

Scott Cowie  
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Dear Patrick,

Thank you for the opportunity to respond to your letter and to address the Economy and Infrastructure committee regarding the Commercial Passenger Vehicle Industry Act 2017 reforms.

As background to my comments, I have been involved in the industry for almost 29 years. I have been a Bailee Driver, a Bailor, a Lessee, an Owner, an Operator, Base Operator/Dispatcher, Co Operative secretary and am the current Chairman of Wodonga Taxis Ltd. I operate 3 Taxis in Wodonga and also have 3 in Albury, NSW as well. I believe this experience gives me solid ground from which to comment on the reforms implemented by the Victorian Government.

With regards to your Terms of Reference,

1.

It has always seemed odd to me that the Andrews Labor Government was in such a hurry to introduce this legislation with no consultation with the industry, when the existing legislation was only 3 years old. The Government told us that the new legislation was required to include Rideshare operators. This was not the case as the existing legislation did provide for rideshare in the form of Hire Car Licences that could be purchased from the government at a newly discounted rate. The sudden need for newer legislation to make market entry even cheaper (relatively free compared to what others had paid, or even the new lease license values that came about after Alan Fel's Taxi Industry Inquiry (TII)) has always struck me as somewhat more than coincidental with the emergence of Rideshare, even though legislation that was almost brand new catered for them.

2.

Rideshare would seem to be a legitimate part of our economy but is it fair to the existing industry participants (the true legitimate participants) that Rideshare operators were allowed to operate illegally and unlicensed for so long? The argument regarding cost as a barrier to entry is nonsensical as Taxi and Hire Car operators at the time had to pay this cost and abide by the regulations of their industry but Rideshare operators were basically ignored. They entered the market and did whatever they wanted with scant regard for the rules. And as Aaron de Rozario, the CEO of the Taxi Services Commission said to an industry meeting in Wodonga in March of 2016, "We're going to legalise Uber because we can't stop them". The regulator told us they could not stop them and the Government then made legislation to

suit them

So, Yes, Rideshare is a “legitimate” part of the economy but how they got there is not very legitimate.

3 a.

To think that any one can apply for a license and receive one immediately for \$52.80 is simply disgraceful. I say this, not as someone who owned 3 licenses which the government took away from me (I'll get back to that) but as someone who applied for a Taxi license in 1998. There was an application process in place at the time which required a great deal of information about the person applying and the Town/Region in which they wished to operate the said Taxi. Further to this the application would be reviewed by the department and existing participants would be asked to comment as well. Even Bus operators!!! I did this and after supplying the department with hundreds of pages of information, engaging a consultant to perform surveys and collate statistics and more than a dozen meetings with the various members of the VTD and the TSC as well as the head of the transport department, I was fortunate enough to be issued a license to lease off the Government.

In 2008.....

It took me 10 YEARS to get 1 license and now anyone can get one for \$52.80.

ANYONE can now participate in an industry which was regulated to stop ANYONE from being a participant.

The fact that there is more than 60,000 licensed CPV's in Victoria is astounding! Just because there are more vehicles doesn't mean there are more customers. The lower prices offered by Rideshare operators (usually) might get a few more people to consider them as an alternative to other forms of transport but generally the market is unchanging in size except for the effect of population growth. Personal , door to door transport is need based, as in “I need to go to the Doctor” or “I need to get home from the Pub”. No one takes a Taxi or Rideshare car because they want to, they do it because they NEED to. People don't suddenly need to go to more places because there are more cars to get them there and it is this economic fact that means more operators in the market must share that market, which means each operator will make less.

The Taxi industry has always been a minimum wage sort of job but by allowing so many operators in, the limited number of customers means everyone in the industry, Taxi and Rideshare alike, are far worse off than before.

b. As usual, the regional part of Victoria is forgotten here.

In regional areas we received \$50,000 for the first license and \$25,000 for any 3 subsequent licenses. For reference, the last license sold in Wodonga was in about 2009 for \$340,000. In my 28 years of experience in the Taxi industry in Wodonga, license values have always slowly increased, so for arguments sake, when our licenses were cancelled in 2017, lets say they were worth \$350,000. Each owner in Wodonga received approximately 1/7 of the value

of their license with this payment scheme. In the 2 years since, I am still unable to figure out why I was not paid the value of my asset..? Not even close.

Secondly, no compensation has been paid with regard to the cancellation of all of Victorias Taxi licenses. NOT ONE CENT!

The Government were very careful in not using the word compensation throughout this entire process. They paid us a “transitional payment” which was to help us adjust or cope with the effects of the new legislation. If these payments had been called compensation payments I believe the Government would have to have paid out the actual license value.

Which they did for Fishing Licenses...

And they would if they acquired your house...

But not for Taxi licenses...

And then to add insult to injury the Government introduced a \$1.10 levy for customers to pay in order to fund these payments. This wouldn't be so bad except for the fact there is no end date for the levy which means even once Wodonga Taxis customers (and any other area)

have paid the Government the amount that was paid to license holders, they will keep paying the Government this levy for ever.

This is yet another aspect of this legislation which is simply despicable!

c.

Apart from the fact that the Fairness Fund was incredibly invasive in terms of providing the Government with vast amounts of personal information, and that many people were not able to complete the application without the help of Accountants or Solicitors, don't you think that any legislation that requires something called a Fairness Fund must be inherently unfair...?

At a meeting in Melbourne in 2017 regarding the Fairness Fund, I put this to Marnie

Williams and she replied with “That's just how it is...”, and a shrug.

The Government have been unable to tell me or show me what the benefit of cancelling every Taxi license in Victoria was. I am still in the dark as to how taking \$700,000 of assets off me and many others, made the market more even for all participants, unless full compensation had been paid to license holders. If this had happened, ALL people would have been able to start afresh and on a truly level playing field. The only thing achieved by these reforms was to strip hard working people of assets they OWNED and giving the very little in return.

The Government has always been quick to point out that their “compensation” package was the most generous of all payments made by the state Governments of Australia. They never tell the whole truth and say that they also cancelled approximately \$1,500,000,000 worth of

assets. Something that no other Government in Australia, or the entire World for that matter, has done.

4.

It is interesting to note that you acknowledge that The High Court found Taxi licenses to be property.

Don't forget Banks...

Don't forget Superannuation Funds...

My licenses were held as security on a loan from a bank.

Why did the Victorian Government not recognize them as assets and pay appropriate compensation?

How, legally, can an asset be taken and not compensated?

In summing up,

Taxi owners in Victoria had a contract with the government which allowed them to transport people in Taxis, in return for money, exclusively. The Government broke that contract in order to accommodate an illegal operator in the marketplace. Every reform was a move against the Taxi industry and at the same time making access to the industry easier for illegally operating rideshare drivers. They gave up nothing and were gifted almost free access to a once regulated marketplace.

Taxi owners, in a move not mirrored by any other Government on the planet, were stripped of hundreds of thousands, if not millions of dollars in assets, the benefits of which still cannot be explained.

I should own Taxi licenses worth in excess of \$700,000 but own nothing of this nature because of a Government that basically stole them from me.

I believe that the Victorian Government must either give back all perpetual Taxi licenses to their former owners or pay correct compensation at pre 2016 market values.

Sincerely,

Scott Cowie