

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into the Commercial Passenger Vehicle Industry Bill 2017

Melbourne — 23 May 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

Witness

Mr Jeff Kennett, AC.

The CHAIR — Ladies and gentlemen, we will begin this afternoon’s session of the hearing and welcome our next witness, who is of course the Honourable Jeff Kennett. Mr Kennett, all evidence taken at this hearing is protected by parliamentary privilege. Therefore you are protected against any action for what you may say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege, which I am sure will disappoint you enormously.

I would ask you to make some preliminary comments for perhaps 5 to 10 minutes and we will then open the floor to questions.

Mr KENNETT — Thank you, Chair and members of the inquiry, firstly for allowing me to address you. May I start by indicating that at no stage have I ever or do I now have a vested commercial interest in any taxi licence. It has been written and rumoured that I do, but I have never had a commercial interest in a taxi licence. It is true that I have taken a great interest in the taxi industry over the last perhaps 30-odd years, but only in recognition of the service they provide. I saw them as part of the public transport system — flexible. Whereas trains and buses normally follow routes, taxis can go anywhere they like. Secondly, because of the nature of the people who own those licences, who are a very good cross-section of Victorian and Australian life, they invariably only owned one licence, they worked extremely long hours and, in my opinion, were the salt of the earth.

Further, can I just say I think from previous experience either you directly or indirectly will be aware that in the 1990s we reformed the taxi industry without legislation. To bring about change, in my opinion, does not require legislation; it simply requires good management and cooperation by both sides.

The current process to reform the taxi industry started under the Baillieu government and under the leadership at the time of Allan Fels. It was partly done in the early stages of ridesharing, but not as obviously then as it has become in the last two years. I personally do not think that we needed legislation to change the taxi industry. In other words, I think the taxi industry and ridesharing, for which there is legislation necessary to regulate it and to put the safeguards in for the community, could have coexisted. So I am not opposed to ridesharing in any shape or form, whatever the organisation may be that brings it about.

The process that was started by the Baillieu government was without the government at the time having any idea of what outcomes they wanted. Sadly, the inquiry took no account of the history of the industry, the make-up of the people who were behind it or the ramifications of the changes that they then sought to impose. Mr Baillieu’s successor, Dr Napthine, introduced the changes that Allan Fels recommended and that started again another wave of reform. With the success of the Andrews government, the Andrews government recognised they had to introduce legislation to make legal the illegal performance of ridesharing. But I think too, sadly, they then decided to totally restructure the taxi industry at the same time. As I said, I do not think it was necessary. You could have put any reforms you wanted to in place for the taxi industry without legislation, and then you could have legislated to make ridesharing as whatever the community wanted in terms of safeguards et cetera.

The result of that has been that there has been a substantial amount of unnecessary hardship for those who have licences, and I think there are just over 3000 in the metropolitan area with perpetual licences and some perhaps 2000 outside of the metropolitan area. This issue has now been going on for a number of years, again without any concern at all for the welfare of those who own those taxi licences, many of whom are now elderly, many who cannot drive and many who have leased their licences out to other drivers in order to earn an income.

I have been working as best I can with the government of the day in a bipartisan way. I do not see this as a partisan political issue. As far as I am concerned, I have been working with many members of the taxi industry that I have known for very many years to try and bring about an equitable outcome. I would have liked to have seen an equitable outcome as quickly as possible to reduce not only the financial hardship, because we are now seeing individuals having their houses reclaimed as banks now recognise that these licences, which they were prepared to lend against to 100 per cent, are now worthless. So to my knowledge there have been a couple who have lost their houses, but it is not only the financial cost, it has been the mental cost — the delay in getting this matter resolved and getting to a position of what I would call fairness and equity. I guess, Chair, that is why I am here today, because while I have been working closely with the government over the last year, we still have not got to a position where we have got what I consider to be a fair and equitable outcome bearing in mind that this is not a reform of the taxi industry. If we can just put aside for one moment ridesharing, it is the impact on the taxi industry that is my greatest concern.

This is not a reform. This is the cancellation of licence plates. This is a restructuring of the industry in the same way that governments, both mine previously and successive governments, have removed licences from scallop fishermen and commercial fishermen in Port Phillip Bay, but where a substantial amount of money has been paid recognising the fair capital value of those licences. As you know, the taxi licence system has been in place for over 50 years. The government have sold them, awarded them. They have been changed in a commercial sense from time to time by sale, and before this process started under Mr Baillieu, licences were selling for about \$535 000. Sadly, some people bought licences at that time.

What is fair and equitable? At the moment the government has set up a scheme which allows for transitional funding for \$100 000 per licence and \$50 000 for second, third and fourth, and then a fairness fund, which looks at the financial impact on the individual licence-holder. As I think I said before, most of these licences we are talking about are held by an individual or one family. Very few have multiple licences; some do, but very few in terms of the main. So what is fair and equitable?

My great concern is that we have got nowhere close to establishing a figure that is fair and equitable. I feel that there is a great social injustice being done here, and I really mean that. Unlike the commercial fishermen, who got compensation up to \$1.6 million when their licences were revoked under the current government, these individuals, the taxi licence holders, find themselves in a position where their assets have been substantially reduced in value — I was going to say destroyed — their lives have been totally destroyed in terms of their financial position and now their mental anguish is very real.

When I look at the legislation I think there are a number of issues that we have got to look at. One of the ones, and I do not know if any of those who spoke this morning has referred to it, is the concern we have that any payment will in fact be taxed by the commonwealth government — the ATO — which, to me, is just totally unacceptable because this is not money that they have been given in a way. It is not money that has resulted in individuals benefiting from. This would be money that compensates for fair capital value of a licence. It is not to replace anything else but the reduction in the value of the licence.

If I can just make some suggestions to you, because I have looked at the legislation. To be quite honest, if the government want to proceed down this way, and I understand that they do — as I said before, I do not think you needed to; I think you could have separated the taxi industry to allow them to continue to operate and legislate for ridesharing — I think we need to make sure that, firstly, any compensation paid is seen as compensation in trying to establish the fair capital value for the licence. It is in two parts: it is in the transitional part, which is the \$100 000, \$50 000, \$50 000, \$50 000 and whatever the Fairness Fund decides. It is not for any other reason, and that should be included in the legislation, Chair. It must state there that any payment made is in fact because we have restructured the industry, and it is a recognition of trying to determine fair capital value.

Why is that important? Because if the Parliament will put that into the legislation, that will give to the ATO an instruction that this has nothing to do with income replacement or anything else. It is simply to do with the reduction in the capital value. As you know, the ATO has in recent times decided to tax some of these similar sorts of payments because they have determined, through the looseness of the legislation, that in fact it is income replacement. This is not income replacement. This is restructuring and the removal of licences. It is the denuding of the taxi industry as we know it. So that is the first point I would like the inquiry to consider and hopefully try and influence the government that that amendment be made.

Secondly, the Fairness Fund has been established outside of legislation. It could be stopped tomorrow. Any claims that are made of the Fairness Fund may not be honoured. I am not saying that they will not be honoured, but they could be. I think it is important that the legislation be amended to recognise the Fairness Fund and to put within that, if you can, the guidelines by which those who sit on the Fairness Fund are adjudicating the claims of the licence-holders. So I am suggesting that there should be legislation to recognise the Fairness Fund.

I would further like to suggest that the Fairness Fund is being talked about in a way that there might be \$50 million to meet any claims that are made under the Fairness Fund. The Fairness Fund has been sitting as a group of individuals in judgement of people at the moment based on their needs, financial hardship et cetera. No payments have been made as yet. It was established to try and short-circuit the pain that some of these people were going through, and yet no payment from the transitional fund or the Fairness Fund has been made. But the government are talking about an upper cap of \$50 million which will be funded by the \$2 levy. Can I make a suggestion to you. I do not know what the Fairness Fund is going to recommend. I hear that they are going to discard some claims because they cannot prove up the claims that the individuals are making. On the other

hand, I have seen evidence where I think they are being fair and reasonable and there will be amounts of money paid eventually. I would like to suggest that the \$50 million talked-about cap be removed in terms of discussion, and in the legislation we indicate that the proposed \$2 levy stay in place to meet any and all of the recommendations of the Fairness Fund so that for those who have made claims, if the totality of their claims is above \$50 million, the government will honour the decision of the Fairness Fund committee.

The government have indicated that they are prepared to extend the \$50 million, but I think on behalf of the taxi owners they want assurance that this government or the next government are not going to alter the basis on which they work. The beauty of this is that it allows the levy to stay in place to cover the total cost of any award made by the Fairness Fund. It will not be great over a number of years, but it is fair and it is equitable.

Chair, I would also like to ensure if the legislation is passed, hopefully with amendment, that once royal assent is given all payments under the transitional aspect of the compensation plan should be paid within 30 days. These people have been waiting for months. Their lives have been destructed and for many their mental health is chaotic. I know of two deaths. I will not put my hand on my heart and say they are suicides, but I think they are. So there has been a great deal of stress. The question is: whatever form the legislation takes, when it has passed the Parliament, received royal assent, I would like this committee, this inquiry, to strongly make sure in the legislation there is a provision that will enable the payments to be made quickly.

Again I have had assurances that that will happen, but I think it is important that we actually have it in the legislation. To be quite honest, I would like the same of any allocation made by the Fairness Fund. The Fairness Fund have been sitting. They have interviewed a lot of licence plate holders. They have made their decisions, good and bad; I do not know the outcome of individual applications. But I think it is only fair and equitable that if the Fairness Fund has made a decision in favour of a licence plate holder which together with the transition fund represents a reduction in the capital value of the licence knowing that the licences will all be revoked the moment the legislation is passed, then the moneys allocated by the Fairness Fund should be paid — in fairness, in decency — to those who claim them.

Now the government might say, 'Well, that's going to be millions of dollars'. The \$2 levy, which I know some members of the Parliament are opposed to — I recognise that — is a fair price to pay over a period of time to make sure that these individuals are properly and fairly recompensed. That cannot only cover the capital of the money that is paid by the Fairness Fund but any interest that the government might accrue if in fact they pay out the awards decided by the Fairness Fund quickly. It is terribly important that we try and reduce the pain that these people are feeling.

Licence plate holders, as I said earlier, probably only number about 5000. They are not a political force as we know some other groups of Victorians or Australians are. They are small businessmen and women. They fundamentally act alone. They are, in the nicest way possible, not an organised political group, so they are just individuals or individual families who go back in many cases to just after the Second World War. This inquiry has the opportunity to make recommendations to the government that will not present the outcomes that I would like in the sense that had I been in control I would have enacted. As I said earlier, I would have continued to drive the taxi industry to provide a flexible, viable, professional service and I would have legislated ridesharing to meet the criteria of the community along the lines of the taxi industry where appropriate, particularly in terms of safety. That has not happened; I accept that.

I have, as I said to you before, had many meetings with Minister Jacinta Allan and there has been, I think, a fair amount of goodwill in those discussions. But I understand the electoral cycle, more importantly the parliamentary cycle, and I think you have only got a couple of weeks really left to go in June before the Parliament gets up until the end of the year. This cannot go on until the end of the year. These families, these individuals are hurting, and I would ask sincerely that the inquiry in its findings make recommendations which I hope the government in goodwill will accept in order that the legislation can be passed before the Parliament rises. Otherwise, the indecision and the pain will continue for another few months and that does not behove any of us, regardless of our political leanings et cetera.

People have asked me what is the right amount of money to pay in terms of the transitional fee, and there are amounts that have been floated and talked about. It is very easy to suggest an amount but I also understand that the government is the government and while we may agree or disagree with their legislation — components of it, actions, amounts — all we can try and do is influence change. From my discussions with the minister I genuinely think she would like to see this matter resolved. I certainly would, in the interests of those that I do

not represent commercially or in any other way than just trying to give them some support for what I think is an absolute injustice. But I hope that the government will take on board whatever your findings are. Given that the government themselves have made these changes, they then have a responsibility to resolve the issue quickly and fairly. I thank you.

The CHAIR — Thank you indeed, Mr Kennett. We will pass on to some questions. I have just got one to start with. We have heard today some very disturbing evidence about the impact of these changes on individuals, starting from suicide, attempted suicide, suspected attempted suicide, heart attacks, family breakdown — a whole range of hardships. But there has been no payment, as you say, from the Fairness Fund. Why is that the case? What is wrong with the Fairness Fund if it is not helping people through these difficult times?

Mr KENNETT — If I could try and accurately reflect the comments of the minister, I think she is waiting until the legislation is passed, because she says until the legislation is passed and we know we have the levy in place, then we cannot pay any moneys out. I have argued to her that this is not fair, and of course it is not until the legislation is passed, technically, that the licences are revoked. But in the meantime the capital value of all those licences has been absolutely reduced. And now the banks have been approaching many of these licence-holders because the asset which they used for borrowing has been totally reduced.

The minister would argue, I think, that we need the legislation to get the levy in place to fund the Fairness Fund. I think the minister argues that until the legislation is passed, taxis are still legal but of course without a value and with no prospect of a value, because they going to be replaced by a licence fee of about \$583 which anyone can apply for. That is one of the reasons I think we need this settled quickly.

As I said before, as you know, wearing my hat at Beyondblue I have met many of these individuals in the industry in diabolical straits. I did not say before that the two people I know of did die by their own hand, because at the end of the day you cannot be 100 per cent sure. But I can say to you very genuinely that this issue has brought them great distress and they are not with us today, and there is no other reason they are not. So it is one of the reasons why I would like to see this resolved. I would like to see the minister and the government understand that if you are going to restructure it and if you are going to reduce someone's asset, then you owe it to those people to do it fairly and to treat them in the same way as we have treated, and this government has treated, commercial fishermen in Port Phillip Bay.

The CHAIR — Mr Kennett, as you pointed out today, you have a closeness with the taxi industry that goes back some — it must be 30 years, I suppose, or getting close to it anyway.

Mr KENNETT — Last century.

The CHAIR — Also, with your involvement in Beyondblue and your concern about the mental health of people, could you expand a little further on what impact you have seen these changes have on those in the taxi industry? We have today had people give evidence that we could well have catastrophic results if this legislation is not handled properly.

Mr KENNETT — I do not doubt that you are going to have catastrophic results, because there will be many who have made submissions to the Fairness Fund who will have their applications rejected. Many of those, sadly, is because many of them are, in the nicest way, simple men and women. They do not have records going back a long time. Some of them do not use accountants. The Fairness Fund has KPMG advising and they are wanting to see records and evidence, and a lot of these people do not have them. Many of those who are rejected by the Fairness Fund are going to find themselves in diabolical trouble.

I have seen people in my office in tears. I have seen husbands and wives in tears. I have seen people who are losing their house. The best way I can properly describe it is: imagine yourself if the government came along and said to you that one of your own assets which you had worked hard to protect and develop is all of a sudden worthless. Where do you go? Who do you turn to? I have asked myself that question many, many times. If someone came along and said to me that my assets that I have worked for are worthless, I do not know what I would do, and I am, fortunately, better off than many other people. You are going to see everything. We have already seen just about everything, every emotion. You have seen funerals, you have seen people who are trying to be responsible, trying to do the right thing. We cannot imagine the pain because we are not in that position.

That is why the Parliament must act reasonably and fairly. Not left or right — I am not worried about politics of it. Just treat people decently. That is all I ask, and do it quickly.

The CHAIR — We have heard suggestions today that there could even be violence as a result of this from drivers and people who are desperate, if you want to use that term. Do you feel that that could be on the cards?

Mr KENNETT — I hope not. Again, there have been demonstrations where there has been acts of violence et cetera, et cetera, and I yesterday appealed to those in the industry not to act irresponsibly because it does not help all of those — it does not help you in adjudicating, it does not help those who support and I think, from what I have heard, the attendance of many today has been without any rancour whatsoever, and I would always advocate peaceful demonstration and certainly not violence.

Please understand, some of these people are losing their livelihoods — they are losing everything they have got. One chap I know, who has been here for 45 years, came to this country for a new opportunity, worked hard, worked as a taxidriver, earned enough money to buy a licence 35 years ago, got his house et cetera — it is all he has got. He is still driving. He is about to lose his house because the bank that used his licence and fully used the licence as the mortgage on his borrowing have said, ‘This licence is now worthless’. So he is not just losing his licence, he is losing everything he came to this country for and where he has raised his family.

Again, I am sorry we are at this stage. It is not the way I would have handled it. I am all in favour of legislating ridesharing, but the two could have coexisted very easily and very well. You would not have issued any more licences; you would have allowed those people who still have them to keep them, to trade and keep working et cetera. But that is not what the government has done, and there are models in New South Wales et cetera which are different. All I can do is work to what we have now. That is why the greatest plea I make is to have this legislation passed quickly. If it does not and if the government does not see fit to incorporate some of the things that I have suggested to you, which I hope you will consider in due course, the question you have got to ask yourself is whether you can honestly pass the legislation at all.

Mr MELHEM — Just following on from that, Mr Kennett, that is the issue that the government and the opposition — you made some mention about the opposition. The opposition cannot be saying the \$494 million the Andrews Labor government is going to put out is a slush fund to basically bribe or buy votes. We all believe that that is not the case. When you have got an approach like that from the opposition in relation to that, that makes life difficult. Secondly, the attack on the \$2 levy, which does not help. I am really pleased to hear you talking about that bipartisan approach because that is the only way to fix this problem, instead of playing politics. Have you got any sort of advice to both the opposition and the government on how to address that or expand on the point you made earlier?

Mr KENNETT — I have watched the debates and heard the comments from all sides of Parliament and I am not here today to be political. I am here with a hope of bipartisanship, which you referred to, which has got to be resolved. The amounts of money here are not inconsequential. Therefore it is, I think, acceptable that the government should be trying to over a period of time receive sufficient funding to pay out a fair capital value for these licences.

I think the fund you referred to first was the Hardship Fund, which was the \$4 million that was earlier in place. About 63 payments were made under that; not all of the \$4 million was paid. This is a new round, new legislation which has two components — the transition amounts and the Fairness Fund — all of which to me represent a reduction in capital value, with the government trying to establish for each individual, where they make an application, what is the fair capital value. So, Mr Melhem, I am not interested in the politics of this, but I will be, very much so, if these people are hung out to dry.

Now I am only an ageing superannuant, but I still have a voice, and I do not want to see these people hurt. Regardless of your politics, you have a responsibility as parliamentarians to treat people fairly. The responsibility of a government should always, firstly, be the safety of their community — forget your politics. Secondly, in this case, it has got to act fairly. So put your politics to one side; I do not care what they are. I will talk to you all, and I think the debate publicly to date has been reasonably conducted. I think under the circumstances, where there have been demonstrations and a bit of outbursts, that is understandable, but please understand that these people deserve to be treated as you would treat yourself or want to be treated under the same circumstances.

Mr MELHEM — One last question from me. Mr Kennett, you talked about how you work out the compensation. I think at one stage you were recommending establishing an independent body to deal with those who purchased licences before 1990, I think, from my reading of some of the areas you were looking at, and on a case-by-case basis for people who purchased licences post-1990. Would you care to elaborate on that model?

Mr KENNETT — I think, Mr Melhem, that is where the Fairness Fund's deliberations come into play, because they are sitting there adjudicating and they have got access to information that I do not have because they can call it up from the taxi secretariat et cetera, et cetera. I guess I am saying I am happy to hand over to the Fairness Fund the responsibility to adjudicate based on information that is provided. I know that is going to cause some hardship to some because they will not get any compensation, but I am not part of that. I am prepared to accept the process that is currently in place as long as it is equitably handled across the board. I am not quite sure, but I think you come from a union background. If you were leading these men and women as a unionist, I wonder if you would be making demands very dissimilar to what I am asking.

Mr MELHEM — No. I do not disagree with the demand at all, and I think I made earlier this morning that it is all about compensation. I think we should stop playing politics. I mean, people are arguing about the \$2 levy, worrying about consumers and everyone else. Let us call it what it is. It is important to get the right compensation.

Mr KENNETT — It is not even compensation; it is fairness. It is establishing the reduction of a fair capital value for a licence. That is all it is. It is just trying to ask, 'What is fair?'. We have had a system for 50 years. All of a sudden it is going to change. All right, governments have that right, but if you are going to have the right, then you have got to treat people fairly and equitably. That is all I would ask.

Ms DUNN — Thank you, Mr Kennett, for your presentation today. Clearly there are a range of amendments you have flagged that should be incorporated into the bill before us, but they do centre around this concept of fair capital value as, I guess, the cornerstone of that. I am just wondering if you have any views as to what that looks like, because of course it does come with its complexities because of the time span of licences that have been out there, the different prices people have paid and circumstances, and I just wonder if you have turned your mind to the nuts and bolts of what that looks like.

Mr KENNETT — I think there needs to be a new clause added, which is a very simple clause that says that any payment made under either the transition fund or the Fairness Fund is a payment that attempts to recognise the fair capital value of the licence that is being removed. I am not a draughtsman, but it does not have to be much greater than that. There just has to be a statement there that is specifically designed, as you would understand, to give the ATO a clear understanding of these payments, because I do not want to see people get their transitional fund treated one way and any Fairness Fund treated another. It would be grossly unfair, because no-one is going to be compensated or given value to the total capital value of the licence, so it will be a lesser amount in two components. To tax then one part of the component further reduces the capital value, so this is nothing else but fair capital value. I think it just needs a simple clause which designates what the payments represent.

Mr BOURMAN — In your presentation you said — I am going to paraphrase here — that the way you would see the perfect world, as perfect as it can get, is to leave the taxi industry alone, as is, and then regulate ridesharing. To ensure a level playing field given how much the taxi industry undergoes now, how would you see that regulation? What sort of thing would they have to put on ridesharing to actually make it fair, given that they would not have to have cameras in the cars, cages, back to base and so on?

Mr KENNETT — It is probably a very simple claim to make, but I would not have got to this position, to be quite honest. We have got a new player on the field which is giving the community different options. I accept that. I would make sure that I had enough information about the cars and the drivers to protect the public interest, and then I probably would not have issued any more licences, allowed the existing licences to remain, allowed the taxi industry to continue to use their taxi ranks as we know them today and allowed them to continue to operate and sell and trade those plates as they existed.

That would give me, the public, the opportunity as to whether I use a ridesharing device or whether I use a taxi device, and to be quite honest if — and I do not believe it is the case because I think the taxi industry is terribly maligned when something goes wrong within its ranks, when of course for every time a passenger is

disadvantaged, there is a taxidriver who is equally disadvantaged by someone who misbehaves — the taxis cannot provide a professional service, no-one is going to use them, so they are going to die on the vine.

Mr BOURMAN — Market forces.

Mr KENNETT — Yes, exactly. So you could easily have had the two systems. The trouble we have got now goes back fundamentally starting almost three years ago and the way in which it was originally started, which with Mr Baillieu's government was about reform. It was not about restructuring; it was about reform. That was Dr Napthine. This government has moved to restructure, and that is fine. That is the government's right. As I said, I would not have got to this position.

I do not understand why people do not appreciate this industry and do not appreciate the people who are in it. I mean, they are the salt of the earth, and they come from all nationalities and they have for years — Greeks and Italians et cetera after the war. So it still would have been possible. I just think we are too far down the track now. Too many people's lives have been destroyed by months and months of indecision.

Mr BOURMAN — One last question. It is about the infamous \$2 levy, which appears to be political but I will get with it. You said the \$50 million Fairness Fund should not be capped — no problems with that. But at what stage does that \$2 levy get stopped, or does it just become a new tax? I am not fond of taxing.

Mr KENNETT — Again, if I was there, I would put in a KPI that once the moneys associated with the Fairness Fund had been paid and any interest associated with paying the Fairness Fund moneys immediately had been met, that levy would have to be removed. That also could be contained in the legislation. With due respect, it requires separate accounting. So the Parliament is entitled to know, of the fund, how much has been spent, how much of the \$50 million is left? How much of the total allocations by the Fairness Fund — do we need to go to \$51 million, do we need to go to \$53 million? So the members of Parliament should always know, and then the Treasurer, if he pays out immediately, would be able to put an interest charge on it which would also be totally transparent. So it would have a life, and it is not going to be that long because the number of trips undertaken — be it by taxis and/or ridesharing — is substantial. So it is only going to be in place for a few years, and I know some think \$2 is a lot of money. It is nothing compared to losing your assets and not getting reasonable compensation, and we owe it to the community, I think, to do it.

Mr O'SULLIVAN — Mr Kennett, thanks for coming in today. A question that I have got in my mind — and I am looking for some guidance from you because we have heard a whole range of comments here today about the impacts of this legislation. We have heard about the assets becoming worthless. We have heard about payments coming under scrutiny from the ATO and perhaps having to pay tax on that compensation. We have heard about outside income that some of the families might have started to undertake as a result of this now precluding them from approaching the Fairness Fund. We have heard much of this sort of commentary. At the same time we are talking about fairness and wanting to resolve this quickly to take away the uncertainty.

In my mind a question I have is: how can we pass this legislation, how can we vote for it when there are so many holes in it, it is going to cause so many problems for so many people — and from your former position with Beyondblue you would know better than most the impacts that that uncertainty would have — but at the same time we are hearing that we need to resolve this quickly? So I am a bit confused as to where we should go in terms of having bad legislation with bad outcomes against ending the uncertainty.

Mr KENNETT — That is a good question, and it is made more difficult because of the remainder of sitting weeks in this parliamentary session. Had we had this inquiry, had we been sitting, at the beginning of the year, then we might have resolved all these issues and you would have passed it more normally. A lot of this is just parliamentary draughtsmen and women doing work quickly and efficiently and professionally, and I think they can do that. The real issue is whether the government is prepared to move on any of these things to allow that sort of instruction to be given. And if you cannot, if that cannot be done, then it is quite possible the legislation will not be passed and cannot be passed. My worry with that is, with due respect, these people, a lot of them, their condition is going to get worse.

The banks — and I am not one who attacks the banks; I know they have made mistakes in the past, but they are still the lenders to most of us for our mortgage and everything else, and we cannot do without them — they are under a lot of pressure, they are seeing these assets reduced in value, in many cases to zilch, so they are saying, to protect their shareholders, 'We have got to seize the assets that these people have'. So if this cannot be

resolved quickly, then we run the risk of it being held over until the next session, and the pain that these individuals have been suffering is only going to grow. So there is a human cost in all of this. But I understand the technical issue you are raising, and I think, personally, if it was a choice between the two, I would much rather not have the legislation than not provide proper provision within it to protect the individuals.

There is just one other alternative that I think is probably not feasible. The government could withdraw the legislation and they could introduce legislation as it affects ridesharing and allow the two systems to operate. They could do that in the same way that they have done it fundamentally in New South Wales to some degree. Now it would not be exactly the same, but you could do that. You did not need to disrupt the taxi industry. You did need to make provision for ridesharing, and if we had done that, no-one would be upset, with due respect, perhaps only the ridesharing, who are unaccountable at the moment.

Just understand, that sort of outcome would have put pressure on the taxi industry to modernise itself and to deliver good service et cetera, et cetera. And you are actually seeing this now with some of the taxis that have got what they would call 'more luxurious offerings' than just the common taxi service. So that is an option if anyone has got the courage to do it. Now that might not satisfy a lot of the taxi industry people, because they are in diabolical trouble at the moment, but I do not want to see legislation that is going to worsen their conditions.

Mr LEANE — Thanks so much, Mr Kennett, for your assistance to our committee. This is a precedent, I think for all of us, that we have an ex-Premier prepared to come and give evidence to our humble upper house committee.

The CHAIR — I think it could be a first for him too.

Mr LEANE — So we do appreciate that you have given us time to assist us. You will understand the two-party adversary democratic system better than me — much better than me. We actually have five parties sitting here, but let us go to the two-party adversary system. Taking on board 100 per cent of what you are saying about the \$2 levy and what that means, where it is going to go to and the importance of that, there has been a lot of sabre-rattling from one side of politics that it is an outrageous tax, that it is a slush fund and that it is all sorts of things. So being, I suppose, an icon of that side of politics in this state, have you had a chance to discuss with that side of politics the view that you have put to this committee today?

Mr KENNETT — Firstly, thank you for your kind welcome. This is the first time I have ever appeared before a Victorian parliamentary inquiry. I have never done so. I do not think I have ever attended a protest rally. The reason I am here should be seen as the seriousness with which I consider this issue, and I was first in this room 41 years ago, so it is a long time ago.

I am going to be quite frank with you. I have been terribly disappointed in the way my side of politics has handled this issue since the establishment of the inquiry under Ted Baillieu. With hardly any concept of what they wanted out of it, it has been an absolute, unmitigated, unfair balls-up. I have had discussions. I understand the political ramifications of the \$2, but I just want to leave you with an example, if I may. When I established Beyondblue in the year 2000, I established it here in Victoria and had it as a bipartisan group from day one. I had a former Labor health minister in Caroline Hogg and I had a former Nationals Party member in John McGrath on the committee. It is the bipartisanship of Beyondblue that has in part made it so successful, so much so that as you know I am planning to stand down at the end of June. I have been looking for three years for my successor, and it has taken me three years to get former Prime Minister Julia Gillard up as my successor. She will do a very good job.

I am appealing to the Parliament of Victoria: forget your politics and treat these people as you would treat yourself or you would have your children treated if they were being subjected to this restructuring and having their assets destroyed. So yes, I have spoken to all sides of politics on this issue. I guess that is partly why we are here, because the Parliament listened in part and the upper house sent it to a committee, otherwise we probably would have found ourselves with the legislation being debated without the inquiry having the opportunity to take on board some of the submissions that have been made to you to try and find an equitable way to resolve it.

I say to those who oppose some of the ingredients of this legislation to put themselves in the position of those the legislation affects and do whatever you can to be fair, equitable and, more importantly, decent. It does not matter whether there are 30 000 people or only 5000 people or even one person — parliaments are there to

protect the safety of the individual and to treat them decently. There are a lot of occasions where that does not happen, I understand it, and we make a lot of comments and say a lot of silly things from time to time; I have done that myself from memory, but it was last century, a long time ago. But this is an opportunity for this inquiry, regardless of your politics, to actually represent a small group of people who have no friends — not in the media, not in the unions — they are just hardworking men and women who deserve to be treated fairly.

Mr LEANE — Forgive me, I am struggling to understand your part of the submission around that ridesharing could exist with the current taxi system. The reason I am is that this is not the first inquiry that we have been party to — there was a previous inquiry — and a lot of the submissions representing taxi licence owners, taxidivers and the taxi industry were about how unfair the playing field was with new players coming in and some of those new players being multinational gorillas that do not care about a local jurisdiction's laws and regulations. That is why I cannot understand how you are saying that the two could live side by side but separately.

Mr KENNETT — I think very easily. I am not opposed to new technology, and what will happen is new technology will be continually introduced into the taxi industry as we know it today, and that is happening already. I think what the taxi industry and some of those who might have made those submissions say is that ridesharing is not subjected to the same controls that are imposed on the taxi industry by government, and that involves costs and it involves a whole range of registrations et cetera. I can understand some members saying they are fearful of change. A lot of people are always fearful of change, and the only thing we can be sure of is the rate of change is going to get faster and faster as our lives progress. But the real challenge, the real complaint, is not that new technology has arrived with a new system but in fact that those who are coming here do not have to meet the same standards of the taxi industry, which is costly and time consuming et cetera. If that was done — which is why I say I support legislation to legalise ridesharing.

And the other thing I think we are all aware of is that our population is growing; the demand for flexible transport services is greater, not less. I think the other thing that I can say, and you will have read, I am sure, is that some of those ridesharing services, not all, are starting to experience troubles themselves because they are new and because they are not able to be regulated, and many of the drivers are complaining about the amounts of money they are getting. A lot of the newer ridesharings have learned from the early ridesharings, and they are doing things a bit better. I think you need to legalise them and regulate them — that will not affect their efficiency in terms of moving from A to B, but it will put them on more of an even par. So I think you will find that the two will survive easily.

I saw a taxi yesterday and I spoke to the driver and, while I do not like the multiple colours that are now allowed, to get away from the yellow and pink that I wanted initially, it was brilliantly presented. It was neat, it was tidy, the driver was neat and tidy and the competition will keep them on their toes. But if they do not want to compete, they will sell their licence, or they will stop operating. I am not worried about competition, do not get me wrong, and I think the expressions you have referred to are more an expression of frustration from those drivers. I think there is plenty of work out there for those who want to work.

The CHAIR — Mr Kennett, in about three weeks time you will receive a transcript of today's proceedings. If you would be kind enough to proofread those — not that that will be necessary, but if you would be kind enough — that would be a marvellous thing. We thank you for making history with us today.

Mr KENNETT — Mr Chairman, can I thank you and your colleagues, and can I strongly suggest you do not send me a transcript. I never read anything I said in this Parliament in the 23 years that I was here. I never corrected *Hansard*. What you have said, you say and it is finished. So thank you. Please do not worry about sending it to me; I will not read it.

The CHAIR — We will save the stamp.

Mr KENNETT — Thank you for your time.

Witness withdrew.