

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Commercial Passenger Vehicle Industry Act 2017 reforms

Melbourne—Wednesday, 19 June 2019

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**Necessary corrections to be notified to
executive officer of committee**

WITNESS

Mr Kim Guest.

The CHAIR: Thank you and welcome. Allow me to read the formalities for you. The committee is hearing evidence today in relation to the inquiry into the Commercial Passenger Vehicle Industry Act 2017 reforms. All evidence taken at this hearing is recorded by Hansard and is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside the room and repeat the same things, those comments may not be protected by this privilege. I will allow for your contribution and then we will go through questions if needed.

Mr GUEST: Okay. Well, I am new to this.

The CHAIR: State your name before you start, please.

Mr GUEST: Sure. My name is Kim Guest, and I am from the hire car industry. I am new to this, so if I get a little bit shaky, my apologies. Anyway, what I have written down is that I started in the hire car industry 22 years ago after having worked in the taxi industry previously for 13 years, so I guess I have got 35 years experience in this industry. As required by the government regulator, I purchased a hire car licence so I could operate legally. The regulator enforced this and I complied. It was the law.

As my business grew, I needed more vehicles to meet my increased customer demand, which meant I had to purchase more vehicles as this is what was required by the law. This was an extremely expensive outlay for me since I not only had to borrow money to purchase the vehicles but I also had to obtain more funds to pay for separate licences for each of the cars that I operated. To work within the industry lawfully, however, I had no other choice. The laws were clear and the regulator was tough. I purchased licences in good faith, with the understanding that these assets could be sold or transferred at the current market value. The process was managed by the regulator. They controlled every aspect of the sale. The regulator even published details of the trading of the licences. They controlled the licences.

These licences were investments. They were my superannuation. The regulator and the law required me to invest or I could not drive. I had no choice. If I was not forced to make these expensive purchases, I could have placed my money towards investments of my own choosing, such as property. I had worked extremely hard, putting in long hours each day, foregoing holidays and family time, to build up a successful business, and I built a business that complied with the law. I had planned to retire soon, but the government reduced the value of the licences to zero. Without the offer of fair compensation I no longer have the money to fund my retirement. The stress and anger over losing the investments that I had worked so hard for has impacted my health. I have been extremely stressed and my wellbeing has suffered. I feel a sense of despair and hopelessness as I do not have the benefit of time or the energy to rebuild the assets which would enable me to have a secure future.

When Uber started operating illegally my business stopped—it was reduced by about \$1 million in turnover. I had to lay off staff and sell cars. I worked seven days a week, but still I had to comply with the law. The regulator damaged the taxi and hire car industry by swamping the market with an oversupply of vehicles. With the offer of cheap fares this made the industry unsustainable. Consequently hire car businesses such as mine dropped in value and prices were diminished. Uber got a free run while we were hammered by the regulator—VTD or whoever you want to call them. Prior to Uber entering the market my annual turnover was \$2.5 million. The industry was totally controlled by the regulator—licences, drivers, prices, compliance—even to the point where one of my drivers was fined for wearing the wrong-coloured shirt. We were small businesses controlled by strict laws.

One day the regulator allowed another company to ignore the laws and regulations. At the same time they continued to hammer the hire car industry to comply with the laws. One by one the laws we had abided by were relaxed—not for the whole industry but just for a few operators that did not run cars but mobile phone apps. They were allowed to break the law until it got to a point where they could not be stopped. I was then told my licences would be cut. I would only get some form of assistance—we were not told how much, we were not told why or when. Then a letter arrived from the regulator advising me that my licences no longer applied, and there was no logical explanation for the offer—my business, my investment and my superannuation wiped out

by a letter sent by the regulator that allowed an illegal operator to enter the industry. That is about where we are now.

The CHAIR: Thank you for your time.

Mr GUEST: Sure.

Mr FINN: Kim, thank you for that. We are obviously here to try and find solutions to the human tragedies that seem to be all around the place as a result of these changes. What can government do to make your life better, to give you back what they have taken away?

Mr GUEST: Well, I attended a number of meetings, and there were some suggestions put forward by the industry to the regulator. I think that one of the suggestions that we put forward, or the industry put forward, was that the new entrants—the Ubers and the rideshare people—were to purchase a licence and that licence could go to the point of refunding people's licences and investments they made in the industry. It could easily have been handled a lot better than what it was.

Mr FINN: Is it too late to do that?

Mr GUEST: I do not know. I guess it is the will and wherefore of the government—if they want to do things, they do it. I mean, looking forward now—and I am not here really to do some crystal ball gazing—the way I see the industry heading is that obviously we are now in a state of oversupply. It will not be long before that starts showing through. I can remember back when I was driving taxis in the early days, when we were going through the recession we had to have, the cars were not as good as they could be because the money that they were making did not cover the replacement, the repair and all the things that should have gone on. That was a result of the revenue they were making. Yet Uber has come onto the market with rideshare, and they are charging half of what the taxi operators are charging. How can they expect to be able to provide a viable industry working for money that is not going to cover their costs?

The way I see it, and I have been in this industry for quite a long time so I have got a good feeling for and understanding of what the costs are, the drivers are just cashing in their car. That is the money that they are putting in the bank—just the car—because they have got no replacement costs, and I doubt whether they are making an hourly rate. I would think they are working for eight bucks an hour. That is another thing that I cannot understand. How could the government or the regulators let an industry exist where people were underpaid for the time and effort that they put in?

Back in the old days, before computer dispatch, it was best guess. We had a bit of a feeling for what was going on. But nowadays we have got computers and we know exactly how many people are travelling, what the volumes are, what the supply is. It can be brought back to a vehicle cost or kilometre cost. We can actually predict or estimate what the costs are. I cannot see why someone has not moved forward or the regulator has not moved forward and said, 'We've got to be able to pay drivers a decent wage and the operators have got to receive a decent income'. Am I going too far?

Mr BARTON: No, no. Kim, what has happened to your business now? Are you still operating the business?

Mr GUEST: No. I had an opportunity to sell my business in 2017 for a greatly reduced price. Anyway, I took that opportunity. I think I got a quarter of what it was worth and what it should have been worth. Actually that business, the guy who bought it, subsequently fell over financially. I am working as a part-time driver. I have got one or two customers that I kept, and I do about six jobs a week.

Mr BARTON: Kim, obviously everybody who worked in the industry, we all looked at our licences as our superannuation.

Mr GUEST: Yes.

Mr BARTON: Because we worked the Saturdays and Sundays; we were out there on Saturday nights and Friday nights and all that sort of stuff.

Mr GUEST: The whole industry saw the licences as our superannuation. You know, there was no holiday pay, no sick pay, no awards.

Mr BARTON: Kim, did you have any other super apart from your licences?

Mr GUEST: No, only my savings. No, my business and my licences were my—

Mr BARTON: Were your superannuation.

Mr GUEST: Yes. I managed to put a little bit aside. I am not destitute, but I am certainly not in a good position. I could be better. But as I said, I am working; I am still driving, so that gives me a bit of income.

Mr BARTON: Kim, are you of retiring age?

Mr GUEST: Yes, I am 72, or 71—over 70 anyway.

Mr BARTON: A good looking rooster for 71!

Mr GUEST: It is the way my wife dresses me. But, no, I have been fortunate that way.

The CHAIR: If there are no further questions, Kim, on behalf of the committee I would like to thank you for your contribution. You will receive in a few weeks time a copy of the transcript for your approval and any typographical corrections.

Mr GUEST: Yes, I understand. Thank you very much for the opportunity to tell you about my position.

The CHAIR: Thank you, everyone in the gallery. Thank you very much.

Committee adjourned.