

**TAXIS — PLATES — BUYBACK SCHEME**

*Matter of Public Interest*

**THE SPEAKER (Mr P.B. Watson)** informed the Assembly that he was in receipt within the prescribed time of a letter from the Deputy Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

**MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition)** [3.08 pm]: I move —

That this house condemns the Minister for Transport for her failure to release the regulatory impact statement with respect to the “Proposal for Industry Funded Voluntary Buy-Back Scheme of Perth Owned Taxi Plates”, noting the cost of the levy to industry and consumers significantly exceeds the surcharge revenue.

I implore the Minister for Transport to take these concerns that we are raising very seriously. As a Liberal opposition, we accept that we did not solve this problem. We know that we lost government in part because we did not solve this problem. We are certainly not taking the moral high ground, but when constituents come to opposition members and raise problems with something that the government is doing, it is our responsibility to bring those issues to this place so that they can be debated and the government can offer to resolve the problem. I appeal to the minister to take very seriously the issues that we are raising today as part of this matter of public interest. Members of the taxi and charter industry are watching and listening. The minister could do what she usually does in here and just abuse the opposition —

Several members interjected.

**The SPEAKER:** Members!

**Mrs L.M. HARVEY:** She can go back over the same old, same old and basically say again and again that we did not fix it. We accept that. The industry accepts that.

Several members interjected.

**The SPEAKER:** Members!

**Mrs L.M. HARVEY:** However, I appeal to the minister’s higher values to treat this seriously, because people from the industry are really hurting from this regulatory change. They are struggling with it. People in the industry have said to me that the five senior people they are used to dealing with in the department are away this week—on the first day of the implementation of a brand-new regulatory system for taxis and on-demand transport providers. I do not know whether it is true, but perhaps the minister can confirm that the general manager of the Department of Transport, the director of intelligence and education, the senior policy and projects officer, the manager of education and compliance, and the senior compliance officer are all on leave this week and were also away last week. Members of the taxi and charter industry who tried to get their regulations through last week could not get answers from the department about where they fit within the new regulatory scheme. They were told by the departmental officers, “We don’t know where you fit in. We can’t give you an answer. We can’t tell you what fee you’ll be paying.”

When the debate was held in this chamber, opposition members were basically put in a position of either supporting the changes and the whole system or plate owners not getting their compensation scheme. It was “my way or the highway”. We warned that there would be problems with the system and with the buyback scheme, but it fell on deaf ears. We asked for modelling. We asked the minister to talk about the impacts on the industry, and we were given assurances again and again. The minister said —

... fees will disappear, so \$18 000 will be stripped out of that situation. Costs are being stripped out in many instances ... The question for us was: do we just apply the levy per ride or do we look at all these different costs being sucked out and the change in the market and apply it to the revenue? That gives the company the ability to not pass on the full 10 per cent levy.

On 19 September, she said —

The other key point is that I do not expect the full 10 per cent to be passed on, because there will be a level of competition. I think the choices that customers will now have, with a more competitive taxi industry in particular, will see competition drive a very competitive marketplace.

We were assured again and again. Then, on 20 September, she said —

Currently, when someone hires a taxi, implicit in the cost is the weekly lease costs that are being paid to the owner, if it is not an owner-operator. We would expect that cost to fall significantly. The important point is that the state is paying out \$120 million. We are sucking \$120 million worth of capital costs out of the

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industry. That has associated costs that are all embedded in the fares people pay. Those costs and other costs are taken out, such as the cost of dispatch. Some drivers are also unable to use multiple booking services.

We were given assurances again and again. The minister said that she was confident that she would capture all the on-demand transport providers and every fare with this legislation. We asked specifically about that, because Uber came into the market and circumvented and thumbed its nose at the existing regulations, and the concern was that it would continue to do so. The minister assured us again and again that she would be able to capture every single on-demand transport provider and every single fare with this legislation.

Several members interjected.

**The SPEAKER:** Members!

**Mrs L.M. HARVEY:** We flagged that there would be unintended consequences and, indeed, there are. Those small business owners who are now feeling the pain of this reform are saying to the opposition that they are caught in a sandwich and are going to lose their business because of the new regulatory system.

The minister did not release these regulatory impact statements. The minister said earlier that she was following the guidelines set by the previous government, but this government said that it would do better. When the legislation came to Parliament, there was an opportunity for the minister to provide the regulatory impact assessment that informed the decision to run with the buyback scheme that has been put in place and to run with the levy, or the tax or a tax for a particular purpose—whatever she wants to call it. The minister assured us again and again that because of the reduced regulatory burden, the 10 per cent levy would not be passed on in full. What we have found from this regulatory impact assessment is that the minister knew that in putting the buyback scheme in place, there would be a significant cost to consumers, the industry and the economy. Now she is saying that we need to look at the new regulatory system in the context of the buyback scheme. I understand that argument; however, when we looked at the 10 per cent levy, the minister had available at her fingertips the modelling that showed that the implementation of an eight per cent levy would have a cost to consumers. The document says that an eight per cent surcharge would result in revenue of between \$20.6 million and \$29.6 million a year, there would be \$260 million to \$306 million in total losses for a \$100 000 additional payment, and there would be 5.95 million to 6.9 million trips lost in total. I challenged the minister about this during the consideration in detail stage and asked her whether there would be more users or fewer users in the system, and the minister asked me whether I was saying that if we implemented a tax, it would increase demand. I said that that was not what I was saying and I did not mirror those words back to the minister. The minister clearly had information that showed there would be a decrease in demand of 5.9 million to 6.9 million trips. That is what the modelling showed. The modelling also showed that there would be 15 per cent leakage. Treasury or the Economic Regulation Authority, or whoever put that document together, has presumed leakage of 15 per cent—15 per cent of fares for which the levy will not be collected. People in the industry are telling me that they think it will be easy to get around that. They are asking how the compliance officer will know it is an Uber driver picking someone up from the airport if they do not have an Uber sign up, and not someone's uncle, aunt or husband. Will they check the identification of every driver and every passenger to see whether they are connected? This is one of the areas that some drivers are telling me they are getting prepared to exploit, but the minister assured us that she would be able to capture every single on-demand driver and every single taxi fare. Clearly, from this regulatory impact assessment, that is not the case. The opposition and, indeed, every opposition party in this Parliament were provided with legislation and new regulation in the absence of the regulatory impact assessment that says that there will be a cost to consumers and a cost to the economy.

When the minister was on her feet earlier, she said that it was a tremendous success and that over 1 000 people had registered as on-demand transport providers. I immediately had messages from two people in the industry who said, "That is not so. I'm on the website and there are only 343 people listed as on-demand transport providers." The minister needs to explain that discrepancy. She has said in Parliament that over 1 000 people have registered, whereas those people in the system who are looking to see how many people have registered are telling me that there are only 343 people on the list. I do not know whether that is true because I do not have access to the system. The minister needs to either correct the record or explain whether the people in the industry who are trying to get abreast of this new regulatory system are looking in the wrong spot.

The opposition has raised this issue and it will continue to raise issues. There are significant issues with the charter bus industry and small charter vehicle operators. We were assured that certain businesses could be exempted in certain circumstances. The regulatory impact assessment states that charter buses and small charter vehicle operators were not consulted and were not considered. Those individual operators have fixed-term contracts of up to two years with resource companies and airlines, but the companies and airlines have said that they cannot put up their fares by 10 per cent. They have to absorb 10 per cent of their gross revenue hit, and they are not going to be able to do it.

**Dr A.D. Buti** interjected.

**The SPEAKER:** Member for Armadale!

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**Mrs L.M. HARVEY:** Other members on my side of the house want to speak on this issue.

**Dr A.D. Buti** interjected.

**The SPEAKER:** Member for Armadale, I call you to order for the second time.

**Mrs L.M. HARVEY:** Other members want to contribute to this debate so I will sit down in a moment. People in the industry are coming to us and saying, “There actually isn’t a reduced regulatory impact and there are not reduced costs—this is costing me more. I’m going to have to put somebody on to manage the new system because it is so burdensome.” That is what they are telling me and other Liberal Party members and that is why we have raised this issue today. Based on what the minister told Parliament and the information that she provided Parliament, we have put through legislation and a new regulatory system that will cost consumers and the industry, and people in the industry are now starting to realise the impact it will have on them. They want to see something change and they want an audience with the minister, which they have been unable to get since this reform was first proposed.

**MS L. METTAM (Vasse)** [3.22 pm]: I will also make a few comments about this matter of public interest, specifically as it relates to regional Western Australia. At the outset, I refer to an email that I received recently from the secretary/treasurer of the WA Country Taxi Operators Association, which highlights one of the key concerns of regional taxidrivers—that is, the issue of consultation about the legislation. The email states —

Unfortunately neither Mandurah owners nor any other regional operators have been able to meet with the Minister for Transport and information she is being provided by OdT is incorrect. This is evidenced by GWN reports where Minister Saffioti made incorrect statements about country taxi plates. There was minimal consultation with regional operators to understand the different business structures and there are discrepancies in the Regulatory Impact Statement which may have had an impact on Parliamentary decision making.

There is significant concern and there has been concern since November 2017 when the government’s compensation proposal was proposed in public and introduced into state Parliament. It defied belief that, to start with, regional taxidrivers would have to foot the bill and pay for an “Uber tax” for a buyback scheme that would not be available to them. Both the shadow Minister for Transport and I raised this issue publicly and in a letter to the minister in January 2018. It was pleasing that the minister changed her position some months later in April, but it exposed and highlighted the fact that regional Western Australia was an afterthought in the regulations.

There is an outstanding concern about the absence of a buyback scheme for regional or country taxi operators who have purchased taxi plates in the same manner that metropolitan owners have traded their plates. Although, in large part, plates have been allocated to regional taxi operators, many plates across country WA have been facilitated to trade, if you like, and are being overseen by the Department of Transport in a similar way to what has happened in Perth. This is an issue of fairness and highlights the concern that many people who invested in regional WA in the same way that their metropolitan counterparts invested in their plates are not receiving the same package of support from the government. That is exactly why regional taxi operators and WACTOA, the industry body, want a meeting with the Minister for Transport, which has not been forthcoming. This is a major piece of regulatory reform that has been imposed by government, and it is very important that the government speaks to the industry. There is significant concern across regional WA, particularly given that this reform was apparently meant to cut red tape and it is quite clear that what we have seen is quite different. The legislation adds costs and obligations to regional taxi operators that were not in place before. It also adds new costs for the charter operator and the charter industry. There are significant concerns about that across the region. There is a lot of angst at the moment, particularly with the timing. Many who have been in the industry for over 25 years have been caught up with the red tape associated with removing omnibus licences and what they are calling “reinventing the wheel” by requiring them to move from one licence to two licences, which is creating a lot of burden and angst in the industry and certainly significant confusion, particularly given that the minister is not talking to the industry.

I finish by saying that there is also a big impact in the regions in the way services will be provided to the vulnerable. The Labor government has already delivered cuts to the South West Wheels program, which supported disabled persons with wheelchair access and transport across regional WA. Busselton Taxis provided 20 jobs a day for people in wheelchairs and there is concern about how those with a disability will be supported into the future.

I will leave my comments there because I know that other members would like to speak.

**MR V.A. CATANIA (North West Central)** [3.27 pm]: I speak on behalf of the Nationals WA on this matter of public interest and the uncertainty with taxis in general, particularly those in regional Western Australia. There was uncertainty about what would happen once the legislation went through. The fees, charges and the regulatory obligations imposed by the government on regional taxis has caught a lot of businesses—regional taxis, charter operators and bus operators—off guard. There needs to be more clarity around exactly what the fees and charges look like for regional taxis in particular. The National Party was able to negotiate to not have a 10 per cent levy

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on regional taxis, which I think is a good outcome, but, in saying that, there has been a lot of discussion about the bus and charter industry.

I refer to a letter that I wrote to the minister about the on-demand booking services deadline for the bus and charter industry. A meeting held on 18 March raised more questions for the industry than it provided answers. I took it upon to myself to write to the minister on 25 March. The letter states —

I write with regard to the impending introduction of the authorised On-Demand Booking Service (ODBS) deadline of 1 April 2019, which has the potential to significantly impact bus and charter operators working in the industry.

I seek an immediate delay in the implementation of this requirement to allow operators and business owners time to determine the full impact of authorised ODBS responsibilities, and how they may manage potential financial and administrative changes for operations and customers as a result of the new authorisation process.

Operators have expressed concerns to my office, including some of the following issues which appear to need further consideration and explanation:

- The deadline of 1 April 2019 is impractical and in some cases will be difficult to meet.
- Banding—there is a view among operators that this may anti-competitive and potentially restrictive in relation to the expansion of small businesses as they are required to lock into a band for a period of 12 months, which prevents them from taking advantage of changing markets.
- The proposed fee structure appears to not be fully understood by some operators, including the potential for casual employees to be discouraged from working in the industry.

In light of the points shown above and the impact of booking services on small businesses, the tourism sector and community members, I strongly urge the Government to delay implementation to assist businesses and provide certainty and understanding around these changes.

Minister, I would like a response to this letter. There is a need for certainty in the industry. There are a lot of questions. Perhaps it is worth delaying the implementation of these changes, although they have already started. There needs to be a new package for regional operators to fully understand this new legislation.

**DR M.D. NAHAN (Riverton — Leader of the Opposition)** [3.31 pm]: I would like to participate in this motion. The central point is that we support the legislation. We did at the time and we are not backing down. We have come across regulatory impact statements in which much of the work was done under the previous government. These would have been fairly useful to fill us in and help us participate in the debate on the legislation last year. To a large extent, this is an issue of transparency. I can see why the Minister for Transport did not put forward the regulatory impact statements. She keeps saying, and she said then, that the previous Liberal–National government did nothing on taxis. The regulatory impact statement from July 2017 was largely done by the previous government. It makes clear that the previous government did extensive work on developing a reform of the taxi industry, including holding a series of workshops from July 2016 to January 2017 and producing a green paper that generated over 5 000 submissions. A model was developed from the work of the previous Liberal–National government and the current government used one of the regulatory impact statements—there are two—to formulate its policies. One reason that I suspect it was withheld from us is that it contradicts the government’s central statement that the previous government did nothing; it did a lot.

Another issue is that the regulatory impact statement puts forward a preferred option to the government. I am not saying that this would have been a closer on the deal and I accept that the government does not need to accept it. The proposal was to recommend that government represents a balance between the parties’ various expectations. It recommended a minimum payment for conventional plate owners of \$165 000, including the \$20 000 transitional payment. In other words, it was higher than the government has apparently given. That would have been interesting and important to add to the debate. We recognise that the levy is effectively a tax and therefore has, in aggregate by itself, a negative impact on the operations of the economy and the industry. However, it is offset by further deregulation. I accept that. We said in the debate on the legislation that the deregulation is substantial, long-required and good work. However, we really need to know, and our concern is, whether those deregulation processes are working as effectively as it was thought they would. One of the arguments that the minister put forward in the debate on the legislation was that the levy would not be borne by Uber but it would be borne by the purchaser of the service. That is because there is no licence buyback, so that is obvious. For taxis, the minister said the levy would be absorbed by the dispatcher or somebody within the group. We have been informed that Black and White Cabs, which is not the largest, but one of the largest taxi dispatchers, has stated that it is going to pass the 10 per cent levy to consumers. Clearly, there is therefore something wrong with the process or the deregulation

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aspect is great enough that the dispatcher—in this case, Black and White—cannot absorb it. We would like to know why Black and White Cabs claims it will pass on the levy to consumers when the benefit of deregulation should generally should be great enough for it to be absorbed. They are the numbers.

Another major issue, which we have all been lobbied on, is about charter vehicles. Again, the early regulatory impact statement said that charter vehicle owners were not discussed, but they are major providers. They also do not have restricted entry and therefore they will not get any benefits from this process—they do not have restricted licences. They also have certain characteristics. Even though Hughes Limousines is the biggest charter vehicle company, it is in effect a dispatcher. The charter vehicles are owner-operated by contractors who own their own vehicles and get business from Hughes or otherwise. They sign medium-term contracts with providers including airlines, veterans affairs organisations, and a whole range of groups including Rio Tinto and the big firms. They sign multi-year contracts. Charter vehicle operators have told us they are getting no benefits from this process—only more competition—and they will not get any of the compensation, but they are being hit with the levy and they cannot pass it on with their long-term contracts. They are struggling. These are small business operators who have one to three charter vehicles. We have been told—perhaps the minister could explain this—that they are struggling because they have signed multi-year contracts and major providers such as the airlines, veterans affairs and others have said, “This levy has come in and that’s your problem. You have a multi-year contract and we’re not going to adjust our purchase price for the levy.” They are struggling. Even though they might drive very expensive vehicles, their mark-up is not 10 per cent. They cannot withstand a 10 per cent reduction in, effectively, their income. We have to look after these people. We understand from debates in the upper house that some mechanisms in the legislation are designed to address anomalies or factors that pop up. In a complex industry like this, things always happen. Charter vehicles, which were not adequately addressed early on in the formation of this legislation, which are legitimate service providers, are now really struggling. They cannot withstand the 10 per cent levy. We would like the minister to clearly outline whether the government has had discussions with the charter vehicle people and whether it recognises or acknowledges that charter vehicle operators could potentially be harmed by this. Can the minister indicate some measures the government is putting in place to address the serious problems of charter vehicle fleet owners?

Reforming the taxi industry has been one of the most significant, longstanding pieces of micro-economic reform of the last 20-plus years and it has been intensely difficult to put into place. The deregulation part—under this legislation, the elimination of the scarcity value of a licence—is a great move, but what really counts is how those deregulation measures, which are the real benefits, are put into place, how they work, whether they come to fruition, and whether they deliver the game. We should have been provided with the regulatory impact statement early on. I do not think it would have changed our vote too much, but we would have asked relevant questions.

**MS R. SAFFIOTI (West Swan — Minister for Transport)** [3.38 pm]: I thank the opposition for the motion. I note that much of the discussion that has been put forward today does not relate to the motion whatsoever but I am happy to stand and provide the house with an update on what is a very complex and difficult issue. I have never said it was not; I never said it was easy. As I have said before in this place, if it had been done before we won government, I would have been quite content because it has been a very difficult challenge. I know that not everyone out there is happy. Deregulation and industry reform has never been undertaken in a way that makes everyone 100 per cent happy, because it is difficult. I understand that. We are now entering the serious period. Let us face it; we are going through a very significant part of the process. The collection of the levy commenced yesterday. We are seeing a number of businesses registering. Just to clarify, member for Scarborough, I said that over 1 000 booking services have applied, which is correct, and 350 have formally registered and been authorised. The member is correct, but I said that over 1 000 have applied or are in the process of applying and 350 have actually been authorised. That is to clarify that point right up front.

It is complex and a lot of issues were raised. I will touch upon other issues, too. I made notes of all the speakers’ contributions and I will go through and talk about some of the points they made. I might cross over in a number of instances.

**Mrs L.M. Harvey:** How do the ones that aren’t officially authorised still participate? How are they able to continue to operate?

**Ms R. SAFFIOTI:** There are 350 booking services that are completely registered. That is a lot and it includes all the majors, for example. I said to my agency that this is a transitional period and so we are going to do what we can to accommodate people. We are not going to be out there—you know, smash! I will not say there is a grace period but we want to make this work. It is complex and thousands of people participate in this industry. The agency is working hard. I know people have different views about the agency, but I can assure members that five of the key personnel are not on leave at the moment. To say they are is incorrect. The agency has been working really hard. To tell you the truth—the Treasurer is not listening so I might say it now—within the resources of the agency, it has done an excellent job to institute a major reform. Would you say that, Treasurer?

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**Mr B.S. Wyatt:** Tremendous.

**Ms R. SAFFIOTI:** So much so that the federal government has given us \$10.8 million for it. It is hard work and the agency has had to deal with a change of government and a change of views. We brought in a different approach, and the agency has had to understand it. I know that it is tough. I will talk about charter vehicles in a minute.

Let us go through some of the debate about the levy and the costs. The member for Scarborough's first and second points were about costs being sucked out. We saw across the industry a very regulated taxi industry and an on-demand industry that operated outside existing guidelines and regulations. In a sense, there was no cost of regulation because the on-demand industry was not regulated. We had to create a system that we thought would be fair and equitable for all. If members were to read both reports, they would see that we landed on the concept of the booking service being the key authority in the chain of accountability. We could have landed on the driver, but we went with the booking service. I think that chain of accountability will work in Western Australia. The member for Scarborough talked about how Uber is not regulated, but it is—and that is the point. I think we are probably one of the first jurisdictions in the world to bring in a regulatory framework that has Uber, all the on-demand services and the taxi service under one umbrella. That is the point of the reform, and that is what is happening.

In relation to the levy, I said we are instituting a 10 per cent temporary levy on the booking services. I made the point that a significant cost will be sucked out of the industry, in particular the taxi industry, because it had been heavily regulated. In the past two weeks, Swan Taxis, which represents about 70 per cent of the taxi industry, announced that it would absorb the levy. That is a sign that Swan Taxis agrees that it could absorb the levy.

I want to make a point about the prices of the other services. I also asked my agency—we are doing this right now—to monitor the price impact out there. There are two ways to absorb a levy—the service does not pass on the full amount or it passes on the full amount but reduces its other costs so the net impact is not the full 10 per cent. With the taxi industry, I still believe that the full 10 per cent should not have been passed on at all, and I think Swan has made the right choice. They have had reduced costs. The other on-demand services could pass on the 10 per cent levy or they could—I specifically asked Uber to do this—reduce their take on the drivers.

**Dr M.D. Nahan:** What do you mean by reduced take?

**Ms R. SAFFIOTI:** Basically, the driver gets a percentage of the fare and the company takes a percentage. It is to reduce the take of the fare for Uber. Initially, as I recall, Uber would take about 15 per cent of the total fare, then it went to 20 per cent and now it is resting at about 25 to 27 per cent. I wrote to Uber and asked them as part of the temporary levy to reduce the take for Uber for the time being so the actual price impact on the customer would not be that great. Uber said no, and it is passing on, in a sense, a 10 per cent levy. I make this point, too. In our price monitoring, we see a lot of competition out there already. We are seeing more and more competition with Ola, Shofer and the taxi industry. The privileged position that some services had before when they were deregulated and they could do whatever they wanted in the market has changed and competition will be greater. I urge people to vote with their feet and check on what the service they use is doing for the WA economy, because, frankly, this is a hard nut to crack. We had to raise the money. If I went to the Treasurer and asked him, "Can I borrow all that money?", I am sure it would not be a happy result. I know it was not a happy result! We had to have a position, and we pretty much took that industry-funded position to the election.

In respect to the compensation amount, again, I understand that people have different views on what they should receive. I always understood that, but we had to have something that we believed would be affordable and fair. When we compare the levy with those in other jurisdictions, it is, I suppose "generous"—that may be the word, but some people would not like me using that word—as, in a sense, it is the biggest compensation or buyback package across the nation. That is what we did.

In relation to how the levy is passed on, it is pretty much working as we thought. For example, this week one of those on-demand services is cutting fares by 25 per cent. The service is passing on the levy but it is cutting fares by 25 per cent.

**Mr R.H. Cook:** That's disingenuous.

**Ms R. SAFFIOTI:** It is, but, if you think about it, the price impact on the customer is lower. My point has always been that taxi services can absorb the levy because they are reducing costs. In relation to the costs, the other big, I suppose, economic shock will be the buyback. Remember, a lot of those taxis are still owned by private owners who are still getting a lease cost. Once those plates are bought back and that money goes to the owners—we costed it at about \$120 million—it will take that cost pressure out of the taxi services, too. Economic shock is probably not the words to use, but it will be a significant impact that we believe will also help drive down pressure, and that has not —

**Mr J.E. McGrath:** Minister, can I ask one question?

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**Ms R. SAFFIOTI:** Yes.

**Mr J.E. McGrath:** I was in a cab today coming up here for question time. I asked the driver how it was going for Swan. He said that Swan had dropped the fee from \$1.72 a kilometre to \$1.55. It had also taken off the booking fee and there was no tariff, so it is reducing those costs. I asked him, “Are you better off?” He said, “No, at the moment, we are carrying that. The passenger is no worse off; we’re carrying that.” He said that in a couple of months’ time their rental should drop. Can you explain that?

**Ms R. SAFFIOTI:** That is the rental of the vehicle because a lot of the vehicles are still privately owned. In the interest of the buyback, owners have until 29 May to register their interest for the buyback. The buyback has not commenced, but people are applying. They have to go through the process.

**Mr J.E. McGrath:** That could take a couple of months.

**Ms R. SAFFIOTI:** The budget is predicated on the money leaving the consolidated fund from 1 July. We are taking the next two or three months to collect all the data and then starting the buyback. Like I said, that is another cost pressure that is going to be taken out.

**Mr J.E. McGrath:** So the drivers could be getting a bit more than they are getting now?

**Ms R. SAFFIOTI:** Yes.

The other thing that we are looking at, which may be a bit more controversial, is potentially a public database of what drivers are getting per on-demand service. That is my wish, but we will see how we go. The booking service will need to declare how much the driver is getting. That is something I was looking at, but we will see how we go first. That will ensure that people can see who pays their drivers the most and then make their decision. Not everyone will use it, but I suspect people like the member for South Perth, the voice of reason of the Parliament, will potentially use that type of information to make a choice. That is the issue of the levy.

From the price monitoring we are seeing ups and downs. I see that Ola is offering a 25 per cent discount. We will see some competitive behaviour as people start positioning themselves in the market for the longer term. Although there will be 10 per cent added onto their receipts in some instances, the price impact will be less than that because the price is not being passed on in full, as there are other absorptions. I think that will be the case for the taxi industry. I just wanted to talk about that. I turn to the leakage modelling. The table models for between zero and 15 per cent leakage. That is what economists do. Economists like doing that. It is a sensitivity analysis and they present a range of factors. Again, it warns people that this levy may not produce as much as they think. To address the issue of people avoiding it, we have the booking service being authorised through the Department of Transport. All booking services are authorised and have to declare their income. It is not something that can easily be avoided. We are not going to allow it to be passed on through receipts, and there will be significant penalties. If someone is rocking up to a taxi rank, and it is an authorised booking service and the collection has been made, it will be caught up in the levy. I do not think we will see a lot of leakage.

I turn to the trips and will say this again: there were two parts of analysis done. The Leader of the Opposition is right that this process started under the previous government in response to the release of the green paper on taxi reform. It was started and finished before our final model was released. The analysis guided our decision-making, but not the entire extent of the decision-making. There were two parts to the analysis. One was about the economic impact of the levy. As I said, the levy was never seen as an economic stimulus package; it was seen as a source of funding for a reform of the market. In respect of the reform, the documents show significant savings in the annual regulatory burden. One analysis cannot be read without the other, particularly because the one quoted from was the supplementary document. The core document has to be read. I will quote page 36, which is available on the website. It was tabled in the upper house. The guidelines prescribe that these documents can be tabled when the regulations are gazetted. That is what the guidelines conclude. Page 36 of the document states —

The impact analysis undertaken in Section 8 and summarised in Table 16 indicates that there are substantial savings to business and community in moving to a less prescriptive ... or deregulated ... on-demand transport industry.

The savings are between \$16 million and \$46.6 million per annum. The point is that the levy is temporary, but the savings will continue on. That is the other point: the levy is temporary, but the annual savings will go on. We have gone for a more deregulated approach. This document indicates that savings are up towards \$46 million per annum. The proof will really be how competitive things are and how the industry continues in the future—the amount of competitors and all those aspects. That is my key point: we cannot just pick up one document that models the buyback when the buyback is part of an overall reform process. If we were just doing the buyback, if all we were doing was purchasing people’s plates through the levy, that analysis could be used, but we are not just doing that; we are making massive changes to the industry. The modelling shows significant savings. As this is

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part of the old competition policy reform, the federal government is taking a keen interest. The letters exchanged between my good friend the state Treasurer and my good friend the federal Treasurer show that the federal Treasurer is happy for the state government to continue with its microeconomic reform and he has given us \$10.8 million for reforms to the taxi industry. When I sit around the Transport and Infrastructure Council table and talk about our model, to be honest people are impressed with it because it really tries to create that level playing field and brings on-demand services under the regulatory umbrella. When we see what is happening around the world, I think we should have a system that requires the same checks generally for all those providers. The leakage is a sensitivity analysis. It measured between zero per cent and 15 per cent. That is all.

I want to talk about regional WA. Regional WA is unique and every operator in it is unique. That is clearly the challenge when dealing with this reform in regional WA. The services in Albany operate very differently from those in Bunbury, which are very different from those in Mandurah. Of course, throughout regional WA there are small operators and large operators, and the way they have established their businesses over time is different. One of the original reasons we wanted to put the levy across was simplicity. That was because of the permeability between the metropolitan regional borders, in particular in Mandurah. Mandurah always creates those issues! We wanted simplicity. We heard the feedback from members across the chamber who did not want the levy, and in particular from the members for Pilbara and Bunbury. We thought that was fair enough and we put forward some proposals. One was to keep the levy and provide transition assistance, but to be honest, people were not willing to engage too much and they said they did not want a levy, so we said there would be no levy, but then things moved on. There were issues with the cost of the cameras and we instituted a \$500 grant. Some of that is going out at the moment and people are applying for the \$500. Mandurah was an issue because the levy could not really be stopped at the metropolitan border. We had to have the levy in Mandurah and as a result we offered some transitional assistance. I understand it is difficult. Recently I asked my agency to meet with the Western Australian Country Taxi Operators Association and a number of operators to take a fresh look at what else we can do, and we are working on that package at the moment. They have also engaged directly with the Department of Transport regional offices, because they normally have a very good understanding of what is happening on the ground, particularly in the transport industry, and they are trying to be the local people on the ground assisting with this reform. My office has had direct engagement with some local chambers of commerce and industry, for example. I would say that some are quite excited about some of the potential, but there is going to be a transitional period. It is difficult and we are doing all we can but, as I said, reform is difficult, particularly in regional WA where every business has been set up in a unique manner. I understand that is how they have been operating and we are trying to assist by what we are doing.

The charter industry is another unique area. The significant deregulation or changes to the charter industry occurred in 2015 and 2016 with the changes to licences. That was, in a sense, the real deregulation—when the minimum fare of \$60 was abolished. We thought long and hard about charters. Charters are difficult, so we did a lot of things. Tourism providers and vehicles equipped for more than 12 people were excluded. On-demand booking services that do special events, such as the boutique wedding car that goes out once a week —

**Mr R.H. Cook:** The party bus.

**Ms R. SAFFIOTI:** Party buses. Some services were very easy to exclude because they are ad hoc and do not provide a continual service. But charters were difficult because in some instances charters directly compete with the on-demand and existing taxi industry. Trying to separate that has been difficult. One mechanism was the levy cap of \$10, which was to cater for the high-cost trips. We understand about existing contracts and that is something we will continue to monitor. Because it is so mixed in with the on-demand industry, we could not find an easy or clear way to extract them, but we introduced the cap to reduce the impact. I think I have covered most of the points.

**Dr M.D. Nahan:** The government really has not found a solution to address the charter problem when they compete with taxis and Uber. They are on those long-term contracts with, for instance, the airlines. The status quo is, in effect, having the operators—the drivers and owners—wear the levy. Can the minister not see an option to get around that?

**Ms R. SAFFIOTI:** One thing to try to limit the impact is the \$10 cap. We will continue to engage, and I think we have engaged positively. The Motor Trade Association of Western Australia has been very strong on this and has tried to represent its industry very strongly. Because they compete and are intertwined with the existing industry, the argument is that the charter industry does not get any direct benefit, but that is the same, in a sense, as other on-demand services.

**Dr M.D. Nahan:** Uber gets a benefit because it was normalised. Charter people were already there.

**Ms R. SAFFIOTI:** There are some other reductions in fees and costs. We have waived the booking service fees for the first year, which is a benefit to all the booking services. We are seeing what else we can do for regional WA. There are transitional issues as people try to work out their costing methodologies. We are doing all we can to try to limit that impact.

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I think I have addressed most of the issues. The modelling that the member for Scarborough referred to does not account for the benefits of the underlying reform package, which the buyback will enable. As I said, the reform is wider. The levy came into effect yesterday. We have seen some different price impacts. I think I have gone through the regional issues and the justification.

Given that it has already been 24 minutes, I probably will not go through all the other points that I have—some that are slightly more attacking. I think this debate has been had in a quality way. I do not think the views presented by members on the other side bear any relation to the matter of public interest. It has been a general discussion. I thank the industry, the customers, the Department of Transport and everyone involved. This is the hardest, toughest, biggest microeconomic reform that we have seen this place for a very long time. I want a competitive industry and want to make sure that we get the buyback completed. I want to make sure that everyone has a chance to compete. The reality is that the old way of doing business changed when Uber arrived. I did not like it at all and I did not think it should have been allowed to do what it did. It was very interesting watching how it operates in the *Four Corners* episode. It does not care about the law, but it completely disrupted the market. There were two choices: to try to get rid of Uber, which I do not think would have been successful, or to understand that the world has changed, which has created a new level playing field going forward. I know and understand that many people in the industry have been hurt. I think this is the right balance and I believe that everyone understands we needed revenue to do the buyback and this was the fairest way. As a result, I think we will see greater competition, more booking services and, ultimately, greater activity across the sector.

**DR A.D. BUTI (Armadale)** [4.05 pm]: I will make my comments very quickly because I would like to give the member for Southern River at least a couple of minutes. This has been a good debate. I would particularly like to thank the Leader of the Opposition—I thought that his contribution was very worthwhile—and the member for North West Central, who has always been engaged in trying to get a better deal for regional areas. The minister has comprehensively gone through what we have done. It is the most comprehensive reform package for on-demand transport in Australia. I will make only a couple of points, because the minister has succinctly articulated our position. There has been consultation with the charter industry. We had numerous consultations with the Wedding Car and Limousine Association of WA, Shofer, and the Motor Trade Association of WA. I believe that under the previous government's green paper there was no consultation with the charter industry. I am not sure whether that is the case, but it is wrong to say that we did not consult. This is not a 10 per cent levy; it is a \$10 maximum. If someone plans to hire a charter vehicle for \$150, will \$10 really affect demand? I do not think so.

**Dr M.D. Nahan**: It is not the demand; it is the ability of the operators to withstand that additional cost.

**Dr A.D. BUTI**: The buyback levy started only yesterday, so it is a bit early to say it is all doom and gloom. This is a great reform. The member for South Perth has long advocated for the levy scheme. As the minister said, we are sucking out a lot of costs. Swan Taxis is basically doing what we want the industry to do. The minister gave no guarantees. She said that this is what it should be doing and Swan Taxis is doing that. I want to give my good friend the member for Southern River, who has a lot of taxi people in his electorate, some time to contribute to the debate.

**MR T.J. HEALY (Southern River)** [4.07 pm]: I would like to make a few brief comments on this matter of public importance. This is a very important piece of reform that the state government has put through. I absolutely agree with the member for Vasse. She mentioned that this is about fairness. It is about fairness and creating a modern, equitable framework that will support people in Western Australia—families and small businesses. The member for Scarborough admitted that when the opposition was in government it did not fix this. The opposition admits that it does not have the moral high ground on this matter. That is absolutely correct. The Leader of the Opposition, the member for Riverton, said that the Barnett government did a lot. It did not! In the previous government, the member for Riverton and the previous member for Southern River said a lot of things in this chamber and then voted against it. They said a lot of things in the community. They said how great taxis were and how much they wanted to support them, but they did not back that up during their time in government.

During question time earlier this year the member for Riverton was asked what the previous government did for the taxis. He said, "We promised them nothing." He said that very proudly.

Several members interjected.

**The ACTING SPEAKER**: Thank you, members!

**Mr T.J. HEALY**: What was disappointing about last year's debate is that the opposition said that it would support this bill.

**Dr M.D. Nahan** interjected.

**The ACTING SPEAKER**: Leader of the Opposition!

**Mr T.J. HEALY**: Now it has the absolute gall to say that it wants to seek some changes to this bill.

**Dr M.D. Nahan** interjected.

**Extract from *Hansard***  
[ASSEMBLY — Tuesday, 2 April 2019]  
p1841a-1849a

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**The ACTING SPEAKER:** Leader of the Opposition!

**Mr T.J. HEALY:** The previous government caused mental stress and financial stress for families. It hurt families and mucked up the industries. I quote *Hansard*. Members opposite buggered up the industry. They shat the bed and we are fixing it.

*Division*

Question put and a division taken, the Acting Speaker (Ms S.E. Winton) casting her vote with the noes, with the following result —

Ayes (17)

Mr I.C. Blayney  
Mr V.A. Catania  
Ms M.J. Davies  
Mrs L.M. Harvey  
Mrs A.K. Hayden

Mr P.A. Katsambanis  
Mr Z.R.F. Kirkup  
Mr A. Krsticevic  
Mr S.K. L'Estrange  
Mr R.S. Love

Mr W.R. Marmion  
Mr J.E. McGrath  
Dr M.D. Nahan  
Mr K. O'Donnell  
Mr D.T. Redman

Mr P.J. Rundle  
Ms L. Mettam (*Teller*)

Noes (37)

Ms L.L. Baker  
Dr A.D. Buti  
Mr J.N. Carey  
Mrs R.M.J. Clarke  
Mr R.H. Cook  
Ms J. Farrer  
Mr M.J. Folkard  
Ms J.M. Freeman  
Ms E.L. Hamilton  
Mr T.J. Healy

Mr M. Hughes  
Mr W.J. Johnston  
Mr D.J. Kelly  
Mr F.M. Logan  
Ms S.F. McGurk  
Mr K.J.J. Michel  
Mr S.A. Millman  
Mr Y. Mubarakai  
Mr M.P. Murray  
Mrs L.M. O'Malley

Mr P. Papalia  
Mr S.J. Price  
Mr D.T. Punch  
Mr J.R. Quigley  
Mrs M.H. Roberts  
Ms C.M. Rowe  
Ms R. Saffioti  
Ms A. Sanderson  
Ms J.J. Shaw  
Mrs J.M.C. Stojkovski

Mr C.J. Tallentire  
Mr D.A. Templeman  
Mr P.C. Tinley  
Mr R.R. Whitby  
Ms S.E. Winton  
Mr B.S. Wyatt  
Mr D.R. Michael (*Teller*)

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Pair

Mr D.C. Nalder

Mr M. McGowan

Question thus negatived.