

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into ride sourcing services

Bendigo — 5 September 2016

Members

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Mr Khalil Eideh — Deputy Chair

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Mr Colin Wells, Manager, Taxis Associated of Bendigo Cooperative Limited.

The CHAIR — I reopen our Standing Committee on Economy and Infrastructure public hearing and welcome Colin this afternoon. The committee is today hearing evidence in relation to the inquiry into ride sourcing, and the evidence today is being recorded. All evidence taken today is protected by parliamentary privilege. Therefore you are protected for what you say in here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege. At this point I will hand over to your good self, and if you would not mind introducing yourself and the organisation you are connected with and then going into some introductory comments. Then we will follow with some questions from the committee. Over to you.

Mr WELLS — Colin Wells is my name, and I am with Taxis Associated of Bendigo. We are the local taxi cooperative that operates in Bendigo. We are probably one of the few that is still maintaining the cooperative status. Many have converted to a company structure, but we are still a traditional cooperative.

Homework has never really been my strong point, so I was coming here today more to answer questions and give a general overview. One of the briefs I thought that the committee had was to look at how I felt the regulation, deregulation — however you want to phrase it — should be done. It makes it reasonably easy now that there is already, I will call it, a proposal on the table — although it is a fairly firm offer at this stage — that seems to have got most of it wrong.

Some basic points that we believe should happen with any change is that it should be done all at once, not spread out. Under the current arrangements they are looking to spread it. What I am referring to there is they are looking to bring in some legislation in six weeks — the easy bit — to allow other players into the market and then 12–15 months down the road to bring in the buyback compensation, the \$2 fare surcharge et cetera. Now, I am just a simple country boy, but six months before an election that legislation is never going to get over the line. So we are going to have a half-baked solution, where half of it is in and then all the funding for it is out the window. So I think it needs to be brought in in one fell swoop. It is either all in or none in.

I think the wording that is used is really important. The media love to bag the underdog in any fight. Unfortunately at the moment the taxis are the underdog, and they keep referring to it as compensation. It is not compensation. We bought these licences in good faith, no different to everyone who bought a megalitre of water up in the Campaspe area and when they wanted it to be brought back out so they did not have to put in all the new pipes, the government went in and they bought the water back off the water-holders. We bought these licences in good faith, and as little as three or four years ago we were being told to keep buying; it was a good nest egg.

Now the market is being deregulated. We are not disagreeing with that, but if the government wants to do away with the licences, they need to buy the licences back. I do not think that is an unreasonable position to be in, and I think it needs to be bought back at the market value. We had a buyer buy one of our licences not more than three weeks ago, and they paid \$200 000 for it. I had to go and see these people because the Taxi Services Commission website said, ‘That’s applicable as at 15 August — that’s when we will pay the \$100 000 back to whoever held the licence on the 15th’. That licence was transferred on 17 August. So according to the website they have given \$200 000 to the old owner of the licence and the government is going to give the old owner 100 000 and the new one zero. That is what is written.

Now, I have made calls and been assured that, ‘Oh, no, that will be looked at’. That is simply because the people who are writing this stuff do not understand the process. The process to buy a taxi licence takes about three weeks if you are already an approved operator. These are not corporations. This is a young couple. She has moved to Bendigo. As part of the family getting their residency, they have to spend a certain amount of time in regional Australia. So she is in health, and he is looking to buy into an industry where he can set his own hours and make a future for his family, as well as invest in a long-term asset. They have just lost \$100 000 — welcome to the lucky country. We really need to get this right.

Whether you put a moratorium on all transfers until it is done, I do not know what the answer is, but you cannot arbitrarily say, ‘This is worth this much money’, the same here as in Melbourne, as in Mildura, as in anywhere. You need to look at each case by case, and I do not understand what is wrong with the third and the fourth licences or the second one, for that matter. If you are buying them back, you buy them all back and you buy them all back for the same price, because that is how they were purchased. The money needs to be up-front; you cannot say, ‘We’re going to get it off you, but we’ll give you eight years’. You cannot hoodwink people.

You cannot tell people there is an emergency fund or there is a financial hardship fund. If you read through the rules, there is no financial hardship fund. That is a complete crock. The financial hardship clause, all that does under the current arrangement is forward pay the 100 000. We still get no more than the 100 000. That is what is in the rules that have just been released. The \$2 trip surcharge is just a joke. No-one is going to accept that. For almost 12 months New South Wales has been trying to figure out how they are going to collect the \$1 they would of introduced. I think what really needs to happen is: bring in the permit system, as has been suggested, but make it more realistic; make it \$3000 a year. Three thousand dollars a year to run a commercial vehicle is not that outrageous when you consider that six months ago the Victorian government was selling them at \$22 000. So to go from \$22 000 down to \$600 just seems a little bit of an overkill to readjust it. If you made it about 3000, given the number of commercial vehicles that are on the road now, you are almost funding a complete buyback. So that is where we think it needs to be at.

I have not seen it anywhere, but we need some protection of the current responsibilities that are in the marketplace. I mean, this is a commercial operation. Running a taxi is a commercial operation, but it comes with a lot of social responsibility, and that responsibility is taken fairly seriously by 99 per cent of the operators. You will always get some duds out there. It does not matter what market you are in, and that has always been seen as the trade-off. Part of being in a protected environment where the government limits the number of licences has always been, but we need to make sure that we are around. We have got one lady, honestly she lives on one side of the road but she cannot walk across the road to the chemist shop. So we will go and pick her up, and we drive her over the road. Now, it is not commercially viable to do that, but it is done because you have just got to cop it on the chin. There is good and bad in everything, so you cannot just take the good.

One of the issues that we see is that if we have people come in to just cherrypick and take the best of times, then the older operators will just retire, and they are the ones who have got a relationship with these vulnerable people. We have a lot of vulnerable clients. It is an industry that has a very, very significant impact on the lives of many people. I have not been in the industry long; I have only been in the industry about 18 months. I can still vividly recall a conversation — I had been in the industry for six weeks — with a lady of one of our clients who happens to be in a wheelchair; he is 34 years of age. She said to me, ‘Without the Taxi Association of Bendigo, Jim would not have been able to stay at home’. So he would have been institutionalised if there was no way to get him around. I am calling him Jim. The worst thing about Jim’s disability is it does not affect his mind. He cannot really speak. He has very limited control of his limbs, but if you talk to him, if you look him in the eye, you know he understands absolutely every word that you are saying, so much so that you can even joke and muck around with him and he gets it.

Now, that kid has lived in a loving home for 30 years because of the industry. It is not just because of Bendigo — because every other taxi association will have similar stories. So this commercial passenger vehicle market has a major impact on people’s lives. It is not unusual for the drivers of any commercial vehicle to spend more time with their passengers than their own families do. I do not know whether you have been involved in any WorkCover claims or TAC claims. Those people go through case managers like I change shirts. Generally they last about five weeks. So there is no relationship with the case manager and the individual. It all gets down to who is transporting them around. So any professional driver is in a great position to give some good feedback on how the passenger is travelling. That sort of stuff has to be protected.

I also see there needs to be some protection between a regulated fare, which is what we have come out of, and the surge-pricing fares. Again language is really important. Many of these booking applications allow you to tip the driver. Again I am just an old-fashioned sort of bloke, but I thought you gave a tip to somebody for good service. How can you give a tip before you have even received the service, and that is perfectly legal. That is a bribe. So we are going to end up with a two-tiered system where the people who can afford to get home will just give a greater bribe to get a driver there, and human nature is human nature. I know, if I am out in the car, which fare I would take. So all that stuff we really need to get our head around it, and to try to rush it through I just think is a big mistake.

A question was asked about wheelchair access taxis. We have got a quarter of a million dollars sitting on our books as debts for the 320 000 we have just invested in four new wheelchair taxis over the last 8 to 12 months. We are urban here; we are not country; we are not regional. We get diddly squat from the government when it comes to funding these \$80 000 vehicles. Now we are in a position where we have got two more that need to be replaced, and we are tipping money into them like it is water. We have spent \$3000 on one van in the last four months. It is tired. It has done 600 000 kilometres. It is due to be replaced. What do you reckon my chances are

when I go to the bank and say, 'Listen, we want to borrow 160 000 for two new vans. By the way we have just had a \$700 000 loss in the last 12 months, because \$900 000 of our asset has been reduced to 150 000 in the licences that we paid for. Not only that, we are going from a reasonably stable industry to an exceptionally volatile situation'. Do you reckon my chances are good at getting those vans?

So I am now about to go out and see the disability groups to let them know that our services are going to be reduced by 25 per cent, because two of the eight vans will have to go off the road at some time in the very foreseeable future. This is the impact these things are having. And even if the bank were prepared to lend us the money, from a prudential point of view there is no way the board can agree to that — to tip money into an industry that has got limited, if any, future. That is the position we are coming from. It is extremely biased. I make no apology for that, but you guys need to be aware of just how important it is, not just for people who have invested over time in an industry but also the users of that industry.

To say to make more players available will automatically mean shorter wait times — it will not. At 3 o'clock on a Tuesday morning it is only the diehards that are out on the road waiting in case someone wants to be picked up. Saturday night, yes, the wait time will reduce, but I would suggest most Saturday nights are not used by regular taxi users. They are used by people who are going out for a party. It is not the regulars. We have got one girl in particular, I know for a fact because she is the sister of a mate of mine. I am 56 years of age. When I was going to school with this bloke and we were both 15, his eldest sister was being picked up and dropped home every day — taken out to Harcourt Street, out to Scope. She is still going out there some 40 years later. So five days a week she gets picked up and taken out there. She has got no idea. Her sight is appalling. Her mental capacity is quite severe. And she just tips money into the centre console, and the drivers just shuffle through it and take out the \$5 or \$6 she needs to pay. Those people will be impacted severely if this industry starts to wilt.

The CHAIR — Thank you, Colin, and obviously there is a significant impact that could possibly occur here. So I am interested by way of the first question to find out about consultation with the government with regard to the announcement that was obviously made a couple of weeks ago. What led up to that? What consultation was there with people like yourselves in the industry from the government before that announcement was made?

Mr WELLS — Little to none. We, being the chairman, myself and a couple of others, went and saw Jacinta Allan over various times, as our local member, and it was really all around when the reforms came in, the impact of the knowledge test and how there were no drivers coming through, because the general way in is much like the dairy industry. You start off sharefarming, then you buy a herd, then you buy more of a herd and then you will lease the farm. Well, with the taxi industry, you start as a driver, you generally drive days, weekends, then you will move up to the quieter nights and then you will go to the busier nights. You get a reputation as someone who brings the car back undamaged, you have no problems with your passengers, you take reasonable money and so then they start offering you the day shift, which in Bendigo is the most lucrative of the shifts because the work is consistently there during the day. So you need that feeder process to come through. When the knowledge test came in, we suddenly had no new drivers coming in. It did the reverse of what was hoped in that it kept a lot of drivers in the industry who should have been moved on.

The CHAIR — So obviously little consultation. When the announcement was made about the \$2 per trip levy, what was your reaction to that?

Mr WELLS — It is not going to be collected. The passengers will refuse to pay it, and at the end of the day if they are the ones not paying it, then it is not going to be paid. I do not know how you police it. I do not know how you work out who has taken a ride or how many trips have been done, because under the current rules everything is tracked. Under the new proposed rules, that sort of goes out the window. Your traditional dispatch service is still there, but there are more and more applications that drivers are allowed to use, like the ihail or any of those sorts of things. It shows up as a street hail on our system because the meter went on and the meter went off. That is a trip, but if you are getting the same information from ihail, then it is being counted twice. I just do not understand how they are going to work it out. I do not understand how you are going to get information out of international companies that have already got a track record of ignoring the rules. So I do not know how you make sure you get accurate information there. It is just a recipe for disaster. It will be a brave government that brings that \$2 in, because it will be crucified for it.

The CHAIR — I am wondering with the buyout of the taxi licences that has been announced by the government, what impact is that going to have on the members of your cooperative? What does that look like in dollar amounts per member or the like? What does that do?

Mr WELLS — We have got 33 members. One of them has four taxi licences; he also happens to have four children. Another one has got three taxi licences, and he happens to have three children. There is another one with two licences. The rest are single licence-holders. I do not know where the perception has come from that there are major investors in the industry. Most of the operators have come up through the ranks and bought their licence as a way in. Most people who buy a licence or want to lease a licence really want a day shift — a permanent day shift — and that is one way they can get it. They buy the licence so they get the best shift, the most profitable shift, but it also happens to be the most socially acceptable shift. From that perspective, there are a few that have lost significant funds. The cooperative itself is owned by the members. We have got eight licences, and as I have said, we have gone from having 900 000 sitting on our books to 150. That 900 000 is what we paid for them.

The CHAIR — So 900 000 represents what you have outlaid.

Mr WELLS — The purchase price, yes.

Mr LEANE — Thanks, Colin. My understanding from just being here this morning and from other witnesses is that Uber is not operating in Bendigo. Is that your assessment?

Mr WELLS — It has had a couple of little runs, but for all intents and purposes it is not a significant player in the Bendigo market at this stage.

Mr LEANE — Because obviously, even though they are operating illegally, they are all over Melbourne — all over the Melbourne market. Do you think they are not operating in Bendigo purely due to economics, because there is not a buck in it for them.

Mr WELLS — It is probably a combination of that and they have not been able to source drivers as yet. They had a meeting, it would be close to 18 months ago, and on that day there were five people who turned up to sign up. They had their usual ice-cream day, which happens to be in the middle of winter for us, but it is a worldwide event that they have where they deliver ice-cream on a certain day. That flavour may change year to year. They had that, and I think there were three drivers out on that day. I heard anecdotal evidence that there may have been two cars floating around on the weekend, but I myself have not seen or heard of any definitive ones.

Mr LEANE — So I suppose on the economic side of it, you would think if there was a buck in it for them, they would be operating. So after they actually get regulated and have to do a number of things that you already do, as far as the insurance, the checks, do you think it will be less attractive for them to operate in Bendigo, if they actually do adhere to those things, which is a cost to them? Do you think it will be a less attractive for them to operate here?

Mr WELLS — It will be less attractive to them certainly, but you may find there will be other players who look at our market, because we have got a fairly strong market in Bendigo.

Mr LEANE — Actually the Chair mentioned this morning there is a Facebook page in Bendigo; is that right?

Mr WELLS — Yes.

Mr LEANE — I hope I am not asking you something you do not know, but do you know if there are many people on that Facebook page that utilise it?

Mr WELLS — Look, I do not know for certain, but I believe in the vicinity of 50 to 100 people will be doing that on and off. I know that the Taxi Services Commission came in and issued about 30 show-cause notices.

Mr LEANE — Good.

Mr WELLS — It was interesting that they got probably a dozen phone calls from concerned parents who had no idea what this letter was about because the kids were driving around in mum and dad's car. So it was really profitable; they were not even covering the cost of petrol. I guess that is the inherent danger and shows how easily someone can be caught out — when they just think they are going to get \$10, \$20 or \$30 taking two

or three people home, how quickly they can get caught out. The taxidriver, he is a really weird dude. He has got to be prepared to spend a lot of lonely hours in the car on his own, but he has also got get on with people, and it is a strange mix. The night driver is even more out there. He is working unsociable hours; he is dealing with people who are often at their best or worst. He will take one group and they are the friendliest, happiest people in the world and then you take them home and they are the most obnoxious.

Alcohol does make life challenging for these drivers, but the recent thing that seems to be making a massive impact is the drugs that these drivers have to put up with. Generally with booze they can kid them around, but with the drugs there is just no rhyme or reason; there is no logic; there is no dealing with them. That is where at least if you make it a commercial operation and make it a reasonable commercial operation, then people will be doing it more often to recover their investment, but it also then gives them more experience on handling the situation. It is the once-in-a-blue-moon operator that is really going to end up getting hurt themselves.

Mr LEANE — Just one last one: do you think it was unfair criticism; we had some evidence today from another witness around long waits when there is an event on in Bendigo?

Mr WELLS — What I would really like to see happen is that if someone puts in for a permit to run a concert, then there is a transport plan attached to that permit application. The last Jimmy Barnes concert they had out at the racecourse they said, ‘Oh, yes, everyone can get public transport’. The concert finished 15 minutes after the last bus ran!

Groovin The Moo is a great example. There are 18 000 people who go to that concert. With 46 taxis in Bendigo we cannot do a lot to help them. We have been to a lot of meetings with the organisers; we attend that meeting. Christian’s buses are there and V/Line are there. V/Line put on five extra trains that day to get people up here and get them home.

We have arbitrarily said that we are not picking up anyone from the venue site. If you want to get picked up, you go back into the station. By bringing them all back into the middle of town that allows mum and dad to meet them in a safe place instead of either side of the road. It enables the buses then to do what they do best. They shift 50 people at a time. At best, we shift four, or if it is in a high-occupancy vehicle, the maxi taxi, we are shifting 10. We just cannot cope with the numbers; we never will.

Mr LEANE — That is a really fair comment.

Mr WELLS — So having a transport plan means that the responsibility goes back onto the organiser of the event. You are never going to have enough cars. The same thing happens every Saturday night in Bendigo. We never have a problem with wait times until the lockout kicks in. Once people no longer have a place to go and are forced to go home, that is when they say ‘We want to go home now’. So you do the best you can.

Mr LEANE — Fair comment.

Ms DUNN — Thank you, Colin, for your submission. You talked about the legislative program the government intends to do, in that there are two separate bits of legislation, and you raised concerns about that the second part of that legislative program. You were concerned. You saw there were some risks there because of the proximity to election time, and I am just wondering: with that first lot of legislation that lets other players into the field, have you identified any other risks because I guess there is a grey area between that legislation being introduced and the second lot that completely opens up the marketplace? Are there any other risks that you think need to be identified?

Mr WELLS — The biggest risk I see is that the second piece does not get through and just decimates the people who have invested in the industry. But it seems rushed. I get more cynical the older I get and I would suggest that if there had not been a cabinet leak and it had not been in the *Herald Sun* and the *Age*, I do not know that we would know what the proposals were. I do not know that for a fact, but the government has been playing catch-up ever since. It has almost been policy on the run. The government has had in place all these things it wants to do, but it seems that it is rushing to get them announced and get all the background stuff done. I think that has been brought about because it has been brought forward a lot earlier than was originally planned. It is my fear that we will end up with a half-baked cake.

Ms DUNN — So in terms of your perspective, the best-case scenario is to just maybe take a little bit longer than the six weeks for the first lot and get the full package introduced in one fell swoop.

Mr WELLS — In one go — and then it is either accepted or it is not accepted, because I can see now ‘Yes, we like this half’. It makes it too easy for everyone to eat their lollies and then not want to run that 3 kilometres they promised to do next week.

Ms DUNN — Is your cooperative a member of the Victorian Taxi Association?

Mr WELLS — Yes, we are a member of the VTA.

Ms DUNN — So you are aligning with what they are advocating for, it sounds like as part of your presentation, which is around having one lot of legislation and that just that one entry price into the market.

Mr WELLS — I do not know whether they are going with the ‘every licence be bought back’. That is something we feel pretty strongly about.

Ms DUNN — You talked about the fact that your cooperative has \$900 000 worth of licences. I am assuming there is a timescale in which those licences have been purchased over time, so some of them have operated longer than others and there will be an income attached to those licences as well. Are you able to explain, in terms of the fact you have got an asset of \$900 000, what the earnings of that asset might have been, taking into account that timescale?

Mr WELLS — Have you got a rental property?

Ms DUNN — No, I am possibly one of the only MPs who does not.

Members interjecting.

Ms DUNN — There are a few of us.

Mr LEANE — I actually live in a rental property.

Ms DUNN — I am sorry I mentioned it. You started it.

Mr WELLS — You buy your rental property in good faith and it is needed to operate in that market and you get income from it. I would suggest they would get more money out of a rental property than they would have out of that. But if that property has to go because a freeway wants to go through or something like that, it gets bought by the government. I do not see just because money has been made out of it as being completely relevant. In our particular case, 8 of our 10 licences are actually for wheelchair-access taxis and the wheelchair-access taxi market at best is breakeven. That is purely down to the running costs of that fleet.

Ms DUNN — So essentially those vehicles just cost more to run generally?

Mr WELLS — Yes, you can get a taxi on the road for about \$30 000 in round figures. The wheelchair-access taxi costs you \$80 000 and the maintenance costs on them are far greater because of the hoists that are used.

Ms DUNN — It is the additional equipment.

Mr WELLS — Yes. And what has happened is that you see them now, but if you go back 10 years a motorised wheelchair was a bit of a rarity and if there was one it was not the size of this table. Now, with gophers and the battery size of the motorised wheelchairs it is the weight of them. You have got nearly half a ton sitting out the back of the taxi being lifted up and down. Well, that puts an amazing amount of strain on the whole substructure of the taxi. That is why you have to have the engineers’ reports that you get. The chairs are getting bigger; they are not getting smaller, and as individuals we are getting bigger. You have got two people and a wheelchair on that hoist going up and down.

Ms DUNN — Is demand for that service static or is it a growing demand?

Mr WELLS — It is growing.

Ms DUNN — That is what I suspected might be the case.

Mr WELLS — It is just growing, and that is down to the government policy of trying to keep people in their homes.

Ms DUNN — Ageing in place.

Mr WELLS — It is also down to human nature being such that as a society we are heading into the danger zone. We have got all of the war generation passing away, and they were very stoic and they accepted as their lot whatever they were dished up. We have got the baby boomers coming through now, and they will not accept anything less than what they want. It is their right to have this — and they will scream long and loud until they get it. So the days of the infirm, the elderly, the less mobile just accepting, ‘Oh look, that’s part of my condition’, they are disappearing, and the demands are going to get stronger and greater.

Mr BOURMAN — I think every question I could possibly think of has been asked and answered, thank you, Chair.

The CHAIR — Very good. I might have another go, if I could. I am just interested in the fact that earlier you mentioned the details of the buyback, and you particularly mentioned a date at which the buyback was going to be. I am just wondering whereabouts did you find those details about that.

Mr WELLS — That date is listed on the taxi services website, on their information sheet.

The CHAIR — That might be a good one for us to look up as well. I am also hoping to just ask you about innovation. I suppose what we have seen through ride sourcing is innovation through Uber and GoCatch and the others. I am wondering what do you see as the future of innovation within the taxi industry? What could or should the taxi industry be doing to embrace technology further, to deliver a service, perhaps, that customers might be looking for? Have you got any ideas on what that might look like?

Mr WELLS — No, not really, because if I did, I would not be sitting here; I would be inventing it. But it has not really changed. The industry is one that has changed and evolved. I mean, once upon a time not everyone had a phone in their house. We went through exactly the same thing when the mobile phones first came in. You go back three years and I was leading the charge: ‘I just want a phone that makes phone calls’. Now I do not use my phone for phone calls, I use it for everything but phone calls. So all it is is that the booking mechanism has changed; the basic delivery has not.

The interaction with the customer has changed a little bit too, in that now a lot of the apps will let you see when the taxi gets the job and see it approaching. That still does not help us when we have got more passenger demand than we have got cars on the ground. Whether or not they can come up with a way of predicting what the wait time will be, that may be an innovation that helps with people’s expectations. Because the biggest problem we have got at the minute is we are almost too efficient at answering the phone. It is really easy to make a booking. If you make a booking — human nature — and it takes you 30 seconds to make a booking, then the expectation is, ‘Oh, they must be quiet, so we’ll get them here in a couple of minutes’. Sometimes we will slow down our answer process just to try and drive down the expectation that there is going to be a car there inside of the 20 minutes.

We are experimenting at the moment. We are trying to roll out some automated texting, because whilst the drivers can send a text message to the potential passenger, it takes time for them to stop and to key that in, and then the passenger has got their mobile number, so they are going to get calls at 3 in the morning, ‘Are you working tonight?’. We want it just to appear on the system, or have the system automatically send a text message. We are finding our data costs are what is going up more so than phone costs, and we are no different to any other business.

Mr BOURMAN — Actually I have come up with a question.

The CHAIR — Very good. Mr Bourman, over to you.

Mr BOURMAN — Melbourne has some peak services taxis. Now, obviously, from what I am gathering, the issue in Bendigo specifically is peak services. Would you see a peak service licence being able to take up the slack as a way of dealing with the problems?

Mr WELLS — I would suspect how many would be taken up, because the issue that you have with the peak service is, ‘I’ve got to invest \$30 000 in a taxi. Now, I’ve still got to invest \$30 000 in a taxi, but I’m only going to use it for 7 hours a week, realistically’ or 14 hours — we will put Friday night in there as well.

Mr BOURMAN — I would like to hope, but I am not au fait with at all, that the licence would be somewhat cheaper than a full taxi licence?

Mr WELLS — Sorry, I am not talking about the licence price; I am talking about the cost of the car.

Mr BOURMAN — The car itself, yes, but I would hope that at least there would be an offset on the cost of the licence to do that —

Mr WELLS — Yes.

Mr BOURMAN — that might make it a bit more attractive. It was just a thought I had. You see them around Melbourne in the peak hours, and I am presuming that is just to take up the load.

Mr WELLS — Yes, and the other thing that you will also see is when you have got a couple of ships coming into the docks, they will allow them to operate outside their normal times. The Melbourne Cup, the grand final — some of those big event ones — and the grand prix, they will say, ‘Yes, we’re extending when the peak times can work’.

Mr BOURMAN — I am wondering about a hybrid model of ridesharing and a peak taxi as such. It is just a thought.

Mr WELLS — With the changes, whatever you do it would be nice — I do not know how much involvement you have had with the TSC, but whatever you do — if you give the overseer of it, or the regulator of it, just make sure they have got some teeth to do something.

Mr BOURMAN — Definitely.

Mr WELLS — Under the current legislation, even with licensed drivers, it is exceptionally limited what the Taxi Services Commission can do. They cannot suspend anyone. They can take their DC away, but they do not appear to have anything in the middle, and you have really, really got to be bad to lose your DC. A lot of times, if you have got to spend a week having a rest, that is enough to get the message across of, ‘Hey listen, this what you’re up against. You need to do the right thing’. Because as a depot we are third party; we are often removed from the arrangement with the driver. So we have an arrangement with the operator of the taxi, but the operator of the taxi then has an arrangement with the driver, and so it gets a bit blurred — who can do what, when penalties can come in, those sorts of things. It also gets a bit blurred when the person doing the misdemeanour happens to be one of the co-op members and you are, essentially, trying to sanction your own boss. So that is where the industry can come in and say, ‘Well, this is the standard. You have gone outside the standard; you need to serve this time’. So yes, I do not think they are going to object to having a few more teeth.

Ms DUNN — Colin, I am sitting here listening to your presentation. I do live in Melbourne, although in a part of Melbourne where you cannot actually get on to ridesharing services; in fact you can rarely get on to taxis either, so I guess that is a level playing field where I am.

Mr WELLS — So you are on the outskirts somewhere?

Ms DUNN — You betcha.

Mr WELLS — Same problem, no matter how big the town is or how small it is.

Ms DUNN — That is right. But my question is: it is my understanding that if you take an app like Uber, it is incredibly easy to book that service. You understand exactly what the fare is going to be, and the transaction is all conducted through your smart phone, generally on your credit card. Do you see a time where taxis might utilise that same sort of app? I apologise if you already do, because the last time I did get a taxi, I actually phoned it.

Mr WELLS — There are myriad apps out there that do that. Some are proprietary, like we have got our own. I do not believe it gives you a fair estimate. There are others being introduced to the industry whereby you will use that one taxi app, and it will just go to whichever operator is closer, so it does not matter, particularly in Melbourne, whether it is a Silvers or a Blacks —

Ms DUNN — It crosses over.

Mr WELLS — it crosses over all of them. Where you get into a bit of strife is with the meter, because what is on the meter is what the fare is, and sometimes the app will —

Ms DUNN — Yes, there will be a miscalculation.

Mr WELLS — not allow for that. Yes, the fare estimate would be fantastic, but it then creates a false hope.

Ms DUNN — Yes, and it has got to align with the meter.

Mr WELLS — All of the new guys when they come in, because in Bendigo we generally will give an estimate and it is really unusual for us to take a prepayment. Generally working, even on a Saturday night, after 10 it is mandatory; it just does not happen because most of our customers are good. With most of the fares in Bendigo you are talking \$15 to \$10, so it is not worth getting into an argument over. If you want to go to Melbourne or somewhere like that, then they will get a prepayment. The recommendation is we always suggest that the driver overestimate by 50 per cent what the fare is going to be, because giving someone change you look like a hero; asking for an extra \$50 you are going to get, 'Yeah, you went the long way. You didn't allow for the roadwork'. There are lots of tricks of the trade to try and make life easier for both the passenger and the driver, because the prepayment is not the fare. It just means that everyone knows it is going to be paid.

Ms DUNN — It is like a good faith payment.

Mr WELLS — Yes. Again one of the biggest issues or the greatest challenges is around the wheelchair-accessible stuff. That to me is critical because in our case if the members are no longer making money running their own fleet, they are not going to be prepared to subsidise the WAT fleet. I just do not know what the answer is.

Ms DUNN — Yes, and I assume that is currently happening because of those higher maintenance costs and fit-out. There is a cross-subsidy?

Mr WELLS — Yes, it is purely down. And you have got the silly circumstances where the likes of Scope and Radius — Scope is an organisation in Bendigo that particularly deals in wheelchairs — have got their own vans now that will take the wheelchairs, and they sit parked empty because it is cheaper and more efficient for them to use our service than to pay for the number of staff who need to be in the van when it is transporting people around. Those vehicles can be three years old at end of life and have done 45 000. They go back to Norden, who fit them out. All the equipment is pulled out. The van goes down to one of the auction houses, it is sold, and the taxi operator can then take it back and pay Norden to refit it. Whether or not the government can get into an agreed purchase price or in certain areas you are entitled to one of these vehicles every 12 months; it seems to be a very expensive way of doing it at the moment, and that really all goes way back to the Kennett years when it was open government and everything had to go to tender and it could not go to tender unless it was in its original condition. I think this is one of the areas where the government might say, 'Look, we're going to lose \$10 000, or we're going to lose \$20 000, or we're not going to get as much as we could, but given the industry that it's servicing we'll make that available to all commercial operators' — not just taxis. I am talking generally now.

Ms DUNN — Yes, to whoever wants to operate them.

Mr WELLS — Yes, whoever wants to operate one can. It is seen as a lucrative market; it is not — not when you consider how long it takes to strap someone in, and that is why you need special drivers. They are exceptionally patient. You will be bending down and sometimes you will get your hair pulled. I can still remember one day I was strapping someone in — because I do have my ticket; I do not go out very often — and this particular passenger has got the desk part of the chair in front of her and she was belting a wooden rattle on it. This is a 28-year-old, something like that, and she is hitting that for all it is worth. That is all she ever does; that is part of her condition. But I am just thinking, 'My head is incredibly close to that rattle, and if I get

clobbered it will take me out'. But that gets down to the nature of what they do in that they know their passengers, and most have the mentality that, 'Look, if this is the worst I've got to put up with today, bearing in mind what this poor passenger's got to put up with, I'm pretty lucky'.

Ms DUNN — I want to go to the \$2 levy that is being proposed. You talked about the fact that no-one accepts that, and you were concerned that passengers may not pay that. My question is, and there are a couple of elements to it: one, do you think that pricing mechanism is the wrong price? So should it be aligned with what New South Wales are doing, which is \$1? And if there is not a levy at all — if you think that is an outcome — what do you see as a way for government to generate revenue in order to buy out licences? What is an option?

Mr WELLS — My preference would be to see no levy, because that will be seen as a sales tax, and the media will use that to crucify whoever tries to introduce it. But rather than charge the \$600 that is being proposed at the moment, make that a more realistic \$3000 to run a vehicle for the year. As I said, to lease a government licence, however many weeks ago, it was going to be \$22 000. So to go from \$22 000 back to \$600 is a big fall, whereas if you make it \$3000, you look at the number of licences — —

Ms DUNN — And that negates the need for that smaller fee on service?

Mr WELLS — Yes, and then it is collected up-front. It is really easy.

The CHAIR — Thank you, Colin, for providing some evidence for the committee today. I will just remind you that you will receive a copy of the transcript of today's evidence for proofreading in the coming days, and that transcript will ultimately be made available on the committee's website. But once again, thank you.

Witness withdrew.