to fund from a kind of a per-trip impost of this type. Both of them are associated with efficiency losses, so a \$2 charge is just a bit under 10 per cent of the average taxi fare today — let us say from 2014 anyway. I think it was about \$23.50 in metropolitan Melbourne. It is a bit more than 10 per cent of the average ridesharing trip as it has operated, essentially illegally, up until the present. My understanding of the average rideshare fare is that it is in the order of \$15 or so. So a 10 per cent increase in the price will have an effect on who uses both of those services.

It is important to recognise that the price of these point-to-point services is particularly important for lower income consumers. It does not matter much to a business user in many instances, but for somebody who is looking to fill a last mile from public transport or who is juggling multiple jobs and so forth, one of the real promises, I guess, of ridesharing is the average fare reduction, so having a charge of this type would tend to offset that. Having said that, if you have got to make the \$500 million or \$450 million, then you have got to raise it somehow, and there are associated fairness and other distortions from general revenue. Victoria certainly does not have a particularly efficient tax base. It is highly reliant on property transfer charges and stamp duties, which are inefficient in many respects. We have not done analysis to evaluate whether the efficiency and potentially equity implications of funding the compensation and the rest of the package in this way is worse than doing it out of general revenue. It is the case, though, that the more compensation you pay for licence-holders, the bigger the imposts are going to be, regardless of how it is funded, and Victoria's package is certainly bigger than what we have seen in some of the other states. That is sort of on the quantum, I guess, of the amount.

In terms of the administration, I do not have deep insight into how easy it is to implement these things. I would have thought that in the world of electronic transactions it is not hugely complex. I am sure that there is some additional complexity, but I do not know how to evaluate that so that operators would be better positioned. I cannot really shed much light on that.

The CHAIR — I suppose it is difficult to understand, without knowing how this tax or levy is going to be collected, how efficient it will be as a tax. As you stated earlier, we do not necessarily have a very efficient tax system model here in Victoria, and I for one certainly would not want to see an additional inefficient tax introduced on top of all of that.

Ms DUNN — Thank you, Dr Minifie, for your presentation. When you were speaking about the compensation issue, you mentioned the fact that licences were around a restricted entry to the market, and, you know, that there is a risk that people take in participating in that. I expect that a constant theme of this inquiry will be of justifying why that compensation is appropriate, because of the restricted entry. It is something I have grappled with because what I am trying to find is whether there is another industry or area of trade that is similar

in that you need to buy a licence from government in order to participate. I cannot think of one yet, so I thought I would ask you.

Dr MINIFIE — What is quite striking is that around the world you quite often see taxi medallions or licences in operation in different cities. It is not an uncommon phenomenon. I guess the two explanations of that would be, well, there is something intrinsic to that particular market that makes it, if you like, a good solution from the point of view of the consumer to limit the number of providers, and the other one is that there is a kind of political economy explanation that, you know, you have got a group with a degree of market power and so forth. I tend to think that the explanation is the latter.

One of the peculiarities, I guess, of the taxi market, as opposed to some other markets where providers might be exercising market power, is that the rents that are earned by the incumbents do get capitalised into a tradable asset. So there are many, many markets in which incumbents earn a flow of rents associated with a restriction on entry of one kind or another, but I do think it is quite uncommon. You have to look at things like fishing licences and so forth, where there is essentially a common property resource which is being managed partly through restricted entry, and in those industries you do see a similar outcome.

In our research we did try to investigate the similarities and differences between taxi operations and something like fisheries. All markets are complex, but I think it is fair to say that in the case of those scarce natural resources, there is a very clear efficiency rationale to collectively manage the total haul, the total take, in order to get sustainable and maximum value for the community from those licences, and that will be associated with a licence price.

But it is much more difficult to make the case in the instance of taxis. There is some theoretical literature that suggests that market entry restriction is appropriate, but it seems to us, reading the literature, that that case is really not well substantiated and that really when push comes to shove, like other markets, free entry and exit into point-to-point transport will result in a reasonably efficient outcome and that restricting entry will tend to be to the detriment of consumers.

Ms DUNN — Thank you for that. I am wondering whether you looked at, at all, the issues around insurance, workers compensation and those sorts of matters in comparing these point-to-point services and taxis?

Dr MINIFIE — Yes, we did. There is a chapter in the report on the implications of peer-to-peer platforms more generally, but including ridesharing for the labour market and for people's working lives.

Ms DUNN — Yes.

Dr MINIFIE — One of the things that we observe is that over time the labour market or industrial relations systems have developed in line with community norms and so forth, and it is quite striking that in some instances independent contractors are deemed to be employees from the point of view of one or other part of the social insurance package. Typically taxidrivens, even if they are clearly independent contractors, will be deemed to be employees for the purposes of eligibility for workers compensation and so forth. So we think there is quite a strong case, should it be that ride-sourcing or ridesharing drivers are found by the normal employment tests to be independent contractors. We think there is still quite a strong case to consider essentially a deeming process whereby premiums would be extracted from the revenue stream associated with the service and that those would cover some risk sharing, much in the way that taxidrivens are today. Now, with respect to insurance the discussions we had with the industry suggested that there are plenty of products available and as soon as the service is legalised on a state-by-state basis it is possible to get the appropriate third-party and other compensation.

Ms DUNN — The market will respond.

Dr MINIFIE — Yes. It did not seem to us that there was a big policy challenge around ensuring that you had an appropriate insurance.

Ms DUNN — That is great. Thank you.

Mr LEANE — Thanks for assisting our inquiry. You mentioned that the Victorian government's compensation scheme is more generous than other jurisdictions. Could you tell us what the figures were in other jurisdictions as far as the licence compensation or buyback goes?

Dr MINIFIE — No, I do not have them all at my fingertips. The ACT had no compensation. New South Wales offered \$20 000 for the first licence for a sum of, I think it was, a \$250 million package — obviously it is a bigger economy — and a \$1 surcharge on each ridesharing and taxi trip for five years. Sorry, compensation of \$20 000 for each licence-holder for up to two licences for a total of \$98 million. And then a larger one, a \$152 million hardship fund, and there was also a buyback of perpetual hire car licences. The quantum of the arrangements in South Australia and Queensland are on the same order of magnitude. I think it was \$20 000 in Queensland, and it was either \$20000 or \$30 000 in — —

Mr LEANE — For the first licence — well, for both licenses. For up to two?

Dr MINIFIE — Yes. So Victoria's compensation package is about twice as big as New South Wales on a pro rata basis, or a bit more. It is quite substantially bigger.

Mr LEANE — Yeah. On a pro rata basis. That is the only question I have got. Thank you.

Mr BOURMAN — Thank you, Dr Minifie. You mentioned that the anonymous taxi hail and ride requires more regulation, given the anonymity — I think I got that out all right. Uber has actually announced their intention to do a similar thing further down the track. Do you have any comments about any regulation to ride sourcing? I am just using Uber an example, but would they need more regulation to cover that eventuality?

Dr MINIFIE — The essence of peer-to-peer platforms in general is, no. 1, that participants can see some information about the background of the person with whom they are transacting, and no. 2, that they are also aware that the platform has got some tracking and observation capability. And of course you could implement those things in a taxi environment as well. So those things apply regardless of how long in advance you make the booking, and in that respect, hailing a ride-sourcing trip off the kerb, if you like — a hail trip — is significant less anonymous than just putting up your hand and grabbing a cab. In some respects you could say the platform operator has got a kind of system manager responsibility; they perform some of those functions. So the case for having in-car cameras and so forth is somewhat weaker, but we were not able to evaluate, for example, with respect to cameras, if they should be in place in ridesharing. We were not able to evaluate that.

It struck us that the community would expect the same level of background checks for riders. Again, that is a judgement call, but our, I guess, sense of community values was that people would prefer that ongoing criminal background checking is implemented through the ride-sourcing system as well, because that is something which people appear to support in taxis, and it is relatively low-cost to do that more generally. So I am not seeing a requirement for rideshare to have, if you like, a two-tier model depending on how they pick up. Essentially if you are doing something very close to rank and hail, you have still got all of the same features, whether they are strong or weak, as somebody doing an in-advance pick-up.

What that means to me is — and I am not sure whether this is where you were going with the question — the Victorian government has proposed that essentially in time there will be no distinction between taxi operation and ride-source operation with respect to rank-and-hail business. I think the devil is going to be in the details there, because in practice I show up at a cab rank and pick the first cab off the rank and I do not check or book through my phone — and in that case then clearly the same safety overlay that applies to today's rank-and-hail business would have to apply to any operator — whereas if I am booking via my phone I have got those additional set of functionalities. And so, to my mind, it is not really immediately clear to me that the government will be able in practice — —

I guess what I am saying is, I believe in practice it may turn out that you need a different regulatory regime for rank and hail business than business that is booked through a phone app. In that respect you might say, 'Well, okay, that's going to be the province of cabs going forward', or you will say, 'It's going to be the province of entities which are regulated much like cabs are in important respects and with respect to safety going forward'.

Mr BOURMAN — I guess the way I see it is it is either a level playing field or it is not.

Dr MINIFIE — Yes.

Mr BOURMAN — That is a comment, not a question, if you know what I mean. But the only thing about the ride-sourcing thing is that it is possible to set up a bogus account with a prepaid Visa card or something like

that. Probability and possibility and all that sort of thing are a different thing, but it is quite possible to anonymously get into a car.

Dr MINIFIE — Yes, as a consumer, as a rider.

Mr BOURMAN — As a consumer, right. If I was a criminal, it is exactly the same problem that taxis have, except obviously they have got to go to a little more effort. They put a couple of bucks on a prepaid Visa and jump in the car, and if they are intending on ripping you off or doing worse, then there is real no real tracking of them. That is the issue I see; it is possible to circumvent what the majority would use as a point of safety.

Dr MINIFIE — Yes, I think that is right. The question is: quantitatively, is that a big enough threat to warrant additional regulation? And we do not know the answer to that. One of the things we proposed in the report was that the government should feel quite comfortable in insisting that all operators provide incident reporting — comprehensive incident reporting — whether or not they are taxi or ridesharing operators, because, you know, 18 months down the track you will begin to get a feel for what the safety profile is. We were unable to get good information about the relative safety profile of taxis under their current safety regulation versus ridesharing in its unregulated or regulated state.

Mr BOURMAN — Have you seen any data for anything overseas? In different parts of the world where Uber is legal — maybe not for long enough, I guess — would there be a trend emerging yet?

Dr MINIFIE — What we did observe — I am just looking for the section of the report — is that there is a little bit of evidence that is consistent with an improved safety profile for ridesharing compared to taxis. The data point that I found most compelling is that the fraction of ride-sourcing or ridesharing drivers who are women is higher than the fraction of taxidriver who are women, at least in some markets in the US. Beyond that, we were not able to find any information of a kind of aggregate, statistical nature about the incidence of different types.

Mr BOURMAN — You also mentioned social security. Social security can be used to manage risks, I would have assumed, with job losses and things like that. Given the predicted loss of full-time jobs and the obvious growth in part-time jobs, would you see any impact on the social security budget — a noticeable impact? I can see people losing full-time jobs, but will that be made up by people doing that job or losing a job and getting another half-time, part-time job or something like that?

Dr MINIFIE — So in the last few years there has been an up-tick in the part-time share of the labour market across Australia. We think that is mostly driven just by demand weakness in general, somewhat soft economic conditions. The shift to, if you like, a spot market, peer-to-peer form of work is still at its very, very early stages. We think it is less than half a per cent of working age adults who would earn money on a platform in any given month in Australia today, and the number is a little higher in the US but still very low. And there are cross-currents in how these platforms affect people's security. There is some evidence that people use working on platforms to offset variations in their income from other sources, and so essentially adding platform work to the portfolio reduces the overall volatility.

Mr BOURMAN — But therein lies my point. You have got people that have got a normal job, or whatever — another job other than taxidriver — and they are using their ridesharing as a filler or whatever. I am making up figures here, but if you lose 10 taxi jobs and you pick up 20 part-time jobs but those part-time jobs are for people already in another industry, that is going to have an effect. If you look at it statistically, it may not look so much, or it may look better, but the reality of it on the ground level may be different.

Dr MINIFIE — Yes, I think all industry transformations are particularly challenging for people who are later in their careers, and I have certainly had discussions with taxidriver over the last year who have told me that their work is down markedly, their financial obligations are the same as they ever were, they are working longer hours and they have got more idle time in their cabs than they had before. I have not seen that in the numbers; I do not know whether, you know, that is showing up in the aggregate statistics. So there is no question, anecdotally, that those things are happening.

I guess our orientation to those things would be, 'Well, okay, society has got a set of risk management approaches'. Sometimes they do structural adjustment packages that are focused on helping workers with a set of skills in a particular location. More generally you have got the various forms of social transfers and so forth.

If you start to set your industry regulation to achieve those risk management goals, you do run into the difficulty of trying to reduce the damage to the most visible people who are affected by economic change and you tend to lose sight of the much broader benefits. Typically economic changes do have that characteristic. There is a group of incumbents who are hurt; there is a broad group in society who benefit a little bit; and the accumulation of those across all sectors and across time is what productivity growth then adds to our living standards.

So philosophically I think where we would come from is it is better for society to be explicit about what compensation they want to pay and to have a systematic risk management process in society and then to set their industry policy to drive output, to drive value. I can see the system working as well or as badly in this instance as it does anywhere else. There are always people who unfortunately are on the wrong side, but the question of whether we are giving enough support to people who are affected by economic change is a much bigger issue than taxi regulation. I would not personally set taxi regulation in order to try to manage that.

The CHAIR — Very good. Dr Minifie, I was interested in digging down a little bit more into the compensation and the target of any compensation. There has been some discussion about whether or not compensation should be targeted at those who have most recently purchased their taxi licence and therefore arguably could have a greater loss than those who have had their licences for a significant period of time. Another way of looking at it might be in effect a means-tested way of assessing someone, so if somebody had a taxi licence they still owed \$300 000 on and their home was put up as collateral for that loan, you could imagine that the buyback of their licence with only \$100 000 would put them in a significantly disadvantaged position. Or you might contrast that with someone who owns 10 licences who does not owe any money on anything but then has the view that perhaps those licences were something they had nest-egged as their superannuation or the like. In your view what is the best way to wade through those different ways to look at compensating those who are current holders of licences?

Dr MINIFIE — I do not think at the Grattan Institute we would say that we are experts in who deserves what. Those are sort of social or community values that can be expressed in different ways. It is interesting that the Fels reforms were associated with a really small — \$4 million — transition package or compensation package or hardship package. It was very, very small, much smaller than this compensation package. I do not know, but I suspect that as a practical matter it is quite difficult to evaluate hardship. It will be associated with some of the things that you spoke about.

We calculated the financial returns to owners of a licence depending on when they bought that Victorian licence. We have estimated that; it is on page 19 of our report. That calculation was done on the basis of assuming that taxi licence values would drop to zero in 2016 and ongoing rents would also be zero after that point. With a couple of other pretty innocuous assumptions, we found that, if you like, the break-even point was around the year 2000, maybe a year or so later. Somebody who bought a licence in 2000 would have earned enough in rents between that year and 2015 that their real return on owning that licence would be essentially zero, so they would have got their money back essentially by charging rents, which in recent years have been just over \$20 000. There was a period when they were higher than that per year, prior to the Fels reforms. So if you add all of those things up and discount them and so forth, you end up finding that, if you like, the break-even year was around 2000. So it is true that people who purchased more recently have had a much bigger loss.

Therefore, other things being equal, you would say that focusing the compensation on recent purchase is a good thing. However, of course there is not necessarily a strong correlation between when you bought the licence and your overall financial hardship, which is a function of a lot of other things.

There is a tension between how many factors the decision-makers are trying to process as to how targeted you can be and how objective the process will be perceived to be by outsiders who are not central to the process. We do not have any deep insights into that, I am sorry. But I certainly have had discussions with people who expected to and now have experienced a big capital loss. Some of them I presume you will have had submissions from or be hearing from, and it is very moving to hear their stories. So to the extent possible, if I were developing the compensation, I would focus my compensation in a potentially more costly process, a more complex process and a more judicial-type process to identify where the hardship is. But it is expensive to do that, and there is a lot of hardship in the community. It is not just in the owners of these assets and so you have got to balance off those different factors.

But certainly to my mind a straight \$100 000 per licence for up to two seems utterly untargeted — let me put it that way — so I find that very difficult to justify based on my understanding of the distribution of where hardship might be and the kinds of returns people might have achieved. It seems highly untargeted.

Ms DUNN — I am wondering if you have done any work in relation to ridesharing drivers — in that they get a fare, Uber takes their cut and they have to pay for the wear and tear on their vehicles and insurances and whatever — in terms of the actual benefit to them in terms of effort versus reward and how that balances out.

Dr MINIFIE — People have tried to do that kind of research. We did not do it, and I will tell you why. Ridesharing is a small part of the economy, and there are a lot of people who have got the capability to offer ridesharing services. Most of them are doing other things, and what that tells me is ridesharing could exist or not exist; it will make very, very little difference to the broader, if you like, returns to people with the capabilities to do that activity. So I do not see any reason to think that the operator of a ridesharing service — a ride-sourcing service — will feel the need to pay people to set up their rules such that people get more or less than they need to be paid in order to provide the service, if you like. So if the market is operating in that way, I would expect that people will pretty much self-sort into it.

Ms DUNN — Yes, they will self-select.

Dr MINIFIE — Yes. Now, no doubt life is full of surprises; a lot of people will make mistakes. There will be particular groups who come out behind. So, for example, if you are a skilled taxidriver, you have invested in the knowledge, you are full time and you are in your mid or late 50s and so forth, you are on the wrong side. This is not even just a licence-holder; you are on the wrong side of this technology change. Whereas if you have got a car — you have got a Toyota Camry or something, an efficient car that is not going to break — and you have got little chunks of time when you can drive, then you are probably going to come out ahead as a result of this reform.

But we felt that going into the puts and takes of the cost and so forth was something we did not need to do. You would only really need to do that if this was a very significant part of the market for people with those capabilities, and we are talking, around the country, of a few tens of thousands of people in a labour market of 12 million or so. So we kind of left it at that you will probably get paid your opportunity cost, which incidentally could well be low. It could well be below the minimum wage, so there are interesting social questions about whether you think that is a good or a bad thing. I am not saying I think it is below the minimum wage for most people now, but there is no reason to think that the world of labour regulation will have much to do with what people receive.

Ms DUNN — That is a fair comment. The only other thing I wanted to explore is — we had a presentation from Mum's Taxi yesterday, and I think we have GoCatch later today — your views on making sure that all the participants in this space currently, I guess, participate on a level playing field. Do you have views about what that looks like?

Dr MINIFIE — Yes. Let us put aside those safety regulations for now. The big challenge is around fare regulation. If entrants to point-to-point transport are able to use spot prices, including very low off-peak and potentially very high peak prices, they are able to manage their capacity through the cycles, some of which are unpredictable, in a way that operators who face fare regulations may have much more difficulty.

This is a real challenge for regulators because traditionally, as you know, taxi fares in Victoria have been capped. You have been free to charge less if you want, but they have been capped — different numbers for peak and off-peak and so forth. So the regulator will need to play close attention to whether any caps on peak fares are resulting in a situation where, if you like, traditional taxi operators are potentially missing out on the few peak supply crises that are making life viable for operators who are able to have more flexible prices. We see this, for example, in energy generation. There are a lot of generators who make most of their money on just a few days a year, and if something somewhat similar is happening in ride sourcing and you are not able to access high fares during a peak — —

Ms DUNN — They are restricted.

Dr MINIFIE — I think those things will need to be tracked closely. It is very difficult to put those things in legislation, though. I think you need to give a degree of discretion to assist a manager. That is one of the things I

would look at. I am less concerned about some of the safety or insurance or tax-type issues. It seems to us there is going to be a largely level playing field on most of those issues.

Ms DUNN — That would apply across the board anyway, yes. Thank you for that.

The CHAIR — Excellent. Thank you, Dr Minifie, for your contribution today. You will receive a copy of the transcript of today's hearing for proofreading in coming days, and that transcript will ultimately be made available on the committee's website. Once again, thank you for providing your testimony today to the committee.

Dr MINIFIE — Thank you very much for the opportunity.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Ms Alex Holland, Youth Disability Advocacy Service, and
Mr Emilio Savle, president, Disabled Motorists Australia.

The CHAIR — I declare open the Standing Committee on the Economy and Infrastructure public hearing, and thank you to our witnesses for agreeing to appear today. We are a bit of an undermanned subcommittee at the moment; we have colleagues who have been called away.

Mr BOURMAN — We will manage.

The CHAIR — We will indeed.

Mr SAVLE — I am sure we will.

The CHAIR — The committee is of course hearing evidence today in relation to our ride-sourcing inquiry, and today's evidence is being recorded. All evidence that is taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege. Once again, thank you and welcome. I might get both of you to just state your names and the organisations which you are attached to and then move into any introductory comments you might like to make. Then Mr Bourman and I will follow up with some questions after that. I will hand over to whomever would like to go first. Ms Holland? Very good.

Ms HOLLAND — My name is Alex Holland, and I represent the Youth Disability Advocacy Service.

Mr SAVLE — My name is Emilio Savle from Disabled Motorists Australia, and of course we are also here representing a number of disability organisations that came together to put the submission through as well.

Ms HOLLAND — Just as an opening comment — I am not sure how formal you want this to be — as per our submission, which you have, Emilio, I and the rest of the disabled community are concerned about the entry of Uber into the public transport marketplace, along with other ridesharing services. Specifically we are concerned that access to point-to-point transportation will become even more difficult than it already is for people with disabilities. I am not sure how much you know about it, but trying to get a wheelchair-accessible cab on weekends, on Friday nights or during the AFL Grand Final is impossible.

A reduction in wheelchair-accessible taxis has been shown to occur in other jurisdictions when services like Uber have come into the market. In jurisdictions such as New York and San Francisco drivers have stopped operating wheelchair-accessible taxis and have opted to drive for the ridesharing services, as there was not enough incentive for them to continue operating a wheelchair-accessible cab. There has already been a reduction in the number of wheelchair-accessible taxis from 565 at the peak in 2013 to below 500 now. Also the response times for wheelchair-accessible taxis are increasing rather than decreasing.

What we also mentioned in our submission was the multipurpose taxi program, and we believe that this program should be extended to other services. The MPTP allows people with disabilities to access point-to-point transportation and makes it affordable for them. However, if there is a decrease in the number of wheelchair-accessible taxis on the road and an increase in wait times, people with disabilities are going to be significantly disadvantaged. If the Victorian government is to continue its commitment to ensure that people with disabilities are given affordable and accessible access to point-to-point transportation, the MPTP needs to be extended to more services than just wheelchair taxis.

Mr SAVLE — If I could just beg your indulgence for a couple of minutes to take up further a couple of points that Alex has made mention of, for the committee's benefit here I have got a document called *Time to respond: three years on*, which is a document that was produced by the Victorian Equal Opportunity and Human Rights Commission. It is subtitled 'Realising equality for people with a disability utilising taxi services'. This document was written in 2010, and it highlights the extraordinary amount of time it takes to obtain a wheelchair-accessible taxi for a person with a disability, and that has really continued. Although it has improved slightly, we are still facing the same situation today, being 2016.

With the introduction of rideshare services, as Alex definitely pointed out, we see that that service may also diminish even further and therefore put people with disabilities — specifically wheelchair and scooter users, manual wheelchair users — at a disadvantage for those that require a wheelchair-accessible taxi or vehicle. What we are asking also is that, if a rideshare service is going to be allowed to operate, then we need to be able to make sure that those rideshare services do provide for people with disabilities.

We also believe, as Alex pointed out too, that they should be able to obtain the same access to state government assistance for the provision of wheelchair-accessible vehicles. By that I mean the assistance of being able to purchase it. Whether it is a tax exemption or whatever the government thinks fit, great. That would really go a long way, we believe, in providing accessible vehicles.

At the moment for a rideshare service — for example, we will mention Uber at this point in time — anybody that wants to provide or be a contractor for Uber can virtually walk out and buy a \$12 000 or \$15 000 vehicle and they are on the way to earning some money that way. For a wheelchair-accessible vehicle to get on the road, we are talking at least \$80 000 to fit that out, purchase the vehicle and fit out the appropriate restraints in the vehicle to tie down wheelchairs or scooters and so on. So there is a cost disadvantage, really, and it is prohibitive to folk out there that would like to perhaps provide a wheelchair-accessible service, but there is quite a huge cost outlay in terms of getting that, so we tend to think that government could perhaps assist in that vein.

I am holding up my pocket version of *Disability Standards for Accessible Public Transport 2002*. When this came out it basically drew the line in the sand, I guess, in terms of saying that for all public transport vehicles, services and infrastructure, you have a time line in which to make all those provisions accessible under the Disability Discrimination Act. The problem is that it is going to take a fair amount of time, as we would no doubt know. For trains and trams, for example, we have a 30-year time frame for all of those rolling stock, as we call it, to become accessible. Having said that, anything after 2002 — in my mind and in others' as well — services or facilities must be accessible. There is no excuse in our mind. The Disability Discrimination Act basically talks about not discriminating, as we know, against people with disabilities and/or their associates, so that is already set and has been there for quite some time.

At the time when the transport standards were written there was no notion about rideshare services or, for that matter, any type of service. It was public transport services — under that kind of umbrella, if you will. When this was written it was written with the view that anything that came in after 2002, as I mentioned, must be accessible. We would like to take that further in any rideshare services that come on board. In the public arena certainly it has been expressed that not only is Uber keen to operate, but there is a company set up called Shebah, which is a women-only service, and I think Mum's Taxi service.

Let us deal with Shebah for a start. If it is going to be a women-only rideshare service, then that service must be accessible. I know there are women with disabilities that would like to have a service that they could access. The justification in my mind there is, if anybody else wants to operate a service, it needs to understand that we have legislation in place in terms of providing services that are non-discriminatory.

The service itself in terms of, say, Uber or the mechanism in which or how you provide access to that organisation to book a service certainly needs to also be explored. For example, yes, you can use a smart phone, but is it available to a person with hearing impairment? Is it available to a person with vision impairment? Those sorts of issues as well. The vehicle itself might be, but the actual way in which you access that service may not be. I guess we are also saying in that respect just to be mindful of that and how we deliver that or assist those that are wishing to deliver that service.

If I could also go to the rideshare service specifically that Uber provide, which is called uberASSIST, the way in which they provide that service is that, if you are able to transfer out of your wheelchair or mobility aid into a conventional vehicle and your mobility aid can be folded up and stowed in the boot, then you can ride with Uber using uberASSIST. Again, we welcome that to a certain extent, but that will only fit a certain number of folk that are actually able to do that. If you have a person with quadriplegia and so on, for that person there is no way they can easily transfer into a standard vehicle; you must have a wheelchair-accessible vehicle. There are no ifs or buts in that respect. We would be, again, keen to make sure that wheelchair-accessible vehicles are out there in order for the rideshare organisations to obtain or encourage their contracted folk to assist in providing that service.

In terms of Uber mooting a wheelchair-accessible vehicle, we need to understand what that means, because under the Taxi Services Commission criteria in terms of a wheelchair-accessible vehicle, and certainly under the transport standards in the notion of a wheelchair-accessible vehicle, a wheelchair-accessible vehicle must be able to take a mobility aid that measures within the prescribed dimensions that the transport standards state, which is 1300 by 800. In other words, if you fit that dimension of 1300 by 800, you should be able to ride in a wheelchair-accessible vehicle. The other two additions to that are that there needs to be headroom clearance of 1500 and that the vehicle must be fitted with appropriate restraints that are to standard.

We have seen vehicles that have been imported from other countries where, shall I say, the restraints do not comply with Australian standards, and that is what we hold ourselves up to in that respect, because they have been tested, they have been tried and they work here in Australia. Pretty much I would say that all throughout Australia those types of restraints are used because they are accepted under Australian standards. So any vehicle that any rideshare service is considering must comply with those basic requirements as under the Australian standards — the Australian transport standards, that is.

In closing, I guess we also need to look at the delivery of service as well. In the Taxi Services Commission and, prior to that, what was the Victorian Taxi Directorate, I spent four years within that area. In my past I was actually employed within the department of transport for 13-odd years, so I have spent quite a vast amount of time there. I was in what was called the accessibility unit of the department of transport when it was the department of transport and infrastructure in those days, and I was very particular in looking at accessible public transport across the whole breadth and width of what we mean by accessible transport — buses, trains, trams and of course taxis. I guess I have the passion to make sure that we do encourage any new operators that come in to consider the issues of accessibility.

With respect to vehicles that are going to provide point-to-point transport, there will be a variety of vehicles, and in my time at what was then the Victorian Taxi Directorate we certainly looked at a number of different options that were presented to us at the time, and it was very interesting to see the sorts of scenarios — as in the type of newer vehicles that were coming on stream rather than your average, shall I say, parcel-type vehicle that was used to transport people with disabilities. These days you can get much more modern vehicles to accept and give you a better ride than those vehicles.

All I am saying is we need to consider the type of vehicle that is going to be used as well. To incentivise or provide that incentive for operators, new operators, that are going to provide a rideshare service, as I said before, the state government should consider how we could assist those operators as well. The more vehicles that are out there, the more opportunities people have to be able to participate within the community, whether it is employment — and that is a major issue as well — or whether it is, as we call it, work, rest and play, depending upon wherever you want to go. I will open it up to questions people have so we can answer more directly, otherwise I will tend to ramble on.

The CHAIR — Not at all. Thank you, Mr Savle, and thank you, Ms Holland, for your presentations. I suppose it is concerning to see that the number of wheelchair-accessible taxis is declining, because I am quite sure the demand for them in the community is not declining, so to see that overall decline is quite concerning, along with the extended response times in waiting for those vehicles. We have certainly heard from a variety of groups who have been advocating for vehicles that are going to be accessible, whether they be taxis or ridesharing or ride-sourcing vehicles. But we find ourselves at a point now where we are seeing deregulation of the industry, and there is a huge opportunity here that could facilitate great transport options for those who are mobility impaired and the like. But if a couple of decisions are made that go the wrong way, it could make things a whole lot worse as well.

Obviously we all want that right outcome to ensure people have the accessibility to the vehicles that suit their needs, but what does the government need to do? Because, as you have said, there is a cost disincentive in effect to not necessarily deliver wheelchair-accessible taxis and other types of vehicles, what does the government need to do to ensure that those vehicles are accessible? I note that \$44 000 currently can go towards the wheelchair-accessible taxis; that is obviously going into a regulated industry at the moment for taxis. But when the whole industry is deregulated, what can the government do to ensure that there is not just equal access but more access to vehicles that are going to meet the needs of everyone in our community? I am happy for either or both of you to take that.

Ms HOLLAND — Are you asking what incentives you need?

The CHAIR — What should the government do to ensure operators provide options for those who are — —

Ms HOLLAND — They have to provide resources by law.

The CHAIR — Yes, but what does that look like in terms of how is it? Is it funding, what is it that is going to push people in the right direction to ensure that accessibility is there? I am not arguing against the law or not,

but I am just saying if we are working on people's good spirits in terms of providing access when there is a financial disincentive, it may not work.

Mr SAVLE — I guess it is not going to happen overnight for a start. I would like to see perhaps that we have a specific — and here we go — committee or a working group that will look at this effectively. Because Alex and I could come up with all sorts of suggestions right here and right now, but I think this needs some clear thought about also what are the likelihoods of the type of — as you suggested before — incentives? For example, we mentioned a couple before where the Taxi Services Commission provides financial assistance for regional taxi operators, for example, to purchase a wheelchair-accessible vehicle. That can be opened up, in my mind, then not just for taxi operators but for everybody.

Let us not forget that the taxi industry is going to completely change with the deregulation, with the licensing conditions — all that is going to change. I cannot look at my crystal ball, if I had one, and say, 'Yes, we will still have the same number of cabs out there that will provide wheelchair-accessible services'. I just do not know. What we do know from evidence that has been presented and that we have gathered from overseas is that wheelchair-accessible taxis have declined. That is a fact. Therefore if we follow that, I tend to think that that might change as well, but how do we minimise that? I think we have to set some regulations in place.

Fiona Patten was wanting to introduce a private members bill, and that is still being worked through. But I directly said to Fiona, 'I'm happy to look at your draft, happy to make sure that people with disabilities are addressed', but when it was mentioned to me, 'Well, you've got the disability discrimination legislation', I said, 'Yes, just have a look at buildings and facilities, for example'. There are still buildings and facilities being built that are not necessarily accessible, even though we have got the legislation. We need to also put this down to ground level and make sure it is set in regulation that things have to happen and those things, in terms of accessibility for vehicles, must be accessible. Maybe we could look at quotas. I do not know really, but with quotas I am a bit worried about that as well.

But let us throw a number of things in the mix. Currently what exists in the taxi realm? Let us have a look at that and then let us look at applying that across the board, so everybody gets a fair slice of the pie, so to speak. If there is incentive, say, with the \$16.50 wheelchair lifting fee that taxi operators receive just to load a chair into the vehicle. That should be opened up for others. So whether it is cheaper services or Mum's Taxi services or Uber services, if they all have that same ability to be able to access the multipurpose taxi program, then that would go a long way as well. Sorry, you were going to say something?

Ms HOLLAND — A bit more research needs to be done into wheelchair-accessible taxidriviers and why they are not picking up the wheelchair jobs. We already know that picking up someone at the airport and driving them into the city is going to be more lucrative than picking up a wheelchair in South Melbourne and taking them to St Kilda. So I think more incentive needs to be put on picking up wheelchair trips, and I think we need more evidence to say why drivers are not incentivised enough to take wheelchairs.

Mr SAVLE — Yes, and to take that point further, Alex mentioned that we would see a lot of taxis congregate at the airport. Wheelchair-accessible taxis are not exempt from that, and you will find that there are a lot more congregating because they can take a lot more people, take a lot more luggage. They see: 'Hey, I can make some money here'. What I used to say was, 'Let's look at that taxi operator and see what else they can do to bring in some income'.

If you have gone, for example, shopping, there is no reason why you could not take a large screen TV in one of those accessible vehicles. Sure, people would jump up and down and say, 'Hang on a minute, that takes the job away from wheelchair work'. But I am saying, 'No, that improves their options out there for that operator to be able to do more than just wheelchair work. But the priority is wheelchair work'. So if a job comes in, then that is your first priority. Once you have cleared that, knock yourself out, go do anything else that is going to bring in that money, because keeping a taxi on the road, for example, is where your income is derived from. Just sitting there is not going to do anything.

So we have tried to say within the airport realm, 'Don't just sit there for an hour or so thinking that the big-ticket item is going to come in. It is going to come and land and you're going to go down to Frankston or somewhere'. It might happen, but there are many other trips that you can take throughout your day that can also assist in putting some extra dollars in the bank as well. So if we spread that out to the rideshare industry, they see there are opportunities there. I mean, let us not kid ourselves. Uber see this as an opportunity to, let us say, provide a

service that the taxi industry cannot provide, or fails to provide, or there is an opportunity at least for another operator to come in. There is plenty of room there. All we are saying is that we need to consider that access for people with disabilities be looked at.

It was told to us at one stage, ‘Well, why aren’t you jumping up and down about limousines?’. How about we get the general vehicles accessible first and then let us look at limousines. Yes, limousine should perhaps be accessible. But there are a lot of people that have waited a long time for an accessible vehicle point-to-point service, so let us try and address that situation. In terms of, like Alex said, ‘incentivise’, there is also the notion of being able to make sure that there is adequate education of those out there, in order to be able to transport a person with a disability.

Our illustrious Mr Jeffrey Kennett, a former Premier of this land, when he introduced taxis to be yellow I kind of thought that was a good idea because everybody recognised yellow — ‘Yes, that’s a cab’. So we can look at what is going to improve the accessibility of vehicles out there, so that vehicle can be utilised for other things, not just wheelchair work. There used to be this stigma out there that one of those yellow vans — accessible taxis — was kind of like Scope, or previously the Spastic Society, and there was a disincentive to actually take one of those taxis, or to even sit in one. ‘Oh no, that’s for disabled people, isn’t it?’. Well, no, it is a vehicle that is accessible, yes, but you can utilise it for other things. So, I guess, get that message out across as well: it is rideshare service, yes, but you can transport other things as well. But specifically for people with disabilities our main focus is getting people to be able to access those services that are going to be introduced — whether it is Shebah services or Mum’s Taxi service, it is irrelevant in my book. I do not care who comes into play; the question is: can I access your service? Can a woman with a disability access Shebah’s service? Try saying that!

So there is a variety of things that we need to assess. At the moment, and what has been in the past, the Taxi Services Commission has provided incentives to taxi companies so that the taxi company will encourage wheelchair-accessible taxi operators to do that job and get the job done, even if they have to drive those few extra kilometres to go and do that job late at night. So let us look at what other options we can provide to the rideshare industry, because, let us face it, it will be a growing industry; there is no doubt.

The CHAIR — Of course. Indeed.

Mr BOURMAN — You have covered it all off — pretty well everything I can possibly think of.

Mr SAVLE — That is saying something. Thank you.

Mr BOURMAN — I guess what I am taking out of this is what you would like to see is more wheelchair-accessible vehicles, not necessarily just taxis, not just waiting for a wheelchair fare. You were talking before about someone who can do another fare and put a TV in the back, but what you do not want is someone who takes that fare, goes for an hour’s drive and 5 minutes after having taken that fare someone with a wheelchair wants to get in it. So what I am taking from this is it is a numbers game. Whilst there might be more taxis off doing other things, there are more wheelchair-accessible taxis, so someone does not have to wait for them to go an hour there and then an hour back.

Mr SAVLE — Sure.

Mr BOURMAN — So the incentive should be applied to everyone.

Mr SAVLE — That is right.

Mr BOURMAN — So that is correct?

Mr SAVLE — Exactly.

Mr BOURMAN — Yes, okay.

Ms HOLLAND — I think if the rule for accessible taxis is they are allowed to pick up non-wheelchair jobs, that is fine, do it all day. But I believe that as soon as a wheelchair booking comes to the operator the nearest wheelchair-accessible taxi should be mandated to pick it up.

Mr SAVLE — That is one thing we have failed to have had happen over many years, and that is the power to direct. In other words, as Alex quite rightly said, as soon as a wheelchair job came up on their screen the taxi company should have said, ‘Okay, how many accessible cabs have we got in that vicinity? That is the first one. You go and do it’. No ifs or buts. There used to be a three strikes and you are out sort of situation. ‘Oh, I am having lunch’, ‘Oh, I’ve got a flat tyre’, ‘Oh, I’ve got a toilet break’. Well, yes, fine, we can accept some of those, but if you think repeating these sorts — —

And we would see who these drivers were that kept doing this, and we wanted to break that, and not just by hauling them in or getting the taxi company to provide some sort of — I will not say retribution — talking to. We need to encourage those not to do that. What is an incentive to stop them doing that? Because if you just have fines, it is ‘Oh yeah, I can afford that. I will pay that. I will cop that fine’. We want to encourage drivers out there to do that wheelchair work. There was a push at one stage to have more wheelchair-accessible cabs on the road and encourage taxi operators to take up those vehicles. Then they were ringing the Taxi Services Commission, saying, ‘I can’t get a job’. I would say, ‘Well, have you gone out to the nursing homes? Have you gone out to hospitals? Have you put your card around? Have you said you can provide this service, “Call me, any time”?’ ‘No, I just figured that the taxi company would let me know if there is a wheelchair job that needs doing’.

Well, yes, if you are hooked up to a taxi company, where that was a requirement, and you paid your monthly fee to be hooked up with that particular taxi company, Fine. But that did not stop you from going out to your special schools, to your adult day training centres, to your hospitals, to your nursing homes, and saying, ‘Hey, I’m here’, throwing around a few cards and pamphlets. ‘I can provide you a taxi service if you’re going out with a group of you. Let’s go now. Let’s be a booze bus’. Have a look at ways in which you could do that.

So it is the same now, with the transference to rideshare services. They are saying, ‘We’ll do anything. We’ll take plasma. We’ll take dogs and animals. We’ll bring your ice cream to you. We’ll deliver your pizza’. Fine. They are looking at other ways of doing business so that the contractor, the person providing the vehicle, gets paid. So let us look what other ways we can incentivise those folk to think about, ‘I wouldn’t mind getting a wheelchair-accessible vehicle. Let us look at what I need to do. The government’s got a plan here. If I am thinking of buying one of these, they can assist me with a variety of things. Great’.

So let us look at a partnership, I suppose, in terms of that, rather than us and them, rather than the taxi industry against the rideshare service. If it is deregulated — and that is what we are heading towards in that space — then everybody has got a slice of the pie. I do not want to just limit it to the taxi operators there, because it just means that we should spread the load across all spheres.

Mr LEANE — Sorry. I merely acknowledge I was late.

Mr SAVLE — So was I.

Mr LEANE — I just had something I really had to deal with, and I do apologise.

Mr SAVLE — Not a problem.

Mr LEANE — I came at the end of your presentation, and it sounded like you were making a lot of sense.

Mr SAVLE — Thanks. I appreciate that.

Mr LEANE — We had Uber in as a witness today, and I asked them how many of their 1400 vehicles that they have got on the road currently, or the contractors they use, are vehicles able to pick up people with wheelchairs, and I do not think I got the answer. I think the answer is none.

Mr SAVLE — I think it is that.

Mr LEANE — Yes, I think the answer is none.

Mr SAVLE — With all due respect — and we have spoken to Uber privately as well; I must admit that too — they did trial something up in Queensland, in Brisbane, when there was a particular conference going on, which had people with disabilities, funnily enough. But what they used was a wheelchair-accessible vehicle that was owned by a parent to show how they could transport. And yes, of course that worked, but it was one.

Mr BOURMAN — That is not someone's everyday car, is it?

Mr LEANE — So that was one.

Ms HOLLAND — That was one.

Mr SAVLE — So, yes, but I would not call that 'Look at what we've done'. Do you know what I mean? Yes, it could work. But I still am concerned, in my experience, limited though it is, as president of Disabled Motorists Australia. I have looked at ways in which people with disabilities can drive vehicles themselves if they have got a disability. I drive one myself. I had a hoon-mobile, like a Monaro, in my younger days — a few years back.

Mr BOURMAN — Good man.

Mr SAVLE — And then I drive what I call a tinny, which is a Subaru Liberty station wagon. I looked at it from the point of view of, 'What do I need to modify the vehicle in order for me to be able to drive'. But if I modify it, I modify it for me. Likewise with a wheelchair-accessible vehicle, the parents or the carer or the husband or the wife — whoever — will modify it to suit that individual, so it does not necessarily follow that you will then be able to use that vehicle for other purposes. Dare I say, we have got the statewide equipment service, which also provides funds in order for you to be able to modify your vehicle of up to \$10 000.

Mr LEANE — I was going to ask you that.

Mr SAVLE — Yes, and beyond if there needs to be specific modifications to the actual vehicle itself for you to be able to drive. So there is an incentive there. But the problem is I do not think they would take it too kindly, because in essence the modifications that are done are being paid by the state, and so you are not going to then try and use that for something else.

Ms HOLLAND — You are not allowed to use that for commercial purposes.

Mr SAVLE — Exactly. It is for you.

Mr LEANE — Does that work well?

Mr SAVLE — Look, I do not have the figures, honestly, but it is difficult because you are on a waiting list. You have only got a certain amount of money that the state government does put across to the state equipment program, and it is not just for vehicle modifications. It is for modifications to your home and to your independent living, so out of that bucket of money — —

Mr LEANE — So it does not go very far.

Mr SAVLE — Yes, and given that we have got the NDIS coming in, there is still a cloud now as to how the state manages that as opposed to NDIS coming in, so that is going to be a little bit more difficult. I would not go down that — —

Mr LEANE — No, I did not want to.

Mr SAVLE — I would not look at that.

Mr LEANE — It was just out of interest. Just going back to what I was saying — and you are right, the industry is getting deregulated — I think one of the biggest issues is accessibility going into the future. Taking Uber, for example, now — I am not having a go at them; they did say that they wanted to work in with governments and disability groups and see — —

Mr SAVLE — And they said to us directly the same thing.

Mr LEANE — Yes, and see what they could do. So I think going forward they know that they are going to have to take responsibility in that area as well as any other operator, but I — —

Mr SAVLE — And we welcome that. Can I say, I mean, we have had this, as I said, private meeting.

Mr LEANE — Good.

Mr SAVLE — We do not have a problem with that.

Mr LEANE — I think I am agreeing with you in that there has got to be a dedicated position around accessibility into the future. The bottom line is — and no offence against Uber or anyone — they are in it to make a buck.

Mr SAVLE — Absolutely. It is a business.

Mr LEANE — They would not be doing it if — —

Mr SAVLE — You are not a charity. If it was Disabled Motorists Australia Incorporated running a service, yes, but that is a different story. This is business; you are out to make a profit.

Mr LEANE — And in the examples that you have given just in the taxi industry about, ‘I can’t make it’ and ‘It takes ages to get one’, that is the same thing really.

Mr SAVLE — Of course.

Mr LEANE — So I suppose this is probably one of the biggest issues that has come to this committee about the new world, I think, and it is interesting. There are obviously people with different types of disabilities. It sounds as if, for the vision impaired and people with different types of disabilities, Uber is going to be fantastic.

Mr SAVLE — Yes, it is.

Mr LEANE — It sounds like it is going to be great.

Mr SAVLE — True.

Mr LEANE — As long as there are certain things in place. But I think your discussion today is probably one that the government, the committee and all people in Parliament really need to put their minds to into the new world.

Mr SAVLE — Let us face it, it is going to be a big learning curve out there for the rideshare industry in itself because, like I said before — and we did not really touch on education — people need to know what are the requirements in terms of assisting a person with a disability. When I was in state government we brought out a video specifically for the taxi industry, for the wheelchair-taxi operator that was the newbie or the one that had been there and thought, ‘Yeah, I know how to do this’. We brought out a video in terms of providing customer service — how you provide that to a person with a disability who may not be able to communicate with you, or may have difficulties in telling you where they need to go and difficulties in getting out even just the taxi card and so on.

If this new wide world is going to be what we think it might be, again there needs to be the education component, and whenever something goes wrong there needs to be the complaints handling issue, because that is always a problem. Whenever something goes wrong, how do you manage that? We have got problems already now with the public transport industry in itself in terms of, let us just say, even the recent level crossing issues and sky rail as opposed to underground and so on. I went to a meeting yesterday that PTV held with respect to heights. What are the acceptable heights that you would build a ramp, say, for example, to get to the railway station? We brought up issues of people with claustrophobia, people with management issues, mental health issues, trying to negotiate a ride and feeling safe in that environment if it is one of under or below ground.

Mr LEANE — Yes, you are subject to challenges because you over an area and you still have to do a journey upwards or downwards at some time.

Mr SAVLE — Absolutely. If that fails, how do you evacuate? That is another thing. If we are bringing it back to the rideshare service, it is a strange analogy that I bring, but the thing is that again this will be something that we have not tried; we have not tested it. But in that journey that we are going down the path of we need to set some things in place and one of the things I would like to see is that we do say that any rideshare service

needs to consider the accessibility side of things and transporting people with disabilities. We are part of the community, and that needs to be accepted.

The CHAIR — Of course. Time has got away from us

Mr SAVLE — I could talk for ages.

The CHAIR — I am afraid we will have to leave it there. Thank you, Ms Holland, and thank you, Mr Savle, for your contributions today. You will receive a copy of the transcript for proofreading and that will ultimately make its way onto the committee's website. Once again, thank you both for your attendance today.

Mr SAVLE — We appreciate it, Chair. Thanks for your time.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Dr Chris Lowe, executive director, and

Mr Parry Serafim, industry development and planning manager, Bus Association Victoria Incorporated.

The CHAIR — I reopen the Standing Committee on the Economy and Infrastructure public hearing. The committee is hearing evidence today in relation to the inquiry into ride sourcing. The evidence today 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. Thank you, gentlemen, for your attendance today. I will get you to state your names and your roles at your organisation and then move into any introductory comments. We will have some questions from the committee to follow.

Dr LOWE — Thank you, Chair. My name is Chris Lowe and I am the executive director of the Bus Association Victoria. I am accompanied by my associate Parry Serafim, who is our manager of industry development, planning and policy. We are grateful to the committee for inviting us to present to you today.

As a very brief introductory statement from us, we are not just delighted to be able to present to you today but to state a case for the requirement for the ride-sourcing, or ridesharing, sector in Victoria to have a degree of regulation but not to by any means install a whole new massive burden on the state. We believe it is imperative that, whatever we regulate this sector for, we bring about a level playing field. That is very important to us as transport operators and my members as transport operators. We believe that would be in the best interests for passengers, the state and just the general public.

Most importantly, however we regulate this, we must ensure the higher standards of public safety. We are of the view that the ride-sourcing sector could take a leaf out of the bus industry's book when it comes to regulation insofar as having systems in place that give the state, the passenger and the public a sense of confidence that the higher standards of public safety are being adhered to. In bus, that concerns three tenets — that is, there is a rigorous regime in place to ensure the higher standard of safety pursuant to the bus, to the driver and to the owner-operator. Those three tenets are regulated by the state by various agencies, and if we can bring that about and not give any concessions to other transport providers, such as ride sourcing, then I think we will be achieving our objective of ensuring the highest levels of public safety.

The CHAIR — Fabulous. Any other comments you might like to make? No? I am interested to ask, then, about those regulation provisions that surround bus drivers. What is it that that looks like? Obviously they have their licensing to be able to drive the vehicle that they drive, but outside of that, what other provisions are there to ensure that a driver is a person of good character, shall we say?

Dr LOWE — Sure, and it is an important question, because we would like to see this follow through to the ride-sourcing sector as well. What we do not want to have is a situation where anybody can be driving an Uber or a Lyft — or any other ride-sourcing company. There needs to be something in place that gives the government a sense of confidence that this person is not an axe murderer.

In the bus industry, first of all the driver needs to go and get themselves a heavy-vehicles licence in the first instance. They will not be employed until they have that. After that, if they apply for employment with the bus operator, they need to become accredited, and to do that you need to go off and get your working with children check and police check and satisfy other internal corporate requirements of the potential employer. That person, once they are trained, which is quite a significant investment for a bus driver, cannot get behind the wheel until all of those checks have come back. In some cases that is turned around quickly in terms of the working with children and police checks, and sometimes we have very good anecdotal evidence of two to three weeks. More often than not, however, it is double that for reasons I am not entirely sure of, and it is something that we talk to various red-tape commissioners about on a constant basis.

Once you are behind the wheel and you driving, you have to have medical checks as well. You have to have these updated regularly. You cannot let them expire, and there are systems in place where the state advises the employee and the employer that the expiry is coming up and they need to be renewed. So there are more medical checks and other checks required in order for that person's employment to be sustained. So it is quite rigorous.

The CHAIR — Yes, it certainly sounds that way.

Dr LOWE — That is for the driver. There are a whole two separate regimes for the operator and for the vehicle itself.

The CHAIR — Did you want to further elaborate what they look like?

Mr BOURMAN — Yes, thank you, because they were going to be some of my questions.

Dr LOWE — Yes. The operator is probably the most important. Before someone can be a bus operator, certainly in Victoria and to varying extents in other jurisdictions, the operator has to prove their competency and their capability to the state, and in Victoria that is Transport Safety Victoria. What that looks like in Victoria is that that person has to undertake a course at Monash University, which is a diploma level course, and they have to pass two or four units of this course depending on their background. If you were previously accredited under the under the previous accreditation regime, you only need to do two units, but if you were not and you are a new entrant, so to speak, you have to complete four units of this Monash University course. So you have to get through that first, and that takes 6 to 12 months. That demonstrates your competency.

Then you need to demonstrate your capability, and these two words ‘competency’ are ‘capability’ are straight out of the legislation. To demonstrate your capability you need to have a TSV auditor come into your workplace and audit your entire operation, and that whole audit centres on the auditor looking for evidence that the operator has all these manual systems in place to prove a chain of responsibility and that they basically document everything and, if there is an incident, that it can be traced back to the root cause, even down to the smallest things, such as replacing a light globe on the vehicle. It all has to be recorded.

Sitting within the demonstration of capability is a requirement for the operator to maintain what is called a management information system and a maintenance management system. If the operator successfully demonstrate their ability to do that and they have got all the paperwork necessary that the state mandates operators maintain, once they present all of that paperwork to Transport Safety Victoria and Transport Safety Victoria considers all of that — and they want to see the evidence that you have passed the Monash course and they review all the evidence in your application — they will then grant you the status of either accredited or registered operator in Victoria.

We have two types of bus operators in Victoria. Registered operators are for people who are largely philanthropic organisations that just happen to have a bus. The bus is not their own game. It is supplementary to their main game, such as retirement villages, nursing homes, churches, football clubs et cetera. Their whole purpose of operating a bus service is not to make money out of the bus; it is to do something else.

Then there are accredited operators, who I represent. In Victoria there are nearly 600 — I beg your pardon, accredited operators are far less than that, but I represent about 410 of about 420 of them in the state — and they all operate for commercial purposes, and most of them have a contract with either the department of education for special school bus services, or PTV for route services, mainstream school bus services, V/Line coach services or airport shuttle contracts. Most of my operators, member firms, now have people employed just to maintain their accreditation and ensure that they are satisfying all of the requirements pursuant to the current legislation and regulation in order to maintain their accreditation to operate.

Then there is the vehicle, which I will not go into. But the key tenet of the regime around maintaining the vehicles is that there are mandated, scheduled, independent safety inspections that have to be undertaken on the vehicle. Today they are called roadworthy certificates, but the operator has to ensure that they have had this annual roadworthy certificate undertaken on an annual basis and that it has been performed by an independent organisation, not by a person who is affiliated or known to or employed by the actual owner of the vehicle; they have got to be completely separate and independent. Then there are also daily checks, monthly checks and quarterly checks, in addition to the annual mandatory independent roadworthy certificate.

Now, I am not suggesting for a moment that that whole scope of vehicle inspection regime follow through to the ride-sourcing sector, but if there is something like it in order to give the state the sense of confidence that the vehicle is not going to go off the road, then we would be well placed.

The CHAIR — Indeed. It sounds very comprehensive.

Mr BOURMAN — I think you said the activities required to safely run a bus service would not go down to a ride-sourcing level. Could you actually see a regime that would be practical for an individual to do to ensure that they are safely able to and do operate a passenger vehicle, even though it is for a short time?

Dr LOWE — Yes. I think that there is a way that you can, as I stated earlier, take a leaf out of the three tenets of the bus requirements, and perhaps borrow some from the existing taxi regime, but modernise it so you are covering off on all those requirements. As I understand it, at present the Uber et al. have corporate requirements that their drivers need to satisfy for their employer, being Uber. They need to show them that the vehicle is roadworthy and they have got a medical, or they have got a working with children check, or whatever. I am not exactly sure what their corporate requirements are, but what I am quite sure of is that there is no transparency around those requirements to the state. The state does not have any legislated way of seeing the competency and the capability of that driver, the owner of the vehicle, or the status of the vehicle itself, and I think that needs to be transparent. The state needs to see that those three tenets are being satisfied. I think you can do that, but just not as expensively, or as rigorously, as what the bus environment is.

I think you can do that relatively affordably as well. There is a way to do it. Before you do it, though, it just needs to be agreed that that is the objective; that is what you are setting out to achieve — to give the public that sense of confidence that those three tenets are covered off — but you need to do it in a cost-effective and, most importantly, a demand-responsive manner. And if you are able to just take the key principles of those three tenets and introduce a cost-effective regime, I think we would all be well placed. So my answer is yes, I think you can do that. It is just new, it has not been done before, but that is not a reason to not do it.

The CHAIR — Great. I was hoping to delve into the multipurpose taxi program as well. Obviously at the moment, by virtue of its name, it is limited to taxis and the use by people who may have mobility impairments in the use of taxis. However, we have heard much discussion around the capacity for that then also to be used with Uber and other ridesharing and ride-sourcing businesses. I am wondering, if the MPTP was to be rolled out to be able to be utilised by the bus industry, what might that look like?

Dr LOWE — I am not sure what it would look like in the bus industry, because I think we have pretty much got it. It depends on what aspect of the MPTP you are talking about. Access is a key requirement for public transport, and so virtually all the state's route bus fleet is DDA compliant. There is a very small number of buses that are not. So in terms of accessibility, we are there. If people with a disability wish to board a bus, it is not an arduous task. In terms of fares, the multipurpose taxi program sees the operator receive a subsidy from the state for each time they do a lift, as I understand it. Well, that would not be necessary in the bus environment, because all the bus operators who are contracted to PTV and the department of education already get a subsidy, irrespective of the nature of your ability or disability. Without giving that significant thought, Chair, I would suggest that the public transport industry is much better placed than the private transport taxi/chauffeur industry.

The critical point that we would like to make about the multipurpose taxi program is that we believe, for equitable reasons, it needs to be expanded through to the ride-sourcing sector. We do not believe that it would be fair to just limit it to the established taxi sector and not oblige new entrant ride-sourcing operators to incentivise and encourage them to pick up people with a disability. They need to be included in that program as well, for equity reasons.

The CHAIR — Indeed, and that is something that we have certainly heard from other witnesses. We heard from representatives from Vision Australia yesterday about the fact that Uber can work exceptionally well for people who are visually impaired, but at the same time there is no capacity there to be able to utilise the multipurpose taxi program subsidy. So it is challenge that needs to be faced, and in view of deregulation of the industry now is certainly the time for that to be tackled by government to get that right response.

Dr LOWE — Yes.

The CHAIR — The government is not in the place to be picking winners at this point with a deregulated industry, so how is that rolled out to ensure equity across all platforms?

Thank you very much, gentlemen, for your attendance here today and for your submission that you made to the committee. You will receive a copy of today's transcript for proofreading, and then it will ultimately make its way onto the committee's website. Once again, thank you for your attendance today.

Dr LOWE — A pleasure. Thanks for asking us.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 September 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr David Holmes, chief executive officer, GoCatch.

The CHAIR — I declare reopen the Standing Committee on the Economy and Infrastructure public hearing, and thank you for your attendance today. Today the committee is hearing evidence in relation to our inquiry into ride sourcing. Today's evidence is being recorded. All evidence taken today is protected by parliamentary privilege, and 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. Once again thank you, Mr Holmes, for your presence here today.

Mr HOLMES — My pleasure.

The CHAIR — If you would not mind stating your name and the organisation you are attached to and then going into any introductory comments, we will follow up with some questions.

Mr HOLMES — Fantastic. Thank you for having me. My name is David Holmes, and I am the CEO of GoCatch. Very briefly — and mostly it is about an open forum to give you access — many people will not know who GoCatch is. GoCatch is an Australian organisation formed in 2011 to bring technology to the transportation industry, basically using technology to facilitate the improvements of efficiency in and around technology. The vast majority of that is on handheld devices or apps, but it also transfers into web-based technologies as well. Primarily in taxis is where we started, and our approach has always been that that would merge into other things, but only once those things became legal. Right now we operate taxi and ridesharing services in Sydney and Brisbane, and we are about to be in Canberra and Adelaide. Once it is legal we will move into those marketplaces, so we are looking at where things are in Victoria with interest.

I guess that gives us a unique perspective on the world. We are not linear in looking at taxis bad, rideshare good or vice versa — we believe there is a dichotomy in this marketplace — but certainly the reforms that this committee has been working on and flowing through into the announcements we have seen over the last few weeks, the Victorian reforms in draft seem to be the most far-reaching. We would certainly applaud that, unlike many other states which have legalised ridesharing as a first phase — or ride sourcing, as you call it — and then said, 'Okay, later on we'll get to deregulating the taxi industry'. What we have experienced is that that has significantly hurt the taxi industry and unfairly benefited the ridesharing industry. Certainly our feedback would be that tackling it head on as an end — deregulation plus reregulation of ridesharing — we applaud the government for looking at that side of things.

Our view of the continued role of government, looking at the best of breed from around the world but also from the different states, is that we would strongly advise to stay the course on safety accreditation and open data. In some jurisdictions the onus of driver licensing and background checks et cetera has fallen on the corporates. Our policy and our viewpoint is that that is not necessarily a good use of corporates, because it is open to abuse, and that is where governments would play a fantastic role in terms of making sure that that is there. In other jurisdictions we have seen that that has been looked after by the government, but then there is no open data, so how do I know that someone has not potentially lost their accreditation the day after I have actually cited a licence? So where you have a flow of both accreditation by the government and then open data sources, hopefully on a daily basis we can make sure that we are not allowing the wrong people to be on the road who are unaccredited. It seems like, on reading, that is the similar vision of this panel and also the government.

We see the role of the operators such as us as being in and around safety and adhering to those checks that are set by the government and in improving service quality and more importantly transparency of that service and quality, so we do not see that one category of vehicle is better than the other. In fact we do believe that the best taxidriver who work tirelessly should still have a role in the industry and that they will have as long as we can show that they know their job and they are exceptionally good at what they do. Likewise, at the other end of the spectrum the bottom 5 to 10 per cent — if you can actually have a system, which we have, that shows that — the customers can actively choose with their wallets not to select those. We see that that is where the whole mean of the industry will step up. So I think we are in alignment on those three things.

The cost of transition is a really interesting one. We do not profess to be social engineers, but the technologies we are bringing and others are bringing to the market are re-engineering society at a very rapid pace, so we are concerned about that. We are here to help if we can, and we have got some ideas in and around how that might be paid for and who might pay for that, because obviously that has been pushed down the road a bit. That seems to be the big unknown at the moment — who will get paid what and how that will be paid — but in terms of those other reforms I think we are pretty much there.

That is pretty much all I wanted to put on the record. Outside of that, again we have spent a lot of time with taxis. We have seen industries and markets all behave differently when ridesharing has entered. So I guess hopefully that might give you an opportunity to ask as candid questions as you can. Like I said, we are an Australian business. We are happy to share data, and in fact with New South Wales and with Queensland we are sharing data so that they can actually see pockets and how that is actually working.

The CHAIR — Thank you, Mr Holmes. I am interested just to understand what GoCatch looks like within the taxi industry. So obviously your app, your platform and the like was used in the taxi industry. Did it look similar to what the Uber app might look like, where you can track where the car is that you have ordered?

Mr HOLMES — It looks very similar, so you can book, you can track and you can pay in app. In taxi it is slightly different in that we do allow you to pay outside app, which is different to Uber. So we do allow you to pay with cash, pay with card or pay via the app or card via the app if you would like to as well. It is about that flexibility, so very similar. Slight tweaks on how we actually align that, and we are constantly changing.

There are some design changes at the moment that are actually about choice, so providing more information on that first screen where you can actually see there is a rideshare vehicle, there is a limousine, there is a taxi, there is a maxi taxi. That one is 5 minutes away, and the estimated cost is 20 bucks; that one is 10 minutes away, and the estimated cost is 15 bucks. So we are providing a lot more choice to the customer in that first screen, rather than pushing them to any particular vehicle because we make more money off one particular vehicle than the other. We do not really care as long as we are facilitating that journey.

The CHAIR — The Victorian government have announced in their media release a \$2 levy on each and every trip, whether it be in a rideshare car, a taxi or any other vehicle as well. I am wondering what your particular view is, considering you have seen in other states the way this has been implemented? I am wondering what a \$2 levy on each and every trip looks like. What is your view on it?

Mr HOLMES — I think that there will be quite a lot of negative feedback and backlash from the end users, because that is where it will get effectively passed on to. In terms of collecting and paying that on behalf of drivers, whether it be CTP, whether it be a \$1 or a \$2 levy, whether it be GST, we are very keen to assist in doing that. Our position — again, being an Australian business — on GST is that it is probably smart for it to be legislated that GST is actually collected by the operator and paid on behalf of the drivers. The reason for that is these are small businesses. Many of them, particularly in ridesharing, are new businesses or new to business, and they are struggling with their GST responsibilities.

We are very clear. We show them: ‘We’ve given you this and the GST is this, so you should actually put that aside and pay it when your next BAS comes up’. Unfortunately we cannot do that for them, because they are independent contractors. Our advice is unless it was mandated by government it would look like they are employees, which they are not. We are very encouraging of them not just sitting on GoCatch but sitting on other services, because certainly there would not be a full livelihood of working just off our service at this stage. That may change in the future, but that is where we are at.

In terms of that \$2 and who pays, we have a fairly aggressive stance on our American counterpart, and it is pretty much where we are very diametrically opposed. On our numbers, and effectively supported by some of the submissions from Uber, we believe that those fines should have been paid up to date. And on their numbers — and our estimates were a little bit lower than this — that is circa \$750 million to \$900 million in fines if you actually add that by ride at the \$1673 fee. Obviously the police have tried, but that is not what we would be saying. We would be saying, ‘Well, actually, potentially the DPP wants to have a little look at the records’. The records are there, you can actually see the geographies of all of those, and they have absolutely clearly been facilitated by Uber.

Our view on that would be, whether it is the full amount or another amount, I think that that would be seen as fairer by the population, as in, ‘Okay, well, Uber came in and they got market share, but they have paid a fine’. Right now they have paid very light fines because of the way that we have collected them from a government perspective, so I think there is a win-win there. Yes, Uber will not like that, but it would not damage them out of existence, but it would also see them pay for the five or six years that they have been operating outside the law. That is probably the only area where we would say that we would be strongly suggesting there needs to be more rigorous retrospective penalties for those that have clearly breached the rules.

The CHAIR — So you are contending that potentially Uber could be liable for in the vicinity of \$750 000 to \$900 000 worth of — —

Mr HOLMES — No. That is \$750 million.

The CHAIR — \$750 million?

Mr HOLMES — Yes. For each infringement the maximum penalty is \$1673 or thereabouts. You will be able to find that actual number, but that is our understanding. And likewise we would expect it if we had done it, and we have paid fines in the past as an operator, as a taxi. We operated with a few things when we did not actually have our documentation correct. We paid those fines; they were tiny, and we moved on, and we made sure that we were accredited. So we do understand those responsibilities. We do not have anywhere near that sort of liability, but those are the numbers. Based on the 500 000-odd rides, as they have subscribed and actually provided to the inquiry, that is pretty much it. Like I said, we thought that was a little bit lower, but if it is half a million rides, you are looking at those sorts of numbers. Our proposition would be that it is not very hard to actually prove, and the advice that we have had is that the DPP in relative states could actually very clearly make a case, should it want to.

The CHAIR — So I have been aware — and I am not an expert in any of these rulings either — that there have been a few precedents that have been set in courts here in Victoria about Uber and about whether or not they are legal. We have seen a variety of headlines in different papers saying that ‘Uber is now illegal’ and ‘Uber is now legal’ and the like. I certainly have not gone into the detail of those particular rulings, but are you aware as to whether or not these rulings would impact upon that view of the fact that Uber may have liability of \$750 million in fines?

Mr HOLMES — The viewpoint is that Uber strictly speaking has not broken the law; it has facilitated people to break the law, which in itself is breaking the law. So when those cases have looked at it, they have looked at: strictly speaking, what has Uber done? Does that app actually break the law? No, it does not. However — and again, I am not a QC or an SC, but I do have some experience in these areas — if it is systematic, which it was, if it is clear that you have encouraged people to systematically break the law on numerous occasions, and you have done it knowingly, that in itself is also — —

And it depends on the severity of that criminality as to how far the DPP might actually go after them. But it is not an insignificant amount of money that you could actually be going after. That is our viewpoint on it, and again there are much more educated legal minds than ours. We have looked at whether we could look at that, but we have not really suffered any loss. Yes, we could say that we could have come into the market earlier. It is not for us to be saying that, but here, particularly in this market, where it is an aggressive compensation package for drivers, we think that that is potentially an avenue for funding.

The CHAIR — So looking at that compensation package, or the cost to transition, as some may term it — \$100 000 for the first taxi licence people own and then \$50 000 for a subsequent licence and then nothing for further licences — I am imagining you have had a look at some of the other transition schemes across Australia and across the world. What is your take on what the proposed Victorian transition looks like?

Mr HOLMES — I do not feel qualified, again, to work out who is going to get that. I think it seems fair and reasonable. I do not think it is the public’s responsibility to pay for commercial change, and that is a personal opinion; I am a free-market economist. That is my background. I do believe the market speaks, and it is not like this was not obvious that it was coming through. That being said, these are licences and there are protections, and those protections have not been in place, so some compensation seems fair. Then there is the social justice side of things. How do you actually help people with social change? That is no different to mounting a package for an exit of an automotive manufacturer as it is to the taxi industry.

So I applaud any government that is looking at that. It is just all about who and how much. Who pays, who gets it and how much they get is difficult to quantify. What is fair and reasonable? Everyone will have their own opinion, I am sure. If you bought at the top of the market, you will not feel \$100 000 is fair, but where do you set it? So we do not really have a formula — a magic bullet — on that one, but again we would say there has to be some sort of compensation package. But again, how do you do that? That money has got to come from somewhere.

The CHAIR — Indeed. Thank you.

Mr BOURMAN — Thank you, David. You have got 35 000 drivers across Australia.

Mr HOLMES — Thirty-seven-ish.

Mr BOURMAN — But that is GoCatch, not taxis that you may be able to use the GoCatch app with.

Mr HOLMES — No, they are mostly taxis. The majority of our drivers are taxis. We have got circa 4000 rideshare drivers. We have only been doing rideshare since February this year. It was legalised in New South Wales in December, so it took us a few months to get ready. We are obviously a lot faster at getting ready now, so our policy now is that on day 1 of it being legal that we will be live on day 1, so on 5 September we were live the day it was legalised in Queensland, but not a day earlier, unless given an exemption. Again, we have asked to see if there is an exception until a date is known in Melbourne, but we do not have that at this stage.

Mr BOURMAN — So is it safe to assume that you do not have a driver in Victoria at the moment?

Mr HOLMES — We have multiple drivers, but they are not operating. So we have got effectively registered drivers that are not allowed to use the app. So effectively the app is turned off from a geographical perspective.

Mr BOURMAN — So you are waiting for that day.

Mr HOLMES — We are waiting for that day.

Mr BOURMAN — One of the things that has come up a little bit is insurance. With the taxis, you get commercial insurance. With your personal car, you get personal insurance, for want of a better term. Given that most ridesharing people do not use their car as a ridesharing car all the time but it does on occasion get used for commercial purposes, there seems to me to be potential for problems. I know it has only been going since February in Sydney and other places. Are you aware of anyone having problems with their insurance because of this sort of issue?

Mr HOLMES — We are not aware of any incidents where that is an issue, but we are very aware that both the government and the insurers are trying to work it out. So there is one provider of rideshare CTP or special comprehensive in New South Wales at the moment, and there are plans for that to be aggregated and then put onto the operators. We have been working with the government to try and show them that that is not actually going to work, and the actuaries, I think, concur with that. We know who is driving; we do not know the exact car that they are in every time they get in it. Now, they obviously profess to that, and if we get feedback based on the licence plate being different, we will do something about it. But from an insurance perspective, they work in points-of-a-percentile error, not percentages of error, so it is open to issues around that.

Potentially there could be an open register that is looking at your quantum, and I think there is possibly a solution in the whole data play which will help with GST, will help with tax and will help with CTP in terms of quantifying how many rideshare drives that you are actually did in a year — the average of those. Therefore, what should your CTP policy actually look like, because you also did that, and should that go up? On the flip side, as the taxi industry seems to be contracting, you would be hoping that the \$9000-odd average in CTP — I am just talking CTP at the moment, but this goes to pretty much all insurances — would also come down to make it fairer as well because they are doing fewer paid rides as the industry transitions.

So the big area here is again about data and how you track it. We have been working pretty openly with the New South Wales government, and we think their way of doing it is too far down the track. It looks good, but the technology really is not there for us from an insurance perspective and effectively an actuarial perspective to say, 'I know that guy drove 2.5 kilometres in that particular car', and I certainly do not know when he is looking for a job. He is still working and is still effectively in a rideshare vehicle, but he is not in a job. Trying to do user pays per kilometre in job does not really cover all the nuances of it, so we would be encouraging other models that might be looking at, 'Hang on a minute. You earned this much income and therefore the insurers are happy based on income and based on the car that you have nominated as your primary rideshare vehicle, and therefore the CTP goes up by X'. But in principle, user pays makes a lot of sense to us. It is just: how do you actually implement that?

Mr BOURMAN — So it is a work in progress really, the whole thing.

Mr HOLMES — Yes.

Mr BOURMAN — You guys have now had a little bit of experience in operating in a legal environment here and there. How do you see the role of government regulation? Because you mentioned something about the operators and that it is not really up to them — and I am paraphrasing here — to do all the regulation. What sort of regulation do you think would actually allow it to happen and give a relatively level playing field but not stifle the innovation?

Mr HOLMES — So our view would be licensing and accreditation is really where government should play. That is everything from ensuring relevant background checks, and the government is in a very good position there, because obviously with police systems all being integrated you are in control of data that is more readily available to government. That can be not made public but can affect the licence being current or non-current. So that is where we really think government reforms should start and finish. That is the most efficient way, and then the market can set the other criteria, whether it be market pricing or market supply and demand.

What the government may also be looking for are some checks in and around quality and service. In some jurisdictions it is mandated that there will be some sort of rating of the vehicle and the driver. Now, we have not had that mandated. We have it in the system because it makes sense, but whether that is mandated or not we do not really mind, because we will be doing it anyway. There are some jurisdictions looking at trying to gauge quality of service. My belief on that is that supply and demand is a better creator of that, and those that provide a greater service in a deregulated environment will get the lion's share of the industry, and therefore the drivers can differentiate based on service rather than there needing to be some sort of mandated minimum.

That being said, the protection of kids and the protection of other people on the road — all of these — are going to be increasingly interesting if you throw in autonomous vehicles and all the other problems we are going to have in the next five years from a legislative perspective. The safety of those using the road or those using public vehicles — and these are public vehicles — we believe is where government is best suited. I would not leave that to corporations.

Mr BOURMAN — What would you say about things like vehicle standards — roadworthies or something like that? Would that be something that the company should do or the operator should do, or should it be something for the government to mandate? Maybe not necessarily yearly; maybe none or six-monthly or yearly or whatever. Vehicle standards, to me, seem to be one of those things that is quite important. I have used Uber in America. The cars were fairly new; there were no real issues.

Mr HOLMES — That will change.

Mr BOURMAN — Yes, that will change. I know of someone here who caught Uber, not me, and the car was quite old. It was about 12 years old. It was in good enough condition, but they said it was not what they were expecting. It brings up the fact that older cars and maybe cars in not so good repair may end up being used.

Mr HOLMES — Yes. Commercially speaking, I believe Uber runs a policy of nine years. We run a policy of seven. Again, not just focusing on rideshare vehicles, the deregulation or semi-deregulation of the taxi industry means that the age of taxis is now no longer mandatory. It used to be six years; now it can be as long as it needs to be. We would be saying that for us we cannot actually identify the age of taxis like we can with the traditional vehicle without getting access to the VIN. Obviously with public registrations we are fine, so we can actually check whether they are seven years or younger. We would be encouraging open data again on the taxi industry so that we can balance that out. There are a lot of old cars that we know are going on the road, and we rely on feedback from users saying, 'The car stank, the car squeaked, the car whatever else', and we will feed that back to the driver and say, 'That car is out of circulation until you can prove that it is roadworthy', and it still might have a roadworthy certificate.

In terms of mandates, I think roadworthiness on vehicles should be very similar to what it is with private vehicles so that you are not needing checks if it is two years, three years old — I think it is four years in New South Wales — and outside that it needs a yearly check. That would make sense.

Mr BOURMAN — In Victoria, when you buy the car you get a roadworthy. That is it. So it is different from state to state.

Mr HOLMES — It would be different from state to state, yes. In New South Wales I think that is all you really need. You are effectively getting your green slip — pink slip as they used to be — when you get your licence and also when you reregister the vehicle. I would have said something similar is enough if it exists. But as you said, in Victoria that does not exist. Given that it is not just your own life that is at risk, maybe we need to introduce something that is similar.

In terms of making sure that we sight that, I think it is on the operators. I think the legislators set it, and the operators must sight it. The main thing there is clarity, so literally, 'It's fine. Great, we can put that in. We need your rego, we know the age of your car, we know your registration of your car. By the way your car now just tipped over, can you please upload your roadworthy certificate?'. That is something that we can very clearly do if it is very clearly mandated.

The CHAIR — I was just hoping to ask about the accreditation of your drivers in GoCatch. I am assuming that when taxidrivers are driving as taxidrivers using your app they have their appropriate accreditation, but for those who are outside of that taxi framework, what do they need to abide by? Working with children checks? Are there other types of checks?

Mr HOLMES — It is based on jurisdiction. We have minimums, but those minimums are exactly the same as what are being adopted by the governments anyway, with the exception of South Australia, which has added working with children checks. That is kind of an interesting one because if you are going to get banned on a working with children check you would flag a police check. A police check is kind of a higher level than a working with children check anyway from that perspective. It is an interesting addition that the South Australian government has added.

Our view was, before it was quite nailed down, that a police check, a driver five-year history check and you had your licence for X number of years were the standard background checks. Those are now pretty much legislated as the minimums anyway. We prefer where there is a driver authority card or driver authority. Originally rideshare came in without that. 'Oh, you might need the right authority card, you might not need the authority card'. It is now, 'Yes, you need the authority card'. At the moment in Queensland it is, 'Yes, you need an authority card that is the same as the taxi. and then we'll be creating a new category called rideshare'. It is the same price, same details, same background checks. They added a health check, so theirs is very similar to taxi by adding the health check. In each jurisdiction it is slightly different.

The health check is an interesting one as well, as to whether that is required. Does that cut in at a certain age bracket? Because you are also doing sight checks with your licence, what health checks are you actually looking for? That is not really specified, although there is some work in and around what that health check might need to check, so there is a form that the government provides that says, 'Give that to your GP, and he'll tick off the right boxes'. That is probably the only grey area from that perspective. But again we would say setting that in stone and making it part of the category for getting your drivers authority or driver authority card is really important.

There has been a lot of ambiguity and misunderstanding as to whether you need to carry your driver authority card. Our suggestion to all our guys is you should absolutely have it at all times so that you can prove that you have gone through those checks if police need to verify that on the spot. But it has not been very well communicated in other jurisdictions that, 'No, you've been given a DA. You must carry it whenever you are driving as a rideshare driver'. We would be very strongly of the opinion that that should be the way it happens. It makes it a lot easier for the police to go, 'Right. Got it. You're a rideshare driver. I get it. What is your DA?'. So that would be our position.

The CHAIR — Sure. Did I hear you correctly before say that it costs about \$9000 to insure a cab in New South Wales?

Mr HOLMES — That is CTP, yes — \$7000 to \$9000 — so it is a long way from \$300 to \$600 that a personal vehicle is getting.

The CHAIR — Yes, I was actually quite surprised. We heard from the RACV yesterday saying that so long as a vehicle was in the majority used for private use —

Mr BOURMAN — Predominantly.

The CHAIR — predominantly, was it? — it would be insured under standard insurance. I was actually quite surprised by that. When you see the disparity between the insurance numbers there you can understand that there is a competitive disadvantage and advantage, in certain ways, with regard to that insurance.

Mr HOLMES — And you will find operators like us cover gap insurance that is effectively the umbrella for any gaps, particularly as it relates to third parties. As it relates to the owner-operator, there are less available options. Most of our coverage is for passengers, third-party property and third-party personal but very little in and around the actual driver, which raises the question of workers comp and how that is being paid for. They should probably be paying for that themselves as the owner-operator. How does that actually work? That is, again, in the to-do box for most jurisdictions.

The CHAIR — Indeed. Fabulous. Mr Holmes, thank you very much for your attendance today. You will receive a copy of the transcript of today's evidence for proofreading, and that will ultimately be made available on the committee's website. Once again, thank you very much for your contribution to our inquiry today.

Mr HOLMES — It was our pleasure, and thank you.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Ms Clare Amies, CEO, and

Ms Leanne Hughson, general counsel, WorkSafe Victoria.

The CHAIR — I declare open the Standing Committee on the Economy and Infrastructure public hearing. Thank you for agreeing to come along and provide evidence today. We have got a subcommittee present here today. Today we are hearing evidence in relation to our inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you were to go outside and repeat those same things, those comments may not be protected by this same privilege. Once again, welcome, and thank you for coming along today. I might get you both to state your names and your roles in your organisation and then move into any introductory comments, and then we will have some questions to follow. Over to your good selves.

Ms AMIES — I am Clare Amies. I am the chief executive of WorkSafe Victoria.

Ms HUGHSON — And I am Leanne Hughson. I am the general counsel at WorkSafe Victoria.

Ms AMIES — I will make some opening comments. Firstly, thank you also for inviting us to discuss our submission to the committee. Broadly we wanted to open with just our responsibilities. WorkSafe's key responsibility is to insure and help employers to avoid injuries and fatalities in the workplace from actually occurring. Second to that, obviously, is to enforce the occupational health and safety laws, and also we manage the workers compensation system for the state as well, and that is really focused on providing reasonably priced insurance for employers for their workers in case of injury in the workplace. Our focus is on rehabilitation and recovery with return to work for any injured worker in the state.

In terms of our role and the requirements and the protections that apply to business and workers in the state, they are set out in legislation, particularly the Occupational Health And Safety Act 2004 and the Workplace Injury Rehabilitation and Compensation Act 2013. As we have outlined in our submission, the Victorian occupational health and safety legislation is flexible enough to ensure that any requirements that apply to ride-sourcing services apply regardless of the employment status of drivers. For example, even where a driver is self-employed the operator of the ride-sourcing service is still required to ensure the health and safety of drivers and passengers as far as reasonably practicable.

In terms of workplace injury rehabilitation and compensation, this is generally available for people who perform work for an employer and contractors who are deemed to be working under a contract of service. Whether ride-sourcing drivers meet these definitions will depend on the nature of the contractual arrangements. The legislation does make special provision for some persons who do not meet these definitions but who provide services under a work-like arrangement — so, for example, taxidrivens. They operate under a bailment agreement and are deemed to be workers for workers compensation purposes.

The changing nature of work is something that we are quite focused on, and obviously, I imagine, so is this inquiry around ride sourcing. This does create some challenges, we believe, particularly for regulatory regimes but also in terms of the line between employer and employee, particularly where this is an independent contractor. We think this does become a little bit blurred. More and more Victorians are looking to earn a living outside of what we refer to as traditional employment relationships. Uber, for example, states that its drivers are independent third-party contractors who are not employed by Uber.

I note that this is not yet tested in court, as I understand, in Australia, and it is subject to ongoing litigation in other jurisdictions. So WorkSafe is currently considering how best to address some of these challenges broadly as part of our strategic planning work that we are undertaking, and we anticipate that the future of work, particularly the increasing prevalence of services such as ride sourcing, are going to be a key feature in what that looks like for us in the future. So, again, we are happy to answer any questions, and Leanne is here also to answer any questions. We thought we would just open with those comments.

The CHAIR — Fabulous. Thank you very much. It is a fascinating area and certainly one that has already been the topic of quite a few discussions in this inquiry, in trying to work out where does this all land? It is quite a difficult thing to pin down, because individual contracts are going to have individual statements and the like, and that is going to have implications for it. Uber is always the company that we use as an example, but, say, we have a driver who is driving using the Uber app. That relationship is yet to be defined under case law, as we know, in terms of the responsibilities there, but if case law were to find that, for your purposes, that driver was an employee of Uber, what responsibilities does Uber have for that driver in that instance?

Ms AMIES — They have multiple responsibilities. Firstly, under the OHS act to ensure that that is a safe working environment for that person and that it is assessed to ensure that risk of harm to the driver, as the employee, but also passengers within that environment also are safe. Secondly, if it is clear that they are an employee of Uber, then there would probably be a requirement in terms of possibly premium paid and therefore workers compensation for those employees.

The CHAIR — Yes, and I suppose that premium to be paid, if that was to be found to be the case, I imagine could completely change the business models of these companies. I suppose it is a bit of a waiting brief really, is it not, to find out exactly where we are going to find ourselves in that situation. Is there any case law at all in Australia with regard to these types of scenarios that you are aware of?

Ms HUGHSON — I think it would be fair to say that the question of whether a worker is a worker under our act for compensation purposes is a regular matter that comes up for consideration by us and is litigated in the courts on a reasonably regular basis.

The CHAIR — Yes, so it is being continually refined and defined, I imagine, as a result of the changing nature of workplaces?

Ms HUGHSON — That is right.

Ms AMIES — So the definition of ‘worker’ I think is what is important in terms of workers compensation, and who is then responsible.

The CHAIR — Indeed; very good.

Mr BOURMAN — We do have at least some precedent, I guess, in Australia, with some states legalising ridesharing. From a WorkSafe perspective, do you have any idea how the other states have managed to deal with all the issues that we are foreseeing here?

Ms HUGHSON — No, we are not. I think it is reasonably new in those jurisdictions, it is fair to say, and we certainly have not seen any legislative change that I am aware of to try and accommodate it being legalised. So I imagine it is all just being worked through at the moment.

Mr BOURMAN — Yet to come?

Ms HUGHSON — Yes.

Ms AMIES — Yes.

Mr BOURMAN — With things like the safe working environment, I think you said in terms of taxis that you have watched over the years, some horrible things that have happened to taxidriviers, and then the reaction to that. Can you see that sort of applying to a rideshare driver in the end, because they are doing a very similar thing? We do not want it to happen, but at some point in time, whether it is now or in 100 years, someone will get hurt, and there needs to be a reaction. But all of a sudden you are talking about someone’s individual car, not a work car, so I am not really sure how practical that can be, for starters.

Ms HUGHSON — Yes, I think if we can look at it in two ways. If a platform operator like Uber was found to be the employer of the driver, then they would have obligations to ensure the workplace, which would be the car, is safe and without risk to the health of the worker. What the Occupational Health and Safety Act does is require the employer to work through a hierarchy of control to eliminate the risk where it can. So the insertion of some of those plastic guards that you see the taxidriviers have on the driver’s seat may be a way of doing that.

Where the platform operator is not the employer and the driver is self-employed, they have got obligations to look after their own health and safety — and whether that would extend to them putting a cage around will remain to be seen, I think — but also the obligation to ensure the safety of the passengers who are in their car, as part of what we call the conduct of their undertaking, so how they are earning their income. So they would need to make sure that springs in the seat, for example, are not poking out and going to hurt someone, or that the way of entering and exiting the car was safe. There would be all of those considerations.

Mr BOURMAN — If we assume, just for a moment, that the individual was the employer, are they able to assume their own risk in the event of something happening, like, being a workplace, they do not want to put in a cage, for instance? If there is a not a direction, but a strong suggestion, can they say, ‘Well, I don’t want it. I am the employer. I am assuming my own risk’, and if so, what would be the repercussions from a WorkSafe point of view?

Ms HUGHSON — So where they are self-employed, then they do assume the risk to make sure that they are looking after themselves. If you take that to its full degree, where that would come in is the compensation side of the business, and they would not be covered, if they are self-employed, on the compensation side, because it is relying on that relationship of worker and employer to be present for them to be entitled to compensation. So I think from their point of view they need to do everything to keep themselves safe so they can earn their income. That might also include looking at other insurances that might be available to them.

Mr BOURMAN — So they can ignore it, but they will be responsible for it later down the track if something happens?

Ms HUGHSON — Yes.

Mr BOURMAN — That is really all I have. I think you have answered everything else. Thank you.

The CHAIR — I want to follow on with one question that Jeff took up in terms of if there was to be a mandated need for a cage, or the like, in a car. Who is it that makes the determination that that is a requirement to ensure that that particular workplace is safe — whether it be a cage or whether it be a camera or what have you? How is that determination made to say that to ensure your workplace is safe this is what it needs to look like? Who makes that determination?

Ms HUGHSON — The way that we would work on this is to say that you need to take the highest order of control to make sure that that workplace is safe, and we might suggest a couple of things for that. One example that might resonate with you is quad bikes. We have been seeing a lot of fatalities on farms with quad bikes. So what we say there is: there are a couple of things that you need to do to ensure that you are safe when you ride a quad bike — so a helmet could be something; we suggest rollover protection bars on the back of the quad bikes. It is also making sure that you have maintained your vehicle in a safe way, that you have assessed the terrain that you are going on. We would normally provide guidance to employers about a number of things that they could do to ensure that their workplace was safe, and it might be that some kind of guarding on the seat was one of those, but we would have to go away and do the appropriate analysis to ensure that that was going to be an appropriate control in terms of safety.

Ms AMIES — We do produce guidance material as well as risk assessment, so we can provide information where a risk assessment can be done, and we actually work with employers on an appropriate risk assessment to ensure that they are making an informed decision about it, that they have the right tools and that they have also put in the right protections ensuring safety.

The CHAIR — Is there any intention to come up with some of those guidelines for ride-sourcing or ridesharing drivers and the like? What brings about the delivery of that advice to different employees, employers and the like?

Ms AMIES — Sometimes for us it is also based on a risk assessment in terms of what industries and areas of employment are of greatest risk that we probably should be providing more guidance material to, because we do produce quite a lot of guidance material. Sometimes we can work in partnership with industry groups, where their members are also saying they need guidance material in specific areas, so we can work with them, but it is usually based on a risk assessment in terms of the guidance material we produce. So if there was evidence that this was an area that should be prioritised for us to actually look at how we engage with the appropriate assessments and safety standards that would be required, then we would definitely look at that. But it is not currently on our priority, it is fair to say.

The CHAIR — Sure; very good.

Mr EIDEH — I just have a question regarding training. In your view what sort of training, as an example, should drivers undertake before they start to operate or engage in this sort of thing?

Ms AMIES — It is interesting you ask that. In terms of some of the discussion that we have had already, if there is an employer in place, there are obligations on the employer to ensure that workers are well trained in terms of what is required to actually conduct their role, which includes the health and safety requirements of doing that, so that they can do that in a safe way. It is about training so that they are actually skilled, licensed for a driver, and that they understand the requirements of non-use of mobile phones, distractions; it would be a whole range of things I imagine in that example. If you are self-employed, then the requirement is on that person to be well trained in terms of what is required in terms of the role.

Mr EIDEH — And they should be tested?

Ms AMIES — It depends. There are certain roles and functions in employment where you are required to have licensing. That would be different, I imagine, to this environment currently. So again, that would have to be a decision on whether it is regulated or not in terms of people who are employed as drivers in this environment actually having to be required to have certain licensing, but at the moment I imagine that they are required to have a drivers licence, so we would not do that testing. It would be a decision of ‘what would those requirements be’.

Ms DUNN — My apologies if you have already covered this, and my apologies for just stepping back into the inquiry now. Does WorkSafe have a current view in relation to rideshare drivers as to whether they are employees, self-employed or contractors? Is there a current view?

Ms HUGHSON — No. For us we would have to look at all of the facts surrounding the relationship, which would look at contractual arrangements, for example, the type of control that is exerted by the platform operator over the driver and whether that is indicative of an employment relationship or not. We would need to consider all of that for each case until we saw some commonality across the industry before we could make that judgement.

Ms DUNN — That is a fair comment. I am not sure if you are aware that at the moment there is a legal challenge by Uber against the Australian Taxation Office in relation to the classification around whether drivers are contractors or employees. My question is: if it is found that as a result of that challenge a court determines that drivers are in fact contractors or self-employed, I assume that that means that those individual drivers would be responsible for procuring services in relation to WorkCover and those arrangements; is that correct?

Ms HUGHSON — If the driver was found to be an employee of Uber, then Uber would have responsibilities for registering for WorkCover if they have not already, and paying WorkCover premiums based on the remuneration that is paid, akin to wages. If they are an independent contractor, there is no such obligation, and in fact they are not entitled to workers compensation insurance because that is based on there being an employment relationship. They would need to seek their own appropriate insurances to cover them.

Ms DUNN — Yes, it just switches into a completely different category of insurance if they are a contractor, so it is probably a really critical threshold for that driver, particularly if there is some sort of personal injury.

Ms HUGHSON — That is right. They may have coverage under the TAC scheme, depending on what the injury is.

Ms DUNN — The nature of the incident.

Ms HUGHSON — And how it has occurred.

Ms DUNN — Okay, thank you.

The CHAIR — Thank you very much for your attendance and assistance today. You will receive a copy of the transcript of today’s evidence in the coming days for proofreading, and that will ultimately make its way onto the committee’s website. Once again, thank you for your testimony today.

Ms HUGHSON — Thank you.

Ms AMIES — Thank you.

Witnesses withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Subcommittee

Inquiry into ride sourcing services

Melbourne — 8 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

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Mr Aaron Lane, legal fellow,

Mr Darcy Allen, research fellow, and

Mr Chris Berg, senior fellow, Institute of Public Affairs.

The CHAIR — I reopen the Standing Committee on the Economy and Infrastructure public hearing. Welcome, gentlemen, and thank you for agreeing to come along today. Today the committee is hearing evidence in relation to our inquiry into ride sourcing. 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 privilege. Once again, thank you for agreeing to come along and provide testimony to our inquiry. I will hand over to whoever would like to kick off. If you might just state your name, your role at your organisation and then go through some introductory comments, we will follow with some questions. Over to you, Mr Lane

Mr LANE — Thank you, Chair. Aaron Lane, legal fellow at the Institute of Public Affairs.

Mr ALLEN — Darcy Allen, research fellow at the Institute of Public Affairs.

Mr BERG — Chris Berg, senior fellow at the Institute of Public Affairs.

Mr LANE — Chair, thank you for the opportunity to speak today at this public hearing. Regulatory decisions surrounding the ridesharing industry are of critical importance to the Victorian economy, because they will set a precedent for the disruption and the potential disruption of the sharing economy more broadly.

The most general principle underpinning our submission today is the idea of permissionless innovation — that is, we believe, a quality regulatory system, one that deals well with disruptive technologies and business models and one that enables innovation by default. In contrast, a permissioned system is one where unnecessary red tape is applied that stifles the potential for entrepreneurs to bring benefits to consumers. Further, we must remain wary of erecting any regulatory barriers today that will prevent the emergence of new business models tomorrow.

It should be a guiding principle that any definitions and new regulations, if they are enacted, should be broad enough so that they do not exclude new organisational and technological forms which may later emerge in the future. A second issue permeating the debates on ride sourcing are the concerns over consumer safety and protection. These legitimate concerns are best examined by asking a deeper question: why do we regulate point-to-point transport in the first place?

The main rationale for regulation of point-to-point transport is to protect and maintain the safety of the public. Government intervention to achieve this goal is largely justified on the basis of asymmetric information — problems between drivers and passengers, where riders lack information about the characteristics of the drivers. Traditional solutions to this market failure are through government regulation. However, enabled by new technologies such as the smart phone and the GPS, these are changing necessary scope of government intervention. They are developing new ways to achieve the safety and consumer protection that Victorians desire and deserve.

Self-regulation of ridesharing has proved remarkably efficient and remarkably effective. For instance, the growth of the reputational mechanisms where drivers and riders rate each other, just as an example, the use of cashless payment systems through ridesharing platforms and the removal of anonymity issues. The implication of this technological progress is that governments must reassess the extent to which imposing state-based regulation is necessary.

A further contentious issue for this committee is the matter of industry transition and the question of compensation. Licences are licences to drive and operate a taxi. They were not invented to be financial instruments. They are not government guarantees of return or guarantees of a certain level of income. The risk of regulatory changes are and should be borne by the licence-holders themselves. Disruption and change is natural. It is a natural state of a vibrant, technologically innovative market economy. Furthermore, compensation hinders the competitive and evolutionary adjustment of a market-based economy.

We at the IPA are concerned about the precedent that compensation sets for future disruption, as taxpayers and consumers might be expected to pay for barriers to economic progress that have been erected in the past. Allowing incumbent industries to seek compensation for technological change is a dangerous door that Parliament should not open.

The IPA believes that new business models which uproot traditional markets, break down industry categories and maximise the use of scarce resources should be welcomed by this committee. Overregulation, however, could suppress this potential economic revolution. Victoria must adopt a deregulatory approach to ridesharing, one that brings down existing barriers without erecting new ones. Such a permissionless innovation approach will make Victoria an attractive jurisdiction to future entrepreneurial endeavours. We thank you very much for the opportunity and welcome the committee's questions.

The CHAIR — Fabulous. Thank you very much, Mr Lane. I am particularly interested in the efficiency of any tax or levy that might be introduced as a result of the deregulation of the taxi industry. I have obviously heard and read in the past the IPA advocating for a more efficient tax system and the like. However, we are seeing, as part of the government's proposal here, a \$2 levy on each and every trip by a taxi, by an Uber and by all sorts of modes of transport that may be levied upon the Victorian people. I am just wondering if you might be able to give me an idea of the IPA's view on that.

Mr ALLEN — Fantastic. Okay. As Aaron mentioned in the opening comments, we do reject the principle of compensation outright, but nevertheless, if we do decide to compensate and we are looking for some compensatory regime, then we believe that this should be funded from consolidated revenue, not through a tax. There are a number of concerns that have led us to this conclusion. The first one is red tape. We are concerned, and we look forward to the government providing more information, about how this levy will be collected. Will there be onerous compliance costs and administrative costs associated with drivers having to pay a tax or a levy?

The second concern is the potential distortionary impact of a tax. A tax imposed directly on the point-to-point transport system may be distortionary because it affects the relative prices of point-to-point transport compared to other forms of transport. And third, we believe there is a genuine threat, as we have seen in the past, that this will not simply be a temporary levy but rather it will turn into a more permanent form of industry assistance. As such the compensation should be funded through consolidated revenue, in a revenue neutral way, rather than imposing a new tax, given these concerns that I have just outlined. However, if a tax is the option that goes forward, we believe there must be clear and direct boundaries and scope around the length of this tax, when it will end, how that compensation will be distributed and so on to keep the government accountable and transparent to this form of transition.

The CHAIR — Fabulous. Thank you for that response. That question about consolidated revenue or a tax is certainly one that the committee has been grappling with as well. One of the main focuses that we have really had come out of our inquiry has been the access to vehicles that is going to allow people with disabilities to be able to access transport. Obviously at the moment we have a taxi industry that is quite highly regulated and that has wheelchair-accessible vehicles and the like, but moving to a more unregulated transport industry, one of the challenges that we certainly heard from disability groups is the lack of access that people with mobility issues may face. I am just wondering if there are any comments that anybody might like to make in regard to that.

Mr BERG — It is a mistake to assume that Uber or any ridesharing form, whether it is Lyft or any of the ones that are around the world, is going to entirely displace the taxi regime. Our position in regard to this specific question would be that whatever new industries enter the Australian or Victorian market, general economic laws should apply to those industries. So to the extent that there are general rules about the need to provide disability services, they would apply to any new entrant into the system. But we have to look at those laws and we have to look at those restrictions and identify if they are actually preventing the introduction of even more efficient modes of transport and even more efficient entrepreneurial endeavours. It is also very important to note that the market is starting to provide this, and Uber does have options, and there are Uber services that are looking at ways to introduce disability support and so forth. It does not seem to us that we have a problem that needs to be solved by legislation and that certainly needs to be solved by Parliament. If in a few years Parliament decides otherwise, that is a second conversation to have. Do not regulate before you see that there is a problem to be regulated.

The CHAIR — Indeed. Thank you. With regard to the compensation, we have spoken about how it may be gathered and whether it might come from consolidated revenue. We have also had some discussions in this inquiry about where it should be best targeted. Should compensation be targeted at people who have held taxi licences for a short period of time? Should they be targeted at those whose personal financial position may be worse and affected more severely than others as a result of the deregulation of the industry? Does the IPA have

a view on if there is to be a compensatory package of some description, where it should be targeted? Should it be targeted at recent entrants to the market, those whose financial position would be severely impacted, or another measure?

Mr BERG — In our view the reason that you would compensate incumbents is political, not economic. In that sense we do not have a policy position or any principal position by which we would say, ‘Those particular licence-holders deserve more compensation than other particular licence-holders’. We do not think that you should be compensating at all. If there is to be compensation, well, that is a political decision for a government or Parliament to make.

The CHAIR — Indeed.

Mr LANE — And that is outlined in our position as well, in our submission, where on pages 4 and 5 we sort of go through what we say are the arguments — the best arguments — to put forward for compensation, and we systematically go through those and reject them and then come down on that being a political decision. So that is sort of reflected in our submission as well.

Mr EIDEH — In your submission you said an industry-specific regulatory framework needed to be avoided. Can you elaborate on that and tell us what it is that needs to be avoided from this regulatory framework?

Mr ALLEN — Yes, I can. In regard to that part of submission — the attachment to the submission — that was a submission written more generally about the sharing economy. This is an observation that we are seeing at the moment that many of these new entrepreneurial endeavours, broadly classified as the sharing economy, actually emerge on the boundaries of new industries. What they are is they are two different industries being combined in new ways. The problem with this is the more industry-specific regulation we create that defines particular categories, such as ‘What is a taxi?’ or ‘What is a hotel?’ and so on, that causes future problems in terms of disruption. That is what that is referring to in terms of industry-specific regulation. So that is why we think it is particularly important that when we are looking to put new definitions, if new legislation is erected around this particular problem, they remain broad so they can encompass the new changes in the future that no-one can foresee.

Mr BERG — This is an issue that is going to happen into the future with any proposal to place a tax on taxis or ridesharing firms, because there are going to be entrepreneurial changes in 5 years or 10 years, and then a Parliament down the track will have to decide, ‘Well, does the tax apply to this new form of transport or not?’. We are very uncomfortable in talking about ridesharing as a discrete category of business practice or a discrete industry, because that just happens to be what it looks like at the moment. The economy is an evolutionary mechanism where we see all sorts of changes and all sorts of differences that legislation cannot necessarily pick up and often can prevent.

Ms DUNN — Thank you, gentlemen, for your submission today. I just want to go back to access for people with a disability, and I take your point that you do not think that taxis are going to be completely displaced in the market. I believe you might have said that it is not a problem currently, but I guess I want to get your views in relation to the principle that all transport providers should be fully accessible to anyone who wants to use that service in the marketplace.

Mr BERG — That is a principle that does not hold at the moment insofar as that there are lots of modes of transport that not everybody can access. Not everybody can access bike lanes, for example. There are lots of different areas in which that does not hold true. But again, just to refer to my original point, unless it has been demonstrated to be a current problem, I do not think Parliament should be jumping in to solve that problem.

Ms DUNN — So just to extend on that — and I guess no-one operates bike lanes as a transport service, although maybe local governments might argue that they have a fair stake in the matter — there are obligations under the Equal Opportunity Act, I guess, if you are a provider of goods and services, so would you see that those obligations should be fulfilled by all those service providers in the transport space?

Mr BERG — I would not make exceptions to general law for any new entrants. It is often at the new existence of a new entrant that government is required to reassess whether it makes sense to apply that general

law and to reassess perhaps the general law in first principles. Now, I am not going to presume to speak on any great behalf on disability law as it stands, so I do not want to claim that.

Ms DUNN — Fair enough.

Mr BERG — I am not sure my colleagues would either. But as a general rule, of course new entrants should abide by existing rules, but to the extent that they are not currently required to, I would not be proposing extending them.

Ms DUNN — Okay. I am just wondering if you have formed any views in relation to the government's announcement that they want to introduce legislation in two tranches and whether you have looked at that in terms of the effect on the transport market at all.

Mr LANE — Has that legislation been released?

Ms DUNN — No, we have got a media release.

The CHAIR — We are working on the basis of the media release at this point, unfortunately.

Ms DUNN — We do have a media release. My understanding is that it is two tranches. But no, I have got no words. I have got no bill.

Mr LANE — No, we have not had the benefit of seeing that legislation. We have had the benefit of a brief review of the bill introduced by Ms Patten into the Council, and we have made some comments about that bill in our submission, but I think it would be safe to assume that that bill will not be adopted and that there will be another one introduced. Until we see that, we cannot really make any comment.

Ms DUNN — That is fair comment.

The CHAIR — So, just to elaborate perhaps on that, basically there are two tranches of legislation the government has proposed in their media release, which we have not seen. We are working on the basis of a media release, unfortunately, until we get a briefing from the government on this. But basically the first tranche was to effectively allow ridesharing, or ride sourcing, to be legal as opposed to the space that it is working in now. The second trench was to provide for the compensatory segments of what is going to be part of the deregulation. So effectively there are two sections there, and there has been some concerns raised that if you have the two different pieces of legislation, there is opportunity for one to be successful and the other not to be, and what state does that leave the transport industry in? Without having that certainty about the surety with that first part happening, how is the second part actually going to work?

Mr BERG — As a general rule — as a general policy process rule — if this is a coherent policy and those two tranches are connected in some conceptual manner, it would be good to see them together. And you are right, it does raise the risk of surprises or regime uncertainty or regulatory uncertainty. But without seeing both of those bills, we could not comment on that.

The CHAIR — Yes, and we look forward — all of us — to seeing them, I can assure you.

Mr LANE — The other thing that I would just note on that is that, from my understanding, the government wants to bring a bill that would essentially create one passenger transport licensing arrangement over all industries. I think what we would say about is that you can legalise ridesharing without regulating it. If the need is 'We want to legalise ridesharing in Victoria' — if that is the aim — there is no need to bring in a specific regulatory regime that would cut across, as the government is trying to do. You could simply provide for that in another way. There is no need to impose more red tape on ridesharing now in order to legalise it.

Mr EIDEH — In your submission you said overregulation could destroy an economic revolution. Can you tell us more about that? What do you mean by that?

Mr ALLEN — The title of that report, as I mentioned before, relates generally to the sharing economy, which can all largely be grouped together as these emergent models and business practices that take excess capacity in the economy, use new technologies and provide better markets so that we can more efficiently use our resources. The title of that report refers to the fact that many of these mechanisms, as we have demonstrated,

are largely self-regulating mechanisms, and we think that governments must reassess their role when these traditional industries are disrupted by this new wave of sharing economy platforms.

The CHAIR — Fabulous. Thank you very much, gentlemen, for your testimony here this afternoon. In the coming days you will receive a transcript of today's evidence for proofreading and that will ultimately go onto the committee's website. Once again, thank you very much for your attendance here this afternoon.

Committee adjourned.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Melbourne — 12 October 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witnesses

Mr Richard Bolt, secretary, and

Ms Catherine Rooney, executive director, system reform, Department of Economic Development, Jobs, Transport and Resources; and

Mr Aaron de Rozario, chief executive officer, Taxi Services Commission.

The CHAIR — I will begin by declaring open the Standing Committee on the Economy and Infrastructure public hearing, and I welcome all those who are present here this evening. I will just explain that we are hearing evidence today in relation to the inquiry into ride sourcing, and the evidence today 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 the same things, those comments may not be protected by this same privilege. Welcome to our witnesses who are present here this evening. What I might get you each to do is to state your name and your title, for the record, and then move into any introductory comments, and we will follow with some questions from the committee. Mr Bolt, if you might like to begin.

Mr BOLT — Thank you, Chair. Richard Bolt, secretary, Department of Economic Development, Jobs, Transport and Resources.

Mr de ROZARIO — Thank you, Chair. Mr Aaron de Rozario, chief executive officer of the Taxi Services Commission.

Ms ROONEY — Ms Catherine Rooney, executive director in the transport group at the Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — Whoever would like to begin the introduction, do so. Then we will move into questions.

Visual presentation.

Mr BOLT — At the indulgence of the committee I will start. We will not overlabour the introduction, but there are some slides that I hope will be useful to you. I will step through them in an abbreviated way, and we can come back to any of them which you wish to pick up.

If we go to slide 2, the context for the reforms that are the subject of this inquiry is a well-understood shift in the technology which allows on-demand transport services, including via smart phone applications, and this is having an impact on travel movements and patterns and preferences worldwide, and it is one which is frequently discussed these days when transport agencies from around the world — different countries — get together. It has resulted in new services. It has improved choice. There has been impact on price, and it has demanded of government a shift in the way they regulate what has previously in most jurisdictions been a heavily regulated taxi and hire car industry. The approach the Victorian government has taken towards more open regulatory arrangements is intending to deliver value to the travelling public while at the same time recognising that there are transitional impacts on existing players in the industry, and also protecting consumers and ensuring safety for other drivers, of the reforms that we have seen.

I could spend time in slide 3 talking about the role of my department and its transport group in particular. I will briefly say that we are responsible for policy development and implementation of reform and advice and development of legislation, and the Taxi Services Commission is clearly a regulator for the taxi and hire car industry, and its role extends to ridesharing, the subject of this inquiry. As is well known, I think, the pressure to alter the regulation of this sector has been with us for quite some time and has been through more than one iteration, and this is the latest of them. One would hope that it is a durable new regulatory framework.

The next slide does outline the role of the Taxi Services Commission. I could ask Aaron to elaborate on that. Maybe, Aaron, in the interests of time, I will go through all of these. If you wish to come back to that role as a regulator, then you can ask whatever is relevant.

These are the terms and references of the inquiry. You are more than familiar with those. I just put those up there to say I now have a slide on each of those that I will only briefly speak to. The first of those — and we are now down to slide 6 — is on barriers to entry and competition. This is a comprehensive reform that the government has announced to remove all vehicle licensing requirements and replace them with a simpler vehicle registration process and, in doing so, provide a level playing field for taxi, hire car and rideshare providers. Until that time the commercial passenger vehicles will still be required to operate under a valid taxi or hire car licence, so this new regime is yet to be implemented of course.

There is information in this slide concerning the requirement for hire car licences to be available for a small administrative fee once this arrangement is in place, and the vehicles of the ridesharing industry will need to obtain a licence of that kind to allow them to undertake booked work through an accredited network service

provider, which is an important concept we can explain in more detail. This will allow more entry into the market, and because of the increased level of competition and choice this reform will allow, fares will also be regulated. That will allow the industry to charge in ways that reflect the service they provide, and one would imagine we should see good competitive pressure on those fares.

There will be some form of protection in place for those passengers who do not use a booked service. Taxis will still have rank and hail as a particular service only they can provide, and the question of what kind of protections will apply to customers using rank and hail is to be determined, but there will be some regime in place to ensure that they are charged a fair price and they understand as best as possible what that price will be.

The next slide concerns consumer protections. It goes to vehicle requirements. There will be a requirement for all booked services to meet the same basic safety requirements as we expect of all passenger vehicles on our roads, hardly surprisingly. Rank and hail vehicles — taxis — will be required to install cameras, as now is the case in taxis, and have an approved fare device, reflecting the fact that people get into a taxi and only then know what it is that they are likely to be paying.

Driver accreditation will be required, as again you would expect, and that includes police, medical and driving history checks and ongoing criminal data matching. There are expected to be additional requirements for taxidivers, such as having a valid ID card, again because of the rank and hail aspect of their work. The providers of commercial passenger vehicle services that are booked on phones or apps, including taxi networks, hire car businesses and rideshare booking companies, are those entities that will be made responsible for safety and service delivery, so there is, if you like, a point of accountability that is a convenient and in fact appropriate place to which to direct these responsibilities. The Taxi Services Commission requires network service providers to be accredited so that they can be accountable for those obligations. I think I have perhaps said enough about flexible fares, and I do not need to repeat that now.

An important consideration in these reforms was the level of access for people with disabilities, and wheelchair-accessible taxis are of course a critical mobility service for people with a disability. Use of taxis for this purpose is supported currently, which I think would be well known, through incentives and subsidies provided under the multipurpose taxi program. The government did announce a \$75 million fairness fund, and \$25 million of that will provide accessible transport to improve services to people with disabilities, including lifting the wheelchair lifting fee to \$20 per trip, obviously with the purpose of improving the incentive to provide a timely and sufficiently remunerated service to wheelchair passengers.

There will be a further comprehensive review, importantly, of accessible point-to-point transport. That will be directed to looking at improving the supply, the commercial viability and, one would hope, the timeliness and quality of wheelchair-accessible services. That would include seeing what scope there would be to extend the availability of the subsidy with appropriate regulation and training of drivers, as I said, to improve wheelchair-accessible services for the customers that rely very heavily upon them. There will be a dedicated commissioner for accessibility services sitting in the Taxi Services Commission. That review is yet to be conducted.

You have a term of reference concerning remuneration and workplace rights. This is slide 9. They are, as you would well understand, primarily commonwealth responsibilities under the referral of industrial relations, as has previously occurred. Nonetheless there is the possibility of some reinforcement of information, for example, to drivers that could be part of the regime that is legislated, as we move to implement this policy announcement.

To slide 10. We have given considerable thought, or the government has given considerable thought, and we have provided considerable advice on how to mitigate the impacts of this changing regulation on the taxi industry in particular and on the hire car industry in Melbourne and in regional Victoria, but there is clearly a reduction in regulatory burden coming from the removal of licensing, from the sensible removal of the driver knowledge test that comes about from having an increased and more competitive service and of course from regulating all taxi fares. And I think we have talked about the rest of that.

The important point is the last one there — that the government has recognised that removing licensing will have financial impacts on taxi and hire car licence holders, and the industry support package that I will talk about in a second provides fair and reasonable assistance to those affected, balancing a number of factors that we can discuss. What does that particular package entail or encompass? It allows taxi and hire car licence holders — on slide 11 here — that own perpetual and fixed-term licences, where the licence fee was paid

up-front, to receive assistance payments. Those assistance payments, in the case of metropolitan taxi licences, start at \$100 000 for the first and go to \$50 000 for a second licence. The annual fee-paying taxi licence holders will receive a rebate of those fees that they renewed over the transition period. I mention those figures, but I should have also said of course that those payments of \$100 000 and then \$50 000 are scaled down for regional and country taxi licences with fixed-term taxi licences and hire car licences. We can go through all of those numbers, but I suspect you may know them well.

As part of the \$75 million fairness fund, \$50 million in hardship fund money has been already set aside to provide additional targeted assistance for taxi and hire car licence holders who face significant financial hardship. That is an additional, what you would call, financial relief safety valve over and above the standard rates that have been set and that I just talked about. To pay for this and to ensure that there is a revenue stream, from 2018 all network service providers and taxi operators will be charged a \$2 levy on all commercial passenger vehicle trips to fund the support package. Our model indicates that this will generate in net terms approximately \$44 million per year.

That is essentially addressing every term of reference. We can now take questions. I hope that has been a valuable introduction.

The CHAIR — Mr de Rozario, is there anything you would like to add at this point?

Mr de ROZARIO — Not at this point. I think we can go to questions.

The CHAIR — Ms Rooney, anything else?

Ms ROONEY — No.

The CHAIR — No? Okay. Very good. All right, I might begin with the first question, which is: can you explain why it is that it is taking so long to get to this point? At this point, in terms of the regulation of ride sourcing, all of the detail that I and just about everybody else really have is this media release from the government. Why has it taken so long to get to the point where we have promised legislation but not introduced legislation?

Mr BOLT — This reform package, of all of those that we have had the benefit of scrutinising and government has had the benefit of scrutinising to come to a decision, is the most complex and complete reform that has been decided, certainly in Australia. That was a factor in coming to a landing and therefore in how long it took to do so. In other jurisdictions taxi licensing has generally been retained, and in most cases they will continue to regulate taxi fares. That means that a number of factors that needed to be worked through to set the scene for the policy announcement government made were not present elsewhere. So while it is clearly on the record that it took us longer than in other cases, it will also be a more complete reform. Then translating that into legislation again raises a number of complexities that are not faced by more partial reform programs in other jurisdictions, and we have got to work through those complexities so that we do not end up giving government advice on legislation that then has to be revisited because it was not complete enough and was not fit for purpose.

The CHAIR — There has been a lot of discussion around the \$2 levy that is going to be introduced. In the media release it is described as a levy equivalent to \$2 per trip. I am just wondering if you might be able to explain that. There has been a lot of confusion around that ‘equivalent to \$2 per trip’. Does that mean it is \$2 per trip? Does it mean that a longer trip is going to have a greater net number — a higher number — or a shorter trip a lower number? What is that levy going to look like?

Mr BOLT — Why it means ‘equivalent’ is something that I suspect either of my colleagues could shed more light on, but the fundamental point is most of the revenue, unless I am entirely mistaken, will actually be collected from the network service providers. How they then pass that on is actually the decision they take. They will not be obliged to make it a \$2 addition to any trip exactly. How they scale it according to distance of trip or any other factor is really a commercial matter. That is one of the reasons why the term ‘equivalent’ has been used, so that the notion that ‘I will definitely pay \$2 no matter what trip I take, short, long or middle’, is not actually what people should expect.

Mr FINN — So it could be more than \$2?

Mr BOLT — And it could be less than \$2. Two dollars a trip is what will be collected. If any one customer ends up potentially paying more than \$2, then another passenger will end up paying less than \$2, because we will only be collecting to the level of \$2 per trip.

The CHAIR — Mr de Rozario, would you like to add any further comment to that?

Mr de ROZARIO — I do not think there is any further comment. Mr Bolt has outlined that correctly. The intent is that the levy would be imposed upon the network service provider. How they choose to collect that revenue is entirely up to them.

The CHAIR — So, for example, Uber is going to receive a bill for the amount of trips that they provide.

Mr BOLT — Yes.

The CHAIR — And they are going to pass that new tax on to consumers in the way they see fit.

Mr BOLT — That is correct. In a deregulated fare regime we are not in a position to regulate only one component of the deregulated fare.

Mr FINN — Could I just ask: the service provider can in fact charge whatever that service provide wants under this system; is that right?

Mr BOLT — Well, that is not a product of the levy, Mr Finn.

The CHAIR — We will just pause for a moment until we get this back up.

Mr BOLT — That is what happens when difficult questions are asked.

The CHAIR — I think we are all set to get underway, but there has been a request from the gallery for us to speak a little louder so they might be able to hear what we are talking about. I think we were discussing the \$2 fee.

Mr BOLT — Yes, and the question about: can they charge anything?

The CHAIR — Yes.

Mr BOLT — So the question is: can the network service providers and the commercial passenger vehicle operators charge anything? Under the regime that is to be implemented, there will be, as I said earlier, low barriers to entry into the commercial passenger vehicle market to the extent that government has decided and concluded that fare regulation is not required — that there will be enough competition to keep fares under control and to prevent excess charging, so to speak, or rents, as economists would have it. As a consequence, that allows the possibility of fares to be, as I said earlier, structured to provide competitive advantage in the marketplace and meet the reasonable expectations of passengers. Part of that decision that every network service provider will take is how to allocate their fixed imposts, such as the \$2 levy, but also their back-office costs and just about anything. So for us to particularly regulate the way that is passed through is not seen to be necessary or possible without regulating the entire fare, which would defeat the point of these reforms.

Mr FINN — So it is conceivable that the service provider could get the bill from the government, pay the bill to the government and then charge \$3 or \$4 and keep the profit?

Mr BOLT — I think that is not conceivable because I think they would find themselves — —

Mr FINN — But they could do it. There is nothing to stop them doing it?

Mr BOLT — In a technical and legal sense they could; in an economic and real-world sense they could not. The reason they could not is that they would simply lose market share.

Mr FINN — What if they are all doing it?

Mr BOLT — Given the number of players in this market, that is simply inconceivable. There are just going to be too many players to organise that kind of market power, in our estimation.

Mr FINN — You could say the same thing about the oil industry.

Mr BOLT — The oil industry, Mr Finn, is structured in a very different way, with much higher barriers to entry than the commercial passenger vehicle industry.

The CHAIR — I just want to jump in on that point. Mr Finn, I will come back to you once we have been around the committee. You spoke earlier about some modelling that has been done in terms of the net amount of money that will be raised by this \$2, or whatever it might be, levy, and you spoke about \$44 million a year net. What is that gross number? How much is it going to cost to collect these funds to redistribute?

Mr BOLT — The current estimate of that is not in my mind. Can we help with that?

Ms ROONEY — We would have to take that one on notice.

Mr BOLT — Yes, we would have to take that on notice. Can I say the large proportion of the amount we expect to collect would be net. That is in our modelling as I recall it, but I just do not have the number at the tip of my fingers.

The CHAIR — Is there a ballpark figure? Is it going to get to \$10 million, \$20 million? Just some indication.

Mr BOLT — I think if we were to guess, then we would mislead you, potentially, so if we can take that on notice, we will provide the information that is available.

The CHAIR — I note that you spoke earlier about a deregulated industry where there is a level playing field, and I am just wondering how is there going to be a level playing field when there are going to be additional requirements on rank and hail-type operations. They are going to need to install cameras, have approved fare devices and the like. How is it creating a level playing field if you are placing an additional impost on taxis over the other ride-sourcing-type services?

Mr BOLT — First of all, just a clarification on deregulation: it is deregulating in important areas, fares and vehicle requirements. It is not deregulating in the very important question of the fitness of drivers. It is deregulating in the knowledge test because competition ought to account for that and because there are applications now which navigate effectively. On your specific question of the level playing field, the rank and hail service is a privilege that taxis will retain, and the quid pro quo in regulatory terms for that additional privilege is an additional, existing obligation, so the requirement for cameras and fare devices is now the lot of taxidivers. So they get an additional requirement for an additional privilege.

Mr de ROZARIO — And if I can add to that, those two requirements are based around very sound safety principles. So cameras are to provide an element of safety for both driver and passenger, and likewise an approved fare device is providing an important consumer protection where the initiation of that transaction is initially anonymous.

The CHAIR — The taxi and hire car licences, are they still presently for sale?

Mr BOLT — Can they be bought at the moment?

The CHAIR — Yes.

Mr de ROZARIO — At law they are both presently for sale.

The CHAIR — They can be. Is the government selling any of them?

Mr de ROZARIO — I do not have that off the top of my head.

The CHAIR — You will take that on notice?

Mr de ROZARIO — I will take that on notice, but that is highly unlikely.

The CHAIR — You can see the obvious concern. If the government were to be selling licences that in effect are going to become redundant and be worth a significantly smaller proportion of the relative value of purchase, that would be a significant concern.

Mr de ROZARIO — It is certainly the case that nobody would be sold a licence without being very well informed of what is happening with the government's proposed agenda.

Mr BOLT — It would seem an unusual step for anyone to take.

Interjections from gallery.

The CHAIR — Excuse me. I ask the gallery not to interrupt the proceedings of the committee.

Now, I did want to move on to an important matter, that being the multipurpose taxi program. This is something that the committee has heard a lot of evidence about and something that I am certainly very interested to hear as to whether or not that program is going to be able to be rolled out across ride-sourcing operations such as Uber, Lift and the like or whether that is going to remain the purview of the taxi-type car.

Mr BOLT — So the option of making it available through all commercial passenger vehicle categories, that is what this further inquiry or further investigation that I mentioned earlier will be looking at. So there would be clearly some great benefits if there could be the widest possible availability of that service. We just need to work through what that would entail. So your question is one we will answer, but we have not answered it yet.

The CHAIR — Any idea when we will have an answer to that question?

Ms ROONEY — The review will take place over the next 6 to 12 months.

The CHAIR — So that will come in with the second tranche of legislation?

Ms ROONEY — Yes.

The CHAIR — I am also interested in the methodology by which it has been decided there are going to be two tranches of legislation, the first to look at — effectively — deregulation and the second to look at the compensation. Why is it that that approach has been taken, rather than having a complete package that would provide what the government is intending to do?

Mr BOLT — The thinking has been to act quickly to bring rideshare into the fold, if you like, in a regulatory sense, and then to deal later with the more complex questions that I talked about earlier, simply because we want to get the right answer and that will take a little more time.

Mr ELASMAR — Thank you and welcome. Talking about the safety issue, in here it says the rideshare vehicles will need to obtain a hire car licence. Can you explain to me if the ridesharing drivers have to go through a process for criminal checks and safety checks like the taxidrivers do.

Mr BOLT — They will have to. They will have to go through the same check as a taxi or hire car driver, and as I referred to earlier, that will include ongoing checks of criminal activity.

The CHAIR — Ms Dunn, welcome.

Ms DUNN — Thank you, Chair. I usually say thank you for your submission, but I was not here to hear it, so my apologies if I am covering things that have already been covered. I wanted to go to the matter of compensation first. I am just wondering was the department at any stage able to access the Taxi Services Commission's dataset on taxi licence ownership, how long each licence had been held and how much was paid for each of those licences?

Mr BOLT — The answer is yes. We worked with the Taxi Services Commission in providing the advice that we gave. They are within the portfolio, and we share information.

Ms DUNN — So in terms of looking at those datasets how did you arrive at the level of compensation that has been indicated for the different taxi licence types? I am just wondering: did you consider assessing the need

for compensation on each individual licence on the basis of how long it was held for, how much was paid for it and how much revenue has been gained from that licence over the time span of ownership as well?

Mr BOLT — The \$100 000, \$50 000 and other scaled versions of that figure were done to provide a reasonable balance of expected impacts on taxi licence holders and hire car licence holders. On the other hand the impost that that would provide to passengers through the levy was a constraint on how much government felt it should provide. There was also a consideration of the fact that the reduction in licence value is as a result of new services and increased competition that government itself did not bring into play, and the decision that was made by government was balancing all of those factors to come up with a reasonable and balanced compromise between them all.

On top of that, the hardship fund was the particular mechanism that was put in place to deal with individual circumstances where providing a generic amount might still result in there being considerable hardship in the case of particular licence-holders. So it is the interaction between the flat compensation amounts and the hardship fund in which government sought to address individual circumstances without the complexity of attempting a licence-holder by licence-holder assessment.

Ms DUNN — In terms of that hardship fund are there any guidelines as yet in terms of how that fund would be applied?

Mr BOLT — Not yet, no. That is still in the making. We have the previous hardship fund that came from the Fels reforms to draw upon the experience of. This is clearly a more significant reform in its impact on the taxi industry and the hire car industry, and learning the lessons of the experience of the previous hardship fund and adapting it to this one is what we are in the process of doing, but we have not finished that yet.

Ms DUNN — Fair enough. Will there be a cap on the compensation that can be received by a person or individual if they own many licences, or it is uncapped?

Mr BOLT — When it comes to the flat amount, then the compensation is limited to two licences. Any further licences, with the exception of any entitlement for hardship payments, would not attract any more money.

Ms DUNN — So if you are a corporation or even a person who owns 20 licences, you are saying you would get paid for licence 1 and 2 at those different scales and that is it?

Mr BOLT — Yes.

Ms DUNN — Assuming there is no hardship.

Mr BOLT — Assuming there is no hardship and on the recognition that a large proportion of licence-holders own only one or at most two. So we had regard to the Taxi Services Commission's advice on what levels of ownership there are out in the industry.

Ms DUNN — One last one, because I know, Chair, you might want to move to other committee members: I am wondering in terms of when you looked at sources to fund the compensation arrangements, did the department consider any other alternative sources rather than the \$2 levy — for example, consolidated revenue — did you consider other options in terms of where that revenue would come from?

Mr BOLT — We gave advice on a range of options to government. Those options I have to plead, with respect, are confidential to cabinet's deliberations. I can just leave it at that — that there were a number of options put forward for how this could be paid for.

Mr FINN — I am also a bit concerned about the compensation or lack of it. I have been approached by a constituent who has paid \$8 million for his taxi licences and is in a state of panic, to say the very least, because he is going to get \$150 000 back. How much of the hardship fund would he be entitled to under those circumstances? Is that what the hardship fund is for — people who have been hit hard financially by these changes?

Mr BOLT — The hardship fund is to deal with cases of hardship arising from the removal of the licensing requirement. That case, like all cases, would be considered against the criteria that, as I explained earlier, have

yet to be developed. But clearly if somebody is in substantial financial distress arising from that decision, we would expect that they will be applying to the fund. What outcome they would receive from the fund it is premature to speculate on because as yet we do not have the rules in place.

Mr FINN — When do you anticipate the rules will be in place?

Ms ROONEY — The fund will be open for applications in November.

Mr FINN — How will people apply to that fund?

Ms ROONEY — There will be information on the department's website and on the Taxi Services Commission website about how to apply at that point in time.

Mr FINN — Will that be open to anybody who owns a licence, or will it apply to owner-operators or to drivers, even?

Ms ROONEY — As Richard said, the rules around applications are still being deliberated on, so I cannot answer that question at this time.

Mr FINN — Do you not think it is a bit rough to put the rules out for licences and so forth without actually telling people what the compensation provisions are?

Mr BOLT — Sorry, I — —

Mr FINN — I was just asking do you think it is a bit rough to put this whole shebang out there, telling people what is happening, without having the rules in place for the hardship fund to tell people exactly where they stand? At the moment there are a number of people in the taxi industry who believe, rightly or wrongly, they are facing financial ruin. They will lose their homes. They will lose everything. This is what they have told me. This is what they are concerned about.

Interjections from gallery.

The CHAIR — Sorry, Mr Finn. I must ask people in the gallery to remain quiet. If you continue to interject, I am going to need to clear the gallery. None of you will be present, and the hearing will continue without you. There is the choice: you can remain silent and we can continue, or I will clear the gallery. That is the choice that you have.

Mr FINN — I am just asking, given that you have put in play, or the government has put in play, the rules that are coming, would it not have been a fair thing to have put in play at the same time the hardship provisions that you speak of and the rules that apply to those hardship provisions?

Mr BOLT — I think I can only answer it by saying that government will want to address hardship as quickly as it reasonably can. In the end that can only be done by a case-by-case examination of the individual circumstances of the applicants. We are where we are, Mr Finn. The government is keen to move as quickly as the time line that Ms Rooney has announced to alleviate the concerns of the individual licence-holders in the industry who, as you say, face hardship as a result of this reform. I cannot answer it better than that.

Mr FINN — I certainly hope that the government gets a wriggle on, because there are a lot of people who are very, very worried and very, very concerned for their future. I just have one other question. One of the issues around the taxi industry for a very long time has been getting into a cab and having to direct the driver. How is the removal of the driver knowledge test going to improve service to the customer?

Mr BOLT — I might ask either Aaron or Catherine to answer that. I believe it relates very much to the fact that navigation assistance is now a very different thing to what it was even a few years ago. With a broad, competitive industry and plenty of navigation aids that are now in common usage, it becomes less necessary to dictate that a certain level of knowledge is held by a driver. I understood that that was the reasoning behind the knowledge test, and Aaron may either contradict or confirm.

Mr de ROZARIO — No, that is broadly correct. It is certainly the case that since the knowledge was first introduced, it has been one of the areas that the taxi industry has been very critical of because of its barrier to

entry for recruiting and retaining drivers. It was felt that the knowledge in itself was not achieving the policy aims it was intending to achieve, in that a person may well pass the test; however, the measure of a taxidriver or any service provider is not how well they do at the test but how well they perform their function on a day-to-day basis. We are seeing across-the-board improvements in technology that allow passengers to provide more immediate feedback on the quality of drivers. If you look at the reform process where we start shifting responsibility for service delivery through to the NSP, they are going to be in a better position to monitor their drivers than a knowledge test up-front is going to be able to contribute to driver quality. In essence the knowledge has been removed. It removes a barrier to entry for the taxi industry to recruit drivers. The overall framework will shift responsibility for service delivery far more directly to the NSP. The knowledge was not achieving the original intent of the policy.

Mr FINN — I am just thinking of the impact on the tourism industry in particular. In my circumstance, when I am in a foreign or overseas city, I will jump into a cab and I will say, ‘Where do you suggest I go?’. If somebody does that in Melbourne, without the knowledge test, they will be looked at and the driver will say, ‘Where would you like me to go?’. It seems to me that that is not going to help Melbourne’s reputation, it is not going to help the taxi industry’s reputation and it is certainly not going to help the foreign visitor who wants to see what Melbourne has to offer.

Mr de ROZARIO — There are a range of opportunities for industry to provide services, to provide training to their drivers and to engage with tourism providers and to engage with the airports so that their services are the ones that tourists go to.

Mr FINN — If they are in a queue, as is the case at the moment at the airport, how will the tourists know which ones to go to? If you have got some drivers that are up to speed on what is good for tourists and others that have not got a clue, is it going to be a hit-and-miss situation? What are we talking about here?

Mr de ROZARIO — I think there is a great deal of opportunity for the way transport is provided at all sorts of venues to adjust and adapt as more players come into the market and as more services become available. Just because we observe a particular way of operating today, it does not necessarily mean we would see that same way of operation in the future. I think that there is a number of people out there in the industry who are looking to leverage these opportunities to provide better services at places like airports or ports et cetera, to target their services, to have more knowledgeable drivers and to have better quality services for tourists.

Mr FINN — I understand. The future is the future. I left my crystal ball at home, so I cannot tell you what it is going to be like. But as things stand today, it really will be a hit-and-miss situation with regard to knowledge that drivers have when dealing with tourists. Would that be a fair thing?

Mr de ROZARIO — I would say that that is not significantly different now to what it was 6 months ago, 12 months ago or 24 months ago.

Mr FINN — But it is certainly not going to improve. It is not going to improve the taxi service for those foreign visitors.

Mr de ROZARIO — Your original question was, ‘Is removing the knowledge going to have an impact on that?’. My answer to that question is that the removal of the knowledge will not impact on the experience of the tourists.

Mr FINN — Fascinating.

Mr LEANE — We have had a few submissions to this committee from economic think tanks, Uber and others that have suggested there should be zero compensation for taxi licences. Obviously the government disagrees. I do not think it is a new thing that people get compensated because there has been a change of government policy which has caused them adverse effect. I am pretty sure there have been instances before. I am going to get you to comment on that. I think even the shadow Minister for Public Transport, Mr Hodgett, in his comments around setting up the compensation fund, was quoted in one of the papers as saying that Daniel Andrews is basically setting up a slush fund to buy votes off companies that hold taxi plates. In your experience, is what I am saying right, that it is not something new to compensate people because a government has enacted a change of policy?

Mr BOLT — There are precedents for doing so. The buyout of fishery licences in Port Phillip Bay and in Western Port recently is one case in point. There were even payments made to the coal-fired generators under the carbon pricing regime the federal government enacted to compensate, at least to an extent, for the loss of expected earnings. So the answer to your question is, yes, there are precedents. I would say that would be a typical response that economists would make to situations where a change in the business environment causes losses. Legally there is no obligation to compensate. The question the government has come to is that there is clearly going to be a loss that has been accentuated by a decision of government, and so the combination of these flat payment amounts and the hardship fund is an appropriate way for government to recognise that and to share some of the burden with those affected. That is not unusual in government decision-making, despite the advice that comes to us from economists.

Mr LEANE — I have got to say — and you do not have to comment on this, but I will get to another question — that I was astounded that Uber would want to come in front of this committee and say there should not be compensation for taxi licence holders. When I asked them why, their answer was that they were concerned about taxpayers money. I wonder how much tax they paid — and I asked them that, but they said they do pay their tax. With the hardship fund, I understand that there is \$25 million set aside to support trips for people with disability. How do you see that money being spent to actually make that available, to encourage that? I do not want to pick completely on Uber, but they could not nominate one vehicle that they had that is disability compliant, so how do you see that that \$25 million will go towards making sure there is a service for people with disability?

Mr BOLT — Currently Uber drivers would not have access to the subsidy that is available for wheelchair-accessible taxis, so the fact that there is none I do not find surprising, because they do not have access to the same subsidy. Therefore it would be hard to imagine that a person with a disability who needs a wheelchair is going to opt for an Uber service that would necessarily be a lot more expensive, all else being equal, than a taxi service that has that subsidy. How exactly that money is to be spent — I mentioned the increase in the lifting fee. Is there more we can add?

Ms ROONEY — The increase in the lifting fee is locked in for a minimum of two years. But as Richard mentioned earlier, there will be a review by the department of accessible point-to-point transport and what the options are for subsidising that in an effective way. If that review gives rise to more effective ways of spending that money, that will be considered at that time.

Mr LEANE — Just one last question: it has been suggested to this committee that collecting the \$2 levy that goes towards the compensation and the hardship fund will be problematic; it will be difficult and complex to do. Have you got anything to say on that evidence that we have been given?

Mr BOLT — Well, again, Ms Rooney has more that she could potentially observe about that. Like the collection of any government impost, some sources of that revenue that we would be looking to tap will be harder to obtain than others. I would have thought that the amount to be collected from network service providers will generally be the easiest to collect. We do have to work through those complexities — for example, for rank and hail rides — and that is the challenge in front of us. I do not think we have intrinsic problems in collecting revenue, but there are certainly some administrative challenges to face.

Mr LEANE — If I could just follow up on your answer, given your answer, will the amounts of compensation in the hardship fund change due to any difficulties in collecting that levy?

Mr BOLT — No. Government has stated its commitment to spend those moneys, and those moneys are not contingent in the decision on how much is gained from the levy.

The CHAIR — If there are more questions from the committee, we might move into those. There was one particular question I wanted to ask, and that revolves around disability access. Through this process I am wondering: how can the government ensure that disability access to taxis, or whatever it is, is not reduced? My concern is: if you are going to deregulate an industry, how do you ensure that a specific group of people are going to be looked after at a given point in time through the transition? The transition is going to happen, but we do not want to see people with disability left behind. How is the government going to ensure that does not occur?

Mr BOLT — Government's objective is certainly not only that they are not left behind but also that they come out to an extent with more options, more choices, and the increase in the lifting fee is an initial measure to achieve that. The rest of that objective still comes down to the answer I gave earlier. We are doing work on what will be required to make that service at least as good as what it has been. I cannot give you more specifics than that, but that is the inquiry route we are heading down now. I do not know if you can add to that.

Ms ROONEY — The one thing I would add is to say that in removing licensing for all vehicles, including wheelchair-accessible taxis, we are actually removing a significant barrier to entry for those vehicles into the market, so that change should have a significant improvement around supply of services for that section of the community.

Mr BOLT — Aaron, did you have anything to add to that?

Mr de ROZARIO — No. As my colleagues have said, the first step there is ensuring that there are appropriate incentives and increasing the wheelchair lifting fee, and that took effect on 1 October as the first step in doing that.

The CHAIR — Just back to the \$2 fee, obviously the operators are going to be collecting this fee and then passing it on to government. Is this not just putting a further impost on business that does not need to be there, by a government which are refusing to do the work themselves?

Mr BOLT — I would say it is asking the travelling public, which will gain, we would imagine, a great deal of benefit from these reforms by having more choices, by having a more competitive industry where there are opportunities, as Aaron was talking about earlier, to get more specialised services meeting particular parts of the market — at the same time as getting all of those benefits — to pay a modest amount towards the members of the taxi industry and the hire car industry who will be disadvantaged or at least who will find that the value of their licences is reduced to zero by these changes. So it is really asking the beneficiaries to pay those who will lose from the removal of licences.

The CHAIR — I just wanted to go back to the deregulation of the industry and the pricing of the industry. It might be safe to assume that — just for round numbers — a particular company may choose to charge \$1 per kilometre travelled, another might charge \$2 and another might charge \$3 per kilometre travelled. Now, how is it that the consumer is going to be able to know at 2.30 in the morning, when they are hailing down a cab, whether or not they are going to be charged \$1 a kilometre, or \$2 or \$3 a kilometre, based upon the particular cab that happens to be going down the street that they happen to be on?

Mr BOLT — I guess the first point to make is that the person who is out late at night — and I have young people in my family who have direct experience of this — may well turn to their smart phone and book a service where they get a known price or a capped price. It is that particular service that anyone who is looking to provide rank and hail will be competing with, and if they consistently price higher than that, then that service will be much harder for them to win or that custom will be much harder for them to win in future.

As for what else can be done to give anyone who enters a taxi providing rank and hail in the middle of the night, or any other time — as for what can provide those passengers with some indication — some reasonable certainty as to what they will be paying is the question we will be looking to answer in the near future. I do not think we can really add to that at this stage.

The CHAIR — I suppose the challenge that is posed by that question is the obvious disadvantage that taxis are going to be at insofar as you are saying people are going to be on their smart phone to look at a service, whereas up until this point people knew there was going to be a standard fare across the board. Now there may well be taxis that are charging \$1 a kilometre, but they are going to be placed at a competitive disadvantage by those who are charging \$3, and therefore people are less likely to be using that service as a result.

Mr BOLT — Well, if the night-time rate, so the 2.30 in the morning rate, for a trip from a particular location that you can get on a rideshare booking is \$3 a kilometre — I do not know how realistic that is, but we will use that number — then a taxi is also able to provide a booked service, a smart phone booked service, and if that is the going market rate, I do not see why a taxi could not take part and take advantage, if you like, of customers' willingness to pay that amount at that time. In other words, I do not think they are at a disadvantage. They have

another option. They can either respond to a booking and charge what the going rate for bookings is, or they can provide a rank and hail; they have another degree of service available to them that a rideshare car does not.

Ms DUNN — I want to go to the two tranches of legislation proposed around this issue. It is my understanding that the second tranche of legislation covers off on things like compensation, accessibility and other matters, while the first tranche is more about, I guess, removing barriers to entry and those sorts of things. What I am wondering is: has the department done any assessment of the risk of having that legislation introduced in two tranches rather than in one package?

Mr BOLT — Again, that is the kind of advice and discussion we have with ministers that I will not share here. It is a matter of ministerial decision as to how to legislate. The question of dealing with the Victorian Parliament is something that ministers are necessarily more expert in than the departments, and so, really, I can only say that whatever advice we give is confidential to our dealings with the minister.

Ms DUNN — So is it your view that there is a risk in relation to the compensation arrangements should that second tranche of legislation not be introduced?

Mr BOLT — I would say only that the minister's mind is very clearly to introduce and gain passage of the entire reform package and that she will adopt whatever parliamentary approach is necessary to achieve that. That is my understanding of her intentions, and how she achieves that, as I say, is really a matter for her judgement.

Ms DUNN — So the department does not see a risk to those compensation arrangements being introduced at a later stage.

Mr BOLT — As I say, what risks we see in that regard are matters that we would advise the minister on, but I am certainly not in any position to speculate on how the Parliament will view any particular combination of legislative measures. I cannot predict how you will vote, and so I will not.

Ms DUNN — My concern is more: will we have the opportunity to vote? Will it actually be introduced? That is more where I am headed. Not even I would predict the outcome of what will happen in the chamber.

Mr BOLT — And I would give you a lot more credit for that judgement than myself.

Ms DUNN — Just moving back to the \$2 levy, has the department thought about how that might apply in relation to carpooling arrangements, where you might see multiple riders picked up by one driver and then dropped off at multiple destinations on that journey?

Mr BOLT — We have given thought to the fact that that circumstance has to be dealt with, and we are still designing and therefore do not have any answer I can disclose here as to how to do that.

Ms DUNN — A bit of a work in progress?

Mr BOLT — It is a work in progress.

Ms DUNN — The last thing I wanted to touch on — I know Mr Leane touched on this briefly — was around the issue of tax and GST. If I catch a taxi, I get a receipt that clearly indicates the GST component. I have not caught an Uber; I have said that out in the burbs they do not exist, so it is not an option. However, I am led to believe that if you do get a receipt from Uber, there is no component of GST indicated on that, and Uber leaves it to their drivers to determine that liability. What I am wondering is that, in terms of that issue, has the department got any plans for working with federal authorities, such as the Australian Tax Office, to address this discrepancy in tax treatment of what is essentially an equivalent service?

Mr BOLT — I would expect that if the tax office were looking for cooperation or at least advice on revenue collection, they would probably approach in the first instance, to be technical, the Department of Treasury and Finance. But the basic point is that if they seek cooperation and advice on how to ensure that the rideshare industry meets its tax obligations, then we would cooperate.

Mr FINN — Maybe just one last one, and I assume that Mr Bolt is very pleased with that.

Mr BOLT — Mr Finn, I was just being friendly.

Mr FINN — To go back to the issues surrounding people with disability and their ability to access a vehicle, with the illegal admission of Uber, there will undoubtedly be some taxis that will go off the road — there will be some that will go out of business, if you like. Given that the number of taxis on the road will not be there in the same number as before, what advice would you give people with disability who cannot access a taxi and, as I understand it, have difficulty with Uber because Uber does not actually cater — as I understand it, but I could be wrong — for people with disability, people in wheelchairs?

Mr BOLT — So I would go back to saying that the government's intention is to ensure that at the very least those people who need wheelchair-accessible mobility services, if I can put it that way, end up at least as well off and preferably better off than they are now with the reliability and the quality of their services. So the premise of your question — that there would be less available for people with a disability — is not an outcome that government is, if you like, managing to. So it will be more a question of making any adjustments through the investigation that I mentioned earlier that we will be going through to improve the circumstances and the services available to people with disability who need wheelchairs, rather than explaining to them why things have gotten worse. So we are looking very carefully at this. It is very important to government.

Mr FINN — It is. Absolutely. It is very important for everybody.

Mr BOLT — It is very important to all of us individually. I have been in the circumstance, as have many others, of having a relative with a disability waiting — in another jurisdiction, might I say, not here in Victoria — a long time for a service to and from a function to know precisely why it matters to get this right.

Mr FINN — How far away are you from getting it right?

Mr BOLT — I do not have any sense that there is a significant risk in this. I think that the sorts of ingredients that will make a difference are to ensure that any training requirements are over and above the standard that we mentioned earlier of accreditation of drivers and to ensure any accessibility or any additional requirements in the vehicles themselves, and how that might need to be verified, and any additional access to the multipurpose taxi program that needs to be implemented. All of those ingredients ought to be such as to allow wheelchair-accessible services to become something that the industry competes to provide, and that would be the best outcome — that in fact we end up having customers who are attractive enough to serve well.

Mr FINN — Are you suggesting that Uber may well have to get into serving people with disability as well?

Mr BOLT — It is more the case of drivers of a variety of services, bearing in mind that Uber is in the end only one rideshare service; there are others waiting in the wings. Rideshare taxi services, or at least providers of those services, not necessarily all of them, will find it increasingly desirable to serve this particular segment, if I can put it that way, of the market — I know they are people and they are people with needs, but at that level they are a segment of the market — to serve them well and to ensure, as I said, that they have more choice and better options under an expanded and more competitive commercial passenger vehicle industry.

Mr FINN — Just one last one, Chair: I was not going to ask, but Mr Bolt has put this thought into my mind. How many providers are there on the sidelines waiting to enter? A rough estimate.

Mr BOLT — I am not well equipped to tell you. I know the relevant names and I know some of them are here, but my colleagues may be better able to speculate.

Mr de ROZARIO — There are a number who will talk about entering markets and not entering markets across Australia, but we cannot make any prediction as to who will or will not.

Mr BOLT — Yes. If we attempt to nail our colours to the mast, Mr Finn, we will get it wrong.

Mr FINN — So when you say that this will be fixed because there are a number of people who are waiting in the wings, it is very difficult to actually accept that answer if you do not tell us how many are waiting in the wings.

Mr BOLT — But the fundamental premise is to ensure that we go into this with our eyes open and the right settings to provide the outcomes I have mentioned earlier of no-one going backwards and the

wheelchair-accessible taxi services being at least as good and preferably significantly better than what are now available. Now, that is what we are now looking to do.

Mr FINN — So that is a work in progress as well?

Mr BOLT — That is right.

Mr FINN — As is the hardship provision?

Mr BOLT — As is the hardship provision.

The CHAIR — I just have one final question, if I could. I am assuming we will have looked at other jurisdictions in Australia and the way they have gone about their approach to ride-sourcing services. For example, in New South Wales, how is their work going there compared to what we have done here?

Mr BOLT — Well, I am not in a good position to comment on that. We do monitor how they are proceeding, and I would be reluctant to speak for them, because I am sure that we are not well enough informed to do anything more than create a vague and possibly misleading impression. So if I can decline to answer that, I would prefer to.

The CHAIR — Indeed. At this point, I will thank you very much for your contribution this evening. You will receive a copy for proofreading of the transcript of the evidence that you have provided, and it will ultimately be made available on the committee's website.

Committee adjourned.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Melbourne — 18 October 2016

Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Participating member

Ms Samantha Dunn

Staff

Secretary: Ms Lilian Topic

Witness

Mr Mark Shehata, senior operations manager, Exclusive Cab Management.

The CHAIR — I will declare open the Standing Committee on the Economy and Infrastructure public hearing. Welcome to all those present this morning. Today the committee is hearing evidence in relation to the inquiry into ride sourcing, and the evidence today 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.

Welcome, Mr Shehata. Thank you for coming along this morning. At this point I might hand over to your good self for any introductory comments that you might like to make, and then we will have some questions from the committee to follow. Just to begin, I might get you just to state your name and the organisation which you are associated with.

Mr SHEHATA — Mark Michael Shehata. I am from a company called Exclusive Cab Management. We operate a taxi business in the northern part of Melbourne, Reservoir. We have been in the industry for quite a long time. My father migrated here from Egypt in 1962, and unfortunately he left because of an economic situation when the government seized their assets and did not compensate these people. He was left with a significant burden. He came here to start a new life. He built a taxi business from the ground up. When I was a young child, say, eight or so, I used to help him wash the cars, service the cars and whatnot. We grew our fleet significantly over the years. We had 40 cars before the emergence of rideshare. We are down to 21 now because it was just too hard to operate. Unfortunately for us we come and find ourselves in a similar situation to when my father left, where the government is cancelling licensing for taxis and hire cars and not taking into consideration the investment made by many in good faith.

The CHAIR — Are there any other comments that you might like to make about the information that you have provided to us?

Mr SHEHATA — I would like to thank the committee for allowing me the opportunity to come here and speak. I appreciate that. I just wanted to clarify a few things. The industry is not opposed to any competition. We just expect, one, that the competition is on a level playing field for everyone; and two, that people's investments are respected.

The CHAIR — Indeed. I note in the information that you have provided to us that you have got some modelling that you have done in terms of what might be a different way forward compared to the government's current model of compensation. Did you want to talk us through what you would like to see in comparison to what the government has proposed to this point?

Mr SHEHATA — Firstly, I commend the government in moving forward with changing the industry, so to speak, and allowing competitors into the industry. However, I am a bit concerned as to how they came up with the compensation package: \$100 000 for the first, \$50 000 for the second and zero for any subsequent licence. It is quite strange how they came up with those figures.

However, in my report here I have proposed a \$250 000 buyback on each and every single metropolitan taxi licence. I have also proposed a \$70 000 buyback on the 10-year licences issued by the state Labor government 6 years ago for \$180 000 up-front; urban taxis, \$250 000; regional taxis, 125; metropolitan hire cars, \$37 500; country taxi licences, \$37 500; country hire cars, \$18 750; special purpose vehicles, \$1250; and a hardship package of \$50 million. This can be funded by the \$2 levy that the government has proposed, so to speak.

They did state that there will be indexation of the levy so, based on our calculations, over an eight-year period the revenue raised from the \$2 levy will equate to \$1.052 billion, assuming 55 million CPVs — commercial passenger vehicle trips — in Victoria each year, based on the ATIA statistics, and presuming rideshare operators and hire cars complete 10 million fares annually, a 2 per cent growth in the number of CPV trips based on the Victorian taxi industry inquiry.

The \$2 levy will be indexed at CPI, and we assume CPI at an average of 3 per cent over the course of the eight years. It is highly likely that with population growth, coupled with the growing tourism industry, the number of CPV trips in Victoria will increase significantly. Therefore we expect that the time taken to recoup the losses will be much, much shorter.

The CHAIR — Thank you. Obviously we can see that you have put a significant amount of effort into coming up with these figures, but I am interested in understanding how it is that you came to the \$250 000

proposed buyback amount for the metropolitan taxis. Is that based upon anything in particular, or did you just see that as a fair amount for the value of the current licences?

Mr SHEHATA — Well, Josh, you are on the committee. This is the way in which I came up with that figure. After the Fels inquiry — the taxi industry inquiry — taxi licences fell to about \$300 000. Before the emergence of ridesharing and whatnot, a taxi licence was there about 250 to 300 or roughly in that vicinity, so I think it is somewhat of a compromise. It will not make everyone happy. People have invested \$500 000 and upwards of that. They are going to be left in significant debt as well, but I think it is somewhat of a compromise, and it is the consensus within the industry that this is somewhat of an acceptable level of compensation.

The CHAIR — Indeed. You spoke earlier about your father and the fact that he left Egypt as the result of assets that he owned effectively, from what I understand, being seized by the government.

Mr SHEHATA — Yes. A number of businesses and organisations and people had their business assets — not personal assets, not their houses, but businesses that they operated — seized by the government. They did not compensate them, but what they did do is they assumed responsibility of the debt. It was more of a social movement rather than anything else, and they assumed responsibility for the organisation's debt and whatnot. But they did basically seize their assets without adequate forms of compensation.

The CHAIR — And what is your father's view on what is happening now here in Victoria?

Mr SHEHATA — Well, my father is 80 years old at the moment, so he is finding it pretty difficult to comprehend how this could happen twice in a lifetime. It is pretty unfortunate for him, and I somewhat feel very sad for his situation.

The CHAIR — Indeed. I am interested too in terms of the hardship package, the allocation of the \$50 million, that you have in there. We had the secretary of the department responsible for this deregulation before our committee just recently, and some discussion around that hardship package was raised — the one that has been proposed by the government. The committee heard that the government are still looking into exactly what that hardship package is going to look like. What is it that you would like that hardship package to look like? Who would it be that would be eligible to receive funds from that package?

Mr SHEHATA — If we talk in all honesty here, a \$250 buyback on each metropolitan taxi licence — and the figures that I have proposed — will significantly reduce the amount of people looking for hardship. However, if it was up to me, I would take note of anyone that has debt or who bought at \$500 000 or who is at risk of losing their house or other assets and strongly consider them for the hardship.

The CHAIR — Indeed. So it would be those whose financial position would be significantly adversely affected, rather than those who may own all of their licences and who would not be put in, necessarily, an adverse position in terms of being placed into bankruptcy or the like?

Mr SHEHATA — What I am concerned about is: who comes up with the hardship criteria, because we saw after the Fels inquiry a \$4 million package for hardship, and I think it was just too stringent? It seems more like a very, very difficult hurdle to jump for anyone to be able to access that money, and I do not think it should be prohibitive as such. I think it should be more open to anyone with debt and anyone that is suffering financial disaster or the like.

The CHAIR — Indeed. I think that is a very good point, well made. I might throw over to other committee members. Mr Bourman?

Mr BOURMAN — Thanks for your presentation, Mark. The compensation figures, the \$250 000, we will just start with that. In your perfect world, would that take into account the amount of time people have had a licence and the return they have got? Obviously if someone bought a licence — I am just making things up here — two years ago for \$500 000 and someone else bought it 10 years ago for \$500 000, one person obviously has had no chance to recoup their investment and someone else has, or were you just envisaging a flat rate?

Mr SHEHATA — If we want to talk about time and whatnot, we have to take into consideration when that person bought the licence. Say, 10 years ago for \$500 000, the average price of a metropolitan house was also \$500 000. When someone bought a licence for \$10 000 in the early 70s or late 70s, that was the same price as

an average metropolitan house at the time. I mean, at the time of their purchase it was quite a significant investment to make. However, I do understand where you are coming from. The people that have held the licence for a long period of time have had a chance to recoup some of their investment; however, I do feel as though these people also rely on that asset as their primary source of income and whatnot.

Mr BOURMAN — Thank you. That was my main question.

Mr ELASMAR — Thanks, Mark. The price you put of \$250 000, is that one payment or according to whose instigation should it be on a long-term payment?

Mr SHEHATA — I honestly believe it should be on each and every single licence; however, if the committee were to suggest over time a depreciatory figure, I would understand where they were coming from. But we cannot ignore the fact that people have invested in this industry in good faith.

Ms DUNN — Thank you, Mark, for your presentation this morning. I will talk about a couple of different things, but I still want to go to the point that has been raised already. I am just wondering, in terms of the example Mr Bourman gave, for example, that you have invested \$500 000 for your licence and you have had an opportunity to make income off that licence for a long time, and if you have actually recouped the full capital cost of that licence in income, I am just wondering how it is that there still can be a compensation claim in relation to that. I am just trying to understand the logic of that if you have actually recouped all of the money you invested in the capital.

Mr SHEHATA — When anyone buys an asset, so to speak, they do so in the understanding that they would be able to generate some sort of income from that asset. What the government has proposed here is, ‘You will never receive income for that asset ever again’, which is understandable. I understand the government has to change with the times, and that is acceptable to me. However, discounting people’s investment and disregarding it somewhat, I cannot comprehend that.

Ms DUNN — Even if you have recouped the full value of that investment?

Mr SHEHATA — I mean, if you bought a house at \$10 000 and the house is now worth \$1 million and the government takes your asset from you, even though they are generating \$20 000, let us say for argument’s sake, every year, every year they will receive twice as much as what they initially paid. But I am sure if the government seized that asset or cancelled it — whatever they want to call it — they would pay them accordingly to what the market value is at that time of acquisition.

Ms DUNN — Yes, at that time. Thank you. We have had evidence here that the \$2 levy would be difficult to administer, difficult to collect and burdensome in terms of how that would be collected and accounted for. Do you have any views in relation to that, because I just noticed your package is still suggesting that the levy is the mechanism?

Mr SHEHATA — Look, the industry has got technology right now that accurately indicates to any interested party how many fares they have done, where they have been and how long they have been at that location. It is called a smart meter. If you are in the industry, you would know it. Most people are not aware of it, but it is quite advanced, and it can basically tell the government whatever it wants to know about the taxi at that point. I mean, it would be a little harder with people that operated hire cars and special vehicles and whatnot because they are not a public transport, so to speak. They do not have as many regulations. However, the taxi industry is pretty transparent, and anyone can see how many — I can tell you now the Taxi Services Commission would know exactly how many fares a taxi does every year.

Ms DUNN — Thank you. The only other thing I wanted to flag at this point is, and I am not sure if you have looked at this, that the government’s intention is to introduce two different tranches of legislation. The second tranche is around the compensation arrangements for the taxi industry. I am just wondering if you have thought about that and if you have any comments or concerns about risk in relation to those bits of legislation being split out instead of being together. If you have not looked at it, that is fine too.

Mr SHEHATA — I have actually looked at it, and what I have proposed here is any legalisation of ridesharing or ride sourcing should be in parallel with the compensation package. It should not be done in two tranches. It should be together.

Ms DUNN — They should be bundled together.

Mr SHEHATA — Because if we have got the taxi and hire car as the incumbent industry competing against a new entrant with their high costs, and they have got low costs, it just will not work.

Ms DUNN — It is not equal.

Mr SHEHATA — It is too hard. It is too hard to compete.

Mr LEANE — We have had witnesses — and if you listen to talkback radio, there are some uncompassionate people. We are not too sure where the opposition party sit on the compensation, but we have had witnesses saying that the compensation should be zero, that it should be nothing. Obviously you have heard that.

Mr SHEHATA — Of course I have.

Mr LEANE — I appreciate that you may be frustrated with that point of view. What would you say to that?

Mr SHEHATA — What would I say?

Mr LEANE — Yes.

Mr SHEHATA — I would say everyone is entitled to have an opinion, and I take their opinion on board. However, they have no idea that people that bought a licence did so under a regulatory environment. They were required to do so by law. So how is it now that the government want to cancel licences — I do not even know what they want to call it — basically abolish the whole licensing system that they created and now do not want to pay back or buy out these people?

Let us not forget that about six years ago the state government at the time sold a 10-year licence, a licence only valid for 10 years, for \$180 000 paid up-front. How is it that they come six years later and say they want to buy a perpetual licence — a licence that will last forever — for \$100 000 for the first, \$50 000 for the second and zero for any subsequent licence? It does not sit well with the industry.

Mr LEANE — I understand that. Then you have got the counterargument that there should not be any compensation due to other people investing in businesses that then might not be successful and so forth. You mentioned in answer to Samantha around that the licence may generate about \$20 000 a year. Is that sort of a loose rule of thumb?

Mr SHEHATA — That is a rough rule.

Mr LEANE — A rough rule of thumb. So your father's company and your company, you mentioned at your peak you had about 40 — —

Mr SHEHATA — We did not own 40 licences; we owned 20 licences at the peak. We still own the majority of those.

Mr LEANE — And are they still generating that \$20 000, or has Uber affected that?

Mr SHEHATA — They have affected it. But you look at someone in my certain situation — let us say the first 10 were bought at under \$200 000. The second set of licences, so the next 10, were purchased at above \$350 000. At the peak we bought one for \$515 000, in 2011, just before the taxi industry inquiry. So, yes, for the first 10 we probably recouped our money, but what about the last 10? We have not recouped our money yet.

Mr LEANE — So your father started the company or started driving when he first came to — —

Mr SHEHATA — He did not start driving when he first came here, no. He had a public servant job, and he used to drive a taxi part time. He had five kids, so he had to look for any which way to make money. He became old, and they somewhat made him redundant. He had a little accident at home — he cut his leg while he was working on something — and then when he went back to work they said, 'Here is a redundancy package'. My father is thinking about what he was going to do; he was in trouble; he has five kids. So he started his taxi business in the 80s.

Mr LEANE — So originally you are saying those licences were about \$10 000?

Mr SHEHATA — At that period they were probably about \$80 000 or \$90 000, in the early 80s. It has been a wild rollercoaster ride for licence values.

Mr LEANE — Yes, I understand that, and it has been a volatile industry.

Mr SHEHATA — It has.

Mr LEANE — I have got to tell you that I am not a huge fan of Uber, the way they have come in, and I imagine you would be the same. I suppose it is like this sort of international gang that is moving in everywhere. It is like the finger in the dyke: how long can you keep that from flooding out? I do not know if you feel the same, but I just think — and you do not have to comment on this if you do not want to — that, like I said, they are this immovable force that do not care if they pay fines, that do not care if they break the law; they are just going to be here. That is something we have all had to face.

Mr SHEHATA — I will be honest with the committee: I am not opposed to Uber, and I like their technology. What I am opposed to is them entering the market at no cost. It just does not seem fair and just. We have had to pay excessive licensing fees to the government. We have had to pay fees every time we do a transfer, every time we do an assignment. Registration costs \$3000 for a taxi, I do not know if you are aware of that. We are being burdened with significant costs. How is it now that the government just says, ‘We just going to go back to basics’? I am happy with that, but the investment that we have made is being discounted.

Mr LEANE — But do you think there is a problem in, as I said, they are just going to operate? Whether you are a fan of the technology — maybe the technology should have been embraced by the taxi industry before then — they are just going to operate. So if they are going to operate, I think to level the playing field out — you might disagree it is completely levelled out — they have to have at least police checks, proper vehicles and a different onus on them to actually do a lot of things that you are doing now as a company. We could have just let them keep doing what they are doing, and they would pay the fines if someone gets nabbed — they do not care — or we could try and at least level the playing field out to some degree.

Mr SHEHATA — It is very difficult to understand how the CPV market works, but I do understand where Uber is coming from — that they want to enter the industry because they are trying to give the consumer what they want. I do, however, have concerns about lowering standards of vehicle safety. There are no cameras. Basically an electronic hail is what they are doing. It is putting the driver in danger as well. There are rules and regulations for a reason. They did not just happen overnight; they have happened over a period of time. I think the government needs to be careful and look into that.

Mr ELASMAR — Mark, in your conclusion, as a follow-up to the conversation between you and Shaun, and after what I heard from you about Uber and that the taxis have to go through all the processes, licences and all of this — and the drivers as well have to go through the processes for safety and things like that, which share drivers do not have to do — in your conclusion are you saying that if Uber was legalised, it would be the end of the taxi industry; is that what you meant? Could you elaborate more, please, on this?

Mr SHEHATA — The taxi industry, once the legalisation of ridesharing is put forward, is finished as we know it. I am not saying it is finished altogether, but it will not be the yellow taxi that you see out there anymore. It will change significantly. The icon that it is will disappear over time because people will just get any vehicle, put a camera and a meter in it — it does not matter if it is yellow or whatever — and they will operate it as a taxi. So long as it has got a meter and a safety camera they can operate as a taxi. So I do think over time, yes, the taxi industry is finished as we know it.

The CHAIR — Mr Bourman has an additional question — —

Mr BOURMAN — And a quick sort of comment. I actually was in Nevada earlier this year. Uber was legalised in September, I think, and I was there in January. The taxi industry was actually at that point in time — we are only talking a few months — was really still going quite strongly. So it will be interesting, because I intend on going back later, to see exactly how it has fared — pardon the pun — in the last year. But we do have, I guess, a case study in front of us.

Mr SHEHATA — I am not going to say that the taxi industry will be over; I am saying it is over as we know it. It will not operate in the same way we see it now.

Mr BOURMAN — Yes, and that is what I am saying. It will be interesting to see exactly how they have changed.

Mr SHEHATA — Yes, it would be.

Mr BOURMAN — When I went there earlier in the year I was not expecting this Uber thing to come up, so whilst I did catch Uber over there — because of deficiencies in their taxis I got left stranded somewhere — it was still, I think, finding its feet as to where the balance is going to be.

Just one last question: the airport levy at the moment, how is that collected? Thinking about the \$2 levy, do the taxidriviers pay a toll when they go into the car park, or how does it work?

Mr SHEHATA — Basically each and every single taxidriver has their own airport card. What they do is they top up that airport card — it is like a parking card — and they put a credit on it. Whenever they pick up a customer they charge the customer on top of the fare. Now the airport in their wisdom have decided to increase that \$2 levy to \$3.58, I believe. Now unfortunately customers are going to be slugged more, which I do not agree with.

Mr BOURMAN — No. How does the government collect that? Sometimes, I have seen myself, someone gets dropped off by a taxi and you happen to be standing there looking for a taxi before you get to a rank — I do not think they are meant to pick up people, but you see the swap over right then and there. Is there an electronic thing for the taxis going up to the drop-off point?

Mr SHEHATA — There is. There is an electronic boom gate.

Mr BOURMAN — So there is no escaping it?

Mr SHEHATA — No, there is no escaping it whatsoever.

Ms DUNN — I just want to go back to the smart meters for a moment, because I do not think we have actually heard about that technology as yet in this hearing. Is that something that all vehicles have or is it just metropolitan?

Mr SHEHATA — They do not have it yet —

Ms DUNN — So it exists?

Mr SHEHATA — but the technology is out there. After the Fels inquiry, he suggested that all taxis have this smart meter. However, for some reason that I am not aware of, it has not been implemented yet. But these meters — or smart meters, so to speak — are already out there and they are capable of doing whatever the government wants them to do. It is more of a computer rather than a meter.

Mr BOURMAN — Are these the ones with the sat nav in them and all of that sort of thing?

Mr SHEHATA — Correct.

Mr BOURMAN — I have seen them around.

Ms DUNN — So would your view be that it is something that all services should have as part of delivering commuter services — have this technology?

Mr SHEHATA — In my opinion, if the government was to impose that \$2 levy in order to fund the compensation package, yes. Everyone should have that smart meter.

Ms DUNN — And ridesharing services as well as taxi services?

Mr SHEHATA — Yes, also them, so they cannot just say, ‘We didn’t do that fare’ or ‘We haven’t travelled this many kilometres’. But I do want to raise something which concerns me. Special-purpose vehicles, they are

licensed to do weddings, tours and whatnot. I do not think it is fair that they would have to pay \$2 on every single fare that they do, because at the moment, when they go and pay the TSC any sort of licensing fee for the year, it is only \$147. I mean, do we really want to add more costs on to people? I think it is a bit of a concern that needs to be addressed. But then we do not want people that operate a hire-car business to try to get a special-purpose vehicle licence and then just — we are starting all over again.

Ms DUNN — Yes, and try and wrangle the system.

Mr SHEHATA — That is exactly right.

Ms DUNN — Did you have any comments to make in relation to, I guess, what essentially works out to be a rate of pay for drivers, whether that be taxis or ridesharing, or whether you have looked at it?

Mr SHEHATA — I am always concerned about driver remuneration. I mean, if we go back 40 or 50 years ago, a driver used to receive 50 per cent of the meter fare box, and they were able to send four kids to school, buy their own taxi licence, buy their own house, pay off their debts — no problem. Now we come 50 years later and a taxidriver that works five or six shifts a week can survive but not comfortably. I mean it is a concern as to how the industry has been subject to so much change and driver remuneration has not been taken into consideration. I am concerned about that, yes.

The CHAIR — I do want to ask also — following up on Ms Dunn's questions about the two tranches of legislation and the possible impact that could have — at the moment what we see is that if you hold a licence, someone could lease it from you. I am assuming that is in the vicinity of \$1600 to \$1700 a month.

Mr SHEHATA — Yes.

The CHAIR — And as a result of that, the person gets the use of that licence. However, my reading of what we are seeing here is that if this legislation goes through in two tranches, basically we will see the legalisation of ridesharing first and then afterwards the compensation. So one might ask: why is it that anybody who holds a licence would continue to pay \$1700 a month when they could simply get an iPhone and start driving for Uber? I mean it just does not make financial sense as far as I am concerned, if you were driving a cab, to continue to pay that \$20 000 a year when you could just invest in an iPhone and start ridesharing. Have you got a view on that?

Mr SHEHATA — Josh, you are 100 per cent correct in your analysis of the issue. If the legislation is passed in two tranches, people who assign the right of their licence out will be wiped out. No-one will pay them any licensing fee. Or they might pay them \$538 a year, which is basically zero as opposed to \$1600 a month. They will not get paid; they will lose their income automatically. That is why I strongly believe that the legislation should be passed in parallel with the compensation package.

The CHAIR — I am assuming that that impact on the industry would in effect wipe it out. I mean, you spoke earlier about the fact that the taxi industry will continue but just not in the form that it is, but I am struggling to see how it would if we are seeing a significant lag between the time of the deregulation of the industry and the compensation package of the industry. I cannot see why it is that anybody would continue to drive a taxi.

Mr SHEHATA — It would be very, very difficult for someone in my position to retain their business. I do not believe I would be able to, in all honesty. However, people that are owner-drivers, so to speak, that only operate their own vehicle, might survive, but not with these higher costs. They are going to just go to the government and get a \$538 licence and operate a ridesharing/taxi type of service. That is why I think that the industry will change as we know it.

The CHAIR — We have also heard the government in its media releases saying that they are going to create a level playing field with regard to ridesharing and the taxi industry. However, my reading of what is going to happen is that there are going to be significant imposts continued on the taxi industry with regard to video surveillance, the metering and the like, and then ridesharing businesses are going to be able to operate, in effect, in whatever manner they see fit. So there are going to be, again, additional costs for traditional taxes if they continue to operate, yet your ridesharing drivers are not going to be sharing that same cost burden. Is that a concern?

Mr SHEHATA — It is quite a significant concern. If we want to level the playing field, it should be equal for everyone operating in the CPV market, regardless of whether they are ridesharing, taxis or hybrids of that; whatever they choose to do it should be just a streamlined approach, in my opinion. Also, another thing I think is important is that large operators that own multiple licences, if they are adequately compensated or bought out, maybe that gives them the opportunity to invest in new technologies and compete against Uber. I mean, people that say taxi licence holders should not be compensated are not thinking that possibly there is a consumer benefit to actually compensating the people who want to stay in the industry.

The CHAIR — Indeed, and a lot of skills in the industry would be lost if people were to go. I want to take a slightly different tack now and talk about the funding of any possible compensation package. We have heard from at least one witness that I can recall that the funds that came in as a result of the taxi licences went into consolidated revenue. So in effect you have a government who have received funds for licences that have gone into consolidated revenue and now we see that the government is going to levy a new tax on Victorians to try to compensate drivers and taxi licence holders for something they have already got income from. Do you have a view on whether or not, indeed, the compensation should be funded from consolidated revenue rather than a new tax on Victorians?

Mr SHEHATA — I would much prefer that the government fund the compensation or buyback package from consolidated revenue. However, I do not know how much readily available cash they have. It is concerning that the government has generated significant revenue from the taxi and hire-car industry over time and is not wanting to compensate or buy back from the industry. It seems quite strange to me. I mean, if we look at commercial fishing licences — I wrote about this in the proposal — when the government decides to cancel or acquire their licence, they buy them out adequately. Why is one licence-holder treated differently to another, even though they are both licence-holders and they hold a licence created by the state of Victoria?

The CHAIR — Just one final question from me, and it is in regard to what has happened in New South Wales. I am wondering whether or not you have followed the regulatory changes that have happened in New South Wales and whether or not you have got a view on what has occurred there.

Mr SHEHATA — I have followed this issue everywhere around the world, and in New South Wales it is quite different to what the government is proposing here. The main reason why it is different is because the government offered \$20 000 in compensation, a transitional payment, for the first licence, \$20 000 for the second and zero for any subsequent licence. However, they allowed the person who held that licence to continually assign that licence out; they had not cancelled the licence, so to speak. So it is a completely different environment over there. Also, they announced that they were not going to issue any more taxi licences, so they blocked the supply of taxi licences, and they also legalised Uber at the same time. So they are trying to find some sort of middle ground where they can compete concurrently or in parallel with each other but not step on each other's toes.

The CHAIR — Do you have a view on whether or not that would be a better outcome than what is being proposed in Victoria?

Mr SHEHATA — To be honest, in my opinion we cannot do that here for a number of reasons. One, they are going to issue taxi licences at will — anyone can go over the counter and buy it. We do not have a blockage of supply, so to speak, so the roads are going to be flooded with taxis. Then another issue is that unfortunately for licence-holders the damage has been done. If the government were to reverse its decision, who would have any faith in buying a licence as an asset? I do not think many people would. That is my opinion on the issue.

The CHAIR — Any further questions from the committee?

Ms DUNN — I have just got the one, Chair. You said that you have followed this closely, which is great for us as a committee, to hear your evidence. Is there anywhere that has actually done this well in terms of integrating ridesharing with an existing taxi service?

Mr SHEHATA — Everywhere around Australia have allowed Uber to operate, and they have done well, so to speak, but here we have just gone too far now. We have to push forward with what the government has proposed. I commend the government for allowing Uber to operate, but if the industry is not bought back or compensated, the level playing field will not be level.

Ms DUNN — So is it that it is hard to point to examples where it has been done well in other places because the regulatory environment is so different to Victoria?

Mr SHEHATA — Correct. We all have different rules and regulations. We had open entry after the Fels inquiry. To go down the path of, say, New South Wales, it just would not work here. We have to adapt to the situation under the regulatory environment that we operate in currently.

The CHAIR — Thank you, Mr Shehata, for coming and providing evidence today. I can see it is obviously something that is very close to your heart and your family's heart, so we certainly very much appreciate the time and effort that you have gone to in providing evidence to the committee today. I will just let you know that in the coming days you will be provided with a transcript of today's evidence for proofreading, and that transcript will ultimately make its way onto the committee's website. Once again, thank you for your attendance here today.

Mr SHEHATA — I would like to thank everyone on the committee for their time and for listening to my viewpoint. Thank you very much.

Witness withdrew.

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Melbourne — 8 March 2017

Members

Mr Bernie Finn — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmr

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Mr Luke O'Sullivan

Participating members

Mr Greg Barber

Ms Samantha Dunn

Mr Cesar Melhem

Mr Gordon Rich-Phillips

Witnesses

Mr Paul Broderick, Chief Executive Officer and Commissioner, and

Mr Vasko Nasteovski, Manager, Legislation and Government Relations, State Revenue Office Victoria.

The CHAIR — I open this public hearing of the Standing Committee on the Economy and Infrastructure of the Legislative Council. I welcome our two witnesses this evening from the State Revenue Office Victoria: Mr Paul Broderick, the chief executive officer and commissioner; and Mr Vasko Nastevski, who is the manager of legislation and government relations. Gentlemen, thank you.

The committee is hearing evidence today in relation to the inquiry into ride sourcing, and the evidence is being recorded. All evidence taken today is protected by parliamentary privilege. Therefore you are protected for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege. I ask you to address the committee for a period, and we will then open up to questions and see where we go from there. So, gentlemen, over to you.

Mr BRODERICK — Thanks for inviting us to attend this hearing. If I could start off by saying the State Revenue Office has been asked by the Victorian government to implement a commercial passenger vehicle service levy, and I am here to provide some information to the committee about that. I will start by saying that the bill is still proceeding through the Parliament, as you know, so we are not sure yet what the exact details of the administration will be. However, I can provide some information that may be, hopefully, of assistance.

Over the years the SRO has successfully implemented many levies, taxes and grants from scratch, so the organisation is experienced in this type of work. We place great emphasis on corporate governance and have ISO quality certification as well as ITIL certification. Ernst & Young are our internal auditors and we are also subject to audits from the Auditor-General as well as our own internal quality audits. We also use PRINCE2 methodology to manage and control our IT projects, costs and time lines. We know that no-one likes paying taxes, but we try to make it as easy and as painless as possible. The last customer survey of people who called our call centre for help indicated a satisfaction rate of 96 per cent.

Our most recent implementation of a government initiative, the Back to Work scheme, required a whole new administration and a new IT system to be built. This was completed on time and on budget. We are pleased to say that once the system was in place we received over 3000 positive comments from users, especially about the ease of use of the system and the amount of help information available.

Another recent example of a successful system implementation is the Duties Online system, which was co-designed with users so that they had direct input into how the system would work. This has proved to be so successful that the take-up rate of this system stands at 97 per cent.

With the CPVS levy, we aim to make the collection process as easy as possible for all users. We understand that payers may not be happy about making this payment, so we do not want to add to this unhappiness by making the collection process onerous. Therefore we will seek representatives from the industry to work with us to develop a system that is as easy to use as possible while collecting all the revenues that are due.

The high-level administrative framework around the CPVS levy has been designed to minimise as much as possible the burden on those liable to pay the levy. Levy payers will self-assess their levy liability and lodge an electronic quarterly return with the levy payment. The information required to enable a self-assessment is essentially the same information that industry participants are currently required to collate and keep.

We have been currently working on the implementation of this scheme. We have appointed a project leader and we are cooperating with other departments such as DEDJTR, the Taxi Services Commission, the Department of Premier and Cabinet, and the Department of Treasury and Finance.

Finally, it is worth noting that all SRO employees operate under the secrecy provisions of the Taxation Administration Act and are not permitted to discuss the affairs of any levy payers outside of their work. Thank you.

Mr NASTEVSKI — Paul said that bit on behalf of both of us. Thank you.

The CHAIR — Thank you for that presentation. I just have a couple of questions to begin with. How much will it cost to collect this tax?

Mr BRODERICK — As I mentioned in my opening comments, because the legislation is not yet settled we are not exactly sure of that, and it would be a little bit remiss of me to try and take a guess at it. What we will be trying to do, though, is we will be trying to minimise the costs of the administration of it, but there will be an IT

system that needs to be developed and there will be communications needed to be provided to users. We will need to have a compliance program in place, we will need to make sure we have a consultation process in place as well. So there will be costs of administration associated with those, but I am not in a position at this stage to be able to provide you with an estimate of that.

The CHAIR — Under the legislation as it currently stands, how much will it cost to collect? We know that it could change as it goes through the upper house, but with the legislation as it currently stands, how much will it cost?

Mr NASTEVSKI — So the question is as currently the bill stands. It is still difficult to determine that because there is also a second tranche of reforms that the government has intentions of putting through the Parliament. Based on this tranche and the second tranche, we are not quite certain as to where the market might land and how many taxpayers there might be, so it is difficult to cost how many taxpayers, or levy payers I should say in this respect, we may need to cater for and accommodate.

The CHAIR — Right. Can you give me an idea — \$2 has been suggested as the average charge. We have heard from others that it might be more; we have heard that it could be \$5. What is your estimate, if indeed it is an estimate, of what we are looking at here per ride?

Mr BRODERICK — In the bill it says up to \$2, so we are operating on that basis.

The CHAIR — You are operating on that basis?

Mr BRODERICK — Yes.

The CHAIR — If you can operate on that basis in the current bill, why can you not tell us how much it will cost to collect?

Mr BRODERICK — Because sometimes the cost of collection is not actually related to how much you collect. For instance with payroll tax, payroll tax is a highly efficient tax. There are about 41 000 taxpayers and it collects about \$5 billion in revenue, but we do not have many people collecting it because it is quite simple. We do not know what the complexity of this will be. We are trying to minimise it — we will work to minimise it, especially in terms of the levy payers — but we do not know exactly what the cost will be at this stage.

The CHAIR — This tax will be to pay for compensation to taxidriviers, I am assuming. Is that what the idea of this tax is about?

Mr BRODERICK — Our job is to collect the revenue according to the law, and we are expecting that we will collect about \$44 million, which is what is publicly known, and we will try our best to make sure that we collect the full amount of that revenue. But what the government does with that revenue is up to the government. It is exactly the same with all the taxes we collect.

The CHAIR — How long do you anticipate this tax will be on the customers?

Mr BRODERICK — In the bill there is no sunset horizon as far as I am aware, but there is a capacity in the bill for the levy to be reduced and it could be reduced to zero.

The CHAIR — Right.

Mr BRODERICK — It is not at my discretion; it is at the government's discretion.

The CHAIR — We would love to get the minister in but she is not all that keen on doing that. So your view is that it could go for ever?

Mr BRODERICK — I have no idea. I really cannot answer that question.

The CHAIR — But it could. Under the legislation there is no sunset clause, so it could go for ever.

Mr LEANE — A lot of things could happen.

The CHAIR — I am asking one thing.

Mr O'SULLIVAN — The minister has actually confirmed that on radio that it would not be on balance — —

Mr Leane interjects.

The CHAIR — Just one at a time please. One at a time, gentlemen.

Mr LEANE — Anything could happen.

Mr BRODERICK — In answer to your question, if we are administering the bill and the bill becomes an act as it stands, it could go on for as long as the government wants it to go on.

The CHAIR — Okay. Thank you very much.

Mr EIDEH — I have got a question, and after that I will leave the rest for other members. My question is: the government's reform involves the replacement of the licence fee — currently \$23 000 — with a \$2 per trip levy. The Taxi Services Commission currently collects taxi and hire car licence fees. Why is the SRO collecting the levy, not the State Revenue Office?

Mr BRODERICK — I understand the question. The decision was made by the government because the State Revenue Office is quite familiar with the collection of revenue through levies or taxes. We also administer a lot of grants. So they wanted us to do it, and it makes, I guess, the regulation independent from the collection.

Mr EIDEH — There is some suggestion that the companies may not pay the levy, so do you believe that you have sufficient power to enforce compliance?

Mr BRODERICK — Yes, we do. We believe we have got sufficient. The act references the Taxation Administration Act, which is the act we use to enforce compliance for the other revenue lines that we administer, so we do not believe that there is any impediment to us in the way the legislation is framed that would prohibit us from ensuring effective compliance.

Ms DUNN — Thank you, gentlemen, for your submission. You talked about an income of, I think, \$44 million per annum, so the logical extension to that is that that is 22 million trips, if it is \$2 a trip. I am just wondering: has the State Revenue Office at all looked at how many trips there are annually in the marketplace, whether that is rideshares, taxis or hire cars, in order to, I guess, evaluate the actual workload around collecting this particular levy?

Mr BRODERICK — Thanks for your question. The Taxi Services Commission has been responsible for determining the \$44 million. We have not been involved in it.

Ms DUNN — Fair enough.

Mr BRODERICK — We do not have the background in the taxi industry to provide any logical estimates in that area. So we are just going by what the estimates are that were provided by DEDJTR to the government.

Ms DUNN — So you are relying on another agency?

Mr BRODERICK — We are, yes.

Ms DUNN — That is fair enough.

Mr BRODERICK — Or an agency with the skills to be able to estimate that.

Ms DUNN — Thank you. I am interested particularly I guess in how the model works. You talked about it being a self-assessment model in terms of people reporting to you. I am assuming they report how many trips and how much money they owe you, and they pay you. That is the general philosophy around that. I am just wondering about the compliance around that and how potentially that may be an easy thing to misreport and what the compliance arrangements would be around that. It is my understanding that some transport services in fact hold all their data overseas, so they do not actually hold data in this country, and how you would approach that as the SRO in compliance matters.

Mr BRODERICK — Sure. We have access to a lot of data information. We have access to the Taxi Services Commission data, we have access to ATO data, ASIC data and the rental bond authority. We have an area in our organisation called forensics and information management. That area is quite skilled at using data matching to provide us with targets where we investigate. In fact last year that was so successful that I think that for the over 95 per cent of people who we investigated, there was some result. Largely they owed us tax but in some instances we actually owed them revenue.

What we are trying to do with this is we are trying to use a soft-touch approach in terms of not bothering people who are likely to be doing the right thing while concentrating on people who may be not doing the right thing. Those will be the principles that we use with this. So in addition to data matching we have compliance officers and we will be liaising with the Taxi Services Commission in terms of mystery shoppers and those sorts of things.

What we are trying to do is make this levy self-assessing and as easy to pay as possible. That is its starting point with these things. If you can make it easy to pay, then people are less likely to try and find ways to avoid it. But if there are people who try and find ways to avoid it, we will actually be onto that and we will develop plans in place. The other thing that will happen is as we become familiar with this particular levy a process of discovery will help us find out and target better and better and better and hopefully we will be more precise about our compliance programs as we progress.

Mr NASTEVSКИ — If I can just add to Paul's answer there, we do also have the relevant legal mechanisms to compel third parties, for example, to provide us with any data or information that we may need to determine a levy payer's liability. As Paul mentioned at the outset, the Taxation Administration Act, which we administer, has got a wide array of investigation and enforcement provisions that we can utilise.

Ms DUNN — That allows you even to access overseas data?

Mr NASTEVSКИ — Yes, so long as we are inquiring into or investigating a liability that belongs to Victoria there is that extraterritorial application.

Ms DUNN — Okay. Thank you.

Mr BOURMAN — I am actually just wanting to tease out the extraterritorial bit a little bit. The debt may be owed to Victoria, but Uber — I will use Uber, but it is all ridesharing — is somewhere in California. It is my understanding that ridesharing companies are very reluctant to have anything to do with any other country's tax problems. If they just refuse to give us any data, are there any mechanisms or any agreements between the countries that you are aware of where we can actually put some sort of pressure? Because otherwise they will just say no.

Mr NASTEVSКИ — Firstly, I am not aware of any interjurisdictional agreements between countries that would provide that. There may be at the federal level; I am not sure if one exists at the state level. But there are legal mechanisms available to us to seek to get that information and to compel ridesharing services to provide that. Of course if after a period of time certain ridesharing entities are not willing to comply, provide information or pay their levy in Victoria, we can always refer that to the Taxi Services Commission, who can take their own administrative action. What I mean by that — and the bill provides for this — is that they will effectively make it unlawful for drivers to drive for that particular entity in Victoria. It sort of takes away their employees or that relationship, so it incentivises that provision of information.

Mr BOURMAN — What I foresee is that the taxi industry itself will probably be very compliant. They are used to it. They are here. They will adapt, although it will cost them. But I foresee that getting anything out of a ridesharing company that is not based in this country, we are either going to have to try to get out of the drivers, which revolves around a self-assessment criteria, or we are not going to get it. It is just totally out of our jurisdiction, the way I understand it, for us to try and get anything, even just information, let alone money, out of another company if they do not want to provide it.

Mr NASTEVSКИ — We do have legal mechanisms, as I said, to require that information. Of course if they do not provide it, we can always seek to litigate in the courts in Victoria. Of course that is a case of last resort. But as I mentioned before, the way I understand these reforms is that they should in theory disincentivise ridesharing services from that sort of behaviour.

Mr BOURMAN — I know where you are going, and I know what you are saying. I guess what I am saying is that someone in America is not subject to the jurisdiction of a Victorian or an Australian court.

Mr BRODERICK — But if they have no drivers, then there is no business for them. That is up to the Taxi Services Commission, but if they have no people that are allowed to drive for them because it becomes illegal, then that makes the business model a little bit harder, I would imagine.

Mr BOURMAN — It does, but they are already doing it, and it was illegal.

Mr NASTEVSKI — It raises the legal question as to whether some of those ridesharing services do have an Australian presence, a Victorian presence, in terms of legal status here.

Mr BOURMAN — So we are hoping — and I am not trying to verbal you here or anything like that — that the Victorian entity is going to be honest enough, and this is not a comment on anyone, to cough up. I know a lot of the bigger corporations do all sorts of deals with Australian entities, but they pay so little tax because of the way they structure themselves. They pay it all overseas at a lower rate. I just do not want the taxi industry to be paying full hook and the other part of the equation getting away with a lesser rate when, if it is going to be on at all, it really should be equal.

Mr BRODERICK — Precisely. Can I just say that in the tax administration State Revenue Office one of the things we do pride ourselves on is making sure that we apply the tax laws evenly to everybody. You may not know this, but we apply exactly the same approach to big business as small business, individuals, companies or anybody. Our staff are very vigilant about making sure that the tax laws are applied as evenly as possible throughout all our administration. We have numerous examples of that, and that certainly is something that is in our minds. We certainly will be making sure that we do our absolute best to make sure that this is applied equally to all players in the industry.

Mr BOURMAN — It is no reflection on the SRO. I mean, the ATO gets a few honourable mentions when people are upset; the SRO rarely comes up. It is not a reflection on your organisation; I think it is just a reflection on the possibilities. I think as you said earlier on, everyone wants to pay the least tax they can. ‘No-one likes paying tax’, I think you said, and if there are ways of getting around it, I am just concerned that people that have been in the tax industry so long are going to be the ones doing the right thing, and it is just going to be like juggling flaming kittens trying to get it out of all these ridesharing people.

Mr BRODERICK — I can assure you that we will be doing our utmost to make sure the levy is applied evenly across the board to all participants in the industry. In Victoria it is not being implemented until the first quarter of next year at the earliest, so we have still got almost 12 months to make sure our compliance programs are addressing all those issues that you have raised.

Mr BOURMAN — Thank you.

Mr LEANE — Just following on from Jeff’s question, I would imagine the SRO collect revenue from companies that do have head offices based overseas.

Mr BRODERICK — Yes.

Mr LEANE — It is nothing new to the SRO. Has the SRO’s experience in being able to collect the information and the funds from those companies been a bad experience? Have there been any unique cases where these companies have not wanted to comply with existing revenue streams to the state government?

Mr BRODERICK — My experience is that the large companies are usually, in our experience, quite good corporate citizens in terms of paying taxes. To give you an example, our tax debt in Victoria hovers around about 1 per cent. If you look at the OECD figures — we often compare ourselves with the OECD figures — those figures are far higher. Look at countries like Greece, with 77 per cent; Belgium was 34 per cent; the United States is about 6 per cent in terms of debt; the UK is about 5.5 per cent; the ATO is about 5.5 per cent. So we pride ourselves on trying to make sure that we collect all the revenue that is due no matter who the taxpayer is. I cannot go into any details about specific instances, of course, but there are lots of instances where we have had to make sure that we got money from external — —

As I say, I have got to be careful not to go into specific instances, because you will probably know who these taxpayers are if I mention it. Suffice to say that there are some large taxpayers that we pursue. If they buy property in Victoria, we will pursue them. If they transact in Victoria, if they employ people in Victoria, payroll tax will be payable.

Mr LEANE — I suppose the SRO's role in the reference that we have in front of us today as a committee is that the SRO does not have any input or does not give any advice to a government about setting any type of levy or any level of a levy. That is not the SRO's role.

Mr BRODERICK — No, we do not.

Mr LEANE — So the role is up to government in this case. As you said with the legislation, there is a \$2 a ride levy prescribed in that legislation. If that bill becomes legislation, then the SRO's role is to collect that levy.

Mr BRODERICK — That is right.

Mr LEANE — And will it be in the form that every quarter people in this industry will self-assess and send an amount of money electronically to the SRO?

Mr BRODERICK — That is right, yes.

Mr LEANE — And that is per ride. They will send some details: 'There were 1000 rides. Therefore we are sending X amount of money'.

Mr BRODERICK — Yes.

Mr LEANE — And then the SRO collects that money into the revenue. Then if there are any anomalies, there might be a random audit on that process into the future.

Mr BRODERICK — That is right.

Mr LEANE — Other than that, in this particular instance and other instances when levies have been set, that is pretty much the role of the SRO.

Mr BRODERICK — That is pretty much the role of our organisation; that is right, yes. Just to pick up on the point that you raised about the quarterly return, we have been talking with our colleagues in New South Wales who are also implementing a rideshare levy, and they are going for a monthly return and it is on an assessing basis. So what we have decided to do is go for a quarterly return because it matches up with the BAS statement for most cabs, and that is going to make it easier. So hopefully the information that they provide in their BAS will also be relevant information that is provided in the return that we want. Also, we will be doing a self-assessing process rather than an assessment process where the organisation — the Office of State Revenue in New South Wales — will send out an assessment note. We looked at what they have been doing and we thought, 'Well, there are probably some easier ways to do this with industry'.

Mr LEANE — So the information that needs to be supplied for this levy is already being collected under the BAS, is it?

Mr BRODERICK — Yes.

Mr LEANE — So we are not asking — —

Mr BRODERICK — We are not asking people to collect any further information than what they are currently expected to do. Whether they all collect it at the moment or not I do not know, but the information that is expected to be collected is the information that we will be requiring.

Mr LEANE — And that is the existing players in this industry.

Mr BRODERICK — That is right, yes.

Mr LEANE — So the new players, they have to — —

Mr BRODERICK — Will be required to meet the same standard.

Mr LEANE — Getting back to Mr Bourman's concern, if one of the new players sends you a quarterly statement and says, 'We've had 30 rides and we're giving you that times \$2', obviously anything like that will flag some sort of alarm for the State Revenue Office that that just does not make any sense.

Mr BRODERICK — Yes, those are the sorts of indicators that we would use.

Mr O'SULLIVAN — Thanks for coming in. I have just got a couple of questions more based around how this will operate in regional communities. If you look at some of the compensation that will be paid for the taxi licences and you compare that to the taxes that will be accumulated, \$2 by \$2 by \$2, in some of these smaller communities where the compensation is not particularly high — was it \$15 000 up to \$25 000 and so forth — we have heard evidence that some of those compensation amounts will be paid off by fares within that local community within nine months of the program actually starting. Then after that licence has actually been effectively paid out by the \$2 that has been collected on every fare, those communities will have to go on paying for a compensation regime when the compensation for their local cabs has actually already been paid out. Is there anything in the fine paperwork in terms of how that might operate, or will those local communities just have to keep paying and paying and paying beyond when the compensation for the local taxis has been paid out?

Mr NASTEVSKI — The bill as it currently stands requires a person who is liable to pay the levy to pay it to the State Revenue Office. It does not talk about where they collect it from. So in the deregulated market space there will be, I suspect, some sort of capacity to set your own fares. If that particular licence has been paid out, those operators in those areas, depending on the competition in the marketplace, will have the ability to set their own fares, which may necessarily not include a \$2 levy, for example.

Mr O'SULLIVAN — Will the state government or the State Revenue Office still go on collecting or demanding that they pay \$2 for every fare?

Mr NASTEVSKI — They still have to pay the levy to us, yes, but what they do in terms of, as you were talking about, the community having to continue to pay the levy, then yes.

Mr BRODERICK — If the levy still resides in the act, we will just have to collect it, no matter how long it takes. Our job is basically to administer, as you know, the will of the government, and the will of the government as expressed through this bill is that \$2 needs to be collected. So we would continue to do that, and I guess the implications for our local community would need to be addressed by the government.

Mr O'SULLIVAN — Is there any sort of fairness equation that is applied in terms of the way this will be, I guess, forced upon low-income earners, people with a disability or a fixed income, the elderly?

Mr BRODERICK — I am not aware of any concession arrangement, if that is what you are referring to, in the bill. There is nothing in there as far as we are aware.

Mr NASTEVSKI — No, and this is probably beyond our remit, but I think I understand that government is also looking to facilitate some sort of compensation for mobility-impaired vehicles and stuff, but that is not something that we have been involved with.

Mr O'SULLIVAN — There have been also some issues that have arisen in relation to GST. How is that going to work in terms of applying GST to a levy — commonwealth GST to a state levy — on top of the fare itself? How is that going to work its way through, and is it going to be above the \$2 or is it going to be taken out of the \$2? How is that going to work?

Mr NASTEVSKI — I am not a GST lawyer, but the way I understand the GST to operate is that it gets imposed on the service. In the instance that we are talking about it will be imposed on the fare that is charged, so whether that fare includes a \$2 levy or a tollway fee or some other type of business cost, the GST will be charged on the fare per se.

Mr O'SULLIVAN — So will there be two GSTs charged on the actual fare and then the tax itself, or will there be only one GST that will cover the whole lot?

Mr NASTEVSКИ — On the service that is provided, so on that single service that is provided, so in this instance the fare.

Mr BRODERICK — The total amount that is charged.

Ms DUNN — So it will be captured by GST if the levy is considered part of the fare.

Mr NASTEVSКИ — A taxi service fare is currently captured by GST, so that continues. That will continue to be the case. So that fare may or may not include a \$2 levy or somebody might charge a lower levy. That depends, in the deregulated marketplace, on how they charge their fares.

Mr O'SULLIVAN — Just one further question at this stage, which is in relation to some of those communities that are along the Murray River that have a single community that stretches both sides of the river. It is the old cross-border anomaly situation that pops up all over the place. I have been hearing that some Victorian-based taxi operators actually have taxis that are registered both in Victoria and in New South Wales. So, within this, is there any consideration as to how that might work? How do they work it? If their taxis are registered in New South Wales but the business is actually in Victoria, will those taxis that are registered in New South Wales have to charge that \$2 tax on top?

Mr NASTEVSКИ — I think there are a couple of components here, and the first one I cannot really answer. I am not really sure of the accreditation and licensing arrangements that are in place and whether that sort of person will need to have that taxi also licensed in Victoria and the drivers accredited in Victoria.

Mr BRODERICK — We can take that on notice if you like and get back to you.

Mr NASTEVSКИ — It is probably more for the Taxi Services Commission.

Mr O'SULLIVAN — Just one other question to that: if you have a New South Wales-registered taxi and the company is in New South Wales, but they are in Victoria picking up fares, will they have to charge the \$2 as well?

Mr BRODERICK — We will take that on notice as well if that is okay.

Mr BOURMAN — I will be really quick. I pretty well know the answer to this, but I would like it on record. I am assuming that every rideshare driver is going to have to register, get an ABN and submit a BAS no matter how many trips they may or may not make.

Mr NASTEVSКИ — In the new landscape, following these reforms — —

Mr BOURMAN — Assuming it goes through as is, not right at the moment.

Mr NASTEVSКИ — My understanding is that all the drivers will need to be accredited through the Taxi Services Commission, but again that is beyond our expertise.

Mr BRODERICK — We are expecting that they will be registered and accredited through the Taxi Services Commission.

Mr BOURMAN — You mentioned earlier on that through BAS statements you would have an idea about what people are meant to be doing.

Mr NASTEVSКИ — Yes.

Mr BOURMAN — But if the individual is not required to lodge one, then you have got nothing, as far as I can tell, but correct me if I am wrong. I am kind of asking you to venture an opinion to a degree, because we are not sure yet.

Mr BRODERICK — No, no, that is a fair question. It is about compliance really. Again we can take that on notice and get back to you if that is okay.

Mr BOURMAN — That would be great. Thank you.

Ms DUNN — My question is in a similar vein, because I thought earlier in your evidence you might have said you tried to align the data that you are collecting with the BAS statements. I just wondered, firstly, whether there is actually disclosure of how many fares form part of a BAS return or whether it is only about income and expenses. I will hold it at that, and I will ask a second follow-up. So do BAS statements actually include how many trips are in there?

Mr BRODERICK — No, the BAS statement would not include the trips; the information that is required by the Taxi Services Commission would. I hope that I did not say anything incorrect, but what I was saying — —

Ms DUNN — I thought I had better check.

Mr BRODERICK — What I was intending to say was the information that is provided by operators at the moment will be no more overall than what they currently provide, so some of that would be into BAS and some of that would be in reports to the TSC.

Ms DUNN — I know you have taken on notice Mr Bourman's question, but to add to that, of course there is a threshold for registering for GST requirements and lodgement of BAS statements, and I would assume that if you are just a small operator and you do not meet that threshold, you are certainly still liable for the levy even though you are not captured by the GST requirements.

Mr BRODERICK — You are still liable for the levy, exactly.

Mr BOURMAN — But then that does raise the question: where are you going to get the data from to know that they are actually liable? The way I see it, it circles back. If they do not tell you they are taking a ride and they are under all the thresholds, they are going to be almost invisible to the SRO is the way I see it.

Mr BRODERICK — The way the system has worked is individual owners are supposed to register. So if they do not register and you do not know about them through their registration, what we would be doing is requesting information from the service provider, which might be a rideshare company, and we would be requesting through the Taxation Administration Act access to their records.

Mr BOURMAN — You would have the rideshare provider's records of this number of people and you would try to match them up to how many people.

Mr BRODERICK — Absolutely, yes. That is right.

Mr LEANE — There is also an app too.

Mr BOURMAN — Like a tax app?

Mr LEANE — No, like a rideshare app — for the record.

The CHAIR — Thank you, gentlemen. One last question from me: has there been a budget allocation to the State Revenue Office for the implementation of this new program?

Mr BRODERICK — Not yet, no.

The CHAIR — So you are running at a loss at the moment.

Mr BRODERICK — As I mentioned earlier, we have in fact appointed a project manager, who is actually here, and her salary is being paid out of our organisation at the moment, but we have not actually got any formal allocation of funding yet.

The CHAIR — There are a few lines I could go with there, but I might just leave it alone. Thank you so much for coming in. We do appreciate it very much. I remind you that you will receive a copy of the transcript within the next couple of weeks. Please check it for any minor mistakes — not that I am suggesting that would happen, but if that were by some circumstance to happen, then you could change that but certainly no substantive matter in that. Transcripts will ultimately be made public and be on the committee's website as well. Gentlemen, thank you so much for being with us tonight.

Committee adjourned.

Extract of proceedings

The Committee divided on the following question during consideration of this report.

Committee Meeting – 21 March 2017

Adoption of report

That the Draft Final Report (including Preliminary pages, Chapters 1–5, and Appendices, be adopted as the final Report of the Committee on its Inquiry into ride sourcing services.

Moved: Mr Ondarchie

The Committee divided.

Ayes 5	Noes 3
Mr Bourman	Mr Eideh
Ms Dunn	Mr Elasmr
Mr Finn	Mr Leane
Mr O'Sullivan	
Mr Ondarchie	

Motion agreed to.

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Legislative Council

Standing Committee on Economy and Infrastructure

Inquiry into Ride Sourcing Services

Government members dissenting Report

The Inquiry into Ride Sourcing Services was initiated in May 2016. After ten months the only recommendation in the Committee's report is to continue its inquiries. Government MPs cannot support this.

The Chair's Foreward is completely inconsistent with the report's only recommendation. The Chair's Foreward stated that there was a need to debate the bill in the Council this week (week beginning 20 March 2017) yet the report's only recommendation is to defer the debate.

The Chair's Foreward noted that it is important that ride sharing needs to be regulated soon to ensure certainty for the existing industry and to remove barriers for new entrants.

The report found that ridesharing services are operating without licences and without being subject to regulation. The report found that ridesharing service providers have an unfair advantage that requires redress. The report found that the establishment of a level playing field is essential.

Yet the Committee's only recommendation is that the legislation be deferred indefinitely until such time as two issues are resolved; the financial assistance and the per trip levy.

The Government's \$494 million financial assistance package and the decision to replace licensing costs (up to \$23 000 per annum) with a \$2 per trip levy was announced in August last year. All public hearings were conducted after this date. The financial assistance and the levy were extensively addressed during the public hearings. Organisations including Uber, the Victorian Taxi Association, Victorian Taxi and Hire Car Families, individual taxi companies, disability groups and many other organisations all presented to the Inquiry on the \$2 per trip levy and the Financial Assistance.

Government members note that the primary priority of both existing network providers and potential new entrants is that the legislation currently before the parliament passes as soon as possible.

In particular, the taxi industry association peak body, the Victorian Taxi Association (VTA), has strongly advocated that the legislation should pass as soon as possible to create the level playing field they require to compete with new entrants.

Some new entrants, who have patiently waited for ridesharing to be regulated, have advised the Government that they are unable to wait any longer and will deploy their vehicles to other jurisdictions.

Further delaying this legislation penalises the existing industry, penalises new entrant who are waiting for regulation and benefits ridesharing providers who continue to operate outside regulations.

Government MPs also believe that existing licence holders need certainty and need access to their financial assistance sooner rather than later so they can either transition to the new industry or exit the industry. Government MPs support the Government's financial assistance package because it targets those who need it most; the small family run business.

Submissions to the inquiry advocated for dramatically different levels of financial assistance to the existing industry, ranging from nothing through to \$1 billion. Further consideration is not going to resolve the differing views on the level of financial assistance.

Government MPs also note that current services to people with a disability are inadequate and the provisions of the legislation before the parliament, including the appointment of a Disability Commissioner, should not be delayed. Additionally the Government notes public statements from London Rides that 200 wheelchair accessible vehicles will be placed on the roads if this legislation passes but further delay risk them being deployed elsewhere.

Both the Government and the Opposition have clearly announced their positions in relation to the levy and financial assistance.

The Government's Bill provides financial assistance via a per trip levy. In the Legislative Assembly the Opposition put forward amendments to remove any capacity to provide financial assistance via a per trip levy.

While the Chair's Foreward states there maybe alternatives to fund financial assistance it does mention or canvas any such alternatives.

The Government has consulted on this issue for over two years. The Taxi and Hire Car Ministerial Forum was first convened to discuss this issue in March 2015.

In the absence of any substantive alternative recommendations to the Government's policy further inquiry is unnecessary and unwarranted..

The report made only one recommendation. Government MPs do not support it. Hence Government MPs do not support the Committee's report.



Nazih Elasmara MLC



Khalil Eidah MLC



Shaun Leane MLC

Economy and Infrastructure Committee

Inquiry into Ride Sourcing Services

Minority Report

I write this report to express disappointment that the committee did not take the opportunity to fully examine the contents of the Commercial Passenger Vehicle Industry Bill 2017 as part of the Inquiry.

The timing of the introduction of the Commercial Passenger Vehicle Industry Bill 2017 to the Legislative Assembly made it challenging to fully incorporate into the deliberations of the Inquiry into Ride Sourcing Services, however it was not impossible to do so.

It is my view that the Commercial Passenger Vehicle Industry Bill 2017 requires the scrutiny of a Parliamentary Committee Inquiry, which would enable a full analysis of the operation of the bill and how it translates to a fair outcome for drivers, licence holders and consumers. An inquiry would allow the opportunity for an in depth examination of the bill and allow for input by experts, individuals, business and government organisations.

I do not dispute the key findings and Recommendation 1 of the report however it is regrettable that the tabling of this report concludes the Inquiry, when there could have been opportunity taken to examine the Commercial Passenger Vehicle Industry Bill 2017.



Samantha Dunn MLC

Member for Eastern Metropolitan Region

21 March 2017

