

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Commercial Passenger Vehicle Industry Act 2017 Reforms

Melbourne—Wednesday, 28 August 2019

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WITNESSES

Mr Paul Younis, Secretary, and

Ms Megan Bourke-O'Neil, Deputy Secretary, Policy and Innovation, Department of Transport; and

Mr Aaron de Rozario, Chief Executive Officer, Commercial Passenger Vehicles Victoria.

The CHAIR: Welcome to Mr Paul Younis, Secretary, Department of Transport; Ms Megan Bourke-O'Neil, Deputy Secretary; and Mr Aaron de Rozario, CEO, Commercial Passenger Vehicles Victoria. All evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, including on social media, those comments may not be protected by this privilege.

Before you start your contribution, can you please state your name for the Hansard record and allow us some time to ask questions.

Visual presentation.

Mr YOUNIS: Thank you, Chair. My name is Paul Younis. I am the Secretary of the Department of Transport. I have been in the position for a short time so with me I have Megan Bourke-O'Neil, who is also with the department, and Aaron de Rozario who is the Chief Executive of Commercial Passenger Vehicles Victoria.

Chair, what I would like to do is just go through a few things and give you a bit of context overall of the transport task that we have, the role of the department as opposed to Commercial Passenger Vehicles Victoria and then a brief overview of the reforms and what we see has happened to date.

Just in relation to the task, as we all know Victoria is experiencing significant population growth. To get that in context, 10 years ago we were seeing around about 58 000 people a year moving to Victoria, now it is up over 140 000 people per year. Infrastructure Victoria put out a report not long ago and they used an analogy which I think gives you a good analogy for it: just after the Metro Tunnel project is opened there will be 1 million more people in Victoria than there are today.

I think that gives a bit of the context to the task we have. Of course that puts a lot of pressure on our transport task. We are responding to that by increasing services and doing one of the biggest infrastructure builds that this state has ever seen, which puts pressure on us all. But as a transport department of course we have a responsibility to use every single lever we have got to increase the opportunity to the people of Victoria for better travel choices, whether that be through public transport, whether that be through private vehicles or whether that be through commercial vehicles. So we use every lever we possibly can.

The department has just gone through recent significant changes. We have incorporated VicRoads and Public Transport Victoria into the department. That is to create an integrated Department of Transport, and we are responsible collectively for the transport policy and strategic direction for the state.

Commercial Passenger Vehicles Victoria are the industry regulator. They are tasked with pursuing improvements in the industry and to facilitate competition and innovation in the industry. They also have a role to improve the safety of drivers and passengers of commercial vehicles and to promote public confidence in the safety of the commercial vehicle passenger industry. CPVV, to pursue these objectives, is required to develop and implement operational policies and strategies. They also support the department to develop strategic policies, administer grants and subsidies and promote and monitor the compliance aspects of the industry. CPVV is led by commissioners, which is an important part, and is formed under the *Transport Integration Act*.

I just want to be clear that the *Transport Integration Act* sets out the functions of the CPVV, which are, and I will read them out:

accrediting all commercial passenger vehicles—

and drivers—

- issuing driving instructor authorities
- administering the Multi Purpose Taxi Program and country Wheelchair Accessible Vehicle Subsidy Scheme
- developing policy and reviewing regulations
- working with the industry to ensure compliance with relevant legislation and regulations
- liaising and consulting with industry and consumers
- providing business and information technology support to industry.

They are all the roles and functions of the CPVV.

The Government's reform to the regulation of commercial vehicles is part of a range of changes and investment that we have made across all transport for an integrated transport system. The purpose of the commercial passenger vehicle reform is to deliver a modern and effective regulatory environment that delivers greater safety and accountability, greater choices for passengers, greater accessibility and ongoing innovation.

In 2014 new service models emerged in the traditional taxi and hire car markets and Government were faced with a choice about whether to continue what was a highly regulated market or to open the market up to new and emerging businesses. The Government conducted consultation in relation to that, including ministerial roundtables. It heard from industry to understand the impacts of the different options. Importantly also the Government were faced with the context of consumers, who were voting with their feet already—and their wallets—in choosing to go to an industry disruptor because it was delivering, you assume, what they wanted. It was clear through that process that the previously highly regulated environment was not working and was not fit for purpose. Government at that time decided to focus its regulatory powers on what was important, being safety, disability access and choice for consumers. The reform legislation is now operating and rideshare services are a part of our economy.

The new legislation and regulatory framework that came into play in October 2017 and then subsequently with amendments in July 2018 is being supported by further administrative and compliance practice improvements by the industry regulator, CPVV. The Essential Services Commission continues to review and regulate the maximum fares for unbooked services in metro, urban and large regional zones. The reforms also focus strongly on improving services for people with disabilities, particularly through \$25 million in funding over five years and the appointment of a disability commissioner to the board of CPVV.

The Government also through that process recognised that the reforms and the emergence of ridesharing would have a significant impact on existing licence-holders. In particular perpetual and long-term licences had a tradable value, and sometimes a very significant value. A package of financial assistance was provided, and that financial assistance package was provided through transition assistance of over \$325 million, which was paid to have over 4000 licence-holders. There was the Fairness Fund of \$56 million that was paid to 693 applicants and \$112 million was paid to annual fee-paying or fixed-term licence-holders. A levy, as you spoke about before, was put in place to recover the cost of the financial assistance over time. Those who benefit from the reforms are helping to fund those reforms and those financial assistance packages.

As I mentioned earlier, the Government's purpose in the reforms was around safety, choice for passengers, greater accessibility and ongoing innovation. It is early in the reform process and the full impacts of reform still need some work, but there are some immediate benefits that we have seen to date. A number of our taxi-booking companies are continuing to deliver services and have introduced new elements to their business. 13CABS is an app for booking different types of services, including a wheelchair-accessible option. A number of new and existing organisations have unique innovations designed to service a particular segment of the market, which include women and children and those looking for low-cost solutions through pooling or fare-splitting. Technology is enabling new safety features, such as passengers being able to notify someone else about their trip. When you book a trip you can know the numberplate and the vehicle make and model. You have a photo of the driver before you step into the vehicle. You also have the ability for a friend or a family member to follow your journey on a map on their phone. These innovations are being introduced all the time.

The increase in accredited drivers and registered vehicles as well as greater choice of booking service providers is resulting in reduced waiting times. What we are seeing is average waiting times for conventional commercial passenger vehicles have fallen by around a minute during the daytime. These are just some of the benefits that we have seen to date. We will continue to work with CPVV and the industry and consumers to ensure that the correct framework is in place to deliver the objectives of the reform.

That is all I wanted to cover, but I would like to hand over to Mr de Rozario, who has a lot more detail, as the regulator, to give you in that space.

The CHAIR: Thank you.

Mr de ROZARIO: Thank you, Chair.

The CHAIR: Just your name please.

Mr de ROZARIO: My name is Aaron de Rozario. I am the Chief Executive Officer for Commercial Passenger Vehicles Victoria. I would like to draw the Committee's attention to a slide that I have had distributed in hard copy. If we could move to that on the presentation, I am hoping that shows up clearly for those who may be watching on the live stream. I would just like to talk through this slide and sort of add to some of the material that Mr Younis has already introduced in terms of the effects that the reforms have had in terms of the industry.

If we look at that top-left area there, we can see that we have had a very significant increase in the number of drivers that are providing commercial passenger vehicle services, and that increase in volume is sustained. So we are still experiencing and we are still getting a 285 per cent increase in the volume of driver applications week on week at present in comparison to where we were in 2015–16. Back then we would receive approximately 500 applications per month. As you can see, during 2018–19 it was around 1900. I should say we are up to about a pool of 100 000, or just over 100 000, accredited drivers—that is, commercial passenger vehicle drivers and bus drivers. Each one of those individuals has been subject to a criminal background check, a medical and a driving history check. Furthermore, each one of those drivers every week is subject to police matching—data matching with VicPol—so that we can identify whether anybody has been charged with any new offence or convicted of any offence so that we can take any appropriate action.

Moving on to the right-hand side of the top right there, we can talk about the increase in the number of booking service providers. We are now at around 202 booking service providers. That has doubled over the reform period or since the reforms have been introduced. We are all familiar with some of the major international players that have come into this space. They have become accredited and are providing services here in Victoria. But there are also a number of local and Australian bespoke-type services. Some of those will be traditional hire car businesses that recognise that they have a requirement to be registered as a booking service provider. Certain new services have developed domestically, so we have a range of new providers in that space, including some of those specialty women's only/children-focused services that Mr Younis spoke about a bit earlier.

If I take you to the next row, in terms of vehicles, you can see that the number of registered vehicles has increased substantially, particularly in that booked space. This reflects the changing nature of the industry. Whereas in the pre-reform period vehicles were generally full-time vehicles providing commercial passenger vehicle services 100 per cent of the time, we now know that we have a lot more casual and occasional vehicles. The owners of these vehicles are getting their vehicles properly registered in order to provide services. As those numbers there show, we are at around 70 thousand-odd vehicles in that space.

If we move to the right there, in that safety compliance area in blue, through our commercial passenger vehicle inspection process we are now receiving information about over 40 000 vehicle inspections each year, so that is not only that the vehicle has passed or failed but also the reasons they have failed, and that is a level of visibility that we now have. As you know, we have a much larger industry. It is a level of visibility that we have never had before.

Further to the right: trip volume. Again it is not just the number of drivers and vehicles that have increased but the number of trips, and based on the information that we have been gathering from industry we can see substantial increases in the volume of trips over the last financial year in comparison to the pre-reform period.

One of the very important priorities for industry, for ourselves and for the Government is obviously accessibility, so this bottom left-hand area really focuses in on some of the changes we have seen in that space. In the Multi Purpose Taxi Program—for those of you who may not be familiar, that is a program that provides subsidised taxi travel to individuals with permanent disability—the number of members there is now at over 220 000, and about 44 per cent of those are active. So there are 90 000 people that are using the Multi Purpose Taxi Program to provide transport support for themselves, and 50 per cent of those have a mobility aid.

In the 2018–19 period there were over 5 million wheelchair accessible trips, or 5 million wheelchair trips. We have over 4400 wheelchair-accessible vehicle endorsed drivers. A lot of money has been paid in those subsidies, so \$56 million there. I think what is really important is the growth in the wheelchair-accessible vehicle market. We have got here at that bottom left there 834 active wheelchair-accessible vehicles. That means in the month of June 834 vehicles provided a wheelchair-accessible trip to a multipurpose taxi program member. That is up 21 per cent on the year before. So we are seeing some substantial increases in use and utilisation of those vehicles. The general use of the MPTP program for conventionals—that is, your typical sedan-type trip—has increased 8 per cent, and wheelchair-accessible trips, the MPTP, has increased by 18 per cent.

Finally on the right-hand side there, just some other information there to note: obviously we have a much larger industry, so clearly the volume of calls that we are receiving at our call centre has increased, and the figures are shown there: 28 per cent. For the first year we surveyed industry participants about their experience with Commercial Passenger Vehicles Victoria, so that is individuals that may have applied for vehicle registration or driver accreditation. It also includes people who are taken through our case assessment team, and they focus on disciplinary action against drivers who may have transgressed—who have been charged with an offence of any kind. Eighty-three per cent of those participants were satisfied with the services that they were receiving.

If I could ask for the next slide to be brought up—I would like to talk to this slide a bit more about the work that we are doing. With the reforms, Commercial Passenger Vehicles Victoria developed a purpose statement, and that purpose statement is: a commercial passenger vehicle industry that is safe, accessible, customer-focused and competitive. From that we developed a series of strategic objectives. The first four come directly from that purpose statement, so clearly we want a safe industry, we want an accessible industry; we want a customer-focused, competitive industry. And of course for ourselves—and this final one here is really focusing on ourselves—it is about us being effective in doing the job that we do.

Some of the work that we are doing in this particular space in safety: we are about to gazette part 1 of our code of practice, and that document provides guidance for industry as to how to comply with their safety duties. We have also commenced consultation with industry on part 2. Part 2 of the code of practice will focus a lot more on some of those very practical things that people can do to manage safety risks. We have a notifiable incident system up and operating at the moment. That allows us to get information about any safety incident, so any matter that requires police attention, medical attention et cetera. We are certainly encouraging industry to over-report in this space so that we get more information that we need so that we can really understand some of the trends that might be occurring. That system took effect on 1 March, so it is very early days still, so we do not yet have enough data there to form a view on any particular trends.

On some of the other work that we will be doing over this year, we will certainly be doing, along with the rest of the Department of Transport, some work there about safety of women and girls so that they feel safe when they are being transported, and that is something that is relevant to the whole public transport network. We also want to look at safer dispatching practices.

I should say, going back to that earlier point, we also want to do some work to see what we can do to encourage greater female participation in the industry. The majority of drivers are men. We would like to see greater participation by women in this particular industry, so we really want to understand what may encourage them to turn to commercial passenger vehicle services.

We will also be doing some work around safe dispatch practices, secondary networks, and of course unbranded vehicles. That would be a taxi-like vehicle that does not necessarily have a 13CABS or a Silver Top on the side. We really want to understand and make sure that those vehicles are doing the right thing.

If you look at accessibility, I should make note that we have as part of the reforms appointed a disability commissioner, Ms Colleen Furlanetto, who is giving us as an organisation a very great focus on accessibility and accessibility issues. It has certainly given us a great deal of useful material and useful contacts with the disability sector so that we can understand how we can operate better.

We are about to release in the very near future—we are in the final stages of drafting—our first state-of-the-industry report into accessibility, and ultimately we would like to have a state-of-the-industry-report into all of our external-facing strategic objectives. The purpose of this report is to start a good dialogue with industry and the community about what we are observing with accessibility and then start a conversation about how those things can be progressed and improved.

We are looking to expand the Multi Purpose Taxi Program so that the same kinds of services are available to non-taxi vehicles, so that is something that we are working on and exploring. We also want to really focus strongly on wheelchair-accessible vehicle driver training and standards as well as the vehicle standards in that particular space. Again, it is a focus on making sure that people with disability and mobility needs get access to really good services and that those services are being provided professionally and are safe.

In terms of our customer focus strategic objective, we are certainly embedding an auditing of complaint management system so that booking service providers are doing the right thing by their customers. We are also doing a range of other activities there to ensure that industry does, again, put the community and their customer, being the paying passenger, at the heart of what they do. In terms of competition, we are certainly looking at things such as the fare monitoring and seeing what we can observe in terms of market behaviour.

The final strategic objective, which is really focusing on ourselves, is that being an effective regulator is about us providing better service to the industry and to the community as a whole, so to that end we are heavily focused on further improving our digital offering. So we have moved most of our services online. We recognise that those services can operate a lot more effectively, so we really want to make some good investments so that we can get better productivity improvements, better quality decision-making and a better experience for those that wish to enter the industry. And of course we have a whole new legislative environment, a whole new suite of compliance powers and things like that. We want to make sure that we are testing and embedding new approaches to compliance, making sure that we understand and design really good compliance programs and that we understand how to use the legislation to the best of our ability.

The CHAIR: Paul, would you like to add anything, or we will go to questions.

Mr YOUNIS: No, that is fine.

Mr FINN: Folks, I would like to ask about the Fairness Fund. I have to say to you that of all the communications that I have had from people over recent times, I have not heard one good word about the Fairness Fund. In fact most people refer to it as the unfairness fund. Has all the money from the Fairness Fund been distributed? What is the exact situation with that at the moment?

Mr YOUNIS: Thank you, Mr Finn. I would just remind the Committee that the Fairness Fund was examined by the Victorian Ombudsman and a report was tabled in the middle of last year. Megan Bourke-O'Neil will be able to give you the details of the Fairness Fund and answer that question.

Ms BOURKE-O'NEIL: Thank you, Deputy Chair. The Fairness Fund was open for applications between November 2016 and April 2017. Payments were completed and the fund was closed by mid-2018. Of 1247 applicants, around \$56 million was paid out to 693 of those applicants.

Mr FINN: So the Fairness Fund is now finished?

Ms BOURKE-O'NEIL: Is closed, yes.

Mr FINN: Okay. One more question, and I know there are a lot of others that will want to move on. You mentioned that you are working to build a better relationship or a stronger relationship with industry and a number of other stakeholders. Do you feel any obligation or a sense of obligation to those who have basically been left with nothing as a result of these changes, who were previously in the industry?

Mr YOUNIS: Deputy Chair, I think in my introduction I talked about the fact that the Government recognised that there would be impacts of these changes and the people who had moved into the industry and that is why the range of support packages were put up. I think that was a decision of Government about the level of support, the extent of support, that was provided. Certainly that is recognition of the impact that these sorts of changes would have. Certainly I think that indicates a level from Government of their concern around that, and we support that.

Mr FINN: Do you think that level of support was enough?

Mr YOUNIS: Look, that is a position of Government. The Government will make the decision on the level of support given all the competing interests and the competing issues related to that, and we will ensure that we implement that support package as efficiently and effectively as we can.

Mr GEPP: Thanks, everyone, for coming and for the comprehensive presentation; I appreciate that. Mr Younis, I have a question directed at you, but you might choose to direct it elsewhere. I am wondering, now that you have had some time with the new reforms, whether you have been able to do any comparison, particularly with New South Wales, in terms of the outcomes that they have achieved and the reforms that we have put in place here in Victoria and whether there is anything that we could do differently to improve the situation today.

Mr YOUNIS: I think, Mr de Rozario, you are probably in the best place to look at this area.

Mr de ROZARIO: Certainly, thank you. I do have regular opportunities to talk with my interstate colleagues in this regard. I think if we look at what has happened in that booked space particularly, there is a lot of similarity between what has happened in Victoria and New South Wales, so essentially the fares have been deregulated in that space and people can set their prices that they feel the market will bear for all booked services, be they delivered in New South Wales by a taxi or by a hire car, rideshare vehicle, so I think there are a lot of similarities there.

What we have seen that is different between New South Wales and Victoria is that whereas New South Wales have kept quantity restrictions in the taxi space, those restrictions have been removed. So you can see in Victoria and Melbourne in particular the opportunities for the taxi-type market, so if we think of that taxi-type market, the companies that are really focused on providing vehicles that are traditionally known as taxis. They have had an opportunity to grow, so they have had an opportunity to expand their market share and compete more effectively, I think, than perhaps has occurred in New South Wales.

Mr BARTON: Good evening. I just want to remind the Committee that Victoria is the only state that has compulsorily revoked all the licences. No other state or territory has, only Victoria. So the question of compensation is different from state to state in how it is applied. There are caps applied in New South Wales on taxis, I understand, Aaron.

Mr de ROZARIO: I believe that is correct, yes, Mr Barton.

Mr BARTON: I just want to go back, because what we have now is a crippled industry. We have a crippled industry with businesses that are failing. There has been a slow death for many people. I just want to give this as an example.

Only two weeks ago we were approached by a driver who had three licences. He has been living in his house with his power cut off, and only three weeks ago he was served notice by the bank to sell his house from underneath him. How does the Fairness Fund, the application, help him? We have flooded the market. We have gone from 8000 commercial passenger vehicles to nearly 60 000—I think that is correct—and there is clearly devastation out in the industry there. So did we do any modelling of the social and economic impact of just allowing the market to expand like this, in my view irresponsibly?

Ms BOURKE-O'NEIL: The approach taken with industry assistance, that was at the Government's discretion to make, so this is support that they have provided to reflect that people will be significantly impacted by these reforms. The two strands of assistance offered kind of did two things. One, the transition assistance, was designed to ensure a generic payment to all eligible licence-holders was made and made quickly, just before the first Bill commenced. So that was a process where payments were made out the door at particular payment levels to reflect the impact on the tradeable value of the reforms. The idea of the Fairness Fund was to enable something more bespoke than that so that individual circumstances could be considered and assessed. The structure of the Fairness Fund, the criteria really related to income loss and debt obligations. The application process was well publicised and was open for a period of months.

Mr BARTON: It clearly fell short.

Ms BOURKE-O'NEIL: The work of the Fairness Fund panel, which was chaired by an independent chair—and decisions were made separately to the department by the independent chair, supported by her auditors—was designed to actually look into those individual circumstances and could also look into special circumstances as well. The applications closed, but the period of time to actually work through those was very considered. It also involved opportunity for people to come back with further information. In fact one of the issues the Ombudsman spoke to was there was a long time in the assessment process. One of those factors was that the direction given to the Fairness Fund—to the chair of the Fairness Fund—was to make sure that people had every opportunity to establish their eligibility, so if they could do that by providing more information or more substantiating documentation, that time was given, and that added time to the process.

The combination of both those strands of assistance was targeted at reflecting the impacts. It was a balanced approach, and it was a decision of Government to structure the package in that way.

Mr BARTON: It clearly fell short.

I just want to ask a question about how we came to determine licence A is worth X, licences B, C and D are worth half of X, and if you have more than those licences, they are worth nothing, considering we have got a High Court ruling that said licences were actually property.

Ms BOURKE-O'NEIL: Just to your latter point first about the case of licences as property, that case was a Queensland case to do with a Queensland licence—

Mr BARTON: It was a High Court ruling.

Ms BOURKE-O'NEIL: Yes, and does not have relevance to the Victorian licensing provisions. Our longstanding clause in our previous *Transport (Compliance and Miscellaneous) Act* was very clear and transparent that Government could revoke or alter licences and no compensation would be payable, which in our understanding has never been successfully challenged. I make that point just to link it back to the notion of what assistance was provided, that this was at the discretion of Government, not a legal obligation—

Mr BARTON: I understand that, but there is a moral obligation there—

Ms BOURKE-O'NEIL: Yes—

Mr BARTON: and if I may say this, I have been told just recently at the Supreme Court hearing in Victoria only a matter of weeks ago that the judge at that particular case, which I will not go into, has determined taxis are property.

So we have got a situation here where Government has revoked licences—property. I am just curious how we have come to this conclusion, because we may argue about—you know, splitting hairs—it is up in Queensland or it is a High Court ruling, which is a federal thing. We have got a Supreme Court judge saying down here that they are property. There is a moral obligation and there is also a community expectation. Nobody expects to have property taken from them by the Government and not get compensated.

The CHAIR: Can I just interrupt. I am sorry, Mr Barton, but a question should not be on the quality and the Government policy. I think their job as a department is to implement the policies.

Mr BARTON: Sorry, Chair. It goes to the point—

The CHAIR: I understand.

Mr BARTON: the businesses are crippled with debt, and they cannot compete.

The CHAIR: Okay.

Mr BARTON: Sorry, Chair.

The CHAIR: Do you have anything to add or are you happy?

Mr YOUNIS: I think Ms Bourke-O’Neil has covered the issues that we are able to cover in relation to the transition fund and the Fairness Fund.

Mr QUILTY: I have a question about a different thing; I will get back to it. But on the Fairness Fund, how much money was available initially—the Government said, ‘Here’s some money to give out’—how much was left at the end, and that is obviously two sides of the same question, and were there guidelines or restrictions given to you about how much the Government wanted to see go out?

Ms BOURKE-O’NEIL: The original announcement of the Fairness Fund was that it would be \$50 million, and a subsequent announcement was that it would be uncapped, and that is how it was implemented.

Mr QUILTY: There were no directions at all on how they would like to see it paid out or anything else?

Ms BOURKE-O’NEIL: No.

Ms TERPSTRA: Thanks for your presentation today. I appreciate what you have outlined for us with the additional questions being asked. A question which is double-barrelled, I guess: could you outline, since the reforms, if there are any benefits to drivers, and also could you tell us if there has been any innovation in some of the, say perhaps, vehicles or new drivers coming in; for example, are there proposals about vehicles that might be green or low-emission type vehicles? Are you seeing any proposals for driverless cars, for example? Is there any innovation in people that are applying for things?

Mr FINN: That is probably not going to please the drivers.

Ms TERPSTRA: No, but it is an option, so I would be interested to know.

Mr de ROZARIO: I think to the first point, what we do have in Victoria now is a much greater range of options for drivers to choose, so drivers can pick and choose between platforms. Platforms provide different rates of remuneration or different commission rates et cetera, so drivers do have that option to pick and choose between those different service providers. We do know that drivers even swap between service types, so you might have someone who is choosing to drive a taxi vehicle one week and may choose to drive a booked-only vehicle another week. So there is a lot more fluidity, I think, for drivers, so there is a key piece there. In terms of the innovation, I think we have already seen some of that in terms of services that are specifically targeting themselves at the transport of women, the transport of children. I am certainly aware of the London Taxi Company’s TX4, so somebody is providing that service, which is a very different type of vehicle to the classic London cab, with the driver partition screen et cetera. So that is operating. You may see some of those around the city.

In terms of green vehicles, there is certainly a trend. The whole industry has been one of the early adopters of hybrid vehicles, so I think that is a continuing trend rather than a new trend. There are electric vehicles being used in the fleet. I think that as vehicle technology evolves—and again this market will be an early adopter of many of those technologies—and as electric vehicles become more prevalent I am sure the commercial passenger vehicle industry will adapt.

Autonomous vehicles—not something specifically that is happening on a commercial basis around town at the moment, but I am sure that will happen at some point.

Mrs McARTHUR: Thank you for your very detailed presentation, especially Mr de Rozario. I mean, what is not to love about Commercial Passenger Vehicles Victoria? It is a glowing operation, by all accounts. I am just wondering how much does this operation cost from the point of view of the taxpayer, and also the Government has given out or you have administered \$389 million and we are still collecting the \$1 levy. I know there is no sunset clause on the levy, but are we going to continue to collect the levy or are we just going to stop it when we get to the \$389 million that you have paid out, or will it go on? What do you think?

Mr YOUNIS: There are two parts to that question. I will answer the question about the levy and payment of the levy and I will ask Mr de Rozario to talk about how much it costs for CPVV. In relation to the levy, the intent of the levy is to cover the cost to Government of the compensation packages, which are close to \$500 million in total that has been paid out in compensation. There is no sunset clause but I am sure that when we get to the point of Government recouping the cost through the levy of the compensation packages they will make a decision as to whether the levy continues or not. At that point that will be a decision of Government.

Mr de ROZARIO: In relation to Commercial Passenger Vehicles Victoria and our operating budget, our frontline budget is \$110 million per annum. The vast majority of that is in the accessibility space, so that is direct payments for the Multi Purpose Taxi Program, subsidy payments. On top of that, we have lifting fees. We have some vehicle incentive programs, as well as the general administration in that particular area, and that is about \$90–\$91 million. So the amount of money spent on regulatory services, which I think is the bit that you were driving to, is about \$19 million per annum.

Mr BARTON: Just on that one, Aaron, on the enforcement side of things, how many enforcement officers do we actually have?

Mr de ROZARIO: I think we have in the vicinity of around 27 to 30 individuals that have various different enforcement options. So we have about—

Mr BARTON: They are on the road; they are out and about, those ones?

Mr de ROZARIO: Yes. So we have about 13 industry compliance officers and a further 14 senior industry compliance officers. So they will do a range of different activities, which includes getting out and about and includes auditing programs and a range of other activities.

Mr BARTON: I will just go back to a question which we did not cover. What audit was done when we allowed to open the market up in terms of how many cars can come into the market? Did we work with Melbourne City Council, taxi ranks, viability for people working in the industry? What modelling was done around that sort of stuff?

Mr de ROZARIO: In terms of the pre-reform modelling bit, I might pass that to Ms Bourke-O'Neil. In terms of Melbourne City Council, we are certainly doing a lot of work with Melbourne City Council at the moment because again we have seen on that earlier slide there has been a vast increase in number of drivers, vehicles and of course trips, and of course many of those trips will start and end in the city.

Mr BARTON: Causing massive congestion, yes, we know.

Mr de ROZARIO: And one of the really interesting things that we are working with Melbourne City Council on is we are getting a 21st century industry providing new kinds of services. How do we make sure they integrate with other transport options, be it the tram network, other parts of the public transport network; how do we make sure that works in well with the walking network so that vehicles are not interfering with footpaths and vice versa? So we are currently having some conversations with Melbourne City Council about how they might want to think about their infrastructure and their facilities and how to best manage those pieces there, and I am pleased to say I am sure we are going to be having some really good close conversations with Melbourne City Council and industry and ourselves over the coming weeks.

Mr BARTON: Could you tell me what is happening with the VHA plates?

Mr de ROZARIO: The VH plates?

Mr BARTON: The VH plates, yes.

Mr de ROZARIO: I understand that VicRoads will be putting in place a process whereby an individual who is a holder of a commercial or has a registered commercial passenger vehicle will be able to go into a VicRoads centre, request a VH plate and that VH plate will be made available to them. VicRoads will be working with us, so that if a vehicle becomes deregistered for any reason, be it non-payment et cetera, VicRoads will be able to be notified of that and they can take appropriate action to ensure that that plate is returned.

Mr BARTON: When will they be available?

Mr de ROZARIO: I could not answer that question here.

Mr BARTON: Okay. Touting.

Mr de ROZARIO: Yes.

Mr BARTON: Massive issue. Airport, certainly it is a massive issue at the airport. It has been a massive issue out at the MCG, city hotels. We get a steady range of complaints about touting. When we deregulated the industry, why was the decision made to take touting out and not to be an offence?

Mr de ROZARIO: The issue with the touting offence when it was under the *Transport (Compliance and Miscellaneous) Act*—and there were two offences there—one related to touting with regard to some specified places, so prescribed places, and that was the airport and Crown Casino. Then there was a second touting offence which was really built around the licence conditions and whether that licence condition permitted certain types of advertising. So in relation to that second offence, that no longer worked in the deregulated environment in that we did not have different categories of vehicles with different types of licence conditions per se. So that specific offence did not really hold meaning in the deregulated environment.

With respect to touting in prescribed places, again the focus of the reforms there was on allowing businesses to work out how they wanted to function and how they wanted to advertise and promote their particular services. Now for us, we have certainly had a look and in relation to touting, particularly at the airport, my person made contact with the airport back in March to find out how they were finding the experience or their understanding of what was going on. They have certainly highlighted that there is more touting now than there was prior to the reforms. Of course we have a much larger industry, so that perhaps may well be a linear correlation there.

We have done some pieces of work out at the airport both overt and covert—we have had individuals pretend to be passengers effectively and see what happens and see the prevalence of touting. So we have done some work in that space. We also did some overt work where we did walk through in uniform. We noticed some really interesting behaviours. One of those is the individuals who were touting still behaved as though it were an offence. So when our officers went through in uniform, they disappeared. When we were doing some covert work, miraculously an individual would have been approached by a tout and said, ‘Yes, I want a lift’. Yet as they were walking to the car the driver would receive a phone call and say, ‘Sorry, I have something else on’. So there were certain behaviours that would suggest that people there understand or feel it might still be an offence.

The previous offence that existed under the *Transport (Compliance and Miscellaneous) Act* was not a very useful offence from the purpose of practical enforcement. So under that offence we had to demonstrate that there was an intended exchange of activity there, and for that to happen we had to do that as a covert operation where we became the witness effectively. Those kinds of covert operations in a limited geographical space such as Melbourne Airport have a very short lifespan. So you might, if you were lucky, get one before everybody is aware that you are operating in that kind of manner and those operations come to an end, or you are reliant on a passenger to actually want to make a statement, because again a passenger—if you are going to infringe or prosecute somebody, you need to be able to submit some evidence. So you were dependent on a passenger wanting to take the time and effort to make a statement, so those laws did not work particularly effectively in that regard. We have certainly thought about what a different law might look like, but what happens in that space would be a decision for Government.

Mr BARTON: I know you are doing some work around that space and have been advising the Minister at the moment.

Mr de ROZARIO: That is correct.

Mr BARTON: Just a couple of other things, like, cash for rides: this has just exploded now. I know you have done some work recently in Bendigo and you have done some work down in Chapel Street where you were checking drivers for licences and things like that. Are we doing that on a weekly basis as a regular enforcement strategy or—

Mr de ROZARIO: So I will reiterate: the media coverage of what happened in Chapel Street was not involved with Commercial Passenger Vehicles Victoria. However, we have done considerable work in terms of particularly regional Facebook cash-for-lifts, cash-for-rides types of arrangements. They are ongoing-type operations. They take a long time to set up. These tend to be closed Facebook groups. They take a long time to set up, and they need to be executed very well and very covertly. So we have a range of operations operating across the state. We do not necessarily talk about them much because as soon as we start talking about them, they kind of fall through.

Mr BARTON: That is probably a good thing that they stop doing it. Maybe we should be telling everybody we are doing it.

Mr de ROZARIO: Well, it is not so much that they stop doing what they are doing. It is just that they become far more aware of what we might be doing and therefore they know who not to travel with.

Mr BARTON: All right. I could sit here all night and ask you questions, but what I might do is ask the Chair if perhaps we can put some questions in writing to CPVV.

The CHAIR: I am happy with that.

Mr BARTON: And we will ask you at a later stage.

Mr QUILTY: You say 60 million trips plus. How big is 'plus'?

Mr BARTON: And how do you know that?

Mr de ROZARIO: We are doing our last quarter's worth of data requests et cetera. Based on the data that we have collected so far, we would anticipate the number of trips for 2018–19 to be in excess of 60 million.

Mr BARTON: Sorry, can I just jump in, because I know a little bit about it. My understanding is that the cab companies no longer report how many trips they do.

Mr de ROZARIO: No, that is incorrect.

Mr BARTON: Is 13CABS supplying that information?

Mr de ROZARIO: We are requesting data from the companies that we have previously requested from, so pre-reform. We request data from them, and we are certainly requesting data from new entrants. We do not collect data from every provider. We are starting, and we focus on the main, biggest players et cetera.

Mr BARTON: The big players, yes.

Mr de ROZARIO: And there are some companies that we are still twisting arms on in order to get that particular data. But I make it very clear: they are not the big end of town. They are sort of that next tier down.

Mr BARTON: Yes.

Mr QUILTY: On the same topic, obviously you are getting data from when a trip is booked with 13CABS or whatever. When a taxi is flagged down, then there is no data on that?

Mr de ROZARIO: Some bookings service providers do record data on unbooked trips, but the obligation on keeping those records is at the individual driver level. At the moment our focus is on booking service providers for data collection.

Mr QUILTY: So there is no counting, effectively?

Mr de ROZARIO: As I said, a number of booking service providers that provide services to taxi vehicles record whenever that meter is turned on and off, so we get information about the unbooked work that they do—so whenever they are doing that. For other providers, that record keeping obligation is with individuals, but our focus at the moment is not on those individuals.

Mr QUILTY: It is notoriously a cash industry.

Mr de ROZARIO: There is plenty of cash in that industry.

Mr QUILTY: What fraction of trips do you think are cash and never get recorded?

Mr de ROZARIO: I honestly could not say.

Mr QUILTY: You do not know. Prior to the reforms, what percentage of trips did you have?

Mr de ROZARIO: That were paid for by cash?

Mr QUILTY: Yes.

Mr de ROZARIO: I do not know, sorry.

Mr QUILTY: No idea?

Mr de ROZARIO: No.

Mr QUILTY: All right.

The CHAIR: Any further? If there are no further questions, on behalf of the Committee, I would like to thank you for your time and contribution. You will receive in a few weeks a copy of the transcript for your proofreading. Thank you again, and thanks to everyone in the gallery. That is the end of the public hearing. Thank you.

Committee adjourned.