

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

Witnesses

Mr Rod Barton, President, and

Mr Andre Baruch, Vice-President, Victorian Hire Car Association.

The CHAIR — Gentlemen, welcome to the public hearings of the economy and infrastructure committee. All evidence taken at this hearing is protected by parliamentary privilege. Therefore you are protected against any action for what you say here, but if you go outside and repeat the same things, those comments may not be protected by privilege. In fact I would suggest you not try that out.

Could I ask you to begin by speaking for about 5 to 10 minutes, just giving us an outline of what your concerns are, and begin by stating your name and position for the record. We will ask some questions after that. Thank you.

Mr BARTON — Good morning. My name is Rod Barton. I am the president of the Victorian Hire Car Association. Andre Baruch is the vice-president. To keep me on a leash — we know we are tight for time — Andre will read a prepared statement to start with, and then we will go to questions after that.

The CHAIR — Yes, great. Go for it.

Mr BARUCH — Thank you very much. Good morning, committee members. We appear here in our capacities as president and vice-president of the Victorian Hire Car Association, and, in addition, our capacities as operators within the hire car industry. I am also the owner of taxi licences. The hire car association represents the great majority of the 2800 issued licences in the hire car industry. Each one of these is a potential small business. The VHCA also includes strong support and membership within the taxi fraternity. We deeply appreciate the support that many members of this Parliament have shown our industry in times of major change and repeated challenges.

Our goal today in the limited time provided is not to argue against ridesharing or to oppose the deregulation of the industry. Indeed the VHCA strongly supports the introduction of ridesharing in the proper form so as to support the interests and safety of the travelling public. We also have no in-principle objection to the operation of Uber if done in full compliance with the law and on a level playing field. Our remarks today relate purely to our concerns with the Commercial Passenger Vehicle Industry Bill 2017 as it currently stands, along with our recommendations for how this Parliament can safely, speedily and economically address the challenge facing the Victorian transport economy over the next five years.

Others will no doubt tell you about the difficulty that our industry is facing. Since the government's announcement of its intention to revoke taxi and hire car licences with compensation limited to partial payments well below purchase prices, we are aware of at least two suicides from families left penniless. We are aware of at least a dozen families facing homelessness as banks demand further collateral for loans, dozens of retirees who will effectively lose their entire superannuation, several hundred small businesses facing closure, and we have lost track of the number of drivers and their families seeking support for depression, anxiety and hopelessness. We are informed that the hardship fund, which was limited to only \$4 million, has been paid out in full and, further, that 50 per cent of this — half of the fund to help those with an immediate and pressing need — went to the fund administrator or somewhere else.

Our estimate is that within three years on the current model 20 000 Victorians will either have exited the transport industry or be earning below minimum wage. Many of these are older workers with little expectation of finding other employment. However, our focus is on what can be rectified within this bill. Specifically our concerns can be summarised as follows: one, the bill confiscates property without compensation; two, the bill imposes a substantial compliance burden on small operators; three, the bill imposes a cost burden which is too high and should be removed; four, the bill devalues businesses without providing a pathway to an exit or an industry transition; and five, the bill on our advice violates human rights and is grossly unfair to those who have built an industry over decades. As such, this bill has been referred to the scrutiny of acts committee to reconsider compliance of this bill with the charter of human rights in light of specific legal advice received from counsel.

No compensation: the bill revokes all existing perpetual taxi licences and hire car licences; no compensation is payable for the revocation. Those who have currently temporarily assigned their licences do not even receive a new licence. They will be required to reapply should they wish to obtain a new taxi licence. Please note that hire car licences cannot be assigned. This means that numerous agreements will likely be terminated before the legislation comes into effect. The VHCA has received numerous telephone calls from vulnerable operators trying to understand what this means for them and their businesses. Through our conversations with government we understand there is a promise of further process through which licence-holders will receive

some payments for some of their licences, though this is limited and of far less value than licences were worth before the government made its announcement. However, none of this is contained in legislation.

The bill before you simply revokes licences. There is no timetable for when the government will introduce legislation that will provide for payments to licence-holders. As such, the industry has been and continues to be frozen with no investment possible. Operators looking to exit the industry also have no certainty for when, if ever, they will receive anything.

The government has made it clear that the amounts that will be paid are not compensation but are *ex gratia* payments. We understand this is for legal reasons. Regardless of which way the government goes on this, what is vital is that the payment is brought forward to the immediate. At the very least that will prevent dozens of families from bankruptcy. Banks have called in loans against licences which were previously considered to be completely secure government-related debt. With immediate payment, the losses for licences will be more manageable and the future strain on already stretched government resources will be lessened.

On the topic of compensation, our view is that compensation should be the value of taxi and hire car licences on the day before the day that the government made its announcement. In the case of hire cars this is a fixed amount of \$40 000 per licence. The Taxi Services Commission continues today to sell licences at this value. Out of this compensation, licence-holders will in many cases have to pay redundancies to staff and tax et cetera et cetera.

Confiscation of property: we are not lawyers, and we understand you are in receipt of a copy of the legal advice we have obtained including from counsel. A copy of this can be found in the handout left with you today. It is clear law that taxi licences are property. This has been settled by the High Court. Hire car licence holders are being deprived completely of the value of their property. It is clear that the confiscation of property is a breach of the charter of human rights. However, it is also a betrayal; a betrayal of the confidence of thousands of investors, both from Victoria and overseas, that have invested in Victoria. The government has had use of the money for decades in some cases.

We actually have received communication from numerous overseas investors who are interested in launching claims under investor state dispute resolution treaties for compensation. Our understanding is that the treaties are very clear that compensation must be paid for assets confiscated at the value of the asset before the government announcement was made. In the case of taxi licences, we estimate this to be around \$400 000 per licence. Most of the foreign licence-holders are not members of the VHCA, but we expect there to be numerous potential class action claims. We believe the Victorian licence-holders should be compensated at the same rate as foreign licence-holders.

Outcome: we therefore submit that the legislation should be amended to be comprehensive and provide for the compensation within the same legislation to prevent the industry suffering further years of limbo, to allow operators to exit if they wish and to save families and pensioners from penury.

The levy: we do not object to the principle of the levy. This is a reasonable approach to revenue raising by government. Given that licence fees have been cut for taxis and hire cars alike, it is important that government has revenue that is raised to pay for regulation. However, we are concerned that the \$2 per trip levy will have a major negative impact on industry, which has already sustained heavy losses. The \$2 per trip levy will cause prices to rise for the public without seeing greater revenue for operators. We are particularly concerned because the legislation will impose a heavy regulatory reporting burden for small operators.

Many operators are quite small. For example, restricted hire car or special purpose licence holders who operate wedding vehicles might have 40 to 50 trips per year, and these could be all-day jobs. The quarterly reporting obligations mean that to deliver \$80 to \$100 revenue to government, the operator will have to report quarterly and spend much more than this on compliance and registration obligations. As an aside, looking at the collection of this revenue, there will be a far greater cost to the government to collect this revenue than they will ever get back from it.

We suggest avoiding the imposition of an inefficient tax which will cost the government money to collect. We suggest that all trips booked through a booking service provider be levied at \$1 per trip. However, directly booked trips should be levied only for operators or companies that undertake at least 75 trips in a given quarter.

This means that providers like Uber, Silver Top and Yellow Cabs will collect and remit the levy in full, but the State Revenue Office will be able to avoid adding thousands of new taxpayers with the attendant costs therein.

Other matters the committee should consider: broadly, we are gravely concerned about the future of our industry. The last 18 months have destroyed any trust that the VHCA and most industry operators have in government. The government has cracked down on compliance by taxidrivers and hire car operators while completely ignoring the conduct of unlicensed operators. As previous parliamentary committees have determined, Uber remains illegal in Victoria. But the grand prix corporation — a government body no less — and the Spring Racing Carnival together entered into partnerships with Uber. Where the law is not being enforced, a vacuum develops. This is not good for the public's trust and travel operators altogether. The failure to enforce the law has devastated the belief of thousands in the fairness and basic reliability of government.

However, the VHCA takes a pragmatic approach. We would like to see regulation of the ridesharing industry with a view to ensuring three things. One, the viability of the industry into the long term with sustainable returns to allow for investment, capital expenditure and the long-term future. Two, minimum conditions for drivers to prevent a new generation of working poor, wholesale exploitation and drivers working dangerously long shifts. And three, proper protection for the travelling public, including insurance and a requirement that all rideshare vehicles have a 5-star ANCAP safety standard, veritable identification for all rideshare drivers and vehicles, and a maximum online time to prevent tired drivers being on the road.

At present, the sudden increase in the number of rideshare drivers has led to unsustainably low prices. Drivers are earning less than \$10 per hour while Uber and the others continue to operate at a loss and avoid all their taxation obligations. We would be pleased to answer any questions.

The CHAIR — Thank you very much indeed for that very comprehensive view. I have just a couple of questions if I could to start. You mentioned that this legislation and the changes have had a significant effect on a number of your members. Could you expand a little more on the impact that it has had on people in your organisation?

Mr BARTON — What has been reported back from the members now is, we are seeing about a 30 per cent drop in business. Since the announcement, it has been like someone turned the tap on. We cannot compete against a company that is subsidising their fares, nor can the taxi industry. That is the immediate effect in terms of income. In terms of selling of licences, selling your business, you might be surprised, but I was getting to retirement age and I want to exit the industry. The situation now is that I have a business which is 25 years old. I cannot sell it. I cannot give it away. These are the ramifications of what has happened with these things. Nine months ago the government made this announcement, and here we are talking about it still.

Mr BARUCH — Further to that, we have members — some of whom are in this room — that have suffered severe personal losses, who invested a few years ago in this industry and have found that they have lost the value of their licences, they have had debts called in, they are suffering personal problems — depression et cetera — all as a result of the beginning of the introduction of this legislation.

The CHAIR — I notice in your submission that you have suggested the bill may be unconstitutional. I am just wondering if your organisation or if you know of any other organisations that are prepared to test that in the courts if this bill is passed.

Mr BARUCH — Obviously we hope it does not get to that. Nobody wants to have a fight with the government in court. We would rather ward all of that off at the beginning, hence the review that this committee is doing. However, from what we have been advised — and that advice is contained inside this document here — some of what has been proposed does seem to go against the human rights, particularly in relation to real property.

Mr MELHEM — You made a comment earlier that the current licence you have cannot be assigned to someone else. Can you elaborate on that? I think Mr Barton, you said something about being able to sell it. I am a bit confused. Can you take us through it?

Mr BARUCH — Currently, just to give you a very brief outline of both the taxi and the hire car industries — —

Mr MELHEM — I am just talking about hire cars, not taxis.

Mr BARUCH — I understand that, but I need to say both to distinguish between the two. The legislation for taxis allows for the assignation, the leasing of a licence. So the taxi industry is in three levels. You have got the owners of the licence, you have got the operators and you have got the drivers. The way the hire car industry works is that each licence goes directly to a car and the legislation totally precludes the assigning of the leasing of that. So if I want to grow my fleet, I have to invest another \$60 000 at the time and \$40 000 now to buy a new licence to buy a new car. I cannot just lease another car from somebody else to build my business.

That is an imposition on the ability to grow a business if you will, and what that effectively means is for us to grow my business — and personally my business is now six vehicles in Melbourne plus associated affiliates all around the country — for each of those vehicles I have had to purchase a licence either from the government directly or from a business that I have purchased at a cost of \$55 000 plus GST, not plus GST depending on the circumstances. The government since then has reduced the prices. If I want to grow my business today, I have to go to the TSC and say, 'I'd like to buy another licence'. They will ask me for \$40 000. Hopefully they will advise me not to do it, given the current legislation that is being proposed and what is going to happen. That is the only way I can put another vehicle onto my business.

Mr MELHEM — But let us say the legislation passes. What is stopping you from buying another car? You do not need to pay \$40 000 or \$60 000. You could buy multiple cars and have other people driving them. I am just asking the question. Is that possible under the rules?

Mr BARTON — Absolutely possible, except you would have to have rocks in your head to come into this industry now. The market has collapsed. We are not unviable, but there is no way people are going to spend money to come into, I will not say taxis but certainly the hire car industry. Why would you do that? Why would you put any more investment into this industry with what is happening to us?

Mr MELHEM — Is that because Uber has taken a lot of the market share? I am just trying to get an understanding. Is that part of — —

Mr BARTON — They have been allowed to buy market share by the Taxi Services Commission instead of enforcing the law.

Mr BARUCH — Because the Taxi Services Commission has not cracked down on the illegal operation of rideshare vehicles providing a public passenger transportation service in breach of the law, not having licensed vehicles, not having licensed drivers et cetera, they have come in. Our customers who vote with their feet and vote with their money obviously look and go, 'I can take you guys for \$100 to the airport. I can take an Uber car that costs me \$30; I'll go that way'. The business has collapsed drastically. As stated before, there has been a 30 per cent cut.

Under the new legislation, yes, I can go and apply for a new licence. We have been advised there will be an administrative cost. There are a number of issues that go with that that have not been addressed. A lot of these are operational issues. For example, currently each licence comes with a VHA plate. That VHA plate gives us certain privileges, certain rights on the roads. We are allowed to use slip lanes on the freeway; we are allowed to park in loading zones in the city when we are picking up or dropping off people. We do not know, and we have asked the government and they do not seem to know, what will happen once this legislation is passed. Will the issuing of a new licence come with a VHA plate? Will there be particular plates that will identify rideshare vehicles? No-one has answers to this.

Mr BARTON — Can I just cut in for one second? The VHA plate is a brand. It is like the Mercedes-Benz emblem on the front of a car. When we drive into the driveway and they see a VHA, they know that we are professional drivers. They know we are licensed; they know we have got good cars and we meet all the obligations.

Mr BARUCH — And we are insured.

Mr BARTON — And we are insured. By taking the VHA plates away from the car you are making us all rideshare operators. That is simply not right. That will further damage the businesses.

Ms DUNN — Thank you for your presentation today. There are a couple of things I wanted to raise. First, you mentioned that there were 2800 hire car licences at the moment.

Mr BARTON — That is correct.

Ms DUNN — I do not necessarily expect you to have this answer right now, but I am interested in understanding how many licences are assigned to how many people or businesses; whether there is a large amount of people who hold single licences or companies that hold multiples. I certainly do not expect you to have that detail.

Mr BARTON — I can give you a good guesstimate.

Ms DUNN — I will take that for now, but you can come back to us with the other.

Mr BARTON — I certainly think more than 90 per cent of the industry would have one or two only licences — mum-and-dad businesses.

Ms DUNN — I am not sure if you were here for the presentation we had this morning or not, but there was a suggestion that in terms of competition companies may choose to absorb the \$2 levy into their operating costs rather than passing that on to the consumer. I am just wondering if you have any views in relation to that.

Mr BARTON — Funnily enough, I do.

Ms DUNN — I thought you might. Do go on.

Mr BARTON — The minister did stand on the steps of Parliament with a company which had never moved a passenger in Victoria and suggested that we should absorb the costs. My business is my life for me and my son-in-law. That little cost to us, without administrative costs, is between \$7000 and \$9000 a year, so she is asking me to take a pay cut of \$7000 to \$9000 a year to accommodate Uber. That ain't going to happen. We are going to pass that cost on.

Mr BARUCH — I will add to that. Similar legislation has been passed in South Australia. Our affiliates are already passing on not only the cost of the levy but the administrative costs as well to us, and it is fairly safe to say that most operators, if not all operators, will do the same thing if that levy gets passed here.

Ms DUNN — In terms of the South Australian example you raised, do you have an idea of what that percentage of their levy is?

Mr BARUCH — Their levy is \$1 per trip.

Mr BARTON — It is \$1. They are rounding up the — —

Ms DUNN — In terms of the ratcheting up to cover off on admin.

Mr BARTON — They are rounding up to \$5.

Ms DUNN — Five?

Mr BARTON — Yes.

Mr BARUCH — As a percentage of the trip, that depends on the value.

Ms DUNN — Yes, because that is going to vary.

Mr BARUCH — Yes.

Ms DUNN — That is a good indication.

Mr BOURMAN — Thanks for the presentation, guys. I am going to ask about consultation. I was reading in your little booklet — sorry, press release by the minister — that it says 'after X number of years', whatever it is, 'of consultation'. Did the Victorian Hire Car Association get consulted during the course of the bill being constructed?

Mr BARTON — Not through the construction. I personally sat on the Andrews government ministerial hire car forum. I was nominated to go onto the rideshare working group, and certainly what was discussed there blindsided us when the legislation came out. We did not see it coming at all.

Mr BOURMAN — Without going into too much detail I am going to assume that what you discussed there was not how it sort of panned out later. Would that be a correct assumption?

Mr BARTON — No.

Mr BOURMAN — Fair enough. Were you guys just a representative of the hire car people or were there more?

Mr BARTON — On the ministerial forum there was another rideshare operator — a rideshare operator, might as well be. There was another hire car service there, yes.

Mr BOURMAN — Most of my questions go to your legal advice, and I am going to take a wild stab and say you guys are not qualified to answer. The last thing I will ask is: you mentioned that temporary licences will be revoked and the holder will have to reapply. How long is a temporary licence generally for? Is there a set period, like for a month, a year, whatever?

Mr BARUCH — Temporary licences?

Mr BARTON — We are not sure — —

Mr BOURMAN — I heard something about temporary licences. Temporary licences will be revoked and the holder has to reapply.

Mr BARUCH — No, that was an assigned taxi licence. For example, the taxi licences that I hold are assigned; somebody else operates them. Under the proposed legislation the government is going to take them off me, take away what I have invested in the industry, take away the income I am getting from those assignments, and if I want to then own a taxi licence, I have to reapply because the government will issue a new licence to the assignee.

Mr BOURMAN — When you say ‘assigned’, someone else owns it; they assign it to you.

Mr BARUCH — Yes.

Mr BOURMAN — All right. You obviously have to pay for it.

Mr BARUCH — As an assignee, yes, you pay a rental payment.

Mr BOURMAN — That will be taken off you.

Mr BARUCH — Correct. Why would somebody continue to pay the cost of an assignation for a licence they can get from the government more or less for free?

Mr BOURMAN — Of course, yes.

Mr BARUCH — So my rental payments are effectively being taken off me.

Mr BOURMAN — It remains to be seen as to whether that is property or income or whatever. As I said, most of my questions relate to some of the stuff your solicitors have brought up.

Mr BARUCH — I think it is fairly clear that the rental payments are income, but the actual loss of the value of the licence, the loss of a capital asset, the loss of profit — —

Mr BOURMAN — Correct. In fact the assignee will not be the person that loses the asset; it will be the person who holds it.

Mr BARUCH — Correct.

Mr BOURMAN — Thank you.

Mr O'SULLIVAN — Just a couple of quick questions from me. You were talking about some of the personal impacts that this is going to have on families and people who are directly involved. That is frightening, some of the information you were saying before. As part of your presentation you have probably glossed over it very quickly, but just reflecting on some of that, it is pretty harsh stuff to be hearing some of those words here this morning.

Mr BARTON — Very serious stuff.

Mr O'SULLIVAN — Yes.

Mr BARTON — Can I just tell my little story? You represent northern Victoria, don't you?

Mr O'SULLIVAN — Yes.

Mr BARTON — I lived in Stanhope, so you know where I am.

Mr O'SULLIVAN — Yes, absolutely.

Mr BARTON — My wife and I bought a small farm up there to retire to. For the last 10 years we threw everything we had at it, trying to restore it, build it up and all that sort of stuff. We tried hanging onto that farm to retire up to. Because of the 30 per cent downturn in our business we had to make a decision as to whether we could hang onto it. We could not do it. We have had to sell it. We now live in a rental property in Gladstone Park. I am 60 years of age. What is the chance of me being in a position to buy my own home again now?

I do not mind the competition. We are more than happy to take them on on a level playing field. Please do not misinterpret what we are doing. We want to take them on, but we cannot take on a company that subsidises their drivers wages. They are giving 40 per cent discount on fares. We are having rolling strikes by Uber drivers now because they cannot make any money. We cannot compete on stuff like that.

We have not learned anything in Australia from what is happening around the world. Germany, for instance — if I may just go into this one — Germany has not only already kicked out the equivalent of UberX, they are now going after UberBLACK because of anti-competitive behaviour. If this was manufacturing, there would be protection for us because it is dumping.

Mr BARUCH — Can I add to that, what my colleague here is too humble to say, and I know he will allow me to say this, when he sold his farm it was secured against a couple of his hire car licences, and the bank turned around and said to him, 'Mr Barton, these are worthless. Please pay them out'. So he has now not only had to sell the property because of the downturn in business, he has had that capital that he has invested taken away from him so he cannot reinvest into a new home when he retires.

Mr BARTON — There is an argument to say, 'Right, but you own a business with no debt'. I cannot sell the business. That is the reality. That is the position we have been put in.

Mr BARUCH — To continue further, to answer your question as well, Mr O'Sullivan, there are plenty of families in the taxi industry that have come out here as hardworking immigrants 20, 30, 40 years ago, been in the industry, worked as a driver, worked day shift, work night shift, worked hungry shifts — which I do not recommend to anybody, having done them once or twice, and that was all I ever did. They have succeeded, they have built up, they have seen the value of a government-controlled, government-protected, government-backed industry. They have invested; over the years they have invested in two or three licences. They have taken on debt to do this — a debt of up to \$500 000, \$1 million, depending on how many licences. The government has now turned around and effectively said to them, 'Thank you for all your hard work. See you later. It's not worth anything'. This is not conscionable behaviour.

Mr O'SULLIVAN — What is the industry going to look like in, say, five years time, in your view?

Mr BARTON — Very, very different. I think one of the things that we forget — this is my line, and everyone gets annoyed with me saying it — I drove cabs, my dad drove cabs and my uncle is another cab driver; it is in my DNA — I understand the cab game. The cab industry has a social and a community role that only the cab industry can do. It is not commercial. As we know, out in the country it is hard to get the cabs and all that sort of stuff. But the problem we have got now is not Uber up there, but it is the fact that we have got

20-year-old blokes with their old cars advertising on Facebook and Gumtree and things like that, 'Cash for rides'. How is the TSC, how is the State Revenue Office going to catch these? There is no way. It is only a question of time when we have an incident — a question of time. As you know, in the country it is a completely different ball game up there.

Mr BARUCH — As well, gazing into a crystal ball, over the next two to three years you will see the industry become highly commoditised. People will stop seeing the value of the service that we provide. They will just see: it is transportation; it is not a service. The industry will dumb down. In my opinion, the drivers that do come into the industry are those that cannot get employment anywhere else. It will be an ever-increasing tumble to the bottom. Unfortunately I think the flow-on effects of that are going to be felt particularly in the disability sector. Those who are relying on their wheelchair accessible taxis to get them around will find that there just simply are not any there. I think this is a major problem. To my understanding, taxis still form part of the essential services. They have to be there. I am not sure what the government is planning on doing to ensure that that continues. It is a worry.

Mr LEANE — I think it has already been fleshed out — I wanted to just discuss the importance of creating a level playing field, which obviously is not there. But I think you have pretty much fleshed that out on previous questions, so I think I will leave it at that.

Mr BARUCH — Can I comment on that? As hire car operators, we do not have an issue with a level playing field, whatever that means. We firmly believe you do not create a level playing field by shafting those that are already in the industry. If you want us to operate truly on a level playing field — where we have got the same cost constraints as the new entrants — buy our licences back from us at what we paid for them.

Mr BARTON — We are not asking for favours. There is a simple thing here. Since 2004 the hire car industry has tripled in size, and all those extra licences were sold by state governments, right? From 2004 to 2013 it was \$60 000, and we bought them from the government. Now they are turning around and saying, 'You can have 25 for your first one, and 12 and a half, and if you have worked really, really hard and you have more than four licences, we going to give you nothing'.

Mr BARUCH — They have not even put that in legislation, Rod.

Mr BARTON — Yes, there is nothing. We just do not trust them. We have seen nothing in writing.

The CHAIR — Could I just ask one final question. What you have told us today is deeply disturbing in terms of the impact that these changes will have on quite a number of people. What are you and what are your members going to do if this bill goes through in its current form? I mean, in terms of your own personal futures, what will you have to do to survive?

Mr BARUCH — In the vernacular, Mr Chair, we have to suck it up. What choices do we have? Again in the vernacular: it appears that under the current legislation the government wants to shaft existing operators in the taxi and hire car industry — not a very smart look by my book. Some of us will survive. The hire car businesses will keep going. We are just taking a massive hit to our assets. What will happen is those that do survive and do come out of it emotionally unscarred, which will be very, very, few of us, will be reliant upon the government for handouts. We are reliant upon the governments for the dole payments so that we can continue to make ends meet. As well there will be a call on the health services from the government because people will be suffering and will need to get assistance.

Mr BARTON — The industry will move from full time — the majority of the industry being full-time employees — to having the casualisation of the workforce. People will come out and drive for a few hours, but they will have to hold down other jobs and stuff like that. That will be a reflection on the standard of services that we do for international tourism, the corporate sector — all that sort of stuff. We dominate the prebook market; that is all changing. The areas where it is first affecting us are in the social side of things — people going to the races, dinner transfers, all that sort of stuff. In the longer term the hire car industry is in a lot of trouble.

The CHAIR — What are your hearing from your own members about how it would impact them — their lives, their families, their homes?

Mr BARTON — They want to exit the industry.

Mr BARUCH — People do not see any hope of going forward.

Mr BARTON — There is no future.

Mr BARUCH — We would like to exit the industry too. We cannot at the moment because we cannot put a value on our businesses. As we have said, there is too much uncertainty. We cannot trade the businesses. We can continue trading day to day, but to actually trade the businesses — to buy, to sell, to invest — it is too hard. Nobody knows what is happening; no-one is going to put any money out.

Ms DUNN — Earlier in your presentation you were talking about the levy and you talked about, I think, an exemption for people who do 75 trips or less per quarter. I just want you to unpack that a little bit.

Mr BARTON — Yes, small operators. They might be people who have got an old Rolls Royce or an old classic car and they just work on weekends. What we are suggesting is that perhaps instead of these people having to become a registered booking service provider and doing quarterly reports and that — because, remember, this was supposed to get rid of red tape, and we are now imposing a level of red tape over the businesses.

Mr BARUCH — It is becoming a tax agent effectively.

Mr BARTON — Yes, we have become tax collectors for the state government. These people, that is a burden for their business, and the government will actually have to spend more money to collect that because they only collect such small amount.

Ms DUNN — Because it is so tiny.

Mr BARTON — Yes, so we are suggesting remove them from the equation and leave the bigger operators to wear that cost.

But can I say just one thing, which really winds me up. I am not sure if the committee members are aware, we do not believe for a second that this levy is just about raising money for the compensation fund. We do not believe it for a moment. There are 5600 cabs in Melbourne. Around 2000 of them are owned by the state government. They lease these licences for up to \$23 000 a year. They have been raising tens of millions of dollars over the years from this revenue stream. Since 2003 there are probably close to \$35 million worth of hire car licences they have sold. So the reason why they have put no sunset clause on it, the reason they have not put a dollar amount on the thing, is because this is a replacement tax for the revenue they are going to forego when they change this legislation — in our view.

Ms DUNN — Thank you.

Mr BARUCH — We believe it is important that the committee notes the magnitude that the government is holding of taxi licences that they currently assign, because it does have an effect on the government's thinking and what they have done and why they have framed the legislation they have. We note in our information that we have given you that the introductory memorandum says that the levy is a tax. This is the same government that Premier Andrews got up and said there will be no new taxes. He is introducing a tax now.

The CHAIR — Gentlemen, thank you very much for being with us today and for what I regard as a significant contribution to the operations of this committee. You will receive a transcript from Hansard in the next two or three weeks. If you could check that and proofread that, you will find no mistakes but please do that and get back to us. We thank you very much for your time and your contribution today.

Mr BARTON — Thank you for hearing us.

Witnesses withdrew.