

TAXI AMENDMENT BILL 2003

Second Reading

Resumed from 19 August.

MS K. HODSON-THOMAS (Carine) [12.37 pm]: The Taxi Amendment Bill 2003 amends the Taxi Act 1994 and, as the Minister for Planning and Infrastructure outlined in her second reading speech, its purpose and intent is to enable the Government to issue further taxi licences for lease in addition to those available for sale by tender. The explanatory memorandum states that, firstly, the Government is committed to working with the taxi industry to determine how best to restructure the industry to provide fair returns to drivers while offering the public an efficient, economical and safe service; and, secondly, to ensure that taxi response times meet reasonable consumer demands. The Opposition supports those measures. As we know, the Minister for Planning and Infrastructure instigated a review of the taxi industry, which was chaired by her then parliamentary secretary, Hon Graham Giffard. That process looked at the metropolitan taxi industry with a view to achieving two main objectives: first, a fair return for drivers and owner-drivers in addition to offering the public an efficient, economical and safe service; and, second, to address the requirements of the National Competition Council.

I will briefly touch on the Government's commitment to work with the taxi industry. This is certainly contrary to the discussions that I have had with the industry, particularly drivers, owner-drivers, investor owners and the Taxi Council. They are appalled by the process thus far particularly by the way the industry was asked to be involved in the consultation process and the way the survey was established. The industry believes that the survey was flawed and that the minister kept talking the industry down. As a result, it contributed to destabilising the industry and had an adverse effect on it. With regard to the improvement in the level of service in the taxi industry, it has been subjected to performance standards for almost three years. I understand that over those years the Government has measured consumer demand, which has taken into consideration satisfaction and service delivery. During that time it appears that business in the industry has increased. I understand that the performance of the industry is currently higher than any other mode of public transport in Perth, including the free CAT bus service. It is also interesting to note the industry's concern about the minister's continued smearing of the industry, which has done little to encourage it or, more importantly, provide confidence in that review process. People tell me that talking the industry down has adversely affected their trade and led to a growing unrest and a great deal of uncertainty. The industry has wanted to work with the Government to improve its lot. However, as I stated previously, it believes that the process was flawed. Nevertheless, it acknowledges that there is a need for further plates to be issued.

Currently, there are 1 114 taxi plates made up of 924 conventional plates, 102 peak period plates, 81 multipurpose plates and eight area-restricted plates. Since 1989 only one conventional plate has been issued. That is a long period and must cause some concern about the small number of plates being issued. However, over that same period 101 peak period plates, 81 multipurpose plates and a further two area-restricted plates were issued. Recommendation 8 of the Giffard review was that there be a release of 28 conventional taxi plates, four multipurpose taxi plates, 12 peak period taxi plates and six area-restricted plates. As we know from the explanatory memorandum, it is the Government's intention to issue licences for 32 conventional taxi plates, four multipurpose taxi plates and 12 peak period taxi plates. That is almost in line with Hon Graham Giffard's recommendation 8 as a result of his review. I intend to seek some clarification from the Minister for Planning and Infrastructure on whether she has figures to support the immediate issue of those 48 plates for lease and whether those figures can be supported by data and statistics. Given that the service performance levels are currently at about 90 per cent, I will be seeking further clarification from the minister to justify the issue of that number of conventional plates. The issue of an additional 32 conventional plates is of concern to the industry as a whole. The minister needs to allay the genuine concern of the industry that this may reduce the earning capacity and income levels of drivers. Service in the peak periods is down and disability taxi numbers are below regular fleet levels. It is in these areas that future taxi plates will be most needed. Future plate releases should be based on performance standards. The Government has access to taxi company data that should be used in assessing how many plates should be issued and what types of plates are required.

From discussions I have had with the Taxi Council of WA, I understand that the minister, in about December 2001, intended to establish a realistic benchmark for the issue of plates through the taxi unit. However, it begs the question as to where that benchmark is and if it has been established. I would like the minister to provide details of the benchmark because to date that information has not been forthcoming.

I take this opportunity to raise a number of issues and foreshadow that I will be seeking some clarification from the Minister for Planning and Infrastructure during consideration in detail. First, with regard to the definition

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pental; Mr John Bradshaw; Ms Alannah MacTiernan

change from plate owner to plate holder, I hope the minister can assure the industry that the change to this definition does not in any way affect the private taxi plate owners, particularly their certificate of ownership. Second, with regard to the issue of taxi plates for lease by government by invitation only, can the minister clarify how that process will be conducted; whether the Government will determine the outcome via a ballot system to determine who is the most suitable applicant; what will happen to unsuccessful candidates if the process is oversubscribed; and whether a ballot system or a meritorious system will be implemented to determine who is the most suitable applicant for the issue of that taxi plate. I have been told that a meritorious system ensures that the best drivers are awarded plates. Rewarding drivers on a merit system is fairer and more transparent. It serves the public interest and it will motivate other drivers, which is obviously a good outcome.

I will also seek some clarification from the minister about the guarantees for the issue of further licences and whether this will be an annual proposition. In the minister's second reading speech there is a proposal to make this an annual occurrence. I hope the minister can address this matter by advising us how she intends to issue those licences, outlining what the process entails and how the number will be determined, and telling us whether she will have an open dialogue with the industry. The industry has certainly raised that as a concern, particularly with regard to its drivers' income levels and how it will affect them. That nervousness stems largely from the experience of deregulation of the taxi industry in the Northern Territory, which had some adverse effects. I know that the minister sent Hon Graham Giffard to the Northern Territory to examine what happened there after its industry was deregulated. Concerns were expressed about the level of service and the reduction in income for drivers. As a consequence of that, and quite rightfully, the Western Australian industry has some genuine concerns and would like to know how this change will ultimately affect it.

The industry has also raised with me its concern about the Government's intention to compete with small business and what the legislation before us proposes, especially if it is likely to devalue the current value of taxi plates. The industry will feel greater confidence if the minister can provide some pricing mechanism embedded in regulations to ensure that the Government does not undercut the private market by more than 10 per cent. In this regard, it is hoped that the minister will have open dialogue with the industry to ensure the best possible outcome.

Another important issue is the taxi industry development fund. I understand that the fund was established for taxi industry members to contribute funds, such as transfer fees of plate sales, annual licence fees and tenders for plates. It was intended that the fund would be used to benefit the entire industry. The purpose for appropriating the funds was limited to industry research, promotion and development. It appears from the Bill that the taxi industry development fund will see the taxi industry without any funding for promotion and development.

Ms A.J. MacTiernan: How do you work that out?

Ms K. HODSON-THOMAS: I seek some clarification from the minister. That is the industry concern, and industry members hope the minister will allay their concerns. Is it correct, minister, that currently they apply through a grants scheme?

Ms A.J. MacTiernan: Yes.

Ms K. HODSON-THOMAS: Will it still be ongoing?

Ms A.J. MacTiernan: Yes. Very little money is going into the fund now because there has not been much turnover in plates. This is why what you call "the industry" is a joke. There's no money in the fund. Nothing can be done. This measure will provide income for the fund.

Ms K. HODSON-THOMAS: I understand that regular income will go into the fund. Can the minister guarantee that the industry will be able to apply for promotion and research, as was done in the past?

Ms A.J. MacTiernan: Absolutely. We will actually have some money to do it.

Ms K. HODSON-THOMAS: The minister could always put in some money herself, and not spend so much on the south west metropolitan railway!

Ms A.J. MacTiernan: You were committed to the railway line, weren't you?

Ms K. HODSON-THOMAS: I am committed to seeing the best public transport outcome for the public.

Ms A.J. MacTiernan: Just don't spend any money on it.

Ms K. HODSON-THOMAS: No, minister; I am committed to a positive outcome for commuters. The minister will short-change people in the community.

Ms A.J. MacTiernan: Is that by getting them into town too quickly, and cutting short their rail journey?

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pental; Mr John Bradshaw; Ms Alannah MacTiernan

Ms K. HODSON-THOMAS: No. The minister will short-change people with the tunnel along the foreshore. I hear rumours that the minister does not have money for escalators, so incredibly long ramps will be provided.

Ms A.J. MacTiernan: Where is this?

Ms K. HODSON-THOMAS: At all of the stations.

Ms A.J. MacTiernan: Are you familiar with the provisions of the disabilities legislation?

Ms K. HODSON-THOMAS: Absolutely. Ramps must be provided.

Ms A.J. MacTiernan: That is why we are putting them in.

Ms K. HODSON-THOMAS: Is the Government providing escalators?

Ms A.J. MacTiernan: At which stations?

Ms K. HODSON-THOMAS: All of them. There are escalators on some of the northern suburbs stations.

Ms A.J. MacTiernan: All of them?

Ms K. HODSON-THOMAS: I have not been on every single station. I suggest that some stations will not have escalators. It will be interesting to determine from the detail of the minister's supplementary master plan whether those matters have changed.

As an Acting Chair, I know I am supposed to be dealing with the Taxi Amendment Bill 2003. Thank you, Madam Deputy Speaker, for your forbearance in allowing me to digress a little.

Ms A.J. MacTiernan: More like deviate 11 kilometres.

Ms K. HODSON-THOMAS: The minister loves saying that! I am committed to seeing the best possible outcome for commuters.

Ms A.J. MacTiernan: If you can give them value for money with a longer journey for the same price, will you give them something better?

Mr M.F. Board: Can you guarantee that my residents will get into the city faster?

Ms A.J. MacTiernan: I can guarantee that the Rockingham-Mandurah rail link will be competitive with the motor car and will not deviate and wind its way through the south east corridor.

Ms K. HODSON-THOMAS: Good public transport is also about having strong urban density.

Several members interjected.

The DEPUTY SPEAKER: Order! The member for Ballajura will come to order. Members are not quite speaking to the subject at hand.

Ms K. HODSON-THOMAS: No. We will stop digressing and return to the Taxi Control Amendment Bill 2003. The minister has allayed some of my concerns regarding the taxi industry development fund. I will possibly seek further clarification during consideration in detail.

Having made these few remarks, the Opposition will not support the legislation given the concerns I have raised. I know other members will comment in this regard. I have had discussions with the industry as a whole, and I will continue to represent its interests. The reasons for opposing the legislation stem largely from discussions and the handling of the taxi reform process. Clearly, obtaining a taxi has been difficult at times, as is evident from reports. Invariably, those times arise when the US fleet is in town, and other such matters. I experienced it when I picked up my son and a number of his friends at Fremantle in the early hours of the morning. Many young people were waiting for cabs in the early hours of that morning. It is unacceptable to think that young people are unable to get cabs during those times. There is certainly a need. The minister will get her opportunity to speak. There is a need to address those demands.

Ms A.J. MacTiernan: On a point of clarification: you are opposing the Bill, but if this legislation does not go through, how will it make the industry better? I think it is important to understand that point. What will be the positive benefit to the industry if the legislation is not passed?

Ms K. HODSON-THOMAS: I am not convinced there is to be a positive benefit.

Ms A.J. MacTiernan: The new plates will be issued. We do not need the legislation to issue new plates. Do you understand that?

Ms K. HODSON-THOMAS: I would have thought that the minister would need the legislation.

Ms A.J. MacTiernan: We do not need the legislation to issue new plates. It will allow us to issue new plates on a different basis. If it does not go ahead, we will issue new plates but it will be far less beneficial for the

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pandal; Mr John Bradshaw; Ms Alannah MacTiernan

industry, for drivers and for people who describe themselves as “the industry” who want some money in the taxi industry development fund. There will be losses all round.

Ms K. HODSON-THOMAS: I understand that point. This measure will allow the minister to compete with small business. So far, the minister has not convinced people in the industry that the change will not undermine their economic viability.

Ms A.J. MacTiernan: There will be new plates, member.

Ms K. HODSON-THOMAS: I realise that. The minister will be issuing an extra 48 plates.

Ms A.J. MacTiernan: We'll do it with or without this legislation. Anyone who has more than two neurones would understand that that proposal protects the interests of the existing players in the industry more than the alternative proposal. We will release the plates come hell or high water. The question is whether we will do it by way of a lease payment to allow more people into the industry and to allow money to accumulate in the taxi industry development fund, or must we do it in a way that will truly undermine the existing players. What you are doing, member, has not been thought through.

Ms K. HODSON-THOMAS: The minister can make those remarks. During consideration in detail she may well allay some of the concerns the industry has about this. The industry is not comfortable with the process. It feels as though the minister has not dealt with it in an open way. I know she has some concerns about the Taxi Council. That is quite evident from a response she gave to a question on notice I asked about buyback for taxi plates. The minister's response was -

The Government will not proceed with a buy-back plan for the metropolitan taxi industry. Unfortunately, the hysterical and dishonest campaign of the Taxi Council made it impossible to have the issues rationally considered. Hence we will focus on the other aspects of reform.

That might be the minister's view of the Taxi Council. However, there are more industry players than simply the Taxi Council. Owner-operators have seen me and other members in this place to raise their concerns about what the minister is doing. They do not feel confident with the process or that the minister will not undermine their economic viability. I know that the minister can issue further plates. She does not need this legislation to do that. She has said that. However, the industry has a real problem with the process.

I do not intend to make any further remarks. I will raise my concerns during consideration in detail and allow other members an opportunity to have a say during the second reading debate.

MR J.P.D. EDWARDS (Greenough) [1.01 pm]: I make some general comments about the Taxi Amendment Bill. I recognise that the taxi industry needs some changes; however, I do not believe that this Bill properly addresses the industry's concerns. I acknowledge that I do not know an enormous amount about the industry, but I think my comments are pertinent. I have spoken to the local taxi industry in the Geraldton area. It seems that this Bill -

Ms A.J. MacTiernan: This legislation does not relate to drivers in Geraldton at all.

Mr J.P.D. EDWARDS: I understand that. I have a background in small business. It seems that this Bill will jeopardise the viability of those people who are already in the industry. I cannot wrap my mind around the fact that the viability of people who have paid an enormous amount of money for a taxi plate will be threatened by people coming into the industry after paying a very small amount for a leased plate. Put in black and white, that seems to be extremely unfair on those people who are already in the industry. I cannot understand how that will improve the industry's situation. That is my first concern.

Mr J.B. D'Orazio: What about those investors -

Mr J.P.D. EDWARDS: The member for Ballajura will no doubt have his turn to speak. If he wishes to make a comment, he should stand to do so.

What the Minister for Planning and Infrastructure is doing will undermine the industry, and that concerns me greatly. We have talked about speaking to taxi drivers. There needs to be a distinction between owner-drivers and drivers who work for owners. I think there is a subtle difference. As I understand it, a consultation process took place. This Government, particularly this minister, has gone over the top in talking about consultation and how good it is at consultation. I am sure that in some instances it has been good. However, I think that in this case consultation focused on particular areas of the industry. I am advised that the consultation was with the public and employed drivers - perhaps that is the best way of putting it - and not the owner-drivers or owners of taxis. What is wrong with someone owning a taxi if he is prepared to invest in it? It is like a small business. Someone invests in a taxi just as someone invests in a deli or corner store. I understand that the consultation

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pandal; Mr John Bradshaw; Ms Alannah MacTiernan

involved asking only the employed drivers - not the owners or owner-drivers - about their views on the taxi industry. There are obviously diverse views about what the consultation brought out.

Ms A.J. MacTiernan: This is absolute nonsense. If you are to speak in this Parliament, you should have some basic knowledge of what you are talking about.

Mr J.P.D. EDWARDS: I am sure the minister will tell me that it is nonsense when she replies to the debate. I will wait for her to stand and talk about it. Maybe she will be able to allay my fears. However, I am putting them forward. I am advised that the drivers gave their views but that other industry participants did not, and that the public was asked to give some advice about what it thought the fares should be. That is a bit like asking somebody who rents a house how much rent he should pay. However, I am sure the minister will answer all my concerns.

I am aware that this legislation does not address the country taxi industry, but this is an opportunity to refer to the country taxi associations. I am aware that the associations will meet in Perth on Monday. I am not sure whether the minister will be there. The industry is in limbo and has an enormous amount of concern. Country taxi drivers in the city of Geraldton have not been allowed a fare increase in three years. I believe that is the case across the State. I understand that fares should keep pace with the consumer price index and that there have been some fuel increases in that time. Taxi drivers have not been allowed even a one-cent increase over that three years. I also understand that prior to the election the taxi industry was to come under one body. I think that most of the industry looked forward to that. However, when she came to power, the minister in her wisdom decided to put a stop to it. Consequently, the industry has been in a state of limbo for some time. There needs to be some change in the industry, but I do not think this Bill is the right way to bring it about. I think people are being pressured into a situation they should not be subjected to.

The introduction in the explanatory memorandum states -

Government has committed to “work with the taxi industry -

That is questionable -

to:

- determine how best to restructure the industry to provide fair returns to drivers while offering the public an efficient, economical and safe service;

That is a great aim, but I do not think this Bill will achieve it.

I understand that the lease fee will go to the Department for Planning and Infrastructure to recoup some of the costs of setting this up. I am sure the minister will put us right about that.

I return to the situation of small business. People have spent a significant amount of money buying into taxis.

Ms A.J. MacTiernan: You are about to put their investment at risk with your silly opposition to this.

Mr J.P.D. EDWARDS: I am sorry, but I do not agree with the minister. As I say, I am sure she will put us right when she replies to the second reading debate or during consideration in detail. I believe that this is a flawed Bill, and I do not think it addresses the issue confronting the taxi industry. I oppose it.

MR J.B. D’ORAZIO (Ballajura) [1.08 pm]: I support this legislation.

Ms K. Hodson-Thomas: As you have to.

Mr J.B. D’ORAZIO: Let me explain. As members are probably aware, I have more of a background in taxis than anybody else in this Chamber. My family has been involved in the industry for the past 30 years. My uncle, who is now deceased, was one of the directors of Swan Taxis Co-operative Ltd for a number of years. I have had a number of dealings with this issue. I find it amazing that the Opposition opposes this Bill. I remind the Opposition of its position before the election. The Opposition went into the election with a policy of compulsory buyback, which was forcing these drivers to give their plates back to the Government for a fee that, in their opinion, was ridiculous.

Ms K. Hodson-Thomas: We were not doing that.

Mr J.B. D’ORAZIO: The position of the former Government was compulsory buyback, even if the fee had not been determined.

Ms K. Hodson-Thomas: A review was undertaken.

Mr J.B. D’ORAZIO: A review of the review! The member should ask the previous Minister for Transport.

Ms K. Hodson-Thomas: Your Government is the best at doing reviews and establishing task forces.

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pental; Mr John Bradshaw; Ms Alannah MacTiernan

Mr J.B. D'ORAZIO: At this stage, I am glad that this Government was elected, because it has done the appropriate thing in the taxi industry. When compulsory buyback was contemplated, I was its strongest opponent. I was also the strongest opponent of non-compulsory buyback. The minister will know that I was at her every week supporting the position of taxi drivers, putting the case that both compulsory and non-compulsory buyback were totally ludicrous and stupid for the industry and would create a great problem. Even though I have a disagreement with the minister on that issue, the position put as part of this legislation is very important and should be supported by the Opposition. I am not sure whether the Opposition understands that the industry is made up of owner-drivers. There is also a huge pool of people who own taxi plates, but have nothing to do with the industry. They invested in plates because they thought the rate of return was great.

Mr M.F. Board: How big is that pool? What is the percentage of plates owned in that way?

Ms A.J. MacTiernan: About 50 per cent.

Mr J.B. D'ORAZIO: It applies to about 400 plates. I know some of the people involved. Some are doctors and other high income earners who see it as a great return, because they are getting 10 to 12 per cent return on their money.

Mr M.F. Board: I understand the uniqueness of the taxi industry, but why is that any different from an investor owning any other asset?

Ms A.J. MacTiernan: It is not adding any value.

Mr J.B. D'ORAZIO: Exactly, and not only that, but also, because they are a limited commodity, it puts pressure on drivers who have been in the industry a long time. Some of these people are working for \$200 to \$400 a week, killing themselves while having to pay \$400 a week to a person who has nothing to do with the industry apart from saying "Thank you very much for giving me this money" for no return to the industry or the community. Pressure is placed on the person working, and on fares.

Mr M.F. Board: How many pharmacies are owned by people who do not operate them?

Mr J.B. D'ORAZIO: None. A pharmacist must own the chemist shop himself, and can own a maximum of two.

Mr M.F. Board: A person does not have to operate the pharmacy to own it.

Mr J.B. D'ORAZIO: A person can own two pharmacies, and have one under management. He cannot own 10 shops and not be a pharmacist. A doctor cannot own a pharmacy.

Mr M.F. Board: On your ratio, 50 per cent of pharmacies could be not owned by the operator.

Mr J.B. D'ORAZIO: The owner must be a pharmacist, and the member knows that. However, the issue here is not about ownership. This legislation is about allowing drivers who have no way in the wide world of being involved in the industry as owners under the current system -

Mr M.F. Board: How many franchised shops in Western Australia are not operated by their owners?

Ms A.J. MacTiernan: There is no government regulation preventing a person from owning 200 Kentucky Fried Chicken shops. This is very different; it is an artificially created restriction on demand.

Mr J.B. D'ORAZIO: Not only that, people who are working in the industry paying off \$400 a week on leased plates, to people who have nothing to do with the industry, will never have an opportunity to be the controllers of their own businesses. This legislation allows leased plates to be given only to an individual who is staying in the industry. This has three effects. Firstly, it puts downward pressure on the lease rates for plates, which is great for drivers. Second, it recognises people who have been in the industry for a long time and gives them an opportunity to be involved at a cheaper rate. Thirdly, it means that people who have these leased plates will have better control. They will have to be people who are meritorious or who have been in the industry for a number of years. Either way it will have a beneficial effect.

Mr M.F. Board: The objective is an honourable one, but the way the Government is going about it is poor.

Ms A.J. MacTiernan: What would you do?

Mr M.F. Board: There are many ways of getting drivers involved in ownership.

The DEPUTY SPEAKER: Order!

Mr J.B. D'ORAZIO: Without this legislation, we could not have the arrangements that have been proposed. This legislation should be supported. It will have no detrimental effect on people already in the industry who have investments. Even if 20 to 50 plates were put on the market under lease arrangements, and even if they were priced 20 to 30 per cent cheaper than current leasing arrangements, once those plates are taken up, anyone else who wants to be involved will have to go to the private sector. It will have no effect at all on the current

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pandal; Mr John Bradshaw; Ms Alannah MacTiernan

market, but it will protect those people who have made their investments, and owned their taxis for 20 to 30 years, and all those who are committed to the industry. It may have some effect on those who are just investors. The minister should be thanked for this.

Ms K. Hodson-Thomas: Under that process some genuine owner-operators will be hurt. If this is about getting the investors out of the industry, that will invariably impact on those owner-operators who have their own plates. The plates will be devalued, and there will be pressure on their income earning capacity.

Mr J.B. D'ORAZIO: The member for Carine obviously did not listen. There are 900-odd taxi plates. If 20 to 40 are added, it will not make one iota of difference to the value of the plates, because it will not have a dramatic effect on the lease arrangements. Those 40 plates may cost 20 to 40 per cent less than the market value, but once they are taken up, where else will anyone get a plate from? They are still restricted and, therefore, this will not have the effect of reducing the value of those plates, but will allow 40 to 50 new lease operators to get involved in the industry and get a better deal than they currently have, as they should. If the new plates go to people who have been in the industry more than two years, or if the distribution is based on merit, I have no problem with that. It is fantastic, and we should all be supporting it. Without this legislation, we do not have that ability, so what would happen? The plates would be released and some investor could pay \$220 000 to \$260 000, which would put upward pressure on the lease rates. It has no benefits to the industry, and we should all be opposing it. The minister is proposing a great option, and I thank her again for forgetting about compulsory and voluntary buyback, because that is what the industry was most concerned about. This package is great. It is great that more money is being put back into the industry through the development fund. The minister deserves a pat on the back for the way she has handled this, and I thank her for recognising the concerns of the industry. She has addressed most of them and this Bill will enhance the industry rather than make it go backwards. I thank the minister.

MR M.F. BOARD (Murdoch) [1.18 pm]: I oppose the Bill, but not because the Opposition opposes what the Government is endeavouring to do. We do not oppose that. We believe in a strong taxi industry, a better service for our community, and in bringing in more competition through the national competition policy. All the issues raised in the report of Hon Graham Giffard as needing to be addressed are worthy of support. The Opposition opposes the Bill, not because it is against the taxi industry or drivers, but because of the rationale and the way in which the minister wants to achieve her objectives. We do not believe that it is in the long-term interests of owner-drivers and the taxi industry as a whole, and we believe it will have a detrimental effect on the viability of taxi plates and the way in which people invest in business, particularly in taxi plates. The premise under which these new lease arrangement are put before the Parliament is that drivers are unable, because of the price of plates, to buy plates and access the industry in which they work. If that premise is correct, then it could be used in every business, and in every arrangement in which people own warehouses, premises, buses or whatever.

Ms A.J. MacTiernan: The market applies. There is no market in this industry. I cannot believe how dumb these guys are.

Mr M.F. BOARD: To a large degree, the minister is trying to undermine the owner-operators. She believes that their status has been elitist.

Ms A.J. MacTiernan: That is absolutely wrong.

Mr M.F. BOARD: She believes that it is wrong for people to invest in the industry but not drive taxis.

Ms A.J. MacTiernan: Unlike investors in any other area who actually invest in something tangible, such as warehouses, to use your example, or pharmacies whereby investors are creating the means by which the business can proceed, all the investors we are talking about invest in a piece of paper that adds absolutely nothing whatsoever to the productive capacity of the industry. Every report that was done under your Government said exactly the same - this is an irrational structure. Surely anyone in the blue team should be able to understand that.

Mr M.F. BOARD: The minister could have allowed plates to be released into the industry in a more traditional way. She could lock in the release of plates based on some sort of ratio per head of population or census -

Ms A.J. MacTiernan: That is very interesting. The Government would have been happy to do that but it is the last thing in the world the taxi industry wants.

Mr M.F. BOARD: The Opposition supports the industry and the minister's efforts to improve -

Ms A.J. MacTiernan: No, you do not.

Mr M.F. BOARD: Yes, we do.

Ms A.J. MacTiernan: You will achieve a result whereby the people pulling your strings will -

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pendal; Mr John Bradshaw; Ms Alannah MacTiernan

Mr M.F. BOARD: The Opposition does not support the Government's rationale for introducing this legislation to acquire government-owned plates that will be leased to drivers. We believe that will undermine the industry over a long period. What is to stop another release of leases under this legislation?

Ms A.J. MacTiernan: Nothing. There is also nothing to stop me - other than the good of the community - from issuing another 1 000 leases tomorrow without this legislation.

Mr M.F. BOARD: Out of the minister's own mouth she has devalued the argument mounted by the previous speaker, who said that the 30 or 40 plates are cast in stone and will have no impact on the value of plates belonging to owner-drivers because very few plates will be released. Out of the minister's own mouth came the words that she could release 1 000 tomorrow.

Ms A.J. MacTiernan: I can do that without the legislation. The legislation does not alter that fact in any way. The member has not even read the Bill. He does not even know what it is about.

Ms K. Hodson-Thomas: The minister just likes the sound of her own voice.

Ms A.J. MacTiernan: I like some rationality and logic.

Mr M.F. BOARD: This Bill is not logical. The minister could have considered an easier way for drivers to access finance or become taxi-plate owners rather than legislate for a government-leased program that will give the minister control and that will undermine the investment in plates of other owner-drivers. A good example is the Department of Housing and Works' approach to home ownership and the Commonwealth Bank's scheme of part ownership in properties with borrowers so that people can own their own homes. Many models exist on which the minister could have based a scheme to get drivers involved in the ownership of taxis even if only on a percentage basis, without going down the leasing path.

The Opposition believes that the minister has other intentions that are not indicated in either her second reading speech or the Bill. Given that and the risks to the industry long term, the Opposition opposes the Bill.

I say again, the Opposition does not oppose the Bill because the Opposition is against the premise of giving our community more taxis or a better service. However, the Opposition believes the buyback plan is a threat to the ownership of taxi plates in a viable and strong industry that has increased over a long period. I acknowledge that the industry is under pressure these days and that the demand for taxis at particular times is greater than ever due to changes in drink-driving laws, which the Opposition supports, the availability to some degree of public transport, the expansion of the Perth metropolitan area and changes in venue locations and their opening hours. However, if members spoke to taxi drivers - most members enjoy talking to them because they provide a certain amount of political feedback - they would find that they are under pressure for only very short periods. They dream of being under that pressure more often. The reality is that they are often waiting in very long queues at the airport for hours at a time, sitting on corners or responding to radio calls. They are not utilised for long stretches of time and they often do not get the market share they would like. They enjoy peak times to some degree because that is when they make their money. It is one thing to release plates and provide extra support to the community, but we must get the balance right. The balance is between protecting people's investment, protecting the industry and providing the appropriate standards and opportunities for people to get involved in the industry. I support the notion that drivers can become involved in leasing, albeit I would prefer them to have ownership of taxis. I would have preferred the Government to develop a proposal in which people could invest over a long period or work their way into the industry through taxi-plate ownership. That would have achieved the same objective but it would have been a better result because it would have guaranteed the long-term viability of the plates. I would prefer to see a scheme in which the Government enabled full plates to be made available at market value and whereby people who do not have the finance up front can be assisted into the industry. As I said, models exist in other industries that the Government is pursuing that would marry up with that philosophy. That would have been a much better result and would have achieved all the objectives and total support of the taxi industry and the Taxi Council of Western Australia.

The Opposition supports the taxi industry and acknowledges that it is a viable and strong industry that needs extra taxi plates, but it would have preferred them to be released in a different way. The Opposition will not support the Bill but it supports the intention of providing the community with support through taxi services.

MR P.G. PENDAL (South Perth) [1.30 pm]: I have no doubt that we have arrived at a position at which some additional taxi plates should be issued. In fact, I was rather surprised to learn, when going through the figures since there has last been any sort of infusion of numbers, that it has been a long time. I share the view of many in Western Australia that a case could be made out for an increase in the number of taxi plates. However, I am of the view that the way in which the Government has gone about it on this occasion is altogether the wrong way. I say that for several reasons.

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pendal; Mr John Bradshaw; Ms Alannah MacTiernan

I want to comment on several concerns I have about the content of the Bill that flows from the parent Act. First, I am at a loss to understand the need for a leasehold system that effectively makes, or will make, the new system a hybrid. Second, I am concerned that the minister's remarks made in this House and publicly, to the effect that the Government has no intention of flooding the market, are not necessarily supported by the way in which the Bill is written because there are no guarantees about that at all.

Like other members, I have heard frequent mention of the fact that perhaps 50 more lease plates are needed. I think it is even mentioned in the second reading speech. However, the problem is that the commitment to not flood the market, which might well be expressed by referring to 50 plates, does not see its way into the Bill. I am not suggesting for a moment that we want to get down to such minute detail in an Act of Parliament that we spell out the number of taxi plates. That failure to make a link between the approximately 50 more lease plates, about which the minister has spoken publicly, and the failure to see that entrenched in some way in the legislation is of real concern. The minister is not committed to seeing through figures that she has used outside the debate. From where I sit I see no impediment at all in the months or the immediate years ahead to this or a future minister being able to talk of increasing the number of plates substantially over the 50 that have been mentioned outside the Parliament.

Mr J.B. D'Orazio interjected

Mr P.G. PENDAL: That may well be true, but it means that the minister appears to be going about the reasonably good aspiration of increasing the number of plates in an odd way, given that she is doing it through this legislation. There may be more in the remark that the member has made by way of interjection than I had previously realised, although I am aware that the minister could have taken those actions without coming to the Parliament. It adds to my level of suspicion.

We know, for example, that section 40 of the parent Act provides the power to make regulations. I, for one, am concerned that the reasonable aspiration to increase the number of taxi plates might be brought about in such a way that the Parliament, and certainly the industry, does not get a chance to have proper input. I have opposed deregulation in a number of areas of government activity because I am not entirely convinced about some of the things that we have done in the past 15 years. However, I would have thought that, in a day and age when greater emphasis is placed on a person's private initiative and the private sector, the Government would be careful not to put itself in a situation in which it is in effect leasing something that may be worth \$200 000 a year. Therefore, I fail to see properly explained the hybrid to which I referred earlier.

I am aware that the minister has said that leased taxi plates will be subject to periodic lease payments at a level below current industry lease costs. My concern about that is the role the Government thinks it should play in bringing down the cost of taxi plates or their value. Where else in our society would we welcome - I certainly do not - a move by a Government to diminish the value of someone's asset? We could achieve what the Government wants to achieve, which is a fairly modest increase in the number of taxi plates, without that component being met; that is, bringing about lease payments that are at levels below current industry lease costs. That does not make sense in this day and age. Whatever position taxi drivers are in, they are in it because they have operated under rules that, by and large, have operated at least since the enactment of the 1994 Taxi Act or prior to that. Nearly everyone would agree - I do not think that the Government does - that people are entitled to a level of certainty from the Government and the Parliament of the day. This legislation takes away that certainty. The figures have not been discussed or canvassed; that is, the payments that will be made at a level below current industry lease costs. In all respects I think the Government has recognised the problem and is applying the wrong solution. I do not know about other members of Parliament but I use taxis frequently for my own purposes. I therefore gain some sense of who and what taxi drivers are. Some, of course, are working for wages. That applies to almost every form of human endeavour.

Ms A.J. MacTiernan: No taxi drivers are working for wages.

Mr P.G. PENDAL: Okay, but not everyone who drives owns the plates. Do we agree on that?

Ms A.J. MacTiernan: That is right.

Mr P.G. PENDAL: Probably one of the real difficulties that people have when dealing with the minister is that she must split hairs on things that do not really count. The minister should concentrate on where she intends to take the Bill, because she has caused complete havoc for a group of people - this is the point I was making before her interruption - who have spent a lifetime building up an asset. That is the point. The minister is telling us that in one fell swoop she will issue taxi plates, not for those people to buy and invest in to build up their assets for retirement, but to bring about a position whereby they are leased. The minister will create a hybrid by attaching the requirements to the old system and then letting lease payments be below current industry lease costs. I would like to hear the minister's justification for doing that when she responds to the second reading debate.

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pendal; Mr John Bradshaw; Ms Alannah MacTiernan

Part of her explanation is that it will make it easier for the industry to attract and retain high quality drivers. Where is the evidence that we do not currently have high quality drivers? There is no evidence at all. Indeed, those who have controlled the taxi industry for years have had as one of their requirements the very careful vetting and checking of people who will be driving taxis, because the industry knows that those people are pivotal for tourism, for example.

We want taxi drivers to communicate well. We want taxi drivers who can speak English and even some other languages. We want taxi drivers to dress and present well because, by and large, they are dealing with not only residents of Western Australia but also tourists who are visiting Western Australia and can take away a good or bad impression of the State. What does that mean and why did the minister reflect as she did in that part of her speech? I repeat, I use taxis as much as anyone else does in this Chamber. I meet hundreds of taxi drivers in the course of a year. I would take some exception to the presentation or presence of only a fraction of taxi drivers. Overwhelmingly, they present well because they are proud of what they do. Those who own their plates know that it is their investment. It is their livelihood. Politicians had access to superannuation in this place, that to many people may have been excessive, until someone interfered with that too. Perhaps this is the Government's way of getting back at taxi drivers and plate owners in the same way it got back at some members of Parliament. I had not thought of that.

I know people who own five taxi plates. If my assistant is right and a taxi plate is worth roughly \$200 000, that represents \$1 million to someone's retirement income. In this day and age that is not an excessive amount. There is no relationship between those people and the millionaires we heard about when we were small children. When we talk about people who own five taxi plates, as some do, we are not talking about people who have an excessive investment. However, if it is excessive, the minister should tell us that. She should tell us what the agenda of the Government is. I am completely puzzled by this notion of knocking down a peg or two those people who are involved in running their own small businesses or who lease a taxi to someone who owns the plate and therefore makes it his small business. We do not do that with other professions, although it has been the propensity of the current Government to increase all sorts of state tax imposts and make it more difficult for people to pay them. The very action of coming into the Parliament and diminishing the value of someone's asset by government action is repugnant. Today the Government has committed itself to sustainability, to keeping private investment going in Western Australia and getting the Gorgon project going because of its impact on the State's and the world's economy. Therefore, it is inexplicable for the Government to go to the other end of the queue and pick on the people who have managed to build up a modest investment over the years. I hope that when the Bill gets to the other place, one of the smaller parties will move with the Opposition to have a real job done on the Bill. The Bill might well have been sent to a committee of the Parliament because of its financial impact on the people who own or lease the plates.

From the start of the buyback scheme the Government acted like a bull in a china shop. Taxi drivers and plate owners have reacted angrily to that because they fear that Macquarie Bank Ltd will end up owning the plates. It is ironic that with the scrapping of that scheme the Government will end up owning the first 50 plates under the new scheme.

Mr J.B. D'Orazio: It owns them all anyway.

Mr P.G. PENDAL: It is a question of terminology. We know who owns the taxi plates under the current system and who gets the value of the sale of those taxi plates. The member who interjected and who has very good credentials in the private sector ought to be less supportive of what we are doing here because it might be the chemist shops next.

Mr J.B. D'Orazio: No, this is in the best interests of the industry.

Mr P.G. PENDAL: The member says that it is in the best interests of the industry, but it has never been tested. That is why it would have been appropriate to send the Bill to a standing committee of Parliament. I hope that when it gets to the other place, something along those lines can be done. The fear is that under regulation the Government can do anything it wants without coming back to this Parliament. The member for Ballajura, who has interjected on several occasions, has pointed out that the Government can do these things anyway. Let us see what the Government is prepared to do in the months ahead. I do not and cannot accept that there is no desire on the part of the Government to flood the market. We are seeing the thin end of the wedge. The Government has colloquially talked about 50 taxi plates. However, that is not mentioned in the legislation. How do we know that another 100 or 250 taxi plates are not lined up? If my memory serves me correctly, there are about 900 conventional taxi plates. Maybe the Government will buy 50 of them, which is about five per cent, and perhaps that does not represent a flooding of the market. However, what if the Government bought 250 taxi plates, which would be about 25 per cent of all taxi plates? Nothing in this Bill will prevent that from occurring. We may be returning to the 1950s whereby, effectively, the taxi industry will be nationalised. There is no other explanation in the light of the Government's original attempts at the buyback scheme. When the buyback

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr Phillip Pandal; Mr John Bradshaw; Ms Alannah MacTiernan

scheme failed, the Government was left with the option to increase the number of taxi plates. I always thought that was the case. That is why I have no difficulty in saying, even to people who have consulted with me, that I do not think that the number of taxi plates should be frozen, as they have been, which has caused delays. However, the Government's answer was to suggest that a buyback scheme was the way to do it. To suggest that this scheme is any better will put the Government in an even more difficult position.

I oppose the Bill. There should be more taxi plates. However, for this Bill to have been introduced so quickly after the buyback scheme failed indicates that this scheme has not been properly thought through. The way it can be thought through is to send the Bill to a parliamentary committee. Under ordinary circumstances I would move that that occur in this House. However, the numbers being as they are, obviously such a motion would fall on deaf ears. However, I hope that when the Bill gets to the upper House, one of the smaller parties occupying the middle benches might see to it that it is sent to a committee. For those reasons, I oppose the Bill.

MR J.L. BRADSHAW (Murray-Wellington) [1.38 pm]: I oppose this Bill. It is disgraceful for the Government to introduce this legislation into the House. The Government has no feelings for the people who own taxi licence plates. It is about time government members became cognisant that those who bought taxi plates did so in the belief that they would retain the value of the licence plates while they owned them and could sell them in due course to help pay for their superannuation or retirement fund. This Government is prepared to introduce legislation that states that the Government will lease extra licence plates at a discounted price when compared with the price of plates in the current marketplace.

The Government is misguided if it believes that this legislation will bring down the price of taxi fares. I use taxis from time to time and, sure, it hurts to have to pay the bill. However, let us face it, the investment by taxi drivers in time, fuel and all those sorts of things must be taken into consideration. It costs money to run a taxi and the drivers must be fairly recompensed for providing the service. From my observation they do not appear to make megabucks from running a taxi. I get the impression, in fact, that much of the time they do not make very much at all, yet this Government is prepared to discount the price of taxi plates in Western Australia.

I was surprised at the comments made by the member for Ballajura and his support for this rubbish legislation. He is in private enterprise. What would he say if he had the goodwill knocked off his business?

Mr J.B. D'Orazio: But in this case it isn't. The problem is that without this legislation in place the alternative is voluntary buyback, which is 100 times worse. By doing it this way the industry will be protected. A total of 50 extra plates will not make one iota of difference to goodwill but it will protect the industry forever and a day. It will allow taxi drivers - not owner-drivers - an opportunity to get into the industry at a lower price than they normally would and it will keep down the price of lease arrangements. It is a win-win for everyone.

Mr J.L. BRADSHAW: That is the member for Ballajura's misguided view. I do not agree with his view and I do not agree with the Government's legislation that it has brought into the Parliament. It is not in the best interests of the people in the taxi industry who own licence plates. Nobody knows how many licence plates the Government will put on the market.

Mr J.B. D'Orazio: But you could put on 100 plates today and there is not one thing that any of us could do about it.

Mr J.L. BRADSHAW: Probably there should be an increase in the number of licence plates. However, taxi drivers sit around for a lot of time during the day doing nothing. It intrigues me that at Christmastime, the one time of the year when people want to use a taxi, they all start whingeing because there are not enough taxis. The rest of the year they could not give a stuff about taxi drivers, but because once a year they want a taxi to go to a Christmas party, they all start whingeing that there should be more taxis. I do not agree with that. The number of taxi plates issued must be reasonable so that taxi drivers can on average get enough work to make a living. Under those circumstances, I have a bit of a problem. I have been caught at Christmastime when I have found it frustrating to get a cab. People would be justified in the view that there should be more taxis if they used them a lot more during the year, but they should not whinge when they cannot get one once a year at Christmastime. The Opposition does not support the legislation and will oppose it.

MS A.J. MacTIERNAN (Armada - Minister for Planning and Infrastructure) [1.52 pm]: I have never heard a more disappointing debate.

Mr J.L. Bradshaw: It doesn't suit your thoughts.

Ms A.J. MacTIERNAN: No. Quite often legitimate differences of opinion and ideologies are brought together. However, in this place today all I have heard is a collection of absolute mistruths and a complete failure to understand and analyse the issues confronting the industry.

I put it clearly on record that there will be an issue of plates, regardless of the fate of this legislation. The number of plates that I spoke of, approximately 50, will be issued this year. The question is, what is the best

Ms Katie Hodson-Thomas; Deputy Speaker; Mr Jeremy Edwards; Mr John D'Orazio; Mr Mike Board; Mr
Phillip Pental; Mr John Bradshaw; Ms Alannah MacTiernan

way to issue those plates? We are seeking with this legislation simply to have another alternative; that is, the leasing of plates so that no more plates accumulate in value.

Mr P.G. Pental: Why is that wrong?

Ms A.J. MacTIERNAN: It is wrong because it adds nothing to the productive capacity of the industry. Every analysis that has been made of the industry indicates that the scarcity value of plates, which is artificially manufactured by government, leads to an increase in speculative demand. The Hicks report commissioned by the previous Government indicated that the lease payments on the speculative value of plates, not on constructive investment, was bleeding \$18 million a year from the industry. We understand and accept that people have these plates, but we do not want that number of people to grow. People who have a speculative interest in taxi plates will be able to continue to trade in those plates. As the member for Ballajura said, if more plates are introduced to compete with them, rather than the proposed non-transferable plates, that will have a far more substantial impact on the value of those plates.

I repeat that this legislation is not a massive communist conspiracy. The previous Government started to introduce non-transferable plates. The notion that it is wrong to have a hybrid system is nonsense. We are simply saying that people who have acquired value in their plates under the system will be able to continue to trade in those plates. However, rather than exacerbate the situation, the new-release plates will be limited to the number that we said they would be limited to. We could introduce another thousand plates tomorrow, which we clearly have not done. We have been in government for two and a half years and have not introduced any more plates. If we had a secret plan to introduce more plates, we would have done that already; rather, we have been very up front. We have stated the number of new plates and we are having discussions with taxi industry representatives on how in future years we will go about determining the number required and having regular increments. It is unacceptable in our view to have an increment only every 14 years. We believe that we should have an increment on a smaller and more rational basis year by year.

I note that the member for Greenough has returned to the Chamber. I was very disappointed in his speech. He is usually quite fair and quite reasonable. However, in this instance he had obviously come into the Chamber completely unprepared and spoke a lot of nonsense about the lack of consultation and said that we spoke only to taxi drivers and not to the others in the industry. We actually set up an unprecedented dialogue with the taxi industry. What has happened is that the half a dozen individuals who have traditionally considered themselves to be the spokespersons for the industry have their nose out of joint because we gave the entire industry an opportunity to have a say. We did that in two ways. We had a forum of 100 players who were chosen randomly from drivers, investors and owner-drivers in addition to some consumer representatives. We then sent out a survey to every single plate owner, every single owner-driver and every single driver. The highest level of response to that survey was, in fact, from plate owner-drivers; 62 per cent of plate owner-drivers responded. We could not have been more consultative than we were. Everyone in the industry was given a direct say and all responses were collated and tabled in the report. As I said, I was very disappointed that the member for Greenough, who is normally a fair-minded person, got it so wrong.

I reiterate the points that there is no hidden agenda, we have been extremely up front and we have had the most elaborate consultation process with the private sector. There is a very great difference between the interests of the investors, owner-drivers and drivers. For us to pretend that there is not that disparity in interest would be nonsense. Of course members will always have constituents visit them saying that they do not like what the Government is doing, because it is simply not possible to give everyone what they want. We must make some decisions about what is in the best interests of the industry as a whole. I want members opposite to concentrate on this fact: this is not about whether or not more plates will be released. More plates will be released. It is a question of whether we will have the capacity to issue some plates by way of a lease payment, which would allow those who do not have the capital formation to buy into the industry to operate in the industry, effectively as self-employed operators. I am surprised that the person from the conservative side of the industry wants to preclude those people from being able to own their own businesses and become masters of their fate. What the member seems to be attempting to get the Government to do is to go to the open market and to bring more investors into this industry, to the detriment of those who could well become owner-drivers.

Debate interrupted, pursuant to standing orders.

[Continued on page 11401.]