

TAXI AMENDMENT BILL 2003

Second Reading

Resumed from an earlier stage of the sitting.

MS A.J. MacTIERNAN (Armadale - Minister for Planning and Infrastructure) [2.57 pm]: I was explaining before we broke for lunch that new taxi plates will be issued regardless of whether this legislation is passed. The failure of the Opposition to support this legislation will obviously impact on our capacity to provide taxi plates by way of lease. The Opposition's decision will certainly not be in the interests of taxi drivers, because those people who do not have the income, assets and resources to buy a plate will be precluded from participating under the Opposition's plan. As the member for Ballajura has said, it is obviously likely to have far more impact on the value of the asset of the existing plate owners than would our proposal. It will also mean that the revenue that would normally have flowed to the taxi development fund will not be there. Everyone will lose out as a result of Liberal Party intransigence.

I want to respond to some of the members who seemed to suggest that there was something absolutely unnatural and unwholesome about plates being leased by the Government. I want to quote from a document released by the Taxi Council of Western Australia which outlines its plan when we first came to government. It states -

It is proposed that all Metropolitan Perth Personal Public Transport -

That is, taxis -

licences would be owned by the State Government and thus the entire community.

This is what is being proposed by the Taxi Council. It also states -

In return for the issue of a licence, the lessee would pay an **Annual Lease Fee** (ALF) to the Government.

The adoption of this arrangement would require that all existing taxi licences should be repurchased from current owners.

There is therefore nothing unusual or strange about our proposal to lease taxi plates directly to the industry; it simply takes out the middle man and ensures that we get a better deal for our buck, a better return for our drivers and the capacity for cheaper fares for consumers. The Opposition's approach is very disappointing. It will not stop us from issuing new plates. It will be bad for the rank and file taxi drivers, taxi plate owners and the Taxi Council, which wants to get some money out of the taxi industry development fund. Nevertheless, the Opposition goes on with its blind statements, saying that it is not opposed to what we are doing but merely the way we are doing it. The Opposition is not able to articulate a logical argument that demonstrates any understanding whatsoever of the situation.

I am not sure that it is relevant now to answer the questions that were asked, given that the Opposition is opposing the legislation, but it is certainly our intention that under the proposed lease arrangements we would specify various prequalifying conditions; that is, one must have a current WA taxi licence and no interest in another plate, provide proof of the ability to finance or lease a car and associated equipment, and agree to personally work an average of five shifts a week. The system is structured to ensure that we get people who will be actively engaged in the industry. If it is oversubscribed, our proposal is to have a merit selection under which the sorts of things that will be taken into account in assessing merit would be experience in the taxi industry, experience in a related industry and record of service by which we would look at such things as awards and disciplinary matters that accumulate. We would very much support the idea of that proposal, as opposed to the position advocated by the Opposition, which is that the plates should go to the highest bidder. It would not matter whether the highest bidders in the Opposition's proposal were interstate or international investors, they would have more chance of getting a plate than would ordinary, everyday taxi drivers of modest resources who have a record in the industry. That is how the Opposition wants the industry structured; it is focusing on investors and does not care one iota about drivers.

I urge members opposite to reconsider their position. Their intransigence on this position will not prevent the issue of new plates, but it will reduce the opportunities for drivers of modest means to enter the industry. Members opposite in their position will signal very clearly to the industry that they support investors over and above drivers. We will ensure that message is understood. I urge members opposite to understand that when they talk about the industry, they must talk about the broad sweep of industry, not just half a dozen vested-interest groups.

I think I have answered all the issues that were raised. As I said, they were disappointing; nevertheless, we will press on.

Question put and a division taken with the following result -

Ayes (27)

Mr P.W. Andrews	Mrs D.J. Guise	Mr J.A. McGinty	Mr E.S. Ripper
Mr J.J.M. Bowler	Mr S.R. Hill	Mr M. McGowan	Mrs M.H. Roberts
Mr C.M. Brown	Mr J.N. Hyde	Ms S.M. McHale	Mr D.A. Templeman
Mr A.J. Carpenter	Mr J.C. Kobelke	Mrs C.A. Martin	Mr P.B. Watson
Mr A.J. Dean	Mr R.C. Kucera	Mr M.P. Murray	Mr M.P. Whitely
Mr J.B. D'Orazio	Mr F.M. Logan	Mr A.P. O'Gorman	Ms M.M. Quirk (<i>Teller</i>)
Dr J.M. Edwards	Ms A.J. MacTiernan	Ms J.A. Radisich	

Noes (16)

Mr R.A. Ainsworth	Mrs C.L. Edwardes	Mr W.J. McNee	Mr R.N. Sweetman
Mr D.F. Barron-Sullivan	Mr B.J. Grylls	Mr B.K. Masters	Mr M.W. Trenorden
Mr M.F. Board	Ms K. Hodson-Thomas	Mr P.D. Omodei	Ms S.E. Walker
Mr J.H.D. Day	Mr R.F. Johnson	Mr P.G. Pandal	Mr J.L. Bradshaw (<i>Teller</i>)

Pairs

Mr N.R. Marlborough	Mr A.D. Marshall
Mr J.R. Quigley	Mr C.J. Barnett
Dr G.I. Gallop	Mr M.J. Birney

Independent Pair

Dr J.M. Woollard

Question thus passed.

Bill read a second time.

Consideration in Detail

Clauses 1 to 3 put and passed.

Clause 4: Section 3 amended -

Ms K. HODSON-THOMAS: I understand that the insertion of the definition of "lease" into section 3(1) of the Taxi Act by subclause (1)(a) is in addition to the definition currently in the Act. Subclause (1)(b) will delete the definition of "plate owner" and insert the definition of "plate holder". In essence, there will no longer be a definition of plate owner in the Act. Both owners and leaseholders of plates will be included in one category. I ask the minister, why is there a need only for the definition of plate holder?

Ms A.J. MacTIERNAN: So that the rest of the Act makes sense. We are introducing a new category and the responsibilities that apply to a plate owner will apply to a plate lessee. The Act needed a new definition that captured both styles of ownership, whether it be a direct ownership or a leasehold. The obligation to provide certain reports and to behave in a certain way will apply whether the plate is owned or leased.

Ms K. Hodson-Thomas: I have been asked whether that change of definition will have an impact on the industry.

Ms A.J. MacTIERNAN: No, it will not make any change whatsoever.

Ms K. Hodson-Thomas: What about on the certificate of ownership?

Ms A.J. MacTIERNAN: No, not at all. In fact, the amendment specifically recognises two different styles of participation in the industry, either as an owner or as a lessee. The amendment will not eliminate the distinction, but will recognise it so that all the rights and responsibilities of owners and lessees in holding a taxi plate will apply across the board.

Clause put and passed.

Clause 5: Section 16 amended -

Ms K. HODSON-THOMAS: This clause contains a number of amendments to the principal Act. Proposed section 16(2) states -

Taxi plates shall also be offered for lease, with the invitation to apply to lease taxi plates specifying -

- (a) the criteria to be met by the successful applicant;
- (b) the period for which the plates are offered for lease;
- (c) the periodic payments that are payable to lease the plates; and
- (d) the conditions to be imposed . . .

During the minister's summary of the second reading debate she spoke about qualifying criteria. For the sake of clarity, will the minister again explain the criteria that successful applicants must meet? I think the minister referred to the fact that successful applicants would have to establish that they were able to lease a vehicle and would work five shifts a week. I am also interested in paragraphs (b), (c) and (d). Has the lease period been specified? Will that be part of the regulations? How will that operate? Have the periodic payments been determined? What conditions will be imposed on the operation of a taxi that will use the leased plates?

Ms A.J. MacTIERNAN: I will see whether I can remember all those questions.

Ms K. Hodson-Thomas: I will help by way of interjection.

Ms A.J. MacTIERNAN: Okay. The Government is proposing that the pre-qualifying conditions will include that an applicant must have a current Western Australian taxi licence. The Government initially was going to require that an applicant must have held the licence for two years and have two years experience driving in Western Australia, but that might have fallen foul of national competition requirements. It was decided that it was better to specify that applicants must have a current Western Australian taxi licence.

Ms K. Hodson-Thomas: Why would that go against national competition policy?

Ms A.J. MacTIERNAN: Because it would be considered to be an unnecessary restriction on access to the industry. For example, a taxi driver might come to Western Australia from New South Wales.

Ms K. Hodson-Thomas: I understand that.

Ms A.J. MacTIERNAN: I will go through this issue and the member will see how the Government has dealt with it. An applicant must have a current Western Australian taxi licence and, as set out in proposed subsection (3), must not have an interest in another plate. Applicants must provide proof that they can finance the purchase or lease of a car and associated equipment, and must agree to personally work an average of five shifts a week. If the system becomes oversubscribed, the Government proposes that the issues that would be considered as constituting merit-based selection would include length of experience in the taxi industry, experience in related industries, record of service, awards, disciplinary matters etc. This is the way to pick up some of the things that we agree on.

Ms K. Hodson-Thomas: That is only if it is oversubscribed. If it is not oversubscribed, how will you determine the suitability of an applicant?

Ms A.J. MacTIERNAN: Obviously, an applicant must have a taxi licence. The process of obtaining a taxi licence contains a procedure that tests the suitability of an applicant to undertake the job. If a person has a taxi licence, that, ipso facto, demonstrates a person's suitability. The applicant would have at least reached the baseline. It would not be proper for the Government to say that someone could not be a leaseholder if he satisfied that requirement. If it is oversubscribed, the bar can be moved a bit higher. I will have to move an amendment because of subsequent advice that has been received. The Bill currently contains a ballot provision.

Ms K. Hodson-Thomas: Are you foreshadowing an amendment to allow for a meritorious proposal?

Ms A.J. MacTIERNAN: In the event of oversubscription. What was the next lot of questions that the member for Carine asked?

Ms K. Hodson-Thomas: It concerned the period for which the plates will be offered for lease.

Ms A.J. MacTIERNAN: At this stage the Government is proposing that they be offered for the period that a car is able to operate. For example, it is eight years for a normal vehicle and 10 years for a maxi taxi or peak-period taxi. That is what we are considering at this time.

Ms K. Hodson-Thomas: And the periodic lease payments?

Ms A.J. MacTIERNAN: At this stage we are looking at them costing around \$260. That figure, which is lower than the going rate in the industry of around \$340, must be considered because the going rate includes the provision of a range of equipment. The lessee provides the car, but there is also a range of equipment, including computers, global positioning systems, meters and radios. The plate owner currently provides all those things in a package. The indication is that it would cost about \$50 to \$55 a week to finance that equipment. That cost would need to be deducted from the cost of leasing the plates, because the Government would not be providing that equipment. The leaseholder would have to individually lease or purchase that equipment.

The other issue concerns the goods and services tax. At the moment, GST is charged on taxi plates. No GST will be charged on these leased plates. An amount equivalent to the GST will need to be deducted from the cost of those plates.

Ms K. HODSON-THOMAS: I wish to provide the minister with an opportunity to complete her remarks.

Ms A.J. MacTIERNAN: An amount equivalent to the GST will have to be deducted from the cost of those leased plates because the State Government does not pay GST on them. If the GST component were not removed, the leaseholder of public plates would be put at a disadvantage. GST is currently paid on taxi plates but can obviously be offset against the GST that is collected by taxi drivers. It is a business input tax. As GST is collected with fares, that amount can be offset against the GST that is paid on the leased plates. I am trying to explain to the member that, in terms of equity, the Government would have to remove a figure equivalent to the GST component from the lease payments. As GST will not be paid on a government plate, the leaseholders would have no capacity to offset that cost if it remained. At the end of the day they would still be collecting GST. If the price notionally included an amount equal to the GST, those leaseholders would be at a disadvantage. To make this viable and on par with the private sector, it would need to cost about \$260. To provide a modest reduction, the cost would probably be around \$250. Members should bear in mind that leaseholders of public plates will be required to finance the additional computing equipment that is currently provided by the plate holder.

Ms K. HODSON-THOMAS: I seek clarification from the minister. I did not hear the minister mention this matter in her response to the second reading speech. I was not in this place for her entire speech, although I was trying to listen to it. The industry has said to me that it wants to work out, in essence, how the Government came up with the number of conventional plates - whether that was on the basis of data that it collected from the industry or from the taxi unit itself - and whether the Government has any figures to support that number of conventional plates. I wonder whether the minister can provide some information about that. There was also a notion that the minister would set some kind of benchmark. Was that established, and has any information on that been forthcoming?

Ms A.J. MacTIERNAN: The basis for choosing the number is related to the growth in demand for services. In the 2003 June quarter compared with the 2002 June quarter - I am talking not about the past 14 years but just the past 12 months alone - the growth in jobs was more than six per cent. However, we have not gone to the full six per cent, because we were concerned that that would be too disruptive to the industry. In fact, we have halved that. Basically, this is based on half the growth rate. The Giffard report recommended that in the future there be further releases based on the growth. However, the Taxi Council of WA prefers a model based on performance standards. I have said that if the Government is able to get its legislation through, it will work with the council on those two models. The model that has been used from time to time is the growth in population. However, we have put that to one side. Therefore, the model will be based on either the growth in demand or the performance standards. I stress again that no-one in this place is more interested in the fortunes of ordinary taxi drivers than I am. Therefore, I would hardly be in the business of undermining those taxi drivers with a massive release of plates, notwithstanding my views on the efficacy of investment in this industry.

Ms K. Hodson-Thomas: It is not my intention to waste time. I just want a little clarification of a couple of clauses - in fact, it is only clauses 4 and 5. The minister referred to an annual release of plates. In a further 12 months, the minister will undertake an assessment of the industry, and then look at a further release of plates.

Ms A.J. MacTIERNAN: That is right. I can assure the member that our intention is that it will be fairly modest, and, as I said, it will be based on one of those two models. The Giffard report recommended that it be based on growth within the industry. However, the Taxi Council has indicated that it wants us to look more at a performance-based model. If we can get our legislation through, I am happy to go back and do that. Certainly, the maximum will be based on the growth within the industry.

The ACTING SPEAKER (Mr J.P.D. Edwards): Members, I will give the member for Ningaloo the call. He has a bad back, and rather than put him under pressure and waste time while he stands up and down, I will allow him to sit when he asks his question.

Mr R.N. SWEETMAN: The point that the minister has made consistently since her ministerial statement of three or four weeks ago foreshadowing the introduction of this legislation has been about delivering lower prices to consumers. I am curious about how the Government will achieve that, because at the moment the industry is regulated. A tariff regime must be ticked off and the meters reset on an agreed basis - annually or biannually or whatever it may be. If there are to be these extra 48 taxis, with 32 conventional-type plates being issued, will there be perhaps 32 or 48 taxis on the street offering fares at a discount in comparison with the fares offered by the rest of the industry?

Ms A.J. MacTIERNAN: No. We are talking about a larger systemic issue. We are trying to reduce the amount of speculative value in the industry that must be covered each year. Currently, \$18 million a year goes out of the industry, not to pay for any of the real infrastructure needed to run a taxi industry, but to pay for the speculative value of the plates. We want to quarantine that. Ideally, as the member well understands, a buyback would be the way to deal with this comprehensively over 15 years.

Mr R.N. Sweetman: That would take us back to zero.

Ms A.J. MacTIERNAN: That is right. However, at this stage, because of the backflips of the Taxi Council, that will not be possible. This is about a reform that will allow us to increase the number of taxis without increasing the number or the quantity of speculative-value plates in the industry. We are talking on a long-term systemic basis. This is part of a strategy to try to deal with that problem.

Mr R.N. Sweetman: So their meters will be identical to the existing meters - flag fall, kilometre rate and time.

Ms A.J. MacTIERNAN: Absolutely. There will be no difference in that regard. There are pressures to increase fares. Those pressures to increase fares arise from the current cost structures. If we allow the current cost structures to remain in place without trying to deal with some of them, our capacity to deal on a longer-term basis with ensuring containment of those prices will be limited.

Mr R.N. SWEETMAN: What is the \$18 million as a percentage of the overall turnover of the 1 100-odd plates?

The ACTING SPEAKER: I indicate to the members for Moore and Murray-Wellington that I am finding it fairly hard to concentrate on what is being said, and I think the Hansard reporter is as well. Therefore, would they please indulge us.

Ms A.J. MacTIERNAN: I am trying to find that figure in the report. My understanding is that it is about 20 to 22 per cent of the turnover. It has been pointed out that a section of the document I have with me states that 43 per cent accrues to a plate owner for use of a plate in situations in which plates are used. However, that is not quite the same figure as the figure the member is talking about. My recollection from the earlier Hicks report is that it was about 18 to 20 per cent, which is a very high figure.

Ms K. HODSON-THOMAS: I seek clarification of whether the minister will move an amendment to this clause.

Ms A.J. MacTIERNAN: Yes. I need to move an amendment, because we have had to change our game plan due to advice that was received after we lodged this legislation. I move -

Page 5, lines 3 and 4 - To delete "by ballot" and substitute the following -
on the basis of merit in accordance with criteria to be set

Ms K. HODSON-THOMAS: Is it possible to get a copy of the amendment? I know it is forthcoming, but I would like some clarification from the minister. I understand that it is a move away from what currently exists; that is, it will not be by ballot but will be based on a merit system. Earlier the minister made reference to a ballot and said that the Government may still go down the path of a ballot. I am trying to get some clarification. I am confused. Earlier the minister said that when it is undersubscribed, it will be by ballot.

Ms A.J. MacTIERNAN: No. If it is undersubscribed, there will be no requirement for a ballot, because obviously there will be more taxi plates than people who want them. Everyone who has applied for taxi plates will get them. The issue of rationing arises only if there are more applicants than there are taxi plates. I understood from the member's contribution to the second reading debate that she supports it.

Ms K. Hodson-Thomas: Yes, I very much support it.

Ms A.J. MacTIERNAN: If there is an oversubscription of people who are eligible - that is, people who fit all the eligibility criteria - and there are still too many people, we will make the final selection on the basis of merit. As I have said, the sorts of considerations that will be taken into account are the applicant's length of service, record of service and any service or experience in a relevant industry.

Mr R.N. Sweetman: And the finance part?

Ms A.J. MacTIERNAN: No; the finance part is a necessary condition. That will be a precondition. To get in the cart, an applicant will need to have established that he has the capacity to either lease or purchase both the car and the equipment that is required.

Mr R.N. Sweetman: And be able to maintain it.

Ms A.J. MacTIERNAN: Yes.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 6: Section 17 amended -

Ms K. HODSON-THOMAS: As I indicated, I had concerns only with clauses 5 and 6. The minister has explained the two issues of tender and application. Can the minister give me some clarification about when the regulations are proposed to be prepared?

Ms A.J. MacTIERNAN: I am not clear what the member is asking about the regulations. Which regulations?

Ms K. HODSON-THOMAS: I imagine that some regulations will be required with this legislation. Is that the case or not?

Ms A.J. MacTiernan: No.

Ms K. HODSON-THOMAS: There is no requirement for any regulations?

Ms A.J. MacTiernan: As far as I know, no.

Ms K. HODSON-THOMAS: That answers my question.

Clause put and passed.

Clauses 7 to 18 put and passed.

Title put and passed.