

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

STANDING COMMITTEE ON PLANNING AND ENVIRONMENT

**(Reference: Road Transport (Public Passenger Services)
Amendment Bill 2003)**

Members:

**MRS V DUNNE (The Chair)
MR J HARGREAVES (The Deputy Chair)
MRS H CROSS
MS R DUNDAS**

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 7 NOVEMBER 2003

**Secretary to the committee:
Ms L Atkinson (Ph: 6205 0142)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents relevant to this inquiry which have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

The committee met at 9.24 am.

CHRIS EMERY was called.

THE CHAIR: Welcome to the second day of hearings of the Standing Committee on Planning and Environment's inquiry into the Road Transport (Public Passenger Services) Amendment Bill 2003.

You should understand that these are legal proceedings of the Legislative Assembly protected by parliamentary privilege. This gives you certain protections but also certain responsibilities. It means that you are protected from legal action such as being sued for defamation for what you say at this public hearing. It also means you have the responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

Welcome, Mr Emery. You made a submission to the committee on the public transport aspects of our inquiry. Would you like to make an opening submission or presentation?

Mr Emery: Yes. I realise that the terms of reference were aimed at public transport more on the taxi industry side. However, I'm a firm believer that taxis are public transport, contrary to ACTION'S view in their annual report that they are the only provider of public transport in the ACT.

THE CHAIR: The spatial plan seems to agree that taxis are public transport.

Mr Emery: Yes, that's good. I've always been interested in public transport—as a hobby, not professionally—and I keep seeing difficulties that can be easily overcome, particularly in relation to the sort of shortcomings that are identified in the draft spatial plan, such as the problems of frequency of service and the time that buses take to make their journey.

I'm not interested in light rail; I think it's a most ridiculous proposal in terms of capital costs. I'd like to advocate that we remove all fares from public transport. Currently, 21 per cent of ACTION's revenue comes from fares, most of which I believe is spent collecting the fares. I would get rid of that 21 per cent, subsidise the entire cost of ACTION and improve the service.

THE CHAIR: Are you aware of the government's bits of research that went with the draft spatial plan that related to the sustainable transport plan; they actually did a survey of demand elasticity? The findings of that seemed to indicate that cost wasn't the real issue. I don't have a strong view one way or the other. Why do you think that by eliminating fares you would attract more people to public transport?

Mr Emery: I don't think they asked quite the right questions. I don't think the option of no fares was ever explored. They look at elasticity, but they don't look at the extremes.

MRS CROSS: It was trialled, though, for six weeks and it didn't increase patronage much at all.

THE CHAIR: When was it trialled?

MRS CROSS: There was a time when strikes were on and the buses were free. We asked questions in estimates in May about it. There was a period of about six weeks when there were no bus fares charged because of some industrial dispute; the people wouldn't collect them.

THE CHAIR: When was that?

MRS CROSS: Last year or the year before. If you go back in estimates you'll see questions there. But it didn't increase the patronage of buses so—

THE CHAIR: I think what the committee should be doing is hearing Mr Emery's views about why he thinks that reducing or eliminating fares will increase demand. I was interested when you said that when they did the demand elasticity study they didn't ask the right questions. What question would you have asked?

Mr Emery: What changes would it make to your household arrangements if public transport in Canberra was free? A lot of people would not need a second car and would probably opt out of having a second car, because a lot of the arguments for travelling to and from work by car are premised on the cost of fares. I think the best example of free public transport that I know of was during the Sydney Olympics. It was an enormous success. There was a massive increase in public transport usage over the period that public transport was free in Sydney.

THE CHAIR: When and to where was public transport free during the Olympics?

Mr Emery: Through the entire period of the competition.

THE CHAIR: And was that only to Homebush or was that generally across—

Mr Emery: No. They just stopped collecting fares. The theory was that your fare was in your ticket and you had to show your ticket. But that didn't happen; all of their staff were occupied in marshalling. No-one was checking tickets and people could travel between Newcastle and Wollongong and the Blue Mountains for free.

THE CHAIR: Was that on the trains or the buses or everything?

Mr Emery: Everything was free. The patronage was enormous but it all ran smoothly, for the same sort of reasons as I would argue for buses: they stopped trying to funnel everybody through one small gate to check tickets. They just opened all the gates on the railway stations; all of the emergency gates were open. People could come and go off the platforms at five or six points and there was no problem other than the capacity of the system, and it survived.

It makes a big difference with buses. I've seen this operating overseas—admittedly not in a situation where the public transport is free but where there is no sale of tickets on the buses at all. You can't buy a ticket on the bus; you've got to buy your ticket before getting on the bus and you validate your ticket before you get on the bus. That operates in Geneva. I spent three weeks travelling on their public transport system. You validated your ticket and you got two hours of travel in a whole city that's about the size of

Belconnen. You just got on and off the bus when it pulled up. Sometimes I noticed that there was a car parked in the bus stop, but the bus just double-parked. It came to a halt, all the doors opened—there were three double doors on the bus—people got on and off almost instantaneously and the bus continued. It didn't even interrupt the traffic flow, as the buses in Geneva travel at the same speed as anyone in a private vehicle. They have right of way in the traffic, as we have here, to pull out. But they don't even need to, even to pull into the stop; they can quite successfully operate. People wouldn't think of using anything other than public transport in Geneva.

When you have six weeks of free public transport due to an industrial strike, I don't think that changes people's travel habits; you don't get rid of your second car because of six weeks of not having to pay fares.

MR HARGREAVES: Can I talk to you about this business of the second car, because I'm curious about this. You mentioned that one of the major reasons why people have a second car is the cost of public transport; I'm paraphrasing what you said because I can't remember the exact words. But it strikes me that in this town, which has evolved for the motor car—I don't think it was planned for it but it has evolved for it—in fact second cars in families are a convenience mechanism more than an antidote to cost, particularly in this day and age when a trip to Civic for work, for example, during the day in a car is a lot more expensive than on a bus. This is one of those disincentives created to try to get people out of their cars and onto buses.

I just wonder whether the bus routes and the frequency or services in the suburbs are such that they do not provide much of an added convenience. I'm thinking also of one-income families with two cars. The second car is at home so that the person at home can run kids around the place and to school, go shopping and all that sort of stuff that is particularly difficult on public transport. So really I guess I'd like to challenge you on whether or not it would make any difference to people having second cars. It may make some difference to them using them. Would you like to expand a bit on that?

Mr Emery: Having always been in a single-car family, I always located myself on the basis that I was not going use a car to go to work. I've moved many times with my work and I would always find somewhere to live where public transport was going to get me to work. It's the commuters that you want to get out of the cars. I don't think any mother with children can survive these days without a car. It's the other form of taxi industry, I think—mum's taxi. But, unfortunately, people in a family situation tend to equate the cost of petrol with the cost of running a car. They know that's not true, but they say, "Well, it's going to cost me \$40 a month for a bus ticket. I don't use that much petrol to go to and from work." That's the sort of logic that sometimes prevails—and it's convenient to use the car. But, if they actually worked out the cost per kilometre, as you say, they're spending much more than they would on public transport.

Public transport, as the spatial plan points out, travels at half the average speed of a person in a motor car. You've got to get the average speed of public transport up substantially. In Toronto they've done that by getting rid of a lot of the circuitous bus routes and going to trunk routes, and having a frequency such that you don't need a timetable. As happens in London, you just walk to the bus stop and a bus arrives.

THE CHAIR: What's the population of Toronto?

Mr Emery: I think it's comparable with Melbourne. It would be about three million. It works quite well.

MRS CROSS: Mr Emery, I haven't had many people tell me that the reason that they use cars is that the cost is comparable to public transport, but I do have them say to me that it's convenient. I suppose we can compare Canberra a little bit to Los Angeles in that we've got very long distances to travel to get from point A to point B, even though it's not far in Canberra. We're a little bit spoilt in regards to distance. For people who go to work and stay at work all day, public transport is a good thing. What would you say to those who say that, no matter how efficient and how frequent our bus system is, it can't satisfy enough of the population to make it as feasible as perhaps you would like to see it?

Mr Emery: There are still going to be people who have two cars and travel to work by car. But they're going to benefit enormously by the reduced congestion. So I believe public transport should be a community cost on that sort of basis. Okay, they're paying for public transport that they're not using, but they're benefiting enormously in the overall costs to the community. Only 21 per cent of ACTION's revenue comes from fares. If you start working out what it costs to collect fares, to print the tickets, to buy these expensive computer systems that travel around in the buses to validate the tickets, to have ticket inspectors, to pay commissions to people who sell tickets from newsagencies and things like that, it soon adds up enormously. Cash has to be handled. Drivers have to count their cash at the end of their shift, so drivers can't just change over on Northbourne Avenue, or anywhere; it has to be done somewhere reasonably secure because they're carrying cash.

MRS CROSS: Are there any Western countries at the moment that are offering a free bus system?

Mr Emery: There are a couple of examples, I've been told, but I haven't been able to get very much information on them. At the moment there's a lot of talk about it. I don't think it's a matter of if we go to free public transport; it's a matter of when. And I think that will apply throughout the world. The only way to solve transport problems in places that are spread out, as you say, is to get a massive increase in public transport. That way, pollution levels will go down, satisfying a lot of the requirements in the discussion paper on environmental matters that has just been put out. I did a submission for that. There's an enormous amount of benefit. If you read about the disadvantages and the problems that we have, it's hard to find a category where making the system free wouldn't make an enormous contribution.

MRS CROSS: But you're not aware of any specific country that's doing it at the moment that's showing success?

Mr Emery: There are towns and small cities that are doing it, not countries. I can never remember the names of them. There's one in Germany. There is an enormous amount of lobbying against it. The automotive industry employs a lot of people, whether in selling cars, building cars or maintaining cars. The automotive industry would like us all to have two cars, if not more, and the moves against public transport by the automotive industry

are history. They include things like buying up tram systems and junking them in North America and—

THE CHAIR: You've seen *Who Framed Roger Rabbit*?

Mr Emery: Sydney. You only have to look at the public action that was required to maintain trams in Melbourne. There was enormous pressure from the automotive industry to get rid of them. Fixed rail is all right, but it requires enormous population densities to work. Even Sydney has trouble keeping its fixed rail service running economically.

THE CHAIR: Well, it's subsidised to glory, as the Parry report is showing us. On the subject of fixed rail, you've said here that you think that light rail is not the way to go. There is a whole range of things. There was actually some discussion in the paper as a result of the spatial plan about an O-bahn type system as well, which is a bit more flexible but still requires huge infrastructure costs for the bit that is dedicated to the O-bahn. In your vision of how public transport should work in Canberra, do you see the need for us to go beyond buses?

Mr Emery: No, I don't see any need to go beyond buses. I think we're ideally suited to buses. We've got road reserves that are wide enough for bus lanes, which we're using now; we could have more. A light rail service up Northbourne Avenue would not move any faster than the road traffic. It's still got to get through every intersection; it's not going to be grade separated at the intersection, so it will stop at traffic lights at every intersection.

MR HARGREAVES: What about the dependence upon fossil fuels? Even powered rail services at the moment are dependent upon fossil fuel for their electricity, but there's a major research task going on at the moment to try to get us away from fossil-fuel-generated power. Wouldn't light rail be a step in the right direction environmentally.

Mr Emery: No.

MR HARGREAVES: Why not?

Mr Emery: Generating electricity is not a terribly efficient use of fuel. Say you're comparing buses running on compressed natural gas—the energy that's in the natural gas to the energy you get once you take that gas and turn it into electricity and distribute it. You've lost almost half, if not more, of the natural energy that's in the gas. I'm sorry; I've lost my train of thought. What was your question?

MR HARGREAVES: In terms of environmentally friendly transport, it just strikes me that the way in which science is going at the moment is into such things as photovoltaic solar energy, wind farming and generating electricity such that it's relatively environmentally friendly, as opposed to digging more holes at Yallourn, Moe and places like that, which is just capitalising on the pollution in Victoria, and nuclear energy. It seems to me that we will end up with environmentally friendly power sources as opposed to a dependence on fossil fuel stuff. If we generate the place as a sort of centre for bus transport based on diesel or something like that, or even compressed natural gas, that's still a finite fossil fuel.

THE CHAIR: What about hydrogen?

MR HARGREAVES: Again it's a finite source. Wouldn't it be a better contribution to environmental stability, in this town anyway, to embrace something that is electric powered, such as light rail.

THE CHAIR: So long as you run the wind turbines or the PV cells—

MR HARGREAVES: Yes, well, we're not sticking a little bloody windmill on the top of each bus, for God's sake.

THE CHAIR: But the point Mr Emery is making is that there's no point having an electric category here and belching coal out at—

MR HARGREAVES: Let's hear from Mr Emery.

Mr Emery: It actually takes more energy to move a passenger between Sydney and Melbourne by train than it does by aircraft.

MR HARGREAVES: By what means going by train—diesel or electric?

Mr Emery: Well, if you wanted to be more precise, the most efficient is diesel in terms of energy input; electricity is inefficient. The surprising thing is that rail transport for passengers is fuel inefficient because the vehicles weigh so much.

MR HARGREAVES: I accept what you say—that it takes a heck of a lot more electricity to drive a piece of metal from point A to point B than for a fossil fuel explosion to take it from point A to B—but how do we equate that with the non-renewable aspect of the fuel?

Mr Emery: I agree that particularly petroleum products have a finite horizon somewhere. The last I heard they were still discovering more than we use each year. I think it's a long way off. To go to a clean fuel, we'd have to go nuclear to generate our power. That's probably only a matter of time.

THE CHAIR: And I don't see you advocating it this week.

MR HARGREAVES: I'm going to be here.

MRS CROSS: I have a quick question. I see that you're a retired engineer. If you could wave your magic wand—realistically though—and put together a transport solution for the ACT, what would it look like?

Mr Emery: It would be as I've put in my paper. I think it would be very exciting. I think we would find that over a period of one or two years perhaps our usage of public transport would double. It would save us a lot of other expenses. It would be such an exciting experiment. We would have people who are advocating this flocking here from all over the world. The advocacy of free public transport is in party policy platforms—

MR HARGREAVES: Can you tell me which party that's in, mate, because I didn't see it in mine?

MRS CROSS: Yes, which parties are you referring to?

Mr Emery: Well, the Democrats have put it into their platform.

MR HARGREAVES: If you really get too successful about that, will it put all the other mass public transport thingies out of business, like taxis and things?

Mr Emery: Taxis are the most flexible system of public transport that you have.

MR HARGREAVES: Other than your own car.

THE CHAIR: But that's not public transport.

MR HARGREAVES: That's not what my sister would say with her stack of kids.

Mr Emery: There are plenty of people who would argue that taxis are more flexible. You don't have to worry about parking your own car when you go by taxi, so it's more flexible. It picks you up at the door and drops you at the door. The only worry I've always had, and of course everybody else has, is that I think, from the last time I worked it out, a taxi has to have a profit of \$50 a day just to pay the interest on their licence fee. But, apart from that, look at the rest of the world: taxis—

MR HARGREAVES: They're always going to exist.

Mr Emery: and minibuses—

MRS CROSS: Same with the hire car industry.

Mr Emery: have a niche; they're needed. If you made public transport free and got rid of some of the congestion on the roads, taxis would be able to operate so much better.

MR HARGREAVES: I'm a bit intrigued about the idea that people will take it up if it's free. For example, I used to live probably about 80 metres from the bus stop. You're probably right that, if I didn't have to pay anything, I'd just trot down there, leave the car in the garage and hop on the bus and go to work. But I wonder about the people who live in Banks, where the service is not wildly fantastic; it's all right, but not wildly fantastic. They can live 400 metres away from a bus route. Are they going to say, "That's far too far to walk in the rain; I'll use my car." Do you think that perhaps the premise about people using it is relative to the proximity of the bus route?

Mr Emery: No, because if you look at fixed rail public transport, people are quite happy to walk. Look at the real estate values in Sydney if you're within a kilometre of a railway station. People are happy to walk a kilometre to get to a fixed rail because, once they get on the fixed rail, it's fast: the stops are two kilometres apart. In places like Melbourne, where they have express rail, you can get on a train at Caulfield and the train doesn't stop until it reaches the central business district.

MRS CROSS: You can also do park and ride—drive to the station and then take a train.

Mr Emery: Yes. I think we quite often put too much emphasis on access at peak hours to a close-by stop. You could actually have peak-hour stops, but in between those hours for the disabled and the elderly you could have off-peak stops that would not operate during peak hour. Once again, that would speed up the service.

THE CHAIR: One of the things you talked about, Mr Emery, was the separation of buses from the rest of the traffic because the buses currently move slower than the traffic on average. We do have the capacity for dedicated bus lanes. Where would you build dedicated bus lanes in Canberra?

Mr Emery: I think Northbourne Avenue is a pretty obvious candidate with the present road network. Whether you put light rail or bus lanes up Northbourne Avenue, it's going to take up about the same space. There are three lanes there now. The left one is avoided by cars anyway because the buses keep stopping at the stops, so that could be made a bus lane tomorrow.

THE CHAIR: There would be a degree of outcry. I was driving down Northbourne Avenue this morning at a quarter past 8.

MRS CROSS: Especially in peak hour.

THE CHAIR: You are quite right: a lot of people tend to stay out of the left lane because of all the buses stopping, which holds you up. If you compressed all the Northbourne Avenue traffic into the two remaining lanes, there would be, from my point of view, some political pain in that.

Mr Emery: But these are all cars that have got one person in them; they're going to be in the buses.

THE CHAIR: Gee, I hope you're right. When I advocate it, I hope you're right.

Mr Emery: Sydney created a lot of bus lanes for the Olympic Games. There was a huge outcry about it. They put bus lanes across the Sydney Harbour Bridge and down George Street. They kept them all, because after the initial hubbub was over—it took about two months for everyone to calm down—people got used to being in the traffic and seeing buses just go vroom, vroom, vroom past them.

MRS CROSS: But they still have traffic congestion.

THE CHAIR: Would you put taxis in them?

Mr Emery: Yes, definitely—buses and taxis; a public transport lane.

THE CHAIR: There was discussion in Brisbane when they introduced the dedicated, enormously expensive busway from Eight Mile Plains. The taxis wanted to have access to it as well and were told, "No, no, no. This is a busway." I would have thought that there was some argument to say that it was a public transport way, therefore allowing taxis to use it.

Mr Emery: I think their problem in Brisbane was that they built stations on the busway. I don't know what the taxis were going to do when they came to the station.

THE CHAIR: Yes, that might be part of the problem.

Mr Emery: That would have been a problem. Of course, with the O-bahn system that they've got in Adelaide, you've got to have a specially fitted bus because that's a hands-off system; the driver doesn't steer. It works quite well but looks horrible.

THE CHAIR: It looks horrible and costs as much as fixed rail.

Mr Emery: And the vehicles cost an enormous amount.

THE CHAIR: And they're only as big as a bus anyway.

MRS CROSS: Mr Emery, the main mode of transport in China is bicycles, and in Beijing there are 14 million at the moment. They have priority over cars and buses. In China, there are bicycles, then buses; cars come last. Pedestrians have to fit somewhere in between. What are your thoughts on having more cyclists on the road in the ACT?

Mr Emery: I'm a cyclist myself; that's my other mode of transport. I think Canberra is already a wonderful place for cycling. What we're doing in terms of giving them some space on Adelaide Avenue, for instance, is excellent, and I think that will encourage more people to ride bikes. It also removes, when you're using the cycleways for leisure, the scary business of being passed by someone doing 30 kilometres an hour on their bike on their way to work. I think bicycles are fine. But, to be realistic, they are—

MR HARGREAVES: It's really ordinary in the wet weather, isn't it?

Mr Emery: Very weather selective. I worked in an office block where we had a huge cage for bikes because people would come to work on their bike but by the end of the day not be able to go home on their bike, so they would get a lift home with someone or go by public transport.

MRS CROSS: Do you feel that we should offer incentives to people to use their bikes more often?

Mr Emery: I don't think you can provide—

MR HARGREAVES: With a bike rack on the back of the free bus, you'd be away, wouldn't you?

Mr Emery: Well, that has been tried. There are many cities in the world that have bike racks on the front of the buses, not on the back.

MR HARGREAVES: I mentioned that by way of explanation to the bus drivers and they said they didn't like to do that, on two levels: firstly, because it took away part of their perception of how far they were away, because they got used to it, but also because, with something really nice and jagged on the front of the bus, every now and again they

might hit something—like a child or some thing. They didn't want that responsibility because a child can dart out in front of the bus, instead of the back of the bus like they're supposed to, and, even at a very, very, very slow speed, that jagged surface could hurt them more. They were worried about that safety factor. We talked about that at a big forum we had, back before the last election, when Labor promised to introduce those bicycle lanes. The people driving the buses were not keen on having them. They were not so worried about having them on the back, except that they were then worried about the security of the bikes: because they couldn't see them, they were a bit worried that somebody would get off the bus and hop on a bike that wasn't their bike.

THE CHAIR: If you had larger public transport, like a tram or something, you would take the bike on the tram with you.

MR HARGREAVES: I reckon it's bad luck. They were also concerned that it would delay the buses, that buses wouldn't be able to be as quick between stops if they had to allow time for someone to unlock their bike off the back of a bus. It's fraught with other—

Mr Emery: You could go to a system like they have in Amsterdam where you just pick up a bike and—

MR HARGREAVES: Use someone else's bike.

Mr Emery: it's a public bike.

THE CHAIR: The trouble is that people keep pinching them.

MR HARGREAVES: Yes, what happens if it has a flat tyre—bad luck, use another one?

THE CHAIR: Yes. There being no further questions, thank you very much for your time and your thoughts, Mr Emery.

MRS CROSS: Yes, thank you, Mr Emery.

MR HARGREAVES: Yes, very challenging.

Mr Emery: It was a pleasure, and good to talk to you. I'll keep plugging away.

MR HARGREAVES: It would be interesting to do the number crunching on the oncosts to see whether there's a material difference. If, for example, you were getting \$15 million in fares and it's costing you \$2 million to collect the fares, that's not bad business, in my view. If, on the other hand, it costs you \$10 million to get \$15 million, you might like to challenge that thought.

THE CHAIR: And Mr Emery has made the point that it's not just the cost on the bus; it's the cost of handling the change and running the machinery.

MR HARGREAVES: Those are the oncosts I was talking about.

MRS CROSS: I like that idea. We went down to one car; we're down to one too. My husband takes the bus to work.

Mr Emery: And the other thing I've found in Canberra, when my own vehicle is being serviced and I travel even more by buses than I do usually, is that our service now is really good and the routes are good. Most people in Canberra don't realise the improvement that's been put into the bus system in the last three or four years; it has been a dramatic improvement.

MRS CROSS: Thank you, Mr Emery.

Mr Emery: Thank you.

BERNICE COSTELLO and

HOWARD GARNIER

were called.

THE CHAIR: Welcome to the hearings of the Standing Committee on Planning and Environment into the Road Transport (Public Passenger Services) Amendment Bill 2003. We have a submission before us. Do you want to make an opening statement?

Mrs Costello: Yes. My name is Bernice Costello. I have made some notes to refer to, as I'm not very comfortable speaking off the cuff. I agree with the LIA submission. However, I'd like to speak from a personal point of view and I'll just give you a little bit of background of how we got into the industry before I get on to what I really want to bring up, which is the eroding of lease fees that is happening at the moment.

My husband and I jointly own two hire car plates and we feel that we've got a fairly large investment at stake. We purchased Acme Hire Car Service in 1988; this was only after careful consideration and thorough investigation to ensure that the hire car plates were safeguarded by legislation and regulation. We felt that we'd made an informed decision and that the investment was sound. We bought this business for the purpose of creating ourselves rewarding jobs, and eventually we thought this would provide us with a retirement plan. We were in it for the long haul. The business comprised two old hire cars, two plates—H12 and H18—and a radio base. We operated the business from home for four years and we did experience some tough times in that. We knew that we'd have to work hard at this, and we were prepared to do so as we could see that in the future we'd have the benefit of being able to self-fund our retirement and that it would create jobs for us in the meantime.

During our first few months of operating the business it appeared we were making a reasonable living and should not have difficulty making the repayments, so we decided to upgrade our cars because the repair costs combined with the off-road costs for the older vehicles had not been viable. Approximately a month after replacing our cars, we incurred further debt. Our first disastrous blow was the pilots strike. This was a period when you would have thought hire cars would have been in demand. But it coincided with the senior executive self-drive vehicles being introduced, and all the work virtually disappeared overnight. As well, we had soaring interest rates, which went to over 20 per cent at that time and there was no relief or sympathy from the banks.

The combination of the pilots strike and the self-drive cars was something we couldn't have predicted and it resulted in the hire car industry being severely crippled for quite a long time. During this period, government and businesses found alternatives to travel and ways to conduct their business, like telephone and video conferences. That meant we had to work really hard to rebuild our business. We were then sort of on call 24 hours a day, seven days a week, and my hours of operating the radio base were extended dramatically. It was at a time when our children were between nine and 17 years, so we had to sacrifice a lot of family events and such, because of the nature of the business.

We worked really hard to get through this period and rebuild the clientele but, after four years, it took its toll and we decided to lease out the plates. We felt that, if we lost our investment due to the circumstances I've just discussed, we could understand that, as every business comes with a risk. But we never dreamed that we could lose everything that we worked for because of government intervention, a changing of the rules. This has effectively deregulated the industry and affected current owners, as plates already have been devalued.

The following points I would like to bring to your attention as there seems to be the perception that plate owners are fat cats making huge profits. I'd like to ensure you understand that we are average hardworking people who have invested a lot of time, hard work and money, including personal savings, in what was initially a regulated industry. The regulations have changed and our investment has been left with little value. As well as being unable to sell our plates, we are now experiencing continual reductions in lease fees. The financial return for our plates in 1992 when we first leased them was considerably greater than what we get now. When we first started at that time it was approximately \$1,080 per month per plate. In 1996 it rose to \$1,300 per month per plate, but by 1997 we were approached by our lessee to reduce the fees as there was a decline in work due to Mr Howard not living in Canberra, and other circumstances.

We understood the nature of the industry so we agreed to reduce the fee to \$1,100 per month per plate and review it in 12 months. Then in 1998 the lessee requested a further reduction to \$1,000 per month per plate. We negotiated this reduction in return for an additional five years lease and this was a mutual agreement. This extended the termination date of our lease from February 2001 to February 2006. Then we came to September 2002, when we received yet another request to lower lease fees to \$800 per month per plate, the reason being that there was so much instability in the industry pending the outcome of the decision on deregulation. Our lessee said that deregulation was imminent and he was prepared to pay this reduced rate until such time as deregulation was officially introduced. Going on what happened in New South Wales, he felt this would equate to plates being leased somewhere between \$400 and \$500 per month. He also told us that some plates had already been returned to the motor registry. I believe this was around the time that two Taragos were issued with MO plates. We could not understand how this could happen. It appeared to us that existing hire car licences were already losing their work.

Is this not indirect deregulation? There were overtones to the conversation, suggesting that we should accept the lower rate as it is better to get some return as opposed to nothing if our plates were returned to the motor registry. We refused the offer, as we wanted to wait for the decision to be handed down officially. We also had a contract in place that ensured we would still be paid the lease fee even if the lessee didn't utilise the plates. The lessee then took it upon himself to pay us a reduced amount for lease payment. After exchanging several letters, we had to pursue this through the Small Claims Court in order to recoup the amount that was due as agreed in our contract. Even though we'd been treated like this, still had the protection of our contract and could still enforce the full amount to be paid, we were once again sympathetic and agreed to discount the lease fee to \$900 per month per plate for a period of 12 months.

We feel we have been extremely fair with our lessee. After all, we did not have to accommodate his requests for discounts. We could have enforced the terms of our

agreement into which he entered of his own free will. Whenever I have entered into an agreement to pay a certain amount for any item or service and then had difficulties, I have never been shown sympathy or offered relief. For example, with the spiralling interest rates at the time when there was limited work available in the eighties, the bank said, "Tough times, tough bickies." They didn't offer any form of help.

After we agreed to this discount, we then learnt that other owners were being played off one against the other to reduce fees, as there were plates in the drawer at the motor registry and the lessee was in a position to bargain. This has put owners in a precarious situation as lessees are now in a position to dictate lease fees to owners. They can lease plates without a security deposit and with no significant length of lease term. This can be on a month-to-month basis, which doesn't provide any security to your investment.

We've also been told that some owners have already been offered \$600 for a two-year lease and \$700 for a one-year lease. This equates to an approximately 50 per cent decrease in lease fees since 1996, or between 40 per cent and 45 per cent since 1997 respectively. Our lessee has written to us on several occasions complaining of the difference in lease fees from one lessor to another. In one of his letters, he said, "After all, why should some lessors receive higher rates for what are essentially two pieces of tin?"

A significant portion of our retirement plan included the option to continue to lease our plates; alternatively, we could choose to sell. In the case of selling we had anticipated that we would make a capital gain, or in the worst-case scenario that the selling price would be no less than our original capital investment. At this point in time, our plans for retirement are in disarray as we are now encountering hurdles we had not anticipated. Over the past few years we have seen our investment crumble and this will leave us with no stability or security of income.

When it comes time to apply for a pension, how do you estimate the value of our plates? Due to the unstable circumstances surrounding the hire car industry over the past four years, we are concerned that our investment currently has little or no value. It is virtually impossible to sell the plates, and the lease fees are constantly eroding. Once we're retired we do not want to have to deal with these sorts of hassles that we've experienced in the past. We want to be able to budget and be assured of a stable income.

We believe the industry is already deregulated within itself due to a number of issues, with other licence categories being able to perform what was essentially hire car work—for example, MO plates, small buses, Queanbeyan plates operating in the ACT and illegal operators that are not being policed. We have the interest of the industry at heart and do not want to see it collapse. We do not want to see the solution of deregulation result in a winner-loser situation. We would prefer to see a level playing field for all and we believe this can only be achieved by a full buyback of hire car plates. We think annual licences could then be leased from the government. Everyone would pay a fee set by the government for the use of a plate and there could be no playing off one owner against another. This fee should be set to ensure a fair go for both operators and paying passengers. It should also assist in eliminating illegal operators. If an operator is not licensed or does not comply with the conditions of their licence when carrying out work for reward, action could be enforced.

THE CHAIR: Thank you very much.

MRS CROSS: Very good, Mrs Costello.

MR HARGREAVES: Bernice, thanks very much for coming along and telling us that from your perspective. Often we get academic argument given, which is valuable in itself, but we need to see how people are personally affected by it. My question to you is: is the industry, as a result of the continued threat that has been held over its head for the past four years and the lack of enforcement against the illegal operators, in such a state of disrepair that it's beyond salvage now and needs to be subject to a buyback arrangement and then start off afresh?

Mrs Costello: Yes, I believe so.

THE CHAIR: Can I ask a deep and personal question: how much did you pay for your two plates in 1988?

Mrs Costello: \$200,000 for the two plates.

THE CHAIR: Not \$200,000 each?

Mrs Costello: No, for the two.

THE CHAIR: Okay, and for the infrastructure that went with them.

MR HARGREAVES: So, for example, if somebody was going to come up with a buyback package around the \$120,000 mark, whilst it would not give you the capital gain that you had hoped for in the same way as if you'd bought a rental property, that would at least be something towards a reasonable exit, and then you would have the opportunity to go and lease a plate if you wanted to, and good on you.

Mrs Costello: That's right, if we wanted to do that, or we could invest in property or whatever. We would have a choice.

MR HARGREAVES: So do you think that sort of number would be a reasonable number if the government were to embrace a buyback arrangement?

Mrs Costello: In the current market, where the plates virtually don't seem to have a value at the moment and you can't sell, I think that would be fair.

MRS CROSS: May I ask another personal question? I suppose it's important for us to have people come forward with their personal experience rather than a group experience. Can you tell us whether this has affected your health at all or affected your relationship with your family, with the pressure that it has put on your family?

Mrs Costello: I believe it did during the time when we were housebound and couldn't attend a lot of the children's sporting activities and that sort of thing. There was a lot of pressure put on then. Also, since all this deregulation business has come into place, we've been constantly trying to prepare submissions and go to meetings; there has been a lot of pressure. And we're probably in a more fortunate position than some, because we

have got a long-term lease in place. Other people I know have had a lease month by month and have got no security. I can see that coming to an end for us and I can't see us getting more than probably a month-by-month lease and for very little money.

MRS CROSS: Has it affected your quality of life or the quality of life of those that you know who are less fortunate than you? Can you give us an indication of how you have been affected. For example, you mentioned people who are less fortunate than yourself. Do they stop going out? Does it affect what they can do for their children? Does it affect what they can buy for their children—clothing, shoes? Does it get so serious that food is an issue?

Mrs Costello: I don't know from the point of view of other people how that has affected them to that extent. But I know it has affected us. You make your commitments based on an income that you believe to be there. We've been constantly asked to review it and we have had sympathy for the lessees because we understand how the business is going. But that has affected us in our financial situation quite a lot. We've had to prop up other things with personal funds and that too.

MRS CROSS: And this has been a four- to five-year treadmill?

Mrs Costello: Well, since 1997.

THE CHAIR: Mrs Costello, can you refresh my memory: when did you decide to lease out your plates?

Mrs Costello: In 1992.

THE CHAIR: And you've got those two plates leased to the one lessee.

Mrs Costello: Yes.

THE CHAIR: At least in terms of managing that, it's moderately convenient.

Mrs Costello: Yes.

MR HARGREAVES: I think we've actually had this conversation some time before, haven't we?

Mrs Costello: Yes.

MR HARGREAVES: You talked about the pilots strike knocking the backside out of the income. The attitude of the federal government's Comcar organisation didn't help either, did it?

Mrs Costello: No, we were on our own.

MR HARGREAVES: All of a sudden that dried up. So in the course of, say, the last five years or so—correct me if I'm wrong, any time you want; I'm easy about that—30 per cent of your income has just disappeared overnight, through absolutely no fault of the industry?

Mrs Costello: Yes.

MR HARGREAVES: You've had no control of that environment; 30 per cent has—whack!—gone. The spectre of deregulation—without the emergence of deregulation—and the uncertainty of what form that deregulation will take has knocked the value of the plates around such that people have got them for sale but can't sell them. I'm just wondering about what would happen if I went along to a bank and said, "I've got this hire car plate available and I think I might make a go out of that. I've got some of the money, but I want you to give me \$100,000 to get into the industry." I wonder what the banks would say to me. Do you think that the banks might look upon this as an at-risk industry and say no?

Mrs Costello: I believe so, yes. You as a buyer?

MR HARGREAVES: Yes.

Mrs Costello: I don't think they would give it to you.

MR HARGREAVES: They wouldn't wear it.

Mrs Costello: I don't think they would wear it.

THE CHAIR: If you wanted to buy a plate, you'd have to put up your house or something else as security?

MRS CROSS: As collateral, yes.

MR HARGREAVES: We got this perception given to us before that in fact the notional capital value of the plate only has currency in the marketplace because you've got it and someone else wants it.

Mrs Costello: Yes.

MR HARGREAVES: But, in terms of its relationship to anybody else, it's worth nothing—two pieces of tin.

Mrs Costello: Also, if we went to borrow money for something, we could not use that as security.

MR HARGREAVES: Yes, that's the point that I make. If, for example, you had one car and you wanted to buy another one, you couldn't use the first one as collateral for the bigger one; forget it.

Mrs Costello: No.

MR HARGREAVES: From a plate owner's perspective, whom do you blame for the way in which your industry has taken a nosedive? Is it policy decision makers? Is it the travelling public? Is it taxis? We know what they're like.

Mrs Costello: No, I think it has been the policy decisions—

MRS CROSS: The deregulation hanging over your head?

Mrs Costello: We don't blame taxis.

MR HARGREAVES: So in fact you could say—whoever it was that decided that, whether it's the ACCC or the compliant bureaucracy in the ACT about the ACCC's attitude—that the policy of the deregulation is in fact the biggest contributor.

Mrs Costello: Yes.

MR HARGREAVES: This is why I was talking about the 30 per cent downturn. That has got a lot to do with it as well.

Mrs Costello: And all the inquiries and that into it have caused the instability.

MR HARGREAVES: So this attitude of the competition policy has all the hallmarks of costing you your investment of \$200,000?

Mrs Costello: I believe so, yes.

MR HARGREAVES: And there has been no suggestion of adequate compensation because of the policy implication of that.

Mrs Costello: No.

Mr Garnier: I am Howard Garnier and I am Joint Secretary of the Limousine Industry Association. Since this issue has been going on for 4½ years, we have been through three inquiries; this is the fourth inquiry. In all cases those inquiries have led to recommendations for reforming the industry by a buyback. In all cases governments of both persuasions, I have to say, have rejected those recommendations. On two occasions we've managed to have our industry's issues referred to standing committees of the Assembly; that's the only way that we've stayed alive for the last four years. If governments had had their way, our plates would be history now.

In terms of the value of the plates, we did an exercise some time ago, and we keep talking about how much a plate is worth. We should be talking about the real value of these plates. If we go back to, say, May 1987 as when those plates were purchased and adjust those purchase prices for the cost of living, most of those plates would be worth more than \$120,000 now—some well over \$120,000; one would be worth \$176,000.

Bernice's case is a classic example of not a greedy investor but somebody who's bought a small business and struggled for years and now, as anybody would with a small business—like a newsagent—wants to sell up and retire but is not able to.

MR HARGREAVES: Did anybody get their plates for nothing and has still got them?

Mr Garnier: Not that I'm aware of.

MR HARGREAVES: So what happened was that people got them in the first place and they have grown with capital value over time. All the big players in the industry at the moment have put an investment in to be in the industry?

Mr Garnier: Well, everybody that owns a plate now has paid at least \$75,000. That's the lowest amount that was paid, back in 1987. Most of them have paid over \$120,000. As we have said many times, there hasn't been a plate sold for the last 2½ years, and the last four plates sold were sold for \$120,000.

MR HARGREAVES: If we are talking about developing a compensation package, my own perception is that I don't think it would make a lot of difference in terms of the dollars to the person paying out the package. If it was about \$120,000, that would be about \$2.5 million—

Mr Garnier: \$2.6 million.

MR HARGREAVES: If it was \$150,000, there are only 20 plates, so it's not going to be a significant figure over that. Do you think the industry would be happy enough to have the plates valued by, say, the Australian Valuation Office, an independent sort of valuation; and, if so, at what time in history do you think that valuation should take place?

Mr Garnier: Well, it would be no good taking the last four years into account. So, if we were to agree to a valuation by the Valuation Office, it would have to be on the basis of an historic situation, and I don't know how far we'd want to go back.

MR HARGREAVES: So about 1999 perhaps might be a reasonable—

Mr Garnier: Well, I'd say prior to this review being announced. As soon of the review was announced, a level of uncertainty started—that day basically.

MR HARGREAVES: Did it start then or did it start when the NCC said that to comply with national competition policy taxi and hire car industries across Australia must be reviewed for—

Mr Garnier: I'm a plate owner and we bought our plate in 1998. I think it's fair to say that, like Bernice, we did as much research as we could on the industry before we bought that plate. There was no suggestion whatsoever at that time about this inquiry, even though I admit that certainly the NCC announced they were going to review all that restrictive legislation before that. There was no talk around the traps about that at all. I wasn't aware of it and we bought that plate without any knowledge that that review was going to occur.

MRS CROSS: Would you have bought it if you had known?

Mr Garnier: No, absolutely not, because it was obvious that the government was expected to make some change.

MR HARGREAVES: What I'm trying to get a handle on is at what point would one be looking at the global value of the plates. I don't think it would be up to the ACT

government to compensate for a decision taken by the federal government's Comcar people, or for the pilots strike—things like that. But I'm not convinced there isn't some responsibility in relation to a policy decision taken by one government as a consequence of a global competition policy decision. So I'm trying to get a handle on when you actually draw the line and say that the industry started to take a nosedive because of the effect of this decision at such and such a point; that's what I'm trying to get. I'm getting a feeling that about the 1999 mark is about right.

Mr Garnier: Would there be any need to go to the Valuation Office though? A simple way would be to go back and just see what the market was bringing for plates at a certain point in time.

MR HARGREAVES: I would just suggest to you that, if it was coming out of my pocket, I'd want an independent valuer to have a look at it and then compare it with the values of that particular time.

Mr Garnier: Certainly. A second guess would be very nice.

MR HARGREAVES: Yes. I don't have any more questions.

THE CHAIR: Thank you very much, Mrs Costello and Mr Garnier. That has been a great help to us.

CHRISTINE ROBIN WINDSOR was called.

THE CHAIR: Were you here this morning, Ms Windsor, when we read the yellow card?

Ms Windsor: Yes, I was.

THE CHAIR: Excellent. Thank you for turning up to hearings into the Road Transport (Public Passenger Services) Amendment Bill 2003. We have a submission from you. Is there anything you would like to say by way of an opening statement? And can I remind you to identify yourself for Hansard.

Ms Windsor: Certainly. My name is Chris Windsor. I am a taxi owner/operator and occasional driver. If I may, I would like to read a short statement.

THE CHAIR: Yes.

Ms Windsor: Thank you. Again, this is a little bit on the personal side, and perhaps quite similar to the previous speaker. I came to Canberra as a young teenager. My father was a serving naval officer and we arrived at the same time as many defence families in the early 1960s. Luckily for me Canberra became my hometown because I had moved all the time in my life before that, and also luckily my daughters have married Canberra men and stayed here. So it really is a very big home base for us.

I became involved in the taxi industry when my husband purchased a plate in 1985, and Graeme will have an opportunity to address you later on today as well. In 1992 I left the Commonwealth public service and used my small superannuation payout to start purchasing a taxi plate. Since that time I've worked full time managing our small business of a mix of leased and owned plates and involving 25 to 30 drivers and their employment.

THE CHAIR: So how many taxis do you run?

Ms Windsor: It's eight at the moment, and has been different before that. But I currently hold two licences in my name, and I recently needed to renegotiate finance on that. Again, like the previous speaker, like anyone else venturing into business, we really did a lot of research, checking rules, regulations and legislation concerned with the taxi industry and made a realistic assessment of our financial capacity and other resources and believed that we would be able to invest money, work hard and achieve a reward either by selling our business or leasing it as a going concern at a point in the future. I really believe that a fundamental issue in the taxi industry is that to purchase a licence is an investment in the future.

As a household unit we have always had and needed a modest income apart from the taxi industry to support us and to achieve a secure future. We believe all of this to be reasonable and rational, and we also felt proud that we could work hard, support ourselves, and prepare for an independent retirement in combination with providing employment opportunities for others and supporting businesses depending on ours.

After almost six continuous years of reviewing our industry, this Road Transport (Passenger Services) Amendment Bill 2003 was referred to this committee as part of a sustainable transport plan. Well, the last six years have been harrowing, watching helplessly as our investment devalues and the future for a viable taxi industry becomes bleaker. And I don't know how much longer we can go on. I believe the timing for the transport plan is revised to align with the spatial plan to be finalised in March, perhaps with more consultation and reviews, and meanwhile our stress is extreme and I think all of us in the industry are suffering from very high anxiety levels.

At the time the bill was announced the minister also announced the death of deregulation—I think I addressed that early in my submission—and I feel that this bill will bring about deregulation. Perhaps the minister meant that the issue of deregulation is dead because he just introduced it. The taxi industry I don't believe is sustainable in a deregulated environment. It will not have a role in a sustainable transport plan.

It was way back in the 1890s that private entrepreneurs who had set up transport industries handed them to governments precisely because they could not provide a safe, predictable and reasonably priced service to the public. The economic theory, which has become policy for reform, if imposed on the taxi industry will have a really devastating impact on my future. It's depressing to contemplate this and realise it's not through my negligence or malpractice a previously viable small business will be destroyed.

I believe it's a business or an industry which has an important community role, employs many people, and does return money to government—or did. I think it is recognised in many other areas that these reform policies are falling hardest on those who can least afford it. I've even heard some of the more conservative commentators now saying they believe the reforms are taking Australia too far from being a country with a mixed economy balancing private and public sectors with a fair measure of social justice.

I believe it's quite clear the competition policy favours the big end of town at the expense of small business. Dairy farmers come to mind, as well as banking, insurance and airline businesses where jobs are disappearing but the executives seem to keep getting more and more money. I know it's in the name of cheaper milk, fees, fares, whatever, but if you are unemployed your disposable income will be negligible. I don't believe that the lower costs resulting from this policy will be as great as they were predicted to be. And I don't believe they will occur in the taxi industry for the fundamental reason that the value of the plate is not in the fare.

In this last period of five or six years it has become really difficult to work with government. Submissions, consultations and evidence which we have provided have been ignored or contradicted in some ways. I think as an industry we have tried to meet and exceed the demands and expectations placed on us by the government. We introduced accreditation voluntarily a number of years before the government. We didn't get any credit for that, but I did have the experience of one departmental official telling me that what we did then was actually false accreditation. I did reply that I didn't use false money, time, resources to comply, but that fell on deaf ears.

THE CHAIR: Sorry, who told you that?

Ms Windsor: It was a person in the department.

THE CHAIR: No, sorry, I actually would like the name.

Ms Windsor: Yes, I'll think about it. I'm sorry, I did forget. But I think I can find it out.

THE CHAIR: Block it out of your mind, yes.

Ms Windsor: Well, it was a few years ago. This was before the last accreditation. We developed a memorandum of understanding.

I know that in submissions and presentations you heard about the innovations that we have introduced, despite the assertion that this does not happen in a regulated industry. And I know you also heard about the surveys of customer satisfaction levels commissioned by the government. I hope you have heard and listened to the critical points about the relationship of the value of the licence and fares—that there is none. You have also heard from some of our competitors.

What is it that the government believes it needs to achieve? If it believes there are major problems with the taxi industry which can only be addressed by deregulation, shouldn't it deregulate fares as well? And if it does believe deregulation is the only way forward, either completely or halfway, then I believe it must have the courage of its convictions and it has a moral obligation to provide fair and proper compensation.

I understand that a financial institution has made a presentation on a buyback scheme, which reinforces my view that the small businesses, the mums and dads, will be sold out to big business—not only that, but at a price which has been systematically devalued for five years. The price I've heard mentioned would never have received the light of day a few years ago.

The compensation proposal announced by Mr Wood just over one year ago was described in the *Canberra Times* by a journalist who, I believe, favours deregulation, as insulting. It's more than that. It's like being told to pay for the bullet at your own execution—it's a bit diabolical.

Should deregulation proceed and a compensation offer be made and accepted, I do not believe I could stay in the industry. It really would be too heartbreaking. If this bill gets up in the Assembly and compensation is unreasonable, I will not be able to leave the workforce until at least 70 and I doubt that I will be a self-funded retiree.

But it is so much more than that. I hope with all my heart that you will really consider the submissions that have been made to you that outline previous experience on deregulation in the taxi industry. The evidence is from overseas, from the Northern Territory and here in Canberra in the way the WAT situation has evolved.

I believe the only and best way forward for the taxi industry in Canberra is that the committee recommends to government that it establish a representative body to recommend changes to fares and the number of taxi licences to the minister in accordance with consumer demand statistics. We can only be sustainable in this way. I believe this to be justified on the basis that the taxi industry is, and should be, a legitimate part of public transport with a resulting community expectation that a taxi

will be available at any hour to provide a safe and reliable transport service of any distance at a known cost.

I want to be part of a sustainable taxi industry where a driver can come to me and say that the teenage girl only had \$10 but I took her all the way home, or our driver takes down to Mirinjani the old guy with the Alzheimers who's forgotten that he no longer has an account. Thank you.

THE CHAIR: Can you go back a paragraph or so and read to the committee again your description of what a taxi service does?

Ms Windsor: I believe this to be justified on the basis that the taxi industry is, and should be, a legitimate part of public transport with a concomitant community expectation that a taxi will be available at any hour to provide a safe and reliable transport service of any distance at a known cost.

THE CHAIR: Thank you. Your family has bought into the taxi industry gradually. You bought in in 1992 but other members of your family were already operating taxis. So how long altogether have you been involved in the taxi industry?

Ms Windsor: Continuously since 1985 when, Graeme, my husband bought the first plate. Then we did purchase another couple, I think, and then I bought one in '92 at the same time that I left the Commonwealth public service.

THE CHAIR: And you also lease plates?

Ms Windsor: We have, yes, in the past. And I have been continuously—my full time job since 1992 has been managing that small sub-fleet, if you like.

THE CHAIR: Okay. So in that time, apart from the constant talk of deregulation since about 1998, what are the other factors impacting on the financial viability of running a modest sized fleet of taxis?

Ms Windsor: I think it is the only factor that affects the viability, I would say. We have been subject to other experiences which have resulted in a downturn in our sort of gross takings, I guess, but I think the industry was solid enough to withstand that. Like any other industry—and we have mentioned here the pilots strike, the Prime Minister's decision not to live here, and many other things—we are subject to these vagaries seasonally, parliamentary sittings and all of these, and I think we could withstand those. But I think the competition policy deregulation proposal has been the one that really will rip the heart out of it.

THE CHAIR: This is a very hard question to answer, even if you went away to think about it, but do you have a feel for what your plates would be worth without the talk of deregulation? You bought in '85, you bought some in '92 and you bought them at other times. But without the talk of deregulation, and there has been quite a deal of fluctuation in the market over that time, do you have a feel for how much you have invested, in gross dollar terms and not adjusted for CPI and stuff like that?

Ms Windsor: If I understand you correctly, if I was to sell a plate now in the world that didn't have the competition policy, I would be hoping to get \$300,000 for a plate. Is that what you were asking?

THE CHAIR: No, I was actually looking at the other end of it. What do you think you have actually put in? What have you invested rather than what would you expect to get out. So in '85 you paid X amount of dollars for a plate. So the cumulative investment in just whole dollar terms. How much would you have invested?

Ms Windsor: I can really only accurately give you the figure of my last plate I purchased in '92, which is \$220,000.

THE CHAIR: So in 1992 it was \$220,000.

Ms Windsor: Yes.

THE CHAIR: There has been some considerable fluctuation there. The figures provided by Aerial in their submission indicate how that has fluctuated over time. If you went out to sell your plates today, if you wanted to sell all your plates today, what would you get?

Ms Windsor: First find a buyer, really. I think the market has died to some extent. The environment of uncertainty is the primary factor. It is very hard. I don't know what the prices have been. I think there have been some sold but I don't know what they are. I don't think I could afford to sell at the moment.

THE CHAIR: Thank you very much. I want to ask you another question before I send you on your merry way. You talked about the WATs. Would you like to explain to the committee or give your perception of how the WATs have impacted on the viability of people with perpetual plates?

Ms Windsor: I am not sure that I addressed the issue from that perspective. I think I was trying to use it as an example. In my submission I pointed out how I thought the situation with them had evolved where it reflects some of the characteristics of a deregulated taxi market with a low lease fee supply of actual WAT plates which is above requirement and with some of the negative fallout which I think that will bring to the taxi industry in terms of not being able to service the market in the way you should. But I really don't quite know the answer to your question.

THE CHAIR: Thank you.

MR HARGREAVES: The entry conditions that you had when you came into the system were quite expensive. The entry conditions for a person operating a wheelchair accessible taxi were not anywhere near as expensive.

Mrs Windsor: Yes, that's my understanding.

MR HARGREAVES: And to make a wheelchair accessible taxi viable, it has to have access to the same market you have. Is that deregulation by stealth?

Mrs Windsor: Yes.

MR HARGREAVES: Thank you.

THE CHAIR: Thank you very much, Ms Windsor.

Mr Windsor: Thank you.

JOHN JAMES McKEOUGH was called.

THE CHAIR: John, were you here earlier today when I read the yellow card?

Mr McKeough: I think I was out of the room, but I was here last week.

THE CHAIR: Okay. Welcome to day two of the inquiry of the Standing Committee on Planning and Environment into the Road Transport (Public Passenger Services) Amendment Bill 2003. I will ask you to make an opening statement and, for the purposes of Hansard, please identify yourself when you first speak.

Mr McKeough: Thank you, Madam Chair, for giving me the opportunity to appear before you today. My name is John McKeough. Millie and I have been involved in the Canberra taxi industry for 40 years. We own three taxis and have substantial debts associated with them. We will both be 65 in five months and, until recently, have been looking forward to a reasonably secure retirement. With your permission, I will simply emphasise some of the points I raised in my written submission and perhaps comment on some of the points raised last week.

The history of the ACT taxi industry clearly shows that an innovative outlook has been a dominant characteristic of its make-up. I believe this outlook has been successful because of the structure of the industry. Members of the cooperative, each with a large sum invested in their businesses, have incessantly demanded such an approach from their successive boards of directors. Owner-drivers have always dominated and have always been more vocal complainants about poor service delivery than our passengers. I think that's an interesting point: I don't think any passengers or users of taxis have come along to complain about our service, despite having this opportunity to do so.

None of us likes to hear complaints from clients. In the past, the taxi industry has called for the release of extra taxis before the department has realised a need existed. It is important to get the balance right. Government-run surveys have always shown high levels of satisfaction with the taxi service and many a passenger from the airport expresses relief at being home again and in a Canberra Cab.

The effects of taxi deregulation in Darwin have been very well documented by Professor Des Nicholls. He has made ample references to other places in the world. The environmental and social failings of the prematurely quoted once shining example of successful deregulation in New Zealand are now becoming more apparent. It has been clearly demonstrated that owners of taxi licences have lost out severely and that, because of a much lower income for drivers, the standard of drivers has fallen.

But what about the long-term good drivers who have been happy to be taxi drivers in spite of historically low hourly earnings? They like their lifestyle, they like dealing with people, and they give the industry a good name. They do not want to own a taxi. Deregulation has forced them and their goodwill out. Single owners will not engage drivers of a lower standard, and fleet operators are forced to lower their standards to keep their cars on the road.

On the thrust of the proposed legislation, the documented disaster of the Darwin taxi deregulation highlights the danger of legislating away the minister's direct responsibility for the determination of taxi numbers. The current proposal has had a difficult course to run, because we're here now. We all know how much harder it is, if not impossible, to have legislative changes reversed. If we muck this up, we're going to be in a hell of a lot of strife and it's going to be a long time before we can turn the *Queen Mary* around.

I believe that the proposal regarding restricted taxi licences is a deliberate and direct threat to the assets and viability of the taxi industry. Restrictions are virtually unenforceable because the will to give them high priority and enforce them must be held by the bureaucrats as well as those most affected. Hire car problems cited last week and today and the phantom taxi of a few years ago highlight this reality. When the bureaucrats have a deregulation ideology, taxi numbers will be unlimited.

Turning to licence values, in my written submission I referred to the price I paid for a taxi in 1963 and the value of a comparatively priced house in Wilson Street, Curtin. I checked out that house the other day. It is 48 Wilson Street, a grey colonial, and is well maintained. I'm sure it would now be worth about \$600,000, or about 2.7 taxis. I remember the name of a lady I took there; I picked her up at the Ainslie Rex. Her name was Mrs Law, and she was so excited about her house that she insisted I come inside and have a look at it. It was a very nice house, but well above the average house.

In *Hansard* of 17 June Mr Wood suggests that our passengers keep a wary eye on the taxi meter and implicitly passes on the untruth that his bureaucrats have fed him that taxi licence prices are reflected in taxi fares. In 40 years, I have only had one passenger complain to me about a fare increase, and that was in about 1966, and it was a young girl I took up to Chisholm Street in Ainslie. I've never believed that a fare increase in itself has led to a drop in patronage. After we had the 16 per cent rise for private passengers, the increase that came with the GST, business did fall away, but there were other reasons for that. I don't believe that the 16 per cent fare increase was a major reason. Some people disagree with me on that.

Licence values have gone down over the past few years because the fares have been artificially compressed by the ICRC. Relatively lower fares have been reflected in the lease prices obtained by investors whose clients force the fees down. What this really reflects is a real gauge of taxi values; the ability of an owner-driver to earn overtime at a fair rate—I don't mean time and a half for extra hours; I mean just the flat rate for all the hours that he wants to work—has been severely damaged. We've also lost many good long-term drivers to better paying jobs.

Taxi leasing became recognised because of another failure of bureaucrats to enforce regulations. It had been going on for some time beforehand but was not widespread. In my written submission I have mentioned that when I started no taxis were leased, none at all. One lady, a widow, owned taxi 28 and she operated it herself. Leasing just wasn't on and just didn't happen. But the bureaucrats allowed it to slide away.

Although it was decided to recognise leasing because it was in the too-hard basket and controlling it might occupy the same space, I believe there should be some restrictions to the practice and that they could be enforceable. In Darwin the driving force for deregulation was not NCC policy but poor service, particularly in Palmerston, a satellite

town. Nearly all the licences were leased and the lessees were left to run the farm. They knew what needed to be done and decided it should be done. "But not with my cars." Those operators had nothing to lose.

That is interesting because the bureaucrats talk in their submission about the ease of entry and ease of exit in the taxi industry. If we've got ease of entry and ease of exit, we've got no commitment. These people in Darwin had no commitment; they could just walk away. It was easy for them to come in. The owners lived in Singapore, Sydney and anywhere else; they were way out of town.

MR HARGREAVES: I interrupt you there for a second, John, to ask Hansard to put in bold the last comments that Mr McKeough made.

MRS CROSS: Yes, that's very important.

MR HARGREAVES: The bit about commitment; I think that's absolutely vital.

Mr McKeough: Thank you. The disinterested investors were out of town, many were out of the country, and out of touch. Recently, a local owner campaigning for the board elections was told by an out-of-town owner that he was not interested in voting, just in the monthly cheque. Sustainable good service cannot exist if this attitude prevails. Any locality where owner/operators are outnumbered by lessees will eventually run into similar problems. If the department leases plates, people can come and lease them, as in Darwin, for so much a year and their lease fees would then become charges that would go into the fares, which doesn't happen now with the price of plates.

MR HARGREAVES: John, before you go on to the disabilities bit, which you're about to, I can almost smell it, I would ask you to talk about the number. One of the planks of this initiative is to put up a number of plates for auction every year and, if they don't get the takers, to reduce the value by 10 per cent each time they have an auction.

Mr McKeough: Yes.

MR HARGREAVES: Can you talk about that effect on it? As I understand it, there are two effects of it. One is the effect on you, which you can talk about, and the other is the effect on the industry in terms of having more plates in a defined cake. Does that make sense?

Mr McKeough: That's a bit hard. The effect on me straightaway would be with the excess licences. Hang on, there mightn't be excess licences. They were talking in the first place about—

MR HARGREAVES: Putting 10 out.

Mr McKeough: Ninety per cent of the value in October 2001 or something, only a couple of years ago. It was \$270,000, I think, at the time, and 90 per cent of that is about, \$250,000. I read in the departmental thing there about the Macquarie Bank and they're talking in terms of \$200,000, so they have wiped about \$50,000 off a reasonable price.

MR HARGREAVES: That's the compensation package.

Mr McKeough: Sorry, okay.

MR HARGREAVES: I'm talking about the effect of the gradual deterioration of the value of your retirement investment.

THE CHAIR: Mr Hargreaves, don't lead the witness.

MR HARGREAVES: I would never lead a witness, Madam Chair.

Mr McKeough: The effect on me would be if they managed to sell them. I don't see how a person who has got money and who knows what's going on would buy a plate when he knows that next year when they auction them it's only going to be worth 90 per cent of that and the year after it's going to be worth less. He could be buying something that's going to continually devalue. Also, if there were more coming on, there'd be an excess of plates and business would drop off as well. We've experienced that with the WATs already. We have had 20 WATs come on over the last few years and they've eaten into our normal work so that there's been no demand for ordinary taxis since 1995, I think.

MR HARGREAVES: Can I explore that with you also? One of the rejoinders to the criticism that it's going to go down 10 per cent every year is: "There's not going to be a problem. There are always going to be people in there taking up these plates. The 90 per cent kicks in only if there are no takers." Would I be correct in thinking that the emergence of the WATs, which haven't had to come into the marketplace at the same expense as an auction would be, means that any suggestion about an extra 10 plates is instantly taken up by the fact that the WATs are already there? They're not paying the same amount of money as somebody at auction; they didn't have to pay that amount when they came into the system.

Mr McKeough: Sorry, can you say that again, John?

MR HARGREAVES: The counter to the argument that the marketplace will be deteriorating by 10 per cent a year is that there will be so much uptake that it won't have to because the only reason it would go down to 90 per cent would be that there were not enough people buying the plates. If they released another 10, for example, and eight of them were taken up, the next time they had an auction it would not be at 90 per cent; it would be at the current price. The reserve price would be the current price because there had been a significant take-up. Would the people who would be likely to go along and bid at that auction be affected by the fact that there are 20 WATs already out there that didn't have to do that?

Mr McKeough: Firstly, I understood that at the auction every year the reserve price would be 90 per cent of what it was last year.

MR HARGREAVES: Only if there is no take-up.

THE CHAIR: Only if there are no takers in the previous year.

Mr McKeough: Okay. I still think they probably wouldn't so much be interested in those plates. Where the damage would be done would be that people could go up to the department and ask for a special restricted vehicle and they could call it a WAT or anything they liked and be given it, because it's to perform a so-called special requirement. There is no way that the department would be able to police the requirements that were put on it. They would be extra taxis. So no-one would need to go to this auction anyway. If they want to drive a different type of vehicle, they have got a taxi for whatever the department wants to charge them as an annual fee.

MR HARGREAVES: If I wanted to get into the marketplace, instead of going to the auction with \$200,000 in my hot little fist I could just walk up with a cheque for \$15,000 or something like that and say that I want to operate a wheelchair-accessible taxi, and away I would go.

Mr McKeough: You could. You're in business and you never need pick up a wheelchair. That's my biggest fear, that they'll just decimate our industry, standards will just go down and down, and nobody will be interested in trying to do anything about it because we'll be just a bunch of bleating people out there who can't stand competition.

MR HARGREAVES: We've led into the disabilities thing quite nicely.

Mr McKeough: Okay. It is acknowledged that the response times for wheelchair-bound passengers are not as good as they are for general taxi work and that a concerted effort must be made to rectify the matter. I believe the taxi industry has been at the forefront of efforts to serve people with disabilities and does not deserve some of the criticisms it receives.

In earlier submissions I've put in at different times, and I think even in the one I gave to you, I've mentioned the efforts the taxi industry has made for people with disabilities. I believe political posturing and bureaucratic bloody-mindedness set the course for a get Aerial Taxis attitude during the 1998 inquiry by the Standing Committee on Urban Services into taxi accessibility for people with disabilities.

The proposed open entry for RTX vehicles would see a rapid deterioration of the existing inadequate service for which the bureaucracy has no answer. The more of them there are out there, they won't be doing the work and they'll have a higher need to chase the ordinary work and be less inclined to do the right thing by people with disabilities. My son had one of those vehicles for a couple of years and he took the opportunity to sell it when the opportunity was given. I have a nephew who has one now, and I believe Phil does about twice as many as the average wheelchair vehicle with his. He's committed to doing the job. But there's a long way between Phil and a couple of other fellows and the rest of the team. With more and more of those types of vehicles on the road there would be less and less commitment to do that work because they just couldn't afford to be bothered.

The department has the performance figures for individual WATs but has been unable to do anything but suggest it's the fault of Canberra Cabs. I got the impression from their submission that they're now trying to point the finger at the operator for the drivers not doing the work. The trouble is that one of the operators operates about six of them. How can you blame him if his driver can't afford to do a job, he's got to chase a job that's

going to keep the bread on his table? It would be unfair to blame that operator for his driver not doing the work.

MR HARGREAVES: But, Mr McKeough, would you not think that if you were the operator of six wheelchair-accessible taxis and you hadn't had the entry cost that everybody else has got—and how many of them are there?

Mr McKeough: Wheelchair taxis?

MR HARGREAVES: How many wheelchair cabs are there?

Mr McKeough: Now there are only 24. Two have given up.

MR HARGREAVES: Okay. This particular operator has 25 per cent of the vehicles out there.

Mr McKeough: Yes.

MR HARGREAVES: Wouldn't you think that, if he hasn't had that kind of expense to get into the industry, he would have a slightly greater responsibility to look after the base clientele than everybody else?

Mr McKeough: You might; but setting up those vehicles now, if you bought a new one of those right now, would be close to \$100,000, so he's got a very big commitment to start with, and the running costs are much higher than for a normal taxi. Compare the running costs and the initial cost of those vehicles with those of a person who comes into the industry and says, "I can buy a Commodore or a Falcon"—I'd buy a Commodore—"and I know how much it's going to cost to run and how much it's going to cost for that car." He's got certain overhead costs and he knows what he can commit himself to in paying off a loan. He can say, "I'm going to work 60 hours a week and I'm going to put 20 hours of that work aside for paying off the plates."

MR HARGREAVES: That's an accepted thing. We know that it costs a heck of a lot more to run these cabs and that sort of stuff, but there is some subsidy for lifts and all those sorts of things. But the reason they can get into the marketplace at all is to provide a service for those particular people. We accept that they have to have a slice of the other action to remain viable; everybody accepts that.

Mr McKeough: Yes.

MR HARGREAVES: I'm getting the feeling that there is an inequality with entry costs and a recognition of the fact that they have additional on-costs, but there seems to be a bit of mumbling about whether, having got into the marketplace, the accent is more on the viable standard taxi service than on the wheelchair community out there.

Mr McKeough: That's true. But I think they're also driven by the facts of life and making enough money, and the driver in the seat needs to take a reasonable amount of money.

MR HARGREAVES: Is that the commitment you were talking about a little bit earlier? Perhaps they're not committed enough to the reason for the entry into the marketplace.

Mr McKeough: The owner might be, but he's not driving the car.

MR HARGREAVES: The very point you made before, isn't it, that owner-driver is the way to go?

Mr McKeough: Owner-driver is the way to go, I believe; I think that there is more commitment from him. Even then, the owner-driver of one of these vehicles can't drive 24 hours a day. This type of work is much more expensive and time consuming than an ordinary taxi job. I have said in my next point that if looking after people in wheelchairs was a new phenomenon and suddenly the government was forced to look at it and decide what to do about it, the government would call for expressions of interest to look after it and for tenders. I don't think anyone would tender anything like taxi fares to look after these people with disabilities.

MR HARGREAVES: I suggest to you that it's not the fares that upset the people with disabilities, it's the predictability or lack of it; if they make a booking for a cab for 10 past the hour and it does not turn up until 20 to the next hour, that's what's getting them upset, not so much the amount of money they're paying to get into the cab.

Mr McKeough: It gets us upset, too.

MR HARGREAVES: I'll bet it does.

Mr McKeough: We're doing a great service with the normal taxis and we're behind on these. Every taxi owner, whether he's in Bundaberg co-op or Albany co-op, likes to say they've got the best taxi service in Australia. Everyone says that. I think we can lay claim to that as well.

MR HARGREAVES: We do.

Mr McKeough: But when it comes to looking after people with disabilities, that's an embarrassment for us because it's not being done. But people have to be paid to do the work. Commitment is not good enough if you haven't got bread on the table. As I said, my son, my nephew and a couple of others—I think 917 is an owner-driver—have done more than their share, I believe, and there are a few other fellows like that. But most of the guys haven't got the agreement with the government and they've just got to go and get a quid.

Those vehicles, even if they are doing standard work all the time, are harder to drive. They get knockbacks on the rank; people just walk past them because they don't want to get into a bus. Little old ladies can't take them. They ring up and say not to send a bus and this sort of thing. So they're fighting against a few things that the normal taxi driver is not just to get a living. Also, with the government's so-called \$7.50 lift fee—well, it is a lift fee, call it what you like—they're not allowed to turn their meter on when they start loading the people and by the time they've loaded them they've used up a fair bit of that fee anyway and they've often had to go from Belconnen to Watson to pick up a fare, so they're just not making the money.

MR HARGREAVES: Are you saying to me that the fare structure for the wheelchair-accessible service needs to be given a long, hard look at by the ICRC because they've got it wrong as they're not allowing people enough return to make it a viable industry and, if it's not a viable industry, the clientele are going to suffer instantly?

Mr McKeough: That's right. I believe that in Melbourne there is a lift fee, plus if a car comes from outside a certain radius it gets so much a kilometre to do the job. I believe that comes out of the taxi subsidy scheme or its equivalent in Victoria. I know that the government has paid out hundreds of thousands, or millions, in Victoria for this type of thing and is cutting back because it is paying so much, but the government has been quite generous and I think we have to open up as a community here to look after people with disabilities. What's happening now is its being put onto the taxi industry and we get the blame if it falls down and we just can't do it.

There should be competition for every job. Last night, a bloke knocked off a \$7 job on me. There was competition for that because he was there and he took it and I wasn't quick enough to get there. But why would these other guys chase after a job that's only going to be a \$7 job if they don't even know what it's going to be and they've got to travel eight or 10 kilometres to pick it up? It's got to be something that they're going to go after and be worthwhile; that's human nature.

MR HARGREAVES: You haven't talked about the prebooking part.

Mr McKeough: What a prebooking does is it gives the person a 10-minute start. If you ring now for a 12 o'clock taxi, the job will be given out at 10 to 12 and, all things being equal, the car will be there waiting for you when you come out. But with the wheelchair ones, they've got to get a car to accept the job and he may have to travel from Macquarie to Watson to pick up, so he's got 15 minutes of travelling anyway.

MRS CROSS: Why 10 to 12?

Mr McKeough: To give the car time to be there on time.

MRS CROSS: Why not earlier? If it is booked now for 12 o'clock, why wait until 10 to 12 to put it out there?

Mr McKeough: With the normal taxis, all things being equal, if you gave it out earlier the cab could be sitting there for 15 minutes before you came out.

MRS CROSS: It depends on where he's coming from.

Mr McKeough: That's right. It is where he's coming from but, all things being equal, he will be fairly close. He will be close enough to be there on the time that you want the taxi and, for efficiency sake, it's not good to have a unit sitting around doing nothing while someone else could be coming to get you in a couple of minutes time anyway and he'll still be on time.

MRS CROSS: How long does it take to load a wheelchair?

Mr McKeough: I've driven one a few times and it can take—

MRS CROSS: This is in a normal taxi, not a WAT.

Mr McKeough: No, I've driven a WAT.

MRS CROSS: Okay, so how long?

Mr McKeough: You can run up to \$4.50. This is not on top of the flagfall.

MRS CROSS: And the time. Is it three minutes, five minutes?

Mr McKeough: Four minutes or three minutes, yes.

MR HARGREAVES: You just made an interesting point and I don't think the public is aware of it. If I'm a disabled person and I ring up and book one to take me to a doctor's appointment tomorrow at 10 o'clock, I understand that to be a booking and that a wheelchair-accessible taxi around the town will have me as its priority tomorrow. You were just telling me that that's not so and that, in fact, only about 10 minutes or so before that time will that actual booking be sent out on the airwaves for a wheelchair-accessible taxi to come and get me.

Mr McKeough: I think that may have been changed. Can I ask John Muir?

MR HARGREAVES: You can ask him.

Mr McKeough: John, are the wheelchair taxis now given bookings early in the morning?

THE CHAIR: Just come over and sit down, John, and identify yourself. You have been sworn in.

JOHN MUIR was called.

Mr Muir: John Muir, Chief Executive, Canberra Cabs and the Canberra Taxi Proprietors Association. A number of different methods of dispatch have been trialled with wheelchair-accessible taxis, quite a number. I'll get to the proposed method that I believe would work best in a moment, but they have ranged from dispatching work in exactly the same way as standard taxi work is dispatched. That's the way Mr McKeough has described it, which is 10 minutes prior to the booking the hiring is offered to the fleet.

The reason the 10 minutes is there is because Canberra Cabs have divided the area of the ACT into zones and from one diagonally opposite corner in a zone to the other is about a 10-minute drive. So, given that there's a hiring in a particular zone, a taxi in that zone could be no more than 10 minutes away, could be right next door. So the maximum time a taxi would wait for somebody would be 10 minutes, and they have to, and the person shouldn't wait because we'll get one there from the other side of the zone. That's the standard method. It was argued by some of the wheelchair-accessible taxi operators that they wanted to be treated the same way as a standard taxi. That will never work because

of the distances that Mr McKeough has said those cars have to travel versus the number of cars in the standard fleet travelling to their hirings.

We moved to a position then of dispatching work by a global positioning system which identifies the location of a vehicle and marries it up with the hiring that's nearest to it, rather than the vehicle simply booking manually into a zone and saying, "I want to work here." That would work if everybody played the game properly. It won't work because everybody doesn't. For the reasons Mr McKeough has said, they have to make money.

The amount of information provided is voluminous. There's a huge amount of information provided about the availability of work, so much so that if a driver needs to make money and he believes that a wheelchair-accessible hiring won't make him the money he can avoid it by not being available to the electronic dispatch system when the electronic dispatch system starts to look for him on a global positioning basis, so he won't get the job. Finally, the system will find somebody who it identifies as closest and vacant and who will be the sort of person that Mr McKeough has described as one of those willing WAT drivers and operators who will go and do the job, but will travel from Belconnen to Watson to do it.

The way it used to be done and the way I believe it would work is that when Canberra Cabs was, in the past, given six WAT licences to operate and provide a service, Canberra Cabs contracted to an individual the operation of those six licences and gave directions on how it would be done. The way it was done was that, for all prebooked hirings that came in on the previous day, at around 7.00 am those bookings were known and we'd tell the contractor, "These are the hirings. Allocate them now to the six core cars." So we had those hirings covered for the day; they had to be in a particular position throughout the day to do those hirings. Anything that came in throughout the day as another prebooking or immediate hiring was then allocated on the basis of finding cars that at that time weren't allocated one of the prebooked hirings.

With the introduction of the extra 10 or 20, as it turned out, additional WATs, Canberra Cabs proposed to keep operating them in the same way, and that was to use the six core vehicles it had to allocate the previous day's prebooked hirings and to allocate everything that came in as an immediate hiring or a prebooking on the day to the rest of the 20 in the fleet. We believed it would work. There were one or two operators who didn't want to work that way, so the government said, "No, you can't do that." They took the six licences off Canberra Cabs and gave them to an operator. The other 20 were balloted. But the six we had were just taken and given to a particular operator.

We haven't been able to allocate work that way since. I propose that that is the way to allocate it and you'll get a much better response time.

THE CHAIR: It makes sense. It's not rocket science.

Mr Muir: It is not rocket science.

THE CHAIR: Thanks for that, John.

Mr McKeough: I'd just like to mention on that that it requires a certain amount of goodwill, and goodwill has been missing since the inquiry in 1998.

THE CHAIR: One of the things, Mr McKeough, that you seem to be saying is that part of the thing is that the goodwill is sapped away by the fact that, if you are doing what you're supposed to do as a WAT taxi, you can't actually make a crust.

Mr McKeough: That's right.

THE CHAIR: When you can't make a crust, goodwill goes out the door.

Mr McKeough: That's right, yes.

THE CHAIR: If you were running the WAT taxis, how would you run them?

Mr McKeough: Exactly as Mr Muir has just said, micromanagement. I've said that either in my written submission or in previous submissions that I've put in.

THE CHAIR: Okay.

Mr McKeough: This is not quite tongue in cheek. I'm not an expert on urban planning, but I'd just like to make a comment. This comment refers to the announcement on Monday of plans for the future development of Canberra. If I'd addressed you last week, we might have been able to prevent it, but now it's too late.

THE CHAIR: No, it's not, it's still only a draft.

Mr McKeough: Okay. I believe the type of development proposed, like a puddle of water spreading out on a table, does nothing to help the creation of a sustainable transport service, unless it is sustained by huge subsidies. High-density population residing on either side of public transport spines lessens the need for the high car ownership we now experience and facilitates a higher use of all forms of public transport which complement, not oppose, each other.

Years ago I worked out that if three or four people got into a taxi they could go to the O'Connor shops cheaper than it would cost them to go there on a bus. I believe bus fares are about \$2 at a minimum or \$2.50. If four people got into a taxi they could go to Watson for the same price. They'd get to Watson, wouldn't they?

Mr Muir: Easily, John.

Mr McKeough: It would be pretty close, yes.

THE CHAIR: From where?

Mr McKeough: From Civic. So we're relatively cheap. But what I'm going to say about public transport is that taxis are a form of public transport, as we all know, and it is acknowledged by Guy Thurston, and we complement each other. The better the bus service, the better the taxi service and the better the public are served.

MR HARGREAVES: Mr McKeough, would you like to offer an opinion as to which would be closer to Civic, the new Molonglo Valley or Banks?

Mr McKeough: The new Molonglo Valley.

MR HARGREAVES: Didn't you say that you wouldn't go to Molonglo or Kowen for peak time hirings?

Mr McKeough: Yes, I said that.

MR HARGREAVES: Does that explain the difficulty of getting a vehicle in Banks?

Mr McKeough: It does.

MR HARGREAVES: So you're better off taking a hire car.

Mr McKeough: They might have lots of closer jobs, too. It is often an embarrassment to us. You think you're doing fine and you go over to the base and they say that people had to wait 45 minutes in Banks this morning. It happens—not every morning, but it happens every now and then—and it might be Banks today, Macgregor tomorrow or Dickson another time. Dickson is not so bad, I don't think.

MR HARGREAVES: Is that the penalty we pay for having an elongated territory population? If we could fatten it up in the middle it might actually subsidise the outer areas.

Mr McKeough: If the population were thicker it would be much better, yes.

MR HARGREAVES: It's pretty thick at the moment, I have to tell you. Having a Molonglo development might assist the viability of the taxi industry.

Mr McKeough: No, I don't think so.

THE CHAIR: Let's not get started on the 12,000 houses.

MR HARGREAVES: No, I'm just asking him about the last sentence, Madam Chair.

THE CHAIR: I like the analogy of a puddle of water spreading over a table; I like it a lot.

Mr McKeough: In conclusion, I'd like to say that a few years ago Millie and I had assets in our taxis of around \$870,000. Due to the uncritical acceptance by both bureaucrats and politicians of the emphasis the NCC has placed on the deregulation of anything that breathes and a compression of taxi fares by the ideology-driven "independent" ICRC, the value of our assets has dropped to around \$670,000. If we subtract our still substantial loans on our taxis, we will certainly not be able to look forward to retirement at age 65 or any time in the near future.

If the proposed legislation goes through and legal proceedings do not produce adequate compensation, we'll need to sell our house and go on the pension—from self-funding to dependent on the government for no good reason. I urge the committee to study carefully all the arguments put forward by experienced taxi people in relation to this proposal, to

be influenced by facts rather than failed theories, to take into consideration the effects the passage of this legislation would have on people—the workers and their families and their hopes—and the passengers who will suffer most, the poor, the elderly and those with disabilities. Check the charter of the NCC on its website and remember that it, too, has a responsibility to consider the social and environmental effects of its recommendations.

Before closing, I would like to comment on the DUS submission to this inquiry. I think it is most appropriate that the department referred to the ACT transport demand elasticities report of April 2003 because its submission has stretched objective truth, a sense of fairness, and its own credibility almost past the elastic limit. Its submission is full of discredited assumptions and deceptive figures. I find it disheartening and disappointing.

I might just say that I've been a cab owner since I was 12—not in reality, but it was always my ambition to be a cabbie and I've had an interest in the industry all of that time. It's got to the stage now where all of that commitment, all of that hope, all of the excitement that goes along with the business, which I find exciting all the time—whether it's a new type of car coming out, we're going on to LPG, we're looking after people with disabilities and this sort of thing; all the innovations we've had have been exciting for me; as a kid. I remember the first radio being put into Jim Kinnane's taxi—are going to be destroyed if we just get made fodder for economic theory which is proven not to work, and people are the victims all the time. Thank you very much.

MR HARGREAVES: Thanks, John.

MRS CROSS: Thank you, Mr McKeough.

THE CHAIR: Are there any other questions for John?

MRS CROSS: No.

THE CHAIR: I'd like to thank you, John, because one of the questions I was asking you've actually quantified for the committee—the loss. At this stage, it is a paper loss, but if you went out tomorrow there would be a substantial loss that you as a family would encounter. I think that that's a very powerful point.

MRS CROSS: Pain and suffering from the loss would be significant.

THE CHAIR: I've been trying to quantify that in the course of the hearing, so thank you very much.

The meeting adjourned from 11.33 to 11.46 am.

DENIS MOULEN was called.

THE CHAIR: Welcome to the second day of hearings of the Standing Committee on Planning and Environment into the Road Transport (Public Passenger Services) Amendment Bill 2003. You should understand that these hearings are legal proceedings of the Legislative Assembly protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you are protected from certain legal actions such as being sued for defamation for what you say at this public hearing. It also means that you have the responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter.

Welcome, Mr Moulen. I presume you would like to make an opening statement.

Mr Moulen: Thank you, Madam Chair. My name is Denis Moulen and I represent National Capital Limousines, who operate four of the eight ACT registered stretch limousines, and I also represent the Restricted Hire Vehicle Collective, who operate the upmarket luxury cars not otherwise available.

I'd like to mention that the RHV Collective is a group of people, some of whom are fully retired, others partially retired, and they happen to have very nice vehicles which they're prepared to offer to the public on the basis that the public need to be able to have a choice of what they use for passenger services. Previously, I was an unrestricted-hire car owner and operator for some seven years, when I noticed the industry seriously deteriorating and sold the H plates, converting to RHV licences.

MR HARGREAVES: Excuse me, Mr Moulen; when was that?

Mr Moulen: I operated until 1996.

MR HARGREAVES: And then you saw a deterioration in the industry in 1996 and thought, "Hello—RHV time"?

Mr Moulen: Yes. There have been four other stretch operators who have progressively adopted a similar strategy; three of those now operate with National Capital Limousines and one with CBD Transport.

I'd like to deal with three areas today: firstly, the bill and regulations fairly specifically; secondly, the demand for services; and, thirdly, the national competition policy. With regard to the bill, it seems quite incredible to me that an industry with about 30 small business participants should warrant the complexity and commercial interference of this bill, with its 111 pages of regulations imposed on a generally responsible small group of people.

MR HARGREAVES: Sledgehammer and acorn stuff.

Mr Moulen: Restrictions on restrictions; infringement notices without immediate effect. Let's look at that one. If you get an infringement notice that has immediate effect, tomorrow you don't drive your car. The structure of infringement notices for parking

finer is one thing. But the imposition of infringement notices on the basis that you lose your licence is horrific in commercial areas.

I had one case of a friend of mine who was given notice and was told that if he didn't pay his fine he would lose his licence, so it cost him \$300-odd, which is not excessive. But he runs a trucking company with a national licence, which meant he was out of business, being 24 hours. That sort of Big Brother stuff has got to stop; it's just not on.

The other area is that I see that this act now introduces strict liability offences within the application of criminal law. So does that mean that if somebody commits an offence, be it a hire car, a taxi or a RHV, he will have a criminal record? Is that what it means?

MR HARGREAVES: Well, I think it's fair to say, though, Mr Moulen—and a lot of people don't understand this—that, if you don't pay your parking fine, that is a criminal offence and you'll get a criminal record for it. I was staggered when I found that out, so “probably” is the short answer.

Mr Moulen: I don't know what government is coming to.

MR HARGREAVES: That has always been the case.

Mr Moulen: You mean it has been the case since they brought in that—

MR HARGREAVES: No, it has been the case since at least 1968 when I got here—in federal law and the ACT law.

Mr Moulen: I'd be surprised to think that many people understand that.

MRS CROSS: No. I don't think most people do, Mr Moulen.

MR HARGREAVES: You're right.

MRS CROSS: Yes, you're right; they don't.

Mr Moulen: I thought this was a democratic country. The other thing about the bill relates to “authorised persons” as defined by the 1999 act. They are being given the powers of intrusion into matters of marketplace standards, the capacity to order commercial-in-confidence records, areas subject to the Privacy Act and other general interests. I always thought law was about the public interest. The public interest here should primarily be the consumer. This bill goes far beyond that and makes regulations for the sake of regulations.

The excessive regression of this legislation will prove to be counterproductive and costly for both the industry operators and the consumer, and certainly it's contrary to the provisions of the national competition policy agreement.

MR HARGREAVES: You're saying that this legislation is contrary to the national competition agreement? Can you elaborate on that, please?

Mr Moulen: I shall do so later on, if you don't mind, Mr Hargreaves.

MR HARGREAVES: I look forward to it.

Mr Moulen: In detail, with regard to workplace activities, our formal submission to the committee dated 30 September has already dealt with the need to expand the definition of “school” to include tertiary institutions. The futility of regulation 183 is that it denies to the tourist consumer access to transport services out of the airport and infers a denial of their accommodation.

MR HARGREAVES: To whom?

Mr Moulen: To the consumer.

MR HARGREAVES: All right. The denial is on whose part? The consumer can’t get it, but whom does it prevent providing that?

Mr Moulen: I haven’t got the section here, but the proposal is to license RHV cars for tourism, and that obviously is to try to support the tourism push that the community is having. But those vehicles are not allowed to collect their tourists from the airport. But how do tourists that come into town get there? If they come in their own car, fine, they don’t need a car. If they come in a bus, maybe they need a car.

MR HARGREAVES: Are you seeking to allow RHVs to operate in competition with taxis and hire cars at the airport?

Mr Moulen: If they’re licensed for tourism, how else can they operate?

MR HARGREAVES: Is there any unfair practice here in terms of cost of entry into the marketplace, costs of continued operation in terms of RHVs, taxis and hire cars? I understood RHVs to have a more restricted marketplace altogether.

Mr Moulen: Not a restricted marketplace; they are restricted from serving a marketplace, yes.

MR HARGREAVES: That has always been the case, though, hasn’t it?

Mr Moulen: Yes, but this is a new act and these are new licence proposals. I’m talking about a new licence proposal which says that the RHV can take a tourism licence. What’s the good of a tourism licence if you can’t go to the airport and pick up the tourists? It doesn’t make sense.

MR HARGREAVES: Who says it can’t go to the airport? Do the Canberra airport people say it?

Mr Moulen: It is a condition of that regulation 183, which is printed in the consultation draft—part of the 111 pages of regulations, most of which are restrictive, not constructive.

MR HARGREAVES: What’s intriguing me—and I don’t know the answer to this, I have to confess to you—is how anybody can make regulations that apply on private

property. I understood that Canberra airport were the people who actually said yea or nay about people operating in and out of the airport and that governments can't say, "You can't do this at the airport," because it's private property. Maybe the beef is with the airport; I don't know.

Mr Moulen: I don't know. It's a good point that makes one consider that the whole act and regulations ought to be looked at in considerable detail; there are some stupidities in there.

The other thing about that particular clause is the question of prebooked public itineraries. If tourists want to hire a hire car, a restricted hire car, they don't want to be told where they have to go. They hire it for the facility of being able to direct the driver to go where they want. It's an insult to say to tourists coming in here that they can only do prepublished tours: "Here you are; you can do that or that or that, but you can't do what you want."

MRS CROSS: Who said that?

Mr Moulen: That's what the act says.

THE CHAIR: What the draft regulations are saying.

Mr Moulen: There are some incredible implications in these clauses that just won't work.

MR HARGREAVES: Mr Moulen, can you help me out a bit here? We have operators who can do that. You run some limousines yourself—right. But, if I'm a tourist, I wouldn't know the difference. If I was coming into Canberra, I wouldn't know the difference between an RHV, a hire car and a small truck. I would ring up someone, a company, who advertises the ability to provide the service I'm looking for. So presumably then, if it's an RHV and the restrictions are local, the person advertising for that service is actually misrepresenting themselves to somebody interstate or to tourists coming in?

Mr Moulen: That's exactly what I'm saying: we don't want to have a prepublished tour itinerary. The public don't want a prepublished tour itinerary and I can't see the industry preparing such things and advertising them. It doesn't work. Canberra is a small place. It's not like an international tourist is coming in and says he wants to go to Sydney, Melbourne, Adelaide and Brisbane. The tourist that hires that sort of vehicle, and is prepared to pay for that sort of vehicle, wants to be able to say, "Where do you think we should go, driver? Can we do this? I'd like to see so and so."

MR HARGREAVES: Say I'm a businessman coming into Melbourne. I've got a couple of days to kill, and I think that I wouldn't mind taking a spin around the attractions. I ring up National Capital Limousines because it is in the book that you'll take me around to have a look at these things. You get onto the hire car part of your company and off I go—I have a great time. But I don't say, "Hang on a second. I don't want a hire car, I want an RHV because it's a bit cheaper." Is that the case, or not? I don't know. As a tourist coming in, I wouldn't know the difference.

Mr Moulen: If they were so permitted, yes.

MR HARGREAVES: They're not permitted at the moment.

Mr Moulen: No.

MR HARGREAVES: And they're not permitted under the new regime.

Mr Moulen: They will be. They can be licensed under the new regime as a tourist vehicle.

MR HARGREAVES: There shouldn't be a difference, should there?

Mr Moulen: Whether it be an RHV, a hire car or a bus, this prepublished itinerary is now a compulsion; it's not a voluntary thing. The act says "you shall". The act says you can only use a tourism licence on the basis of a prepublished, publicly available itinerary.

MRS CROSS: That could be an itinerary that is put together, printed and handed out to potential clients, which means that they know where they stand when they do business with you. That's like putting a contract together. That to me doesn't say that it's got to be an itinerary launched officially by some organisation. It sounds to me like a contract between a driver and client.

Mr Moulen: If the consumer has asked you to put together a tour, fine. You could do that. You could have a chat to him or her, find out his or her interests and then say, "I suggest so and so." But the new regulations require you to prepublish public itineraries which you can't vary.

THE CHAIR: You might have packages A, B, C and D and I might say, "I wouldn't mind doing that—but I really don't want to go to this attraction. It's not my cup of tea." You might say, "I'm sorry. We have to at least drive past it."

MRS CROSS: Is that what it means?

THE CHAIR: Is that your understanding of what it means?

Mr Moulen: Yes. If you went somewhere else—

THE CHAIR: I might say, "I really don't want to go to that attraction." But because I have contracted you to take me around the sites, by law you would have to drive past that attraction?

Mr Moulen: I suppose you could omit one as you went around.

THE CHAIR: But then it's not prepublished.

Mr Moulen: If you did something else, you could be challenged in some way.

MRS CROSS: I'd like to check that. It could also mean: I'd like to book Mr Moulen's car for the day, to tour Canberra—full stop.

Mr Moulen: No. They can't do that. All-hire car licensing can do that, but the RHV licences as proposed—supposedly to boost tourism facilities—can't do that.

MR HARGREAVES: So you're suggesting that the RHVs ought to have the same access to this sort of thing as the hire cars?

Mr Moulen: Absolutely.

MR HARGREAVES: What about the amount of money you have to pay to keep them on the roads? Should that be the same?

Mr Moulen: That's up to the government—to make some proposals.

MR HARGREAVES: To make some proposals to whom?

Mr Moulen: Nobody is arguing about the fees at the moment.

MR HARGREAVES: Nobody is arguing about the fees the RHV people are having to pay versus the hire car people?

Mr Moulen: John, you're inferring it's my fault that the fees are as they are. It's not my fault.

MR HARGREAVES: No, I'm not.

Mr Moulen: If the transport department, in their wisdom, stipulate the rules that may or may not be adopted and say that the administrative costs to look after RHVs are X number of dollars, then the operator has the choice of accepting or not. It's not up to me to complain about the fees—nor is it up to me to determine what they should be.

MR HARGREAVES: That is agreed. You're one of the few people I know who has exposure to both hire cars and the RHVs so I ask, from your perspective, whether there is so much inequity in the industry that it's beyond the point where it can be sorted out by legislation like this—or will it just go bang?

Mr Moulen: This present legislation is not going to solve anything.

MR HARGREAVES: In respect of the cost inequities between the hire cars and the RHVs, are we not seeing in this legislation the possibility that the RHVs and the hire cars can do the same sort of work, but one—and you'd be wearing the costs of this for half your stuff—is so much greater than the other that that inequity has got to be fixed?

Mr Moulen: Yes. I agree that there's too much inequity between them. On the other hand, there's not much that we are not allowed to do. However, the government says that we can do it only 10 times a year. That's the most ridiculous restriction I've heard in my life. If the cars are adequate to provide 10 services in a year and, at the same time, provide those services only if there's not an equivalent hire car available—so there's no impingement on the hire car business equity—why is it not acceptable to continue doing them while the hire car is not available?

MR HARGREAVES: What is the difference between the licence fees for an RHV and a hire car?

Mr Moulen: It is enormous.

MRS CROSS: What is it?

Mr Moulen: Once again, that's not my problem or prerogative to argue on.

MRS CROSS: This is an education for us. How much do you pay?

Mr Moulen: We pay only \$150 or something.

MRS CROSS: For?

Mr Moulen: For the RHV licence.

MRS CROSS: What—each month?

Mr Moulen: No, annually. That is against nearly \$500 for the actual operating fee for the car. I think the capital costs of the licence plates and licence fees should not be confused.

MRS CROSS: Is the \$550 annual as well?

Mr Moulen: The annual licence fee for a hire car is about \$500; the annual licence fee for an RHV is about \$150. I don't know what the rationale of the transport department is, but I presume it's because the RHV is only allowed to do weddings, school formals and these 10 jobs to support the hire cars. I presume that's the comparison. But one mustn't confuse the capital cost of the plates. The capital cost of the plates is an investment. It's an investment in a business, and it should never be confused with the annual charges and administrative fees.

MRS CROSS: What would you call your business?

Mr Moulen: Sorry?

MRS CROSS: Did you buy your plate?

Mr Moulen: Originally, yes. I sold it when I saw that it was not going to continue to be a good proposition.

MRS CROSS: Can you say how much you paid for your plate?

Mr Moulen: Gosh, it's a long time ago.

MRS CROSS: Roughly. In what year did you buy it?

Mr Moulen: February 1990.

MRS CROSS: Do you remember how much you paid for it?

Mr Moulen: About \$60,000—and I sold in 1996 for \$120,000. The capital investment was a business investment. I was fortunate enough to make money out of it. I sympathise with hire car owners at the present time because of the uncertainties created by government regulations that have frozen the movement of their assets.

MRS CROSS: You're now operating vehicles only having had to pay a licence fee and a registration fee?

Mr Moulen: That's right.

MRS CROSS: So that's all your capital outlay?

THE CHAIR: That's your current outlay?

Mr Moulen: Yes, other than the cars. We have a huge capital outlay—

MR HARGREAVES: You haven't got the 10-seater, have you?

Mr Moulen: The whole thing's got into a terrible mess with the hire car people and their claim for compensation, their wish to be bought out or whatever they wish to do. I don't want to get into the details of that—that's better left to them—but the principle of what they're saying is right. The government sold these plates at \$60,000 and now they want to take them away. That's wrong—totally unprincipled.

MR HARGREAVES: Are you in the same boat, or do you lease all of your hire cars?

Mr Moulen: No, I don't have hire car plates. I got right out of the H plates because I could see what was going to be happening. I do enough commercial, business and social activities to survive.

MR HARGREAVES: Did you sell your plates at a time when people were prepared to buy them?

Mr Moulen: Yes. I doubled my money over six years. I'm a businessman. I was fortunate enough to be able to foresee what was likely to happen. As it's happened, I'm glad I did.

THE CHAIR: Can you bottle what you've got and sell it? I'd like to be able to do that.

Mr Moulen: It's got to the stage now where this somehow has to be corrected. You can't leave the hire car industry in limbo. There are 30-odd people out there who have their life savings or their life debts—whichever way you like to look at it—involved in those plates. I didn't want to get into this. There's got to be a balance created.

THE CHAIR: I hate to rush you along, but we are going to get behind time. Is there anything that you would like to say briefly in conclusion, Mr Moulen? You have provided a fairly extensive submission.

Mr Moulen: The issue I have is that the consumer does not have any choice and he is not being properly serviced. That is nobody's fault; it's just how this industry has developed and the regulations that control it. I will submit a list of telephone inquiries that I've recorded since April 2002 for consumer requests for cars up to the end of October.

THE CHAIR: That is 18 months.

Mr Moulen: I have just one telephone number. It's extraordinary. They average 30 calls a month for leisure activities, if you like to describe them that way. They will say, "I want to take my elderly parents out to dinner. And will you pick us up and take us home?" That sort of thing. I've not included any records of things like President Bush's visit, the Olympic Games or huge demands. The point is that there are not enough vehicles to service the peak times. Most people want to go out between 6 o'clock and 8 o'clock at night. The two stretch H cars are invariably booked. They're having a ball—and good luck to them—but the consumer is not having a ball. When I tell people over the phone that I'm allowed to do it only 10 times a year, they think that's extraordinary. They want to have a Rolls Royce. "No, you can't do that—that's not allowed." "What about the BMW?" "Sorry, that's not allowed." "We want a stretch limousine?" "Sorry, I've used my quota of 10—back in June." From now through the festive season, there are going to be two stretch limos on the road and no other vehicles.

THE CHAIR: Even if there's a demand for four or six, you just have to use the two stretch limos that are available?

Mr Moulen: No, our limousines are out of quota. We are prohibited to go on the road other than to do school formals or weddings. There are two fully licensed stretches available to service the community.

THE CHAIR: Thank you very much for your time, Mr Moulen.

Mr Moulen: Would it be of value if I submitted the notes that I prepared for today?

THE CHAIR: Yes, absolutely. That would very helpful.

Mr Moulen: I can't submit these on this particular issue because I've written all over them.

THE CHAIR: That's okay.

MRS CROSS: If you would like to send them off to the committee secretary, that would be fantastic.

THE CHAIR: That would be great.

PHILIP MALCOLM BUTTON was called

THE CHAIR: Welcome to day 2 of the hearings on the Road Transport (Public Passenger Services) Amendment Bill 2003. Mr Button, would you like to make an opening statement?

Mr Button: Thank you very much. I am a taxi owner. I have invested almost \$500,000 in the two taxis that I own and spent 14 years of my life in the taxi industry in Canberra. I entered the taxi industry in 1989 upon leaving an Australian government service career of some 26 years duration. I have not been a mere investor but rather an active participant involved in the day-to-day running of my taxi business. My aim has been to ensure its success.

I am here today because of your interest in understanding the likely outcomes if proposals contained in the Road Transport (Public Passenger Services) Amendment Bill 2003 are allowed to pass. I would like to take this opportunity of thanking you each for your interest and involvement and I wish you well in your deliberations. This must all be very dry to you by now.

THE CHAIR: Oh no!

Mr Button: I say that on the basis that you are not taxi owners. I share your concern with the proposed amendments and, in particular, ask you to focus for the next short while on sections 39 and 40 of the act. The amendments propose their omission from the act, which would effectively remove the minister's power to decide the number of taxi licences that should at times be issued by way of public auction. The deletion of these sections from the act would, in effect, achieve the deregulation of entry to the taxi industry and would result, in my opinion, in the oversupply of taxi licences in Canberra with resultant catastrophic outcomes for the community as well as those currently engaged in the industry.

Since my involvement in the taxi industry, I have been part of a group of people engaged in providing a full time—24 hours, seven days per week—transport service to the Canberra community. To get a licence to drive I was trained to be professional in the conduct of my duties in transporting passengers to their destinations. Later, as a taxi owner and member of a taxi cooperative, I was able to witness the conduct of respective board members keen to work at all times with government in addressing the public's transport needs. The taxi fleet of white vehicles is uniformly maintained and is one of the best in the country. We conduct ourselves with pride and are particularly complimented by passengers arriving from interstate.

The number of taxis needed to service the community was once considered against population and work force increases, calculated by formula, with the government deciding on numbers after industry consultation. Based on the demand for taxis the process required the tabulation of the number of phone calls made monthly to base being averaged on a quarterly basis. Once determined, that number was then divided by the number of taxis in the fleet. If the number came to a ratio of less than 800, no additional taxis were deemed to be needed. If the number came to more than 800 jobs per taxi, it was considered that more taxis were needed. It was a simple approach.

The ratio of 800 jobs per month was arrived at as being the number of jobs per taxi required by taxi owners in order for them to operate and to pay the bills. The reason for the figure was to provide them with some sort of income for their labours. It was my understanding that the ratio of 800 was later lowered to around 700 by government after consultation with the industry, which is when the formula applied.

Taxi numbers were thus determined on a logical and clearly understood basis and served the community's interest in that fares charged had to be justified against actual costs of operation—all very logical and orderly. The number of taxis were pro rata to population and comparable with any other jurisdiction in the world. In other words, it was commonly agreed at the time that London had 14,000 taxis, which was the total taxi population for the whole of Australia. That is relevant, isn't it?

MR HARGREAVES: There are more people in London.

Mr Button: Exactly. It is good that you noticed that.

MR HARGREAVES: Yes, I did. I met them all in London.

Mr Button: There were a few English people there too.

MR HARGREAVES: Heaps of them.

Mr Button: I am not here today to waste your time or to argue how good our taxi service has been and is. You are not interested in hearing that, I suspect, at this time of the day. Nor am I going to sit here and plead to you not to take decisions that will financially destroy me and my family, let alone the other 800-odd workers and their dependants who are engaged in the industry in the ACT. Nor will I argue whether government has a right to destroy the superannuation of people who have invested in an activity so that one day they may be self-supporting in retirement. I suspect that you are not interested in hearing that either. Nor am I going to bore you with my perspective of the industry or the perspective which the industry has put. What I would like to do for the next short while is to question not only your motivations as members of the ACT government but also the federal government's agenda and suggest—

THE CHAIR: Not me.

MRS CROSS: Not me.

Mr Button: Okay, you are part of the territory government—be it in opposition or in government. So I would like to question the agendas of both parties and suggest that you focus on the real source of difficulties facing the industry.

I now turn to the question of national competition policy and the fallacies it contains. Understanding national competition policy and its relevance to the taxi industry in the ACT is central to your present deliberations. Either you blindly accept all the hypotheses expounded by those pushing the NCP barrow or you carefully examine their assertions against their appropriateness to our community. To better appreciate that, we have to understand the assertions made by national competition policy people. In particular,

I turn my attention to an economist by the name of Rex Deighton-Smith, principal economist in November 2000, and to his brainwaves on the subject.

In his paper he openly states at the outset that there are two forms of regulation: quality regulation and entry regulation. He does not spend much time on quality regulation, preferring rather to focus all his attention on entry regulation. In other words, he is basically saying, “We like quality regulations. We like to put standards on how we perform, but we want to focus on another item, for certain reasons”—all of which are rather hypothetical and not supported by clear logic.

The economist basically appears to be saying that quality regulation is okay while entry regulation needs to be undone. Surely the deregulation of the industry should entail its total deregulation. If you are being fair and want to deregulate the industry, do the lot—open slather, so to speak. But that is not the intent here: there are no limits on entry and no controls on performance. The economist is admitting that he likes controls on performance but does not like controls on the number of taxis. I suspect that the person making these papers has the expectation or dream that at any time—day or night—in any suburb of any district in Australia he will be able to hail or obtain a taxi within a jiffy. He expects an ample supply of taxis at all times. The expectation is the extent of this economist’s belief in the taxi industry providing huge benefits to the community or to the public. As an economist, surely he would accept that the number of players in the marketplace is determined by the size of the marketplace. We just touched on London, for instance.

What good would it do if we waved a magic wand and put 1,000 more taxis on the roads here tomorrow, only to have 1,000 taxis go broke next week because they are unsustainable? Our economist, however, goes on in his paper and suggests that “restrictions upon entry have distorted the taxi market”. This is one of the bigger parts of his argument and seems to be the grievance he has. The distortion he refers to here is that the value of a taxi licence has increased over varying periods in various jurisdictions. So what? So have housing prices, the cost of soap and bread and all other commodities for that matter. Amazingly, he goes on to state that the value of licences varies from capital city to capital city, from state to state and, most startlingly, from urban areas to rural areas. Isn’t that an admission in itself that marketplaces determine plate values?

The increasing value of taxi plates leads us to the conclusion, firstly, that it is difficult for drivers to ever become operators in their own right and, secondly, that it determines the extent of increases in taxi fares. Our economist would like to see the reduction in taxi fares as the only other goal for the public benefit. It has been my experience as a taxi owner and operator that my drivers have never stated the desire to become taxi operators—although one in 40 did. So there is a misapprehension, a misunderstanding, out there at the moment that there are 1,000-odd unemployed, or doing something else for the time being, lining up, wanting to get into a car with a little taxi sign on the top and become taxi operators. I suggest that is rot.

People driving taxis at the moment do not aspire to become taxi owners. That is a fallacy in itself. They recognise the responsibilities of running and maintaining a business, and most do not want a bar of that. Most like to drive a taxi because there are no such constraints upon them. If the taxi blows a light bulb, the owner pays; if it blows a tyre, the owner pays; if the taxi driver has a smash, the owner pays; if they fill up with fuel,

the owner pays; if there are mechanical problems, the owner pays. Only when they get booked for speeding do they accept some responsibility, and then they might pay.

There are additional quality regulations brought down in this territory that relate to accreditation and other things and governments looking over their shoulder and breathing down their neck really deter them from ever wanting to become taxi owners. Having said that, how does our economist conclude that all drivers aspire to become owners then? Did he conduct a survey of such drivers? If so, where and how many were involved?

I would be pleased to learn how many drivers there are in the ACT chafing at the bit, waiting for government's green light to allow them to become taxi owners. Surely you should be asking yourself this question: is this reality or is it fairyland? Government might well be embarrassed by the short queue.

In the marketplace envisaged by our economist, there are hundreds more competitors in the marketplace competing for fares. Fares become fewer for the individual operator. Fares, our economist supposes, also become lower with operators dropping them and bartering for passengers. Subsequently with fewer and lower fares there are lower returns, making it even more difficult for new operators to make ends meet and pay the bills. Who really is going to want to become an owner in such an environment? Surely in such circumstances operators will need to cut costs of operation. Cuts in vehicle maintenance, and consequently in safety, will no doubt ensue. Will the public really benefit in this scenario? These are questions I think you should ask.

In his paper the economist claims that restrictions on the number of licences "have caused considerable costs to consumers". By his estimate it will cost \$72 million per year in greater Melbourne alone for taxi cabs to operate. He fails to detail, however, how he arrived at the figure. Presumably he assumed that a portion of the fares goes towards the cost of the plate and has multiplied that by the number of fares in the year to come up with the magnificent figure of \$72 million. When has the cost of a taxi licence been taken as a component of fare determination? It never has in this environment. Fares are and should be determined only by the costs of running a taxi. The purchase price has nothing to do with the running costs and should, therefore, have nothing to do with fare calculations. Running costs should only include fuel, parts, maintenance, registration and insurance costs.

MR HARGREAVES: Should you take into account the depreciation rate for the actual vehicle itself?

Mr Button: I think you have to be fair about it.

MR HARGREAVES: I was not talking about the plates. I was talking about the vehicle.

Mr Button: No, I don't think so. I think we have built into the regulations now the age the vehicle should be and we all accept that to be of benefit to the travelling public, for good reasons. Accepting that, we go down the track of buying a vehicle to turn it into a taxi to convey people safely, comfortably, cleanly and professionally to their destination. We know when we go into business that government vehicles will age and deteriorate faster than a private vehicle. Vehicle depreciation should not be included in the fare calculation. To be even-handed, we say, "Don't include the cost of the plates in

the fare calculation”, but we should equally say that vehicle depreciation has no bearing on it either. We should accept it.

MR HARGREAVES: You get taxation relief for the depreciation of the vehicle.

Mr Button: That is exactly right, but that is another matter.

MR HARGREAVES: That would be a double dip if it wasn't?

Mr Button: Yes, exactly. The economist takes plate values into consideration, and it is not correct that he does that. All charges for services in the industry must be determined by the cost of the commodities involved, the operation of costs and labour involved. This is applicable to all areas of our economy, be they restaurants, small businesses, tradesmen or taxis. At the end of the day if there is no return for service providers there simply will not be service providers. It is as simple as that. How will the public benefit?

I have turned my attention to the taxi industry and the ACT government's response to NCP in particular. I hope you embrace my comments for what they are worth. The facts are that in Canberra the taxi-travelling public have been well served with a fine taxi service, despite suggestions to the alternative. Public surveys conducted in 1999, 2001 and 2002 have continued to underline public satisfaction with the service provided by AC taxis as high marks have continued to be registered, falling just short of perfect. I think you know that.

It being the case that taxis are meeting the expectations of the public, and that they are deemed by users to be both efficient and of a high standard with acceptable fares, one is dumbfounded as to the real reason for all the pain of deliberating in government and industry. Why this past eight years of angst? Why are we sitting here today going over the whole ground? Is it really about the competition policy agreement of April 1995? Haven't the ACT governments had the intestinal fortitude to go back to federal government and say, "These things are not palatable. Don't accept them. They have been shown to be inappropriate in other places. We have good systems in place here that serve our public well."

Government should not be in the business of sending families bankrupt and undermining good industry in the name of reform, particularly when the proposed reform is irrational and unacceptable to all concerned and not in the public interest. It seems that ACT governments were anxious to receive federal government grants and have them continue. They seemingly have been prepared to do anything to achieve those objectives, even if it meant driving workers in particular industries to the wall and onto benefits. What did these grants really amount to? I am sure you probably know.

It is my understanding that the following sums have been involved as having been received by the ACT seemingly because of compliance with federally stipulated agendas: in 1997-98, \$6.2 million; in 1998-99, \$7 million; in 1999-2000, \$10.8 million; in 2000-01, \$7.5 million; in 2001-02, \$11.6 million; and in the last year, 2002-03, \$11.8 million—a total of 54.9 million over the past six years or an average of \$9 million a year to pull an industry apart. For the sake of that average \$9 million per annum, is the ACT government really justified in destroying industries that are performing well and to the satisfaction of the public? These are questions I would like to ask of committee

members. For that amount, is the government justified in destroying the livelihood, superannuation and future of constituents? Hasn't the arrival of GST payments to the ACT government enabled sufficient funds to be available for the effective governance of the territory's needs?

MR HARGREAVES: The short answer to that one, Mr Button, is no. We haven't got any GST funding back yet. It is going to flow but, as yet, we haven't got any back.

Mr Button: It is like the bride on the honeymoon, isn't it?

MRS CROSS: Let us not go there.

Mr Button: The point is that it has been stipulated. These things are coming. They will eventuate; they will come over the horizon. You said that you would not know what to do with it. If you have not got this money, that is all the more reason to be carefully looking at throwing these ridiculous assertions aside now and getting on with things realistically. Let us look at the money that you say you have not got. I understand that the payments were \$472.5 million in 2000-01, \$544 million in 2001-02, and \$615.7 million in 2002-03, a total of \$1.5 billion that is coming to the ACT via federal funding of GST payments. We are looking at \$9 million a year to pull an industry apart, disseminate and disembowel it. Do you accept that figure?

MR HARGREAVES: I would like to just check it, to be quite frank. Quite frankly, I do not recall seeing a budget over that period. The ACT budget was \$4 billion over that time. That is an enormous percentage of the budget. I do not recall that quantum of funds coming—

Mr Button: I am telling you that that is a fact, as I understand it.

MR HARGREAVES: I am just answering, Mr Button. I will check.

THE CHAIR: I am not going to debate you, Mr Button. Just keep going.

Mr Button: I understand that these figures appeared in the *Canberra Times*.

MR HARGREAVES: They have to be true in that case.

Mr Button: They are definitely true.

THE CHAIR: We have to get on.

MR HARGREAVES: I believe you now.

Mr Button: I am a member of the community. I go on what I read and understand.

THE CHAIR: I understand. Thank you, Mr Button.

Mr Button: And, for that matter, hasn't the growth of revenue over recent times from land and sale taxes following surges from housing sales also reaped financial benefits for the government? Isn't it a fact that the ACT government has a budget surplus that

underlines the insignificance of the amount of federal funding for the NCC, to be granted on the basis of the government's success in pulling industries apart? Do you really think it was justified to destroy the ACT taxi industry merely on the pretext that taxi licences have grown in value to become valuable investments? If we accept this argument, where do we go? People have the desire to be self-supporting in their retirement. Imagine, if you will, a taxi industry in which no-one invests for their superannuation and retirement. Those unable to do so will surely become reliant upon government to support them in their retirement. The obvious extension to this argument is that government should surely be creating industries and avenues in which people can invest so as to ensure that they are self-supporting in retirement and not reliant upon government or the community for their support.

It would be in the public interest for government to not only preserve but also create more industries in which people will invest, so as to ensure that they provide for themselves in retirement. I should not have to tell you either that people investing significant sums in taxi licences will naturally wish to protect the value of their investment by ensuring that at all times the services provided by taxis meet the community's needs and expectations. The same could not be claimed in the event of taxi licences being devalued, for owners with less to lose no doubt will be less caring of public needs and concerns.

Since April 1995, the ACT government have a lot to answer for. They have accepted without question that reform is needed where it wasn't and isn't. Without doubt, the manner in which the taxi industry has been run and conducted in Canberra has been a model for the rest of the country to adopt. At all times the public interest has been of paramount concern and they enjoyed a 24-hour, seven day a week service in safe and reliable vehicles. Drivers take a pride in their appearance and ability to provide professional service. The ACT government could have and should have argued these things, but chose not to, preferring to accept reform agendas imposed because of poorer performances in other jurisdictions and, of course, the promise of some paltry amount of federal funds.

One example which springs to mind—I know that Mr Hargreaves would be interested in this—is the blind acceptance of impositions decided in other places because of poor vehicle and service standards related to wheelchair accessible taxis. It was deemed by parties outside the territory and industry that these vehicle numbers should arbitrarily be increased to 10 per cent of fleet sizes. This became the rule regardless of the number of wheelchair-bound members of the community and the public who were in need of taxi transport. Where was the logic? The ACT government accepted this as a *fait accompli* and, despite the arrival of 20 extra WATs on the scene in Canberra simply to make up the ratio, proceeded to witness their failure to address the real issue of transporting the wheelchair bound. By creating these 20 additional WATs, the ACT government also blundered badly in allowing the entry of the AC marketplace at little or no cost, thus creating unfair competition with standard taxis, which had considerable costs attached to their entry. Its operations were not restricted to wheelchair-bound passengers only and, consequently, they chose not to service those clients, preferring instead to chase other normal work from which they were not restricted—and perhaps they should have been restricted.

The ACT government then decided to allow taxis regulated in other jurisdictions to operate in the territory, which also had a deleterious effect on the standard of the operations of our fleet. In allowing this to happen, the ACT government also fostered unfair competition in that Queanbeyan taxis allowed to operate in the ACT not only have different standards of motor vehicle registration inspection but also pay less in registration rates, third party insurance and workers compensation. Their fares are also marginally higher. What if the government in the other jurisdiction—in this case New South Wales—decides on alternative codes of conduct on plate issue? What effect would that have on the members of our community and within our area of jurisdiction and responsibility? What has been the public benefit in this exercise and how are they likely to benefit in future?

It seems apparent to me that the ACT government has struggled with being force fed national competition policy only for the dollar handout involved. Had there been no dollar handout, no funds forthcoming, would government try to dismantle an otherwise efficient industry? I think not. To embark upon a process of reform for the sake of the dollars involved, without really having an idea of what was required to be reformed or where there were problems, was disastrous for the government as well as for the community. Another effect that was overlooked was whether the community wanted or needed such a reform. As representatives of the people, if they agreed to undertake reforms that were not needed, where there were no public benefits, just for the sake of the pittance in federal funding, surely the first matter that should have been considered by all elected to office would have been to determine in their own minds how well they were serving their electorate?

MR HARGREAVES: Mr Button, your use of the words “public benefit test” have kicked me off.

THE CHAIR: Don’t get him started.

MR HARGREAVES: You have given us an enormous amount of facts and have obviously researched this matter really well. I congratulate you on that. You used the words “public benefit test”. You have gone back and researched this situation from 1995. You have enough doorstep material to sink a battleship. Have you heard of the public benefit test which has been a requirement for the national competition policy being conducted in this town; if so, what are the results?

Mr Button: No, I do not know of it in this town.

MR HARGREAVES: That is strange.

Mr Button: I would have thought that the ACT government would have been testing that and been aware of it well before now, because it is central to the whole issue.

MR HARGREAVES: The national competition policy guidelines are all hinged on the Trade Practices Act, as I understand it—you might be able to correct me. If a public benefit test is conducted and public detriment is revealed in such a test, there is no requirement to comply with the ACCC guidelines with the NCP? Is that your understanding?

Mr Button: I understood that when the NCC was asked to define “public benefit” it was unable to do so. Since the signing of the agreements in April 1995 what has been expounded seems to show that not much consideration has been given to public benefit or interest. It says, “This is crook here”, but then the broad-brush treatment is given to the whole of Australia and it is automatically concluded that it is going to be crook somewhere else.

MR HARGREAVES: I am interested in your view on this. I remember going through this issue when we were talking about the milk industry. I use that as an example because I know about it. When testing the definition of “public benefit test” and whether it had been done at all, I tried to find out whether there needed to be a public benefit or whether the proponents of the policy were using a lack of public detriment as the reason for going down the competition policy path. Am I hearing right? Are you saying that there is no proven public benefit but, in fact, a proven public detriment?

Mr Button: Exactly.

MR HARGREAVES: That is what I thought.

Mr Button: Exactly. Public outcry was not loud and long in the case of the dairy industry alone and it became apparent that members of the public had accepted it; therefore, they must be right: it must be for the public benefit. But they did not come and ask me in Cook. I do not have any more milk deliveries to my house in my street. I have to go out of my way to buy milk that is more expensive than was promised with the deregulation of the dairy industry.

MR HARGREAVES: Do you think there is a translation into the public passenger industry as well?

Mr Button: Exactly.

MR HARGREAVES: Thank you.

Mr Button: I did not go so far as to ask the question: would it have been appropriate for referendums to have been conducted to establish actual public interest in these matters before undertaking any unnecessary and unsubstantiated dismantling of industries? That is a question I have now posed.

MRS CROSS: That is a very good question.

Mr Button: It is a very good question. If you look at the costs of a referendum compared to the funds you are receiving—

MR HARGREAVES: It is a fifth.

Mr Button: Exactly. It would have been more expeditious to conduct a referendum rather than embarking on committee inquiry after committee inquiry. At what cost those committee inquiries alone?

THE CHAIR: We are dirt cheap.

MR HARGREAVES: We have nothing better to do with our time, Mr Button.

Mr Button: I must ask whether an assessment has been made of the likely costs involved in undertaking the reforms mooted; if not, why not? What is the actual cost of the reforms you are embarking upon? Are you assured that costs estimated for these so-called reforms made in the public interest will not be made more costly to the ACT community than the federal funding received? Isn't it time—you have had eight agonising years—for governments to tell the federal government that the deregulation of certain industries just does not work, for obvious reasons. It seems so, as the South Australian government tried to deregulate previously and had to revert to regulation.

Most recently, the Northern Territory government deregulated, with catastrophic results. It is still trying to unwind from the exercise and get back to normal. Why should the ACT government blind itself to these events and proceed to devastate an industry with disastrous outcomes for the community? Again, I find myself asking why? What is your intent? What is the government saying of this exercise? Does government really believe that there are not enough taxis in Canberra? Do you really believe that there are not enough taxis here? Do you really believe that passengers pay too much for the service we provide? Do you really think that the value of taxi plates is too high and that that has a bearing on the fare?

Let us imagine for a moment an open slather situation. Anyone can get a licence to operate a taxi at next to no cost. The number of taxis that will survive will be determined by the size of the marketplace and whether each taxi can make enough out of the fares to cover costs of operation and allow a return for its enterprise. In an environment such as this, taxis would be competing with one another for cheaper fares in order to “catch a passenger”. Standards would drop, vehicles would become less maintained and, more likely, unroadworthy and the public would become accustomed to the bartering environment. This is the picture we are painting. This will ultimately lead to travelling in vehicles with poorer standards and at considerably more risk. Also, with the arrival of maverick operators on the scene with a “devil may care attitude”, the taxi cooperative, as it is today, would probably be wound up, cease to exist. Whilst they may be required to join a radio network by the regulations in the act—it is stipulated there—that is no guarantee that they will abide by the standards operating in the industry at the moment. These people will come in with no great investment, with a less caring attitude, and they are likely to have a fly by night attitude. The conclusion from this exercise is that the marketplace determines the appropriate number of taxis. The actual demand for taxis should be the only determinant of fleet size. Similar consideration should be given to the fares question.

In this and other matters relating to NCP, it has been seen as being the easy way out to simply accept federal funding on the pretext that committees of inquiry have been created to look into the issues raised and have bureaucracy comply with the requirements by submitting their annual returns, ticking boxes, and saying, “Yes, we are going down this path” without understanding what it is all about. From day 1 it was not exactly an open, honest and responsible response by the ACT government to embark upon this box ticking exercise without being upfront and honest about the unrealistic proposals that the reforms suggested. The time has come now to get serious and be honest in your assessment and understanding of public benefit and to convey to the National

Competition Council that NCP just does not work and is not feasible in the ACT insofar as the taxi industry is concerned.

This would not be an appropriate response to give them. After all, other state governments are now arriving at the same conclusion. As recently as 31 August, Peter Beattie is reported as having said, “We will defy the federal government’s national competition policy and maintain our regulated taxi industry. We will not blindly follow the deregulation trend simply to satisfy a group of doctrinaire Canberra bureaucrats.” In stating his preparedness to forgo a multimillion dollar penalty, he went on to say, “We will make sure that vehicles are safe and comfortable, that drivers are able to communicate effectively with passengers, that taxis arrive at the expected time and that they know where they are going.”

Most recently, Jeff Gallop indicated his preparedness to forfeit some \$51 million of federal funding in order to keep his retail industry in Western Australia as it is. These are Labor premiers turning down policies that were federal Labor initiatives. The pennies seem to be finally dropping. As stated earlier, the taxi industry in the ACT has been subjected to one inquiry after another with no immediate determinations resulting. This has been a significant cost to the taxpayer, leaving an air of uncertainty with industry and its failure.

These inquiries, which have dragged on, have meant that staff and financial resources have had to be diverted from other more needy matters. In short, the money spent on them would have been better spent elsewhere. Surely you would agree insofar as the taxi industry is concerned that the public has not benefited at all in this process. On the contrary, it could be argued that the public is getting a lesser service for its taxis now than that which it once enjoyed. I say this because morale within the industry is low and professionally experienced drivers and operators are leaving, or looking to leave, the industry, having had enough of the uncertainties created by bureaucratic and government interference.

In conclusion, as stated in my opening remarks, I believe Canberra could once boast of having the best taxi service in Australia. You well know that, unlike most other jurisdictions in this country, Canberra has only two forms of public transport: buses and taxis. I have said time and time again that government-run buses in Canberra provide a part-time service, while privately owned and operated taxis provide a full-time—24-hour, seven days a week—service. The former cost the ACT taxpayer some \$75 million per annum to run—the equivalent of \$250 per head of population—regardless of whether they take buses or not. The latter—that is taxis—cost taxpayers nothing, with only the users paying. I might add that taxis also contribute in no small way to ACT revenue by the annual payments of licence and registration fees.

There is a social responsibility on all governments to urge people not to drink and drive and to ensure a full-time, safe and affordable taxi service exists for those who have had a drink and need to get home. Government must work to ensure that drivers and operators who stay out all night to transport the inebriated have a reason to do so. This task can be not only unpleasant but also at times dangerous and messy. Government should appreciate that industry need its support on this and all other issues relating to such social matters rather than its condemnation. To continue the latter will see the end

of a caring industry and the creation of very many more serious and costly social problems.

If the ACT government wants to aid the ACT on matters of transport, in the public and community interest, then I recommend the return to sanity which will entail the ACT government informing the NCC that it is prepared to forego the federal funding on offer as it is the intention of the ACT government to retain the current entry regulations to the industry. This requires you, in the immediate future, to urge and recommend that the removal as mooted of sections 39 and 40 of the Road Transport (Public Passenger Services) Amendment Bill should be set aside. The minister must, for the sake of the industry's survival, retain these powers so that licence numbers to be issued from time to time can always be determined against actual public demand.

On a final note, I would request that if the argument that I have put is disregarded and the government moves along the path that it seems to be going and entry regulation occurs, that it at least has the decency to embrace the industry proposals already in regard to compensation—that is, it be no less than full market value of taxi licences as they stood at June 2002—to be paid to owners.

Thank you for listening to me. If you have any more questions I would like to answer them.

MRS CROSS: I have no questions.

THE CHAIR: I think we have just about exhausted our questions.

MRS CROSS: Thank you very much for the report. I do have a question: what was the name of the economist?

THE CHAIR: I wrote it down.

Mr Button: I have it here: Rex Deighton-Smith.

THE CHAIR: It is easy for Peter Beattie up in Queensland to attack.

MR HARGREAVES: I would like to thank you for being gentle on the committee and the government too. Thank you very much, Mr Button.

Mr Button: Thank you very much, Mr Hargreaves. I thought I would get your attention with those comments.

MRS CROSS: I am glad you mentioned the two major parties, Mr Button.

Mr Button: I have one other quick thing to add. You laboured on the question of booking taxis. In all the time that I have been driving taxis for disabled passengers, part of our problem is—this is basic to understanding the problems of complaints—that, when people have complained that their taxi did not arrive, it was most likely in peak times of demand. We all think in 15-minute spans. When people book a taxi, for example, they book at 3.45, 4 o'clock or 4.15. Going over what Mr McKeough was saying about the timing, the taxi is called out 10 minutes beforehand. All that says is:

book your taxi at 3.40, 3.55 or 4.05. You will find that it works because it spreads the booking times.

THE CHAIR: No. They still come late even at off-peak times.

BARRY JARMAN was called.

THE CHAIR: You should understand that these hearings, which are legal proceedings of the Legislative Assembly, are protected by parliamentary privilege. That gives you certain protections but it also places on you certain responsibilities. It means that you are protected from certain legal actions such as being sued for defamation for what you say at this public hearing, but it also means that you have the responsibility to tell the committee the truth.

The Assembly will treat as a serious matter the giving of false or misleading evidence. I welcome Mr Jarman to the second day of this committee's hearings into the Road Transport (Public Passenger Services) Amendment Bill 2003. Would you like to make a brief opening statement?

Mr Jarman: I am the owner-driver of a Canberra cab. I came here today to enforce some of the submissions that have been handed in. I did not put in a submission of my own. I read quite a few submissions. To me, Mr John McKeough's submission described exactly how I felt. As an owner-driver involved in the industry for four years, I felt I had a right to voice my opinion. My background, briefly, is as follows. I had a food service company in Canberra for 10 years called Ocean Fresh Distributors. I sold that company at a small profit because the big people, the multinationals, got into the industry. I had to fight Woolworths, et cetera, for many years. I decided that I wanted to be a self-funded retiree. I am 65 today.

MRS CROSS: Are you retiring tomorrow?

Mr Jarman: I wish I were. Let me give you my reasons for buying a taxi. Four years ago I looked at previous figures and thought it was a stable industry in which I could become a self-funded retiree, I would not be a burden on the government and I could continue to work in an industry which I felt I could put something into and get something out of. So I foolishly got involved.

I have some figures that I would like to submit to the committee that reflect my costs of operation for last year. I would like the committee to have a quick look at what it costs to run a taxi. In running and owning a business you have to make a profit or some sort of income. I point out briefly to the committee the cost of a plate and the cost of leasing the plate has nothing to do with the cost of running a taxi.

MR HARGREAVES: Did you just refer to the cost of leasing a plate?

Mr Jarman: That is right.

MR HARGREAVES: Why are those figures included in the costs?

Mr Jarman: Those are the figures for leasing the cab. Mr Button said earlier that the price of the vehicle was not a cost. It is a cost. If I buy a brand new vehicle and put it on the road I want depreciation from the taxation department. It is an operational cost the same as in any business. If you have a forklift and you operate a forklift, you claim depreciation.

MR HARGREAVES: I take it that you have a copy of the sheet that you have just given us?

Mr Jarman: Yes.

MR HARGREAVES: You included lease payments in your costs. You then included the costs for your motor vehicle. What is the difference between the two figures?

Mr Jarman: I actually made a small mistake. Let me enlighten you. That motor vehicle cost is part of the registration cost of the vehicle. The other part—which I should have fixed but I did not have time—involves the cost of maintenance. But, as you probably know, it costs \$7,800 to register a vehicle in Canberra.

THE CHAIR: It costs what?

Mr Jarman: It costs \$7,800 to register my taxi in Canberra. That is the cost of registration and third party insurance.

THE CHAIR: How much of that is for third party insurance?

Mr Jarman: I am not sure. That amount is reflected on all the registration forms in the ACT.

THE CHAIR: So that amount is for compulsory third party insurance?

Mr Jarman: It cost me \$7,800 because I could not afford to pay the full amount for the year, which was about \$7,300. I ended up paying about \$3,800 as I paid for only six months. I am trying to get it across to this committee that it costs a lot of money to run a taxi. Having been in business for many years, the only way that we have of reducing our costs and the fares to the public is to have more work. To me, that is basic in industry. If you put more plates on the road and you deregulate the industry you will not have more work; you will have less work. How can you reduce the fares if there are more taxis on the road? You will not reduce costs unless you reduce the quality.

Let me give you an example. I speak Japanese and a little Thai. I used to travel extensively with my business. I went to Thailand last year and got in a taxi—a beat-up old Corolla that was falling to pieces. A girl arranged an interpreter for us to help us to travel to Bangkok. We were doing 110 and 120 kilometres an hour along the road. Anyone who has been to Bangkok will know what I am talking about.

MRS CROSS: I cannot believe you travelled that quickly.

Mr Jarman: We did. We asked the driver to slow down or we would not pay him. He snapped at the girl and said something about time. The girl had negotiated a cheap fare with this guy and he said that he had only 10 minutes. He was in a hurry to get rid of us. That is what you will get in Canberra if you deregulate the industry.

MR HARGREAVES: You have given us figures that reflect your costs.

Mr Jarman: Yes.

MR HARGREAVES: I would like to obtain your view in relation to a specific issue. The amount of money that you charge people is determined by a regulated formula over which you have no control?

Mr Jarman: That is right.

MR HARGREAVES: Someone else tells you what amount you are entitled to charge and those costs are driven by factors in the marketplace. Are there not some inconsistencies?

Mr Jarman: Definitely. Our cooperative, which represents each taxi owner and driver, negotiates to determine those fares. I have no control over what we pay and what we are paid. The point I am trying to make is that if you want a good quality taxi service you have to have a good income or return. If you look at my bottom line or net figure—I am not afraid to tell everyone—you will see that I earn \$34,000 a year. I put in 70 to 80 hours of work a week to earn that amount.

I will get out of this industry if you tell me that that is a good salary. Since I bought into this industry four years ago there has been a great deal of uncertainty. As has been said, decent people are getting out of the industry because there is so much uncertainty. We have no form of superannuation or holiday pay. Those figures reflect what I earned for the year. I admit that other operators earn more money than I do. The reason for that is that they can get more drivers. At the moment I am very fussy. I like to have a nice taxi. I think others will confirm that my cab, which is in excellent condition, is well maintained. I am fussy about who drives it.

If I let any Tom, Dick or Harry drive it I could have earned a little more money. But that is not my purpose. My purpose is to service the people of Canberra with a clean taxi and to make a reasonable living. Because of what is happening in this industry now we cannot make a reasonable living. Forget our investment; that has nothing to do with it. I believe that if I invest in an industry I should be able to get some return out of it.

MR HARGREAVES: I am worried about whether the information that you have just given should be treated as commercial-in-confidence. Would you prefer it if we authorised that your evidence not be published?

Mr Jarman: I would prefer it, yes.

MR HARGREAVES: We will do that.

Mr Jarman: But I agree with what has been said. This industry will not benefit as a result of additional taxis. When we put on 20 or so wheelchair cabs I saw an immediate reduction in my work. I cannot emphasise it strongly enough. If you want cheaper fares we have to be busier, not have less work. That does not make sense. Look, for example, at the milk industry. I borrowed money to buy this plate. My family is now suffering, as are many other families. How can somebody who is driving a taxi make a reasonable living? We all have a right to earn a reasonable living for the hours that we put into a job. That is all I have to say.

MRS CROSS: Thank you, Mr Jarman.

MR HARGREAVES: Thank you for giving the committee those figures, which we will keep to ourselves.

Sitting suspended from 1.08 to 1.54 pm.

GRAEME WINDSOR and

VALERIE PARV

were called.

THE CHAIR: Welcome to the afternoon of day two of hearings into the Road Transport (Public Passenger Services) Amendment Bill 2003. You should understand that these hearings are legal proceedings of the Legislative Assembly protected by parliamentary privilege. That gives you certain protections but also certain responsibility. It means that you are protected from certain legal action such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. Your giving false or misleading evidence will be treated by the Assembly as a serious matter. Welcome, Mr Windsor and Ms Parv, to the hearings.

I understand that you have some sort of presentation to give.

Mr Windsor: I have, Madam Chair. It's taken a while to turn up. If Mr Hargreaves said he'd rather not look at it, I'm happy not to show it.

MR HARGREAVES: I've got to listen to you. Its just scary, that's all.

Mr Windsor: I heard that you had a pretty slick presentation from a bank the other morning.

THE CHAIR: We did have a presentation from a bank the other day. We're not opposed to Powerpoint presentations. We were concerned that we might be given a large Powerpoint presentation by the government this afternoon rather than concentrating on the issues. That's my particular concern. So if you'd like to give your Powerpoint presentation.

Mr Windsor: Thank you, Madam Chair. Graeme Windsor is my name. I'm a taxi owner. I started off as a taxi driver and I've also leased taxis. Thank you for allowing me to come along and have a say. As you probably realise, Chris and I put in a joint submission. Chris was asked to come and present and then I got a letter saying, "You come and present." It all became a bit confusing. This is no reflection on the staff. We were both happy to take advantage of an opportunity to have our say. We both have a lot invested in this industry and we put a lot into it over the years.

MRS CROSS: Did you prefer to do it together? I didn't know that.

Mr Windsor: No. Because of that we'd already started doing separate submissions although we've talked. Chris has gone her way and I've gone with mine. Mine tends to be more directed to the terms of reference and Chris is more from our personal experiences.

MR HARGREAVES: Excellent.

THE CHAIR: Okay.

Mr Windsor: I've brought Valerie Parv along today also to provide some evidence to you. Valerie is a customer of Canberra Cabs. I notice from the list of speakers that there seemed to be no representatives of consumers. Through personal friends I met Valerie and she solely uses public transport for transport. They don't own a car, so I thought that would be appropriate. I'm really here to explain why the minister got it wrong. As I mentioned, I've had 17 years in the industry. I was in the public service before that and I got into the industry because I felt it was something that I'd be able to do. Running my own business, I could allocate my time as I saw fit.

I was an Australian champion in the sport of parachuting from 1976 to 1984. During that time I realised I needed an occupation that allowed me to have time off when I needed and which would allow me to work as hard as I could in between competition commitments to prepare for the next event. That's why I bought a cab. I make this point because it demonstrates my expectations to be able to participate and provide for my future and that of my then new family in a small business that would deliver life's normal expectations of the equivalent of a self-funded retirement. The current bill threatens all of that. Unashamedly, I stand here before you this day for the preservation of the status quo. I am asking the committee to recommend to the government that the best solution for Canberra is a regulated taxi service that is based on meeting consumer demand while at the same time allowing taxi industry participants to make a small but sustainable income.

This presentation covers four parts really—the bill, the terms of reference, my recommendations to you and the personal perspective. I'd just like to focus on three aspects of the bill itself. I believe that the Department of Urban Services has insufficient resources and an ability to act responsibly in respect of the taxi industry. I believe that taxi licences should meet consumer demand and I believe that taxi licence price is not reflected in the fares. You've heard all this before this morning, but I would like to repeat this.

Mr HARGREAVES: Mr Windsor, you make the point there that taxi licences should reflect demand. How do you actually do that? How do we know what demand is, do you think, and what would be the best way to respond to that?

Mr Windsor: Well, the Department of Urban Services knows what the demand for taxis is. It's provided with benchmark response times. It's provided with figures on how many hirings we do as an industry, and the taxi co-op keeps records of how many times a taxi is used. That records meter-ons.

MR HARGREAVES: Am I right in assuming that those sorts of numbers will give an idea of satisfactory or unsatisfactory response but it would fall short of telling us the unmet demand?

Mr Windsor: Latent demand.

MR HARGREAVES: You wouldn't know, would you? I mean, I wouldn't know.

Mr Windsor: That's true. It's often been proposed that there may be a latent demand—if you put more cabs on, people will come out and fill them up. It doesn't seem to have

worked when they put on 20 extra wheelchair accessible taxis. Everybody's numbers fell. The number of hirings per taxi fell, so there's not that much latent demand to fill up those extra cabs.

MR HARGREAVES: So that would indicate perhaps that any formula that might be applied vis-a-vis the number of people in the ACT relative to the number of cabs or number of journeys expected is not a particularly efficacious formula? When it was tested by the entry of those wheel chair accessible taxis doing the non-wheel chair accessible work the work rate fell and didn't just stay static.

Mr Windsor: No.

MR HARGREAVES: We'd assume that it wasn't efficacious.

Mr Windsor: Yes. Prior to that, of course, there was, as I understand, a fairly workable formula which relied on the number of employed persons in the ACT as a yardstick on response times, and that seemed to work pretty well. It would be good to get back to something like that.

MRS CROSS: Was it ever explained to you, Mr Windsor, what the magic formula was that was used to put 20 WATs in the ACT?

Mr Windsor: I was going to come to that. I believe that they were in response to a call through competition policy for the establishment of a second network in the ACT. It's a small enough industry as it is, with the number of cars we have here, and it's a very expensive set up to provide a radio network, data dispatch and so on for the number of cars that we have.

MRS CROSS: Were you told why 20?

Mr Windsor: No. I wasn't involved in that.

MR HARGREAVES: Are you aware of any legislative barrier to someone setting up a second network?

Mr Windsor: No, there's no legislative barrier I am aware of. I believe Chris and I could go out and set one up tomorrow if we wanted.

MR HARGREAVES: Okay, thanks for that.

Mr Windsor: With regard to the Department of Urban Services, I don't really want to cane anybody particularly in the department. I think it's just a sad fact of life that I don't believe it has the resources to run the industry the way that it thinks it would like to. It certainly didn't consult with the industry on the buyback project, which I heard of only fairly recently, yet when I did hear about it, it had been working on this proposal for some six months. I would have thought if you're going to buy somebody's business off them, you talk to them about it. That's not happened.

I believe that the WAT oversupply was for the wrong reason. I think it was, as I've just said, to establish a second network, or to help one get off the ground, and it wasn't there

to service the needs of the disabled passengers at all. It was just there to have another colour taxi company out there. I believe that the Urban Services has failed to police and enforce compliance with all its regulations. It certainly hasn't been able to with the WATs. Certain licence conditions were attached to the issue of wheelchair accessible taxis. It's a sad fact that they certainly don't seem to police the regulations in respect of the hire car industry. But looking at what the taxi industry does for itself, it has quarterly fleet inspections, it has its own supervisory disciplinary system and it looks after its own. If we had to rely on the government to do it, I don't think anything would happen in that regard.

THE CHAIR: So, you're saying, Mr Windsor, the long and short of that is that self-regulation is working quite well?

Mr Windsor: I believe it is. I just wanted to inform the committee that I spoke to the minister and he told me prior to the announcement of this bill in his media statement that the industry would find the government's proposals acceptable because the market would determine plate numbers. The statement was almost correct in principle. It's just that the principle was applied incorrectly. Any number of people would take up a taxi licence. It's the consumers as a market we should be talking about, the people who want the taxis. It's not the people who want to run them. When they issued those wheelchair accessible taxi licences they called for a ballot and hundreds of people put their names in wanting to run one of those things. They'd be lining up at the door. They're not making a profit. They're not doing very well at all. One or two of them have been handed back. They trust the government not to put out licences for businesses that are going to go broke. They think the government might know a bit more about what it's doing than sending people broke.

THE CHAIR: So, do you think, Mr Windsor, that if the industry had been involved in some sort of consultation in determining the number of WAT taxis, that it would be working better and we wouldn't have had taxi plates—although it was a small proportion—handed back in?

Mr Windsor: Absolutely. I've always made it clear in my submissions to government that there is insufficient industry consultation. I always think it works well in the aviation industry where the Civil Aviation Safety Authority corresponds with people involved in the industry when it's setting regulations and determining the future of the industry. You would think that you would do the same with the taxi industry.

THE CHAIR: Its normal.

Mr Windsor: It makes sense—not to go away and hide with the economists and the reformists and the other academics and make up your own policy and impose it on the industry. You try to get acceptance by the industry.

THE CHAIR: Just by way of an indicator of how often you may be consulted, does DUS write to you on a regular, semi-irregular, infrequent, whatever basis, and says these are the new developments and these are the things we're thinking of, or does it only write to you to tell you that it's putting up the fares?

Mr Windsor: Since it has floated the accreditation proposals we've had in the mail three or four blue news sheets, one-page news sheets, called "Taxi Topics" reiterating things that we already knew of.

MRS CROSS: So they're advisory, rather than consultative—seeking information?

Mr Windsor: Yes. I would have thought consultation would have been having a hand in policy development at that stage. Not necessarily controlling it, but at least having an input.

THE CHAIR: You're only a user. You only use the policy. You can't develop it, don't you know?

Mr Windsor: I wanted to say that on consumer demand there's a public benefit—and public benefit has been spoken about in this forum already—from auctioning plates here. That's pretty good. The money taken from those plates goes back into the public purse. I've made a couple of points here. The other day Ms Cross asked about the restaurants. I thought, restaurant owners do market research to determine the demand and set their own prices. They usually lease the premises from an owner and they set their hours that suit their business and are profitable. In the taxi industry we don't do that. We're part of the transport system. We're not subsidised like most forms of public transport are. The buses, the trains and so on are all subsidised.

So, the government has a responsibility therefore for quality when it's issuing its licences. It should do its market research using some sort of industry-agreed indicators, and should use those sorts of indicators to set the number of plates or licences that should be made available. This is good for customers because they get a set fare and good availability 24 hours, seven days a week, and it's good for the industry because drivers are able to make a living. It would be interesting to compare us perhaps with Comcar. It has now restructured to the point that when Parliament sits it is employing casual drivers who get paid a wage. I spoke to one driver the other night. He did two jobs in the night—half an hour to an hour's work—and got paid for six hours work. We can't afford to do that. That's one of our competitors.

I wanted to talk about licence price and fares because there seems to be a nexus—and plenty of evidence has been put before you from people in the industry that there's no such nexus—between the fare charged and the licence plate value. Fares indexed before the last ICRC restructure relied just on the fixed costs for the vehicle—registration, insurance, et cetera—the variable costs in running the car and labour costs for your driver. Since the ICRC took hold of it they've put in another component, return on investment. I think that's totally inappropriate. It's never been there and it wasn't there when the first fares were set in 1956. Fares have only ever increased since that time because of increased costs, not because of what the licence value was. So, I believe that the minister's statement, which repeated an assertion that the taxi fare includes a component of \$2.70 to pay for the investment in the plate, is wrong. Some people got their plates for free. Some of them are still running them. Others got them in a ballot, senior drivers, and some of those people are probably here.

MRS CROSS: What year was that?

Mr Windsor: About 1985.

Mr McKeough: In 1983.

Mr Windsor: That would be right. In the early 1980s.

MRS CROSS: How many plates were given out then?

Mr Windsor: Over 80 of them.

Mr McKeough: Twenty-five to senior people.

Mr Windsor: Only 25, wasn't there another issue?

Mr McKeough: There were lots of others but—no it was more than that, 25 commercial operators.

THE CHAIR: Well, rather than having a conversation, it might be something we might find out from the department or write to the co-op about.

Mr Windsor: Yes. It is covered to some extent in the department's submission but I don't think it has covered every category as much as it should have but those people have been driving cabs for a long time. They're very senior people in the industry and they had non-transferable plates from a ballot. It became clear that as they were getting older they wanted to retire but they had no superannuation, no retirement. It seemed to be reasonable that there are a number of plates that were transferable and people could get out of the industry and sell and things would move on. These people would be trapped so the government decided in fairness to sell these plates to those people to offer them for sale at a reduced price. It was probably about half of what a cab would have cost in those days, and they could convert to a transferable plate.

THE CHAIR: So are you saying, Mr Windsor, that it's only since 2002 there has been any factoring of return on investment? Therefore the cost of the plate has never been factored into the fares structure?

Mr Windsor: I am.

THE CHAIR: I am getting the distinct feeling from talking with people—and I'd just like your view—that that's inappropriate, that that should be part of the fare structure?

Mr Windsor: No, I don't think it should be part of the fare structure at all. I think the fare structure should relate to the cost of running a cab—and it does. The capital cost of the plate is something that you as a person who might want to invest or buy that sort of business would put up, but you'd buy that business off somebody who's already bought it. A licence is issued by the government. You know it's a bit of property so that you can make an income from it. It's interesting when you think about that because licences have been obtained for virtually nothing here in the ACT, and there are licences on the Gold Coast, which, I am told, sell for \$500,000—and \$300,000 for a wheelchair accessible taxi. By that formula, the fares for those vehicles should be twice what the fares are here

because the licences here are worth half that, but they're not. So, you can't draw that connection between the cost of the plate and the fares.

I don't want to go on too long here. I don't know too much about hire cars, but I know that they've suffered badly. I know that the Comcar fleet restructure's hurt them. I know that the salary package of cars for government officials, and so on, has hurt them as well as the taxi industry. I know that there's been a lack of regulatory enforcement, and other players have moved into their market. At one stage I was quite annoyed that they were moving into our market. They started carrying signs at the airports saying, "Come to the hire car, we take Cabcharge," trying to stop passengers walking up to the taxi ranks. That seems to be more controlled now. At least they can operate properly out there. I feel the participants in that industry are trapped, and I feel that this could happen to the taxi industry.

During the presentation of CBD Hire Cars that I sat through here last week, I heard one of the representatives say that the chief executive of Canberra Cabs had had discussions with them and was quite happy with them soaking up the peaks. I was quite perturbed about that, because that's giving away our business. I believe we tend to handle peaks reasonably well. So, I checked that statement with the chief executive of Canberra Cabs, and he tells me he made no such statement.

MRS CROSS: Did you talk to Canberra Cabs about that to clarify it?

Mr Windsor: Yes, and I was told that that cannot be done, that cannot be agreed to by Canberra Cabs. Just turning to the terms of reference, I tried to address this in the structure of the terms of reference. In A (i), the bill aims to reduce—and the minister stated—taxi licence values, increase the number of licences, and reduce fares. As you've heard from a number of players, that sort of formula is just not sustainable. It cannot fit into a sustainable transport plan. By increasing the number of cars available with a certain amount of work, there's going to be an upward pressure on fares, because there's just not enough money to go round to survive. It'll further lower incomes individually, because there's a smaller piece of the pie. It will result in poorer service, because the people are going to be out there trying to get the next-best job where they can, which is going to be at the inner city ranks, at the airport and the busy places. So the people out in the suburbs are going to miss out.

I was interested to hear this morning from Chris Emery, who made a statement there was \$50 a day in interest on licence fees. That's another calculation that he's made from extrapolation of licences over running costs. I don't think that is appropriate. That is not one that occurs in our business. So what are the roles of a taxi in a sustainable transport plan? At the moment all I could get was this issues paper. I couldn't find a draft plan. As you probably know, it's not out yet. It's been rolled into the spatial plan.

THE CHAIR: Yes, sort of.

Mr Windsor: Sort of.

THE CHAIR: There are 2½ pages of spatial plan on top of transport. It mentions taxis.

Mr Windsor: Yes. This one mentions taxis too. It's an issues paper, and it's only a draft. I'm sure the committee findings will be part of the eventual plan, but I'd like to see some recommendations come from this committee to the people preparing the draft plan, the sustainable transport plan and the spatial plan. But there is a triple bottom line responsibility. There is social responsibility to participants as well as passengers. The taxi industry needs to service all the ACT areas, not just the places where we think we can get a job from.

There is an environmental responsibility in respect of the infrastructure in our city, the rank space required. If we're going to put on more cars we need to provide more space, and this is one factor that's always been overlooked. Emission is another problem. While taxis are pretty green-friendly in that they use LPG, if you increase the number of taxis, and they don't have work, and they're pulling up at ranks waiting to move on—as one moves off another comes along—you can imagine if there are too many cabs there's a lot of pollution around the taxi ranks.

One thing I did not see in any of the submissions was a proposed excise on LPG which would bring its price up to the same as petrol within eight years. That should not be. It's a federal government step and I believe one that should be opposed by this committee in its findings. It will increase fares by a considerable amount as fuel is one of our major costs. I don't see taxis competing with other forms of transport. I see them as complementary to them. Whatever sustainable transport plan is proposed for Canberra—light rail, buses or whatever—taxis can complement those services very well by picking up from the bus interchanges and rail stations, et cetera.

The terms of reference relate to licensing accreditation. It's been made clear in other submissions here that the industry has fleet accreditation in Canberra. I was part of the team that proposed it to the government many years ago and we ended up with a memorandum of understanding. As an owner who has invested heavily in this industry in Canberra, I have always felt that if you're going to have a taxi service you have got to have a quality one. You can do that by imposing standards on the industry, and we've done that. The government has now taken hold of this accreditation and put it in place but I don't see anything that's changed. I was told that there would be audits of operators. We've not been audited yet and it's been in nearly a year. They were going to come around and have a look at where we park our taxis, I think, and what sort of driver records we keep. They won't be any different to what we've done for the past 17 years but we do keep them.

Part of the accreditation standards is that operators would have to meet a financial viability test. So, you needed a statement from an accountant or somebody similar to say that you were a fit and proper person to operate a taxi and you'd be able to do it because you had the financial backing. The department dropped that requirement when it found that a number of the taxi operators, who were struggling because of falling work and falling incomes, couldn't meet it. So it said, "If you've been in the industry for a while we won't worry about it". It doesn't seem to me that it thought out its accreditation very well. It goes back to self-regulation. The industry provides a fleet-quality regulation. We get in there and make sure that the taxis are right. Not only do we have our three-monthly inspections but any driver at any time can make a report on a car that's out of condition.

The industry investigates and actions all the complaints that we get. Any complaints that come to the department are often forwarded to the industry for investigation and report back but most complaints come direct to the industry. We look into them and if there's a problem we deal with it. We have a supervisory committee which consists of volunteers. It helps. If there are any naughty boys they deal with them. There have been numerous accounts of breaches of WATs licence conditions that I'm aware of. They've been advised to the Department of Urban Services and they've not been acted on.

I think regulation of the taxi industry in Canberra should be through a committee such as a taxi industry council, an advisory council that makes recommendations to the minister. I don't trust the department to do it. I don't think the department should have the power to regulate the number of plates.

MR HARGREAVES: Who do you think should be a member of that council?

Mr Windsor: To be fair, I think it should include representatives from government, from the industry itself, from consumers and from unions. That's a pretty broad spectrum. I think that's probably sufficient.

MR HARGREAVES: Okay, thanks.

Mr Windsor: The public interest test, that's term of reference A (iii). Licence restrictions are in the public interest. Phillip Button referred to the public interest test in his submission, and others have, too. The public interest is served with benchmark quality service. It's not served by third-world cabs that race along streets such as in Bangkok that we heard about. The industry has competition and that's been made clear already. Mr Hargreaves already drew that out of CBD Hire Cars. But we have Comcar, we have hotels running shuttle buses—and they put them on for free. There are car rentals available at the airport. It's much easier to rent a car these days. You can walk in and drop it off. There are salary packages that include cars, and that competes with taxi work.

So, term of reference A (iii) talks about compensation. We've heard lots about a buyback. With the arrangements that are proposed, plates are bought back and the government issues licences through a bank or whatever means, and people rent them from whoever it is that rents them out. These licences will be taken up by people who don't have a big financial commitment to the industry. They'll be paying an annual fee and they'll be paying for the vehicle and that's it. You might say that's a good thing. I don't think it is. I don't think those people are locked into the industry, they're not committed to it. If they get sick of it they can just walk away from it. People who invested in a plate in this industry are committed to good quality service.

There's no long-term commitment. The licences would be issued, I guess, on a one or three-yearly basis, whatever—even six-yearly, as with the wheelchair accessible cabs. A lot of those wheelchair accessible taxis are not making a quid and from what I hear, they want to give them back at the end of their six years. They have made approaches to have the six-year life of a vehicle extended because they don't want to buy a new one. This proposal being put forward will introduce low-quality outcomes. Who would care if the benchmark times were met or if the cooperative society fell over. There's just going

to be no industry self-regulation. So the department's lack of resources would be emphasised.

From what I've heard bandied around—and I've seen the proposal by the Macquarie Bank for the Western Australian taxi industry—what is proposed is compensation. I think it is totally inadequate for a whole change of life. It is something that you put everything into and the government decides with a stroke of a pen that you're not going to be able to do it anymore, or steals it off you by flooding the market with plates over time and devaluing your licence. However, if the Legislative Assembly is going to allow national competition policy to rule the ACT, then I think compensation is acceptable to me as a second option only.

Just a word on community service: Canberra Cabs supports many Canberra community organisations—Legacy, Smith Family, St Vincent de Paul, clubs, et cetera. I feel that we have community responsibility and this is shared by my co-owners in the taxi co-op. If you start fiddling around too much with the industry, swamping it with plates, devaluing the licences, why would we care? We care a lot for our community as it is. We care for the people we carry around the place. We would feel cheated if we had to start robbing Peter to pay Paul and start to try to make a living out of something you can't make a living out of. We've contributed to bushfire recovery. We went straight to the recovery centre across the road and said, "Here's \$5,000 worth of taxi vouchers. There's more if you need them". We feel we have a responsibility to the Canberra community. We provided disabled access before it was ever thought of here. The Canberra Cabs people—all of us as owners—chipped in to help run the cost of a disabled taxi, and that fleet built up. We already have child seats and harnesses in the cabs or available to cabs. So, the terms of reference that talked about the arrangement for two year olds, we already have actioned.

THE CHAIR: So does that mean that every taxi has access to a child restraint or is there one in the boot?

Mr Windsor: Yes. Every taxi carries a child harness restraint. It fits onto the normal seat belt, and the harness goes over.

THE CHAIR: So just the harness, not a seat?

Mr Windsor: No. The capsules are available from two locations and the taxi industry actually pays the driver to go and pick it up. You just go and pick up the capsule from the airport or the base in Lyons, go and do the fare and then drop the capsule back later on when you're finished. Out of our own pockets we pay the driver an extra fee for doing the extra miles to pick it up.

I mentioned before that I didn't see on our list of presenters anybody from the taxi users—the consumers, the passengers. So, I've brought Valerie along as a taxi user. If you indulge us, I'd like Valerie to give you a few words of her experience.

Mrs Parv: My name is Valerie Parv. I'm here purely as a representative of taxi users, which seem to be an overlooked element in most inquiries, not just this one. We hear a lot about public good, but we're the public. We need to know whether or not this is going to be good for us and to share our opinions with you. Qualifying me to talk on that,

I have been a public transport user by choice, by lifestyle and on environmental grounds for the past 18 years. Fourteen years of those were spent in Sydney and the last four in Canberra. So I've had experience of a highly competitive public transport environment, and I can tell you a chalk and cheese experience in Canberra. I am trembling at the very possibility that that may change, and not for the better.

In Sydney we used all forms of public transport but primarily taxis. The situation that Graeme describes of cabs becoming more hungry and desperate for work is going to happen because we have been the low people on the totem pole experiencing that. We lived in inner-western Sydney. We would call for a short-trip taxi. It would not arrive or we would have to book it half an hour or more ahead of the time we actually needed it. We have had the experience where we would be told cab number so and so is on approach. We would wait and wait and then call back. That in itself was an experience because in general you're talking to robots or a computerised system that has no allowance for you to say, "Yes, but I already booked this cab." It just goes through its system regardless—if you can get onto it, it's often engaged—and we would say "Taxi so and so has not arrived." The response we'd get would be, "But these are all self-employed people, we have no control over them".

So, my concern is that the taxi network in Canberra is prepared to assume and accept that responsibility and to deal with our complaints. Not that in four years I have had a complaint. In fact, the one driver I encountered who was a bit of a grouch, I immediately assumed was a Sydney driver, and he was. We have had experience where my husband had an urgent medical appointment, again a short journey—these were our biggest headaches, short journeys, because they're not cost effective for a driver in a highly competitive environment—and we had to resort to lying about our destination when we rang to book. Of course, he endured abuse for the whole of his journey, to the extent that had it not been a medical necessity, he would have been asked to be put out and make his own way. He was abused by the driver in about three different languages. He wanted a job going into the city; he did not want a job going to a local area.

In four years in Canberra we have never encountered this experience. We take a lot of cabs. We don't own a car, we don't wish to own a car, and we have had the most courteous, efficient, and reliable service. I can tell you, we have no vested interest in the industry, other than as consumers. We've had no complaints. I can count two occasions in four years, both peak times on a Friday afternoon, when we have had problems getting a cab to pick us up. Both times, curiously, were on the north side. In our own Weston Creek area it has never been a problem, even at those times. Curiously enough, as one of the drivers suggested this morning, we don't book our cabs on the quarter hour. I tend to book at 10 to the hour or five to the hour, whenever it suits me to do.

The other thing I enjoy very much is ringing up and talking to somebody who can spell and translate Waramanga. Another dread I have is that we'll be dealing with a cab depot in another state—a call centre in effect—that will not be able to understand or have any idea where our destinations are in Canberra. At least dealing with a local company, we have got that benefit. So, for me, lower fares are constantly being held up in deregulation as a holy grail. Well, I don't want to give the cab drivers too many ideas here, but I already think cab fares are very cheap for the service that they provide. For less than \$10 I can go from my home to my local shopping centre with a driver, dropped door-to-door wherever I require to be dropped. Not many professionals can provide any sort of

service for \$10. It's the price of a couple of scratch lotteries basically. I'm waiting for the time they introduce, like all the other people, a \$60 call-out fee. That doesn't exist in the cab industry. In my experience as a consumer the fares are extremely good.

I would say that in the 18 years we have been totally public transport users it probably cost us 50 per cent less than it would cost us to run a car. I have a cab charge account but it is not a business, it's a personal account. So I'm not looking at an expense account and I don't have an unlimited budget. It's just my normal transport budget. So, I'm absolutely living in fear and trembling that deregulation will ruin what in my experience is a very good system. Thank you.

MR HARGREAVES: Thank you very much.

THE CHAIR: Any other questions?

MRS CROSS: No.

THE CHAIR: Thank you very much for your time.

Mr Windsor: Can I summarise?

THE CHAIR: It'll have to be very quick because we're very behind time.

Mr Windsor: Okay. In summary, I just wanted to say that we feel cheated by the proposal. We recommend: that a taxi advisory council be established to recommend fares and licence numbers in the public interest; that licence values are not related to fares; and that if the bill proceeds the committee recommends a voluntary buy-back at market value prior to the NCP reviews or at the price paid by the person who bought them.

BILL WOOD and

BRIAN MacDONALD

were called.

THE CHAIR: I welcome the minister and Mr MacDonald to the second day of hearings of the Standing Committee on Planning and Environment which is inquiring into the Road Transport (Public Passenger Services) Amendment Bill 2002. You should understand that these hearings, which are legal proceedings of the Legislative Assembly, are protected by parliamentary privilege.

That gives you certain protection but it also places on you certain responsibilities. It means that you are protected from certain legal action such as being sued for defamation for what you say at this public hearing. It also means that you have a responsibility to tell the committee the truth. The Assembly will treat as a serious matter the giving of false or misleading evidence. Minister, do you want to make an opening statement?

Mr Wood: Yes, thank you. I will make a short statement and leave the remainder of the time for questions. I thank the committee for this opportunity to present the government's views on the inquiry. The Road Transport (Public Passenger Services) Amendment Bill will introduce a number of measures that seek to conclude the reform of ACT taxi and hire car services. The most difficult issue is the licensing regime for taxis and hire cars—a regime that I believe imposes significant costs on the ACT community and that does not appear to be helping the growth of the taxi industry.

The other issue that is addressed in the bill is the introduction of hire car accreditation to ensure that industry maintains high quality service and safety standards. However, I will focus on the issue of licence reforms. The introduction of accreditation, which is supported by the hire car industry, is consistent in its approach to existing requirements for buses and taxis. Two independent reviews have found that taxi and hire car licensing arrangements impose costs on the community.

I believe that we have approached the time when the current system cannot be sustained. The licence quota system has led to a significant escalation in the value of licences and the lease fees paid by taxi operators. Costs imposed by that regime have been estimated at \$5.6 million for taxis and \$0.29 million, or \$290,000, for hire cars each year.

MRS CROSS: Each year over how many years?

THE CHAIR: Every year.

Mr Wood: For however long it continues.

THE CHAIR: So it is a recurring cost.

Mr Wood: These costs act as a barrier to entry and exit from the industry and they make taxi and hire car services less affordable for passengers. These costs continue to promote the needs of investors over the needs of the broader community. The acquisition of

licences provides for more than just a transport service. In accordance with sustainable transport objectives, the costs imposed by the current regime must be addressed if taxis and hire cars are to play a greater role in achieving a shift from private cars to public transport, which includes taxis and hire cars.

Other than costs, the prime issue of concern to the community is the maintenance of high standards of safety and service. Those can best be achieved by accreditation rather than a system of privately traded licences. I know only too well that former governments have benefited financially from the auctioning of licences. Over a period governments have received around \$12 million in any given period. However, these licences now impose a cost of almost \$6 million per annum.

That is a poor outcome by any measure. As I said earlier, I think we have reached a point where this issue has to be addressed. The government is also aware that a failure to address this issue will result in the loss of some competition policy payments from the Commonwealth until the reform is completed. I have information for committee members in relation to that issue.

THE CHAIR: Good.

Mr Wood: As I am constrained I will give that information confidentially to members after this inquiry. I am constrained because the Chief Minister undertook through COAG to keep decisions in this area confidential, so I am somewhat restricted in what I can say. I will give you the information later on a confidential basis. No doubt you will refer to that issue later.

THE CHAIR: I will.

Mr Wood: The government does not believe that the current situation can continue. We do not believe that a perpetuation of the tradable taxi and hire licence is necessary to ensure a viable or reliable industry. We recognised, and we continue to recognise, that radical change would seriously and unfairly impact on current licence owners. Therefore, we rejected full deregulation. I believe we established a most carefully thought-out and moderate policy that has been accepted by authorities.

So we see the challenge now as being to remove or minimise the costs attached to industry in a way that provides benefits to consumers within a reasonable timeframe but without imposing hardship on investors who purchase their licences in good faith. I think we have the balance right. That is where we stand at this time. We await the report of the committee.

THE CHAIR: Thank you, minister. You said earlier that you pursued a moderate policy that is accepted by authorities. To what authorities were you referring?

Mr Wood: The people who are placing on us these competition policy requirements. They assess how we are responding. We have their word that they accept what we have proposed.

THE CHAIR: Have they accepted that in the case of Tasmania as well? What is being proposed here essentially is what has been proposed in Tasmania.

Mr Wood: In Tasmania it is up and down. What is the current situation in Tasmania?

Mr MacDonald: I am not sure. I have not seen the latest NCC assessment. I have seen a draft assessment for the ACT. As the minister stated earlier, that assessment has probably been finalised but the recommendations of the NCC cannot be announced publicly. I cannot answer your question about Tasmania.

THE CHAIR: You cannot answer my question today?

Mr MacDonald: I cannot answer the question you asked about Tasmania, no.

THE CHAIR: Minister, earlier in your presentation you said that there was a need for reform of the current regime that imposed costs on industry. You also said that there was no growth in the taxi industry. The table in one of the attachments to the submission received by the committee from the taxi cooperative reflects the number of times that meters were turned on by standard taxis and wheelchair-accessible taxis, or WATs, every calendar year. That table reflects the total number of times meters were turned on by every taxi. That is the way in which taxi use is measured.

Mr Wood: The total number of meters?

THE CHAIR: It reflects the occasions on which someone turns on a meter for a fare. It does not measure kilometres or anything like that; it reflects only the number of occasions on which someone turns on a meter. In 1996 the meters were turned on roughly 2.9 million times, or 13,000 times for every taxi. In 2002, the last full year, the meters were turned on 2.35 million to 3.3 million times, or 9,500 times for every taxi. On the basis of those figures—and those are the only figures that we have that reflect usage over time—why do you think we need growth in the taxi industry in the ACT?

Mr Wood: We support the industry. The figures bear out what I am saying—that the current system is not allowing growth. I do not think the response to that is to reduce the current number of taxis. I think an increase in fares would simply deter people from hiring taxis. The high cost of acquiring and running a taxi is a deterrent.

MRS CROSS: But the demand is not there.

Mr Wood: The demand is not there. However, part of that lack of demand can be attributed to the cost of hiring a cab.

THE CHAIR: Are you saying that the 4,000 or more metered trips for each taxi each year are the result of the high cost of taxis?

Mr Wood: That is one significant factor.

THE CHAIR: What would be the other factors?

Mr Wood: That is one factor that we can attend to.

THE CHAIR: How can you address that issue?

Mr Wood: There would be a number of other factors.

THE CHAIR: How can you address the cost of fares in the Road Transport (Public Passenger Services) Amendment Bill 2003?

Mr Wood: The impact of that bill will be to reduce costs, the relative value of the licence and all costs attached to a licence. Over a period costs will be reduced and that will be reflected in the taxi fares.

THE CHAIR: Have you been listening to any of the evidence over the past day and a half? I do not believe that anyone associated with the taxi industry agrees that the cost of a taxi plate should be included in the cost of a fare. It is only recently that the ICRC started to include it. No-one who has given evidence or who has sent a submission to this committee believes that that is a reasonable approach. The acquisition of a plate is a capital cost and that issue should be addressed by capital gains over time. The cost of a fare should represent the recurrent costs of running a taxi and not the capital costs. Have you heard that evidence?

Mr Wood: I have not.

THE CHAIR: Are you aware of that view?

Mr Wood: I have not been listening to the evidence. I have received representations from industry over a long period. Industry representatives are saying the same things to you that they have said to me over a period.

THE CHAIR: Are you saying that you do not believe industry?

Mr Wood: A number of factors have to be recognised by me and by others.

THE CHAIR: What are those factors?

Mr Wood: I just explained the cost factor.

THE CHAIR: What other factors need to be recognised?

Mr Wood: I will list other factors if you want me to. I have heard arguments about the loss of Ansett, the loss of taxi fares and the new arrangements at the airport. Those are some of the factors that have been presented to us.

THE CHAIR: You are saying that the principal impediment to increasing the number of fares each year is the cost, and that issue can be addressed substantially by doing away with the cost of acquiring a licence plate?

Mr Wood: I am saying that that is an area that the government can attend to. It is an area that the government has been asked to consider by the National Competition Council. It is an issue on which we can work. If one of the causes for a decline in taxi use is the fact that Mr Howard chooses to live in Sydney, I cannot do much about that. I cannot do

much about Ansett dropping out of the marketplace. I cannot do much about a number of other factors, but I can look at costs.

MRS CROSS: You should not have introduced a bill such as this because of all the issues that already affect industry. Would a bill such as this not destabilise industry and cause fear, uncertainty and great distress to families running these small businesses? In effect, there are dozens of small businesses. You said that these costs are being dictated by national policy.

Mr Wood: I did not use the word “dictated”. We can do our own thing if we wish.

MRS CROSS: That is what I meant.

THE CHAIR: So you are choosing to do this?

MRS CROSS: That is exactly right. If national policy dictates that you have to do something you can actually say, “No, that will not be good for industry. We are prepared to pay a small penalty, if there is one, because we want to protect our small businesses. We can do that if we choose to.”

Mr Wood: Yes, if I agree with some of that background we can go down that path.

MRS CROSS: I understand that. From what I know—and I am not as experienced as you are at this—if I followed that premise, is it not in the interests of the ACT that legislators protect these businesses and the owners of these small businesses? Is that not our job?

Mr Wood: Yes.

MRS CROSS: So we should not be intimidated by national policy.

Mr Wood: I am not intimidated by national policy. A major part of our proposal has been to consider the circumstances of investors because they are small business people. Our proposal accommodates their needs. We believe we have found a workable solution that takes into account their interests over a period. That workable solution will enable a gentle transition to a better system.

MRS CROSS: Minister, that might be the case. I know that your intentions are good but someone somewhere has made a decision not to do anything gently and that has resulted in such distress that it has almost broken up families and caused illness. It has meant that partners have had to run their own businesses as people driving those taxis have become ill. We are not really looking after those businesses. For whatever reason someone is dictating what should happen to these people. They are not comfortable with that decision; they are scared of it. So something is wrong. Someone somewhere is not listening.

Mr Wood: I am the responsible minister. I have heard from other sources what you are telling me now. I am sympathetic to those people.

MRS CROSS: It is unanimous.

Mr Wood: It is my view and the view of the government that we have reached a point where we cannot allow this system to continue. We need to implement measures that will enable a gentle transition to a new system. I think this is a relatively gentle approach to turn things around.

MRS CROSS: Why not let it be? Why do you and your colleagues believe that things have to change when industry says it is happy with the way things are at the moment?

Mr Wood: Industry says that it is happy with the way things are.

MRS CROSS: But the market dictates otherwise.

Mr Wood: But that is not necessarily the broad view.

MRS CROSS: Whose broad view?

Mr Wood: Quite simply, the fare structure is too high. A lower fare would result in an increase in the figures that you gave me earlier.

MRS CROSS: But consumers are telling us that the fare structure is fine.

Mr Wood: Which consumers?

MRS CROSS: The consumers who have given evidence to this committee.

Mr Wood: Mr MacDonald wants to add something to that.

Mr MacDonald: Sure.

THE CHAIR: Before Mr MacDonald does that, you said that this would be a gentle transition to a new system. We heard evidence this morning from a taxi owner—somebody who owns and operates a number of taxis who is a quintessential small businessman and has been in the business for many decades. He said to us that a few years ago the value of his taxi business and the plates and cars that went with it was \$870,000.

MR HARGREAVES: That was for three plates.

THE CHAIR: The value of the cars and plates was \$870,000 but today his business is worth \$670,000. Over the course of four or five years and as a result of the contribution of a number of governments he has lost \$200,000. I have been asking this question throughout these hearings but only one person who gave evidence today was able to quantify that \$200,000 loss.

MR HARGREAVES: For three plates.

THE CHAIR: For three plates. That represents slightly less than a 25 per cent loss over four or five years. It is the view of industry that that will not change as a result of this bill. Do you think that is a gentle transition to a new system?

Mr Wood: I do not recall what you said at the outset. What are you referring to?

THE CHAIR: I am referring to someone whose business was valued at \$870,000 a few years ago. That business is now valued at \$670,000.

Mr Wood: Has he had those licences for 30 or 40 years?

THE CHAIR: No. It does not matter how long he has had those licences. I have not gone through and quantified those figures.

MRS CROSS: His capital outlay.

THE CHAIR: A few years ago the capital value of his business was \$870,000. That value has now dropped to \$670,000. That amount of \$200,000 is more than most people's mortgages. Do you think that is a gentle transition to a new system?

Mr Wood: It is as gentle as we can make it. We could go straight to deregulation but we rejected that measure outright. This government has looked at every possible system under the sun and the former government did the same thing. I think one or two governments decided that the value of those three plates was just too high. Years ago when I was a minister I auctioned plates and got \$250,000 for each plate. This committee will have to decide whether \$860,000 for three plates is a sustainable value. If you consider that to be a sustainable value you might say that nothing should be changed. If you consider that it is not sustainable we will have to examine the whole issue. That is what we have done.

THE CHAIR: When looking at the issues why did you come to the conclusion that a value such as that—\$250,000 for each plate—was not sustainable?

Mr Wood: You have to look at the end result—the fares.

THE CHAIR: I did not ask you that.

Mr Wood: That is how I decided.

THE CHAIR: We heard evidence to the effect that the cost of the plate and the cost of entry into the industry are not things that are factored into the fare. If that is the case is there any dispute about it?

Mr Wood: Tell me if you think I am not answering the question. No-one is entering industry at the moment because of all the uncertainty. The cost of entry is significant. The purchase price of a plate, which was about \$25,000 or \$26,000, is now down to about \$20,000. So it was an investment. That has added to the value. The investor—a word I have used a number of times—expects a return on his investment. The driver expects a return on his lease, and the second contracted driver expects something. Those factors all have to be included because that price is so high. Industry is supporting a large number of people. We need to reflect on that fact and see where it takes us.

MRS CROSS: I understand that this is as a result of successive governments. Obviously the bureaucrats are responsible for this.

Mr Wood: No, the bureaucrats are not responsible.

MRS CROSS: Why are they not responsible? Successive governments are responsible for this.

Mr Wood: I am not passing the buck.

MRS CROSS: Minister, this is not a passing-the-buck exercise. I am trying to understand the genesis of this system. Why did it start in the first place? Who advised you and others that this system had to change? Who decided that the value of this product had to go down because someone down the track complained about what was being paid and, therefore, everybody had to cop it? I am trying to understand the genesis of this system.

Mr Wood: I will take you back. Fred Hilmer's name was mentioned earlier. When I became minister over two years ago I inherited a lot of problems. I worked hard, examined the issues, heard the arguments and was not madly keen about it. All the material that was presented to me came from the NCC. I paid close attention to the taxi and hire car industry. I listened to everything that representatives told me when this system was introduced in February this year.

Over a period of more than a year I listened to all the arguments, received a great amount of input from industry and assiduously attended to my task. I considered all the issues. In the end I decided to take this matter further. That is the genesis of the system. I then took the matter to my colleagues in Cabinet who had also received a considerable amount of material. Cabinet examined these issues—every ramification and every variation to it—and it made a decision to proceed with the legislation after hearing all the arguments and after considering all the pros and cons that had been presented and broadly discussed.

MRS CROSS: This is the second day of the committee's inquiry. When we commenced this inquiry it was our intention to listen to the views of all sides in the industry. The people who have come before this committee have convinced me that this matter has not been handled well. Someone might have said to industry, "We have heard you but we are really not listening." You can say that you have gone through the motions and that you have heard industry, but you have ignored industry.

Mr Wood: I have not gone through the motions.

MRS CROSS: You have ignored industry and the people that this system will affect. Who are you satisfying if it is not industry?

Mr Wood: That was a nice bit of grandstanding.

MRS CROSS: It is not grandstanding. I want to protect small businesses and look out for people who have sacrificed their life savings and their superannuation. Why do you not want to do the same thing?

Mr Wood: I do want to look after industry. I believe that we have done that as best we can. I also want to look after the community.

THE CHAIR: What are you doing to look after the community?

Mr Wood: I introduced the legislation.

Mr MacDonald: I think we are missing the point. Half the taxi operators actually lease their licences, so half their costs come from the cost of the licences. If we do not deal with that issue it means that their costs will continue to increase. Let me give you an example so that you might better understand the situation. If the government constrained the supply of retail space or land for retail premises in Canberra and there were a great demand for those facilities, the rent for those facilities would go up and it would be reflected in the price that consumers paid for goods.

That is what has happened in the taxi industry. A restriction has been placed on the number of licences that are available. The value of those licences has increased gradually and that has been reflected in the fares. Customers are paying higher fares as a result. So we are constraining what would normally be a market response. This legislation proposes a market response with certain controls on it. Taxi licences are being offered at a certain price. If no-one wants to pay that price no licences will be released.

MRS CROSS: Mr MacDonald, thank you for explaining that. In the two years that I have been a member not one person has knocked on my door or rung me to complain about the high cost of taxi fares.

Mr MacDonald: No, they will not because it is about \$2 per fare on average, which is quite small. This restriction will cost the community a total of \$5.6 million every year. That is the cost of a lease. Do you want me to explain it to you?

MRS CROSS: Yes.

Mr MacDonald: You seem puzzled.

THE CHAIR: In order to shorten this process could you put together a one-page exposition that details how you arrive at that \$2 per fare or the figure of \$5.6 million?

Mr MacDonald: Certainly. It is actually in the ICRC report.

THE CHAIR: While we are on the subject of fares, could you provide the committee with a comparison of fares across other jurisdictions, for example, Sydney, Melbourne and Adelaide?

MRS CROSS: And the Northern Territory.

THE CHAIR: Could you also provide comparisons of fares in towns of a similar size, for example, Wollongong, Newcastle and Geelong?

Mr Wood: Everywhere I go I see what taxis cost.

THE CHAIR: Everyone has some idea of what they cost but I would actually like to know what they cost.

Mr Wood: That is a good question, bearing in mind that the NCC is claiming fares across Australia generally are too high.

Mr MacDonald: Mrs Dunne, I refer you to page 22 of the department's submission that sets out the fares based on a 10-kilometre trip. I think that will provide you with a ready reckoner that will enable you to compare prices. Fares in the ACT are not the highest in Australia—something that is acknowledged in that table. The lease fees, which are reflected in the next column, are amongst the highest and network fees are the highest. We are trying to indicate what are the costs in industry in the ACT. Those costs are relatively high. Given the high costs of lease fees and network fees, you will probably say that ACT taxi fares are not high when compared with the needs of operators and taxi drivers. However, we are talking about removing some of the factors that result in those high fares.

MRS CROSS: Mr MacDonald, did you take into account the fact that the ACT is unique? Is that why you are looking at figures in the middle column and saying, "We need to bring the ACT into line with most other places so that costs in the ACT are not too high"? However, the ACT is not like other places.

Mr MacDonald: I believe that the middle column should be removed for every jurisdiction. That cost is not adding any value to the taxi service in the ACT. It is a rent on the taxi that is contributing nothing.

MRS CROSS: That is like saying, "Sydney rental prices are the highest in Australia. We must bring prices in Sydney down so that they are comparable with prices in every other state and territory." That does not make sense.

Mr MacDonald: Sydney rental prices are high because of the shortage of land. That is a matter that cannot be addressed. We are talking now about a piece of paper—a licence that adds no value to industry. What is important in industry is accreditation. That guarantees to the customer a certain standard of service. We could operate the taxi industry without licences. We think it is fair to offer industry assistance so that it is able to remove those costs.

MR HARGREAVES: Mr MacDonald, you advised the previous government when we were confronted with a similar situation. The same standing committee conducted a similar review before this current government was elected to office. Did you carry out a public benefit test and advise the previous government of the results of that test?

Mr MacDonald: We did. We prepared a detailed regulatory impact statement after taking into account a number of issues. When Freehills did its report it looked at what restrictions there were to determine whether those restrictions were justified. So, in a sense, it did a public benefit test. It said that accreditation and the other regulatory requirements relating to driver licensing and the standards of vehicles were all acceptable and justifiable because they provided a benefit to the community. However, in its view, the licensing regime, which placed restrictions on a number of licences, did not pass the test as it did not provide a benefit to the community.

MR HARGREAVES: The Freehills report, or the regulatory impact statement?

Mr MacDonald: The Freehills report. We did a detailed regulatory assessment of a number of issues and we came to same conclusion as the ICRC.

MR HARGREAVES: In what year did you do that assessment?

Mr MacDonald: The review commenced in 1999. I believe that the report was tabled in early 2000.

MR HARGREAVES: The former standing committee on urban services said to the Assembly that no action should be taken, or something like that. After the change of government did you provide the incoming government with the same information, or did you conduct another review, given the age of the first review?

Mr MacDonald: The government asked for a reassessment. It wanted to take stock of what had been done and it wanted to know what needed to be done. It was not necessarily convinced that anything more needed to be done, so it asked the ICRC to conduct a review. I guess you know that the ICRC said that further reform was necessary.

Mr Wood: It is a second review. I asked for that review.

MR HARGREAVES: In your advice to government I think you essentially said—and correct me if I am wrong—that the value of the plates was based on the expected return on your capital investment. That had an influence on the amount that you paid for your lease. If I, as an owner, were looking for a return on my money, I would lease the plates to an operator. My expected return would have an impact on the lease price. That lease price is what the ICRC has taken into consideration when setting these fares. So, in a sense, you are saying that the capital value of the plates has an indirect influence on the price of the fares. Is that right?

Mr MacDonald: Yes.

MR HARGREAVES: When you were considering reducing fares for the benefit of the community, did you inform the government that the community would benefit from a gentle reduction in the value of those plates? I take that to mean that if there were no interest in plate auctions, the reserve price of those plates would go down by 10 per cent each year. Over time the value of those plates would go from X dollars down to next to nothing.

As the marketplace shrinks the value of those plates will drop further and more quickly and, at the end of the day, you will have a level playing field. Did you inform the department of the impact that that policy or approach might have on those who had already bought plates? What advice did you give the department about assisting taxi owners whose assets were shrinking?

Mr MacDonald: In providing advice we obviously try to achieve a balance for both the customer and the investor. It was recognised that many investors had done very well over

the years, that some of them had paid nothing for their licences and that some had paid quite high prices. Substantially, the people who had paid high prices basically purchased the plates post-1996 when there was a clear understanding that the whole taxi industry was under review. As investors, they took a calculated risk with their investments. They would have been aware of potential changes in the same way that people buying Telstra shares would have been aware that the government might or might not be privatising Telstra, which would impact on the share value.

MRS CROSS: How would they have been aware that there was a risk in buying a plate when they were not made aware that the government could potentially introduce a new policy that would disadvantage them? How would they be aware of that?

Mr MacDonald: That is a good question. In 1995 it was announced that all governments would review legislation that basically restricted competition. The Competition Council and the heads of government recognised that the transport area—taxis and hire cars—would be subject to specific examination. So anybody who was around in 1995 essentially would have been put on notice about possible changes to the industry.

MR HARGREAVES: You said earlier that people who bought their plates post-1996 and who knew of the uncertainty in the marketplace might have made a bad decision and might have paid too much money for them. In 1997, 17 plates were bought for \$210,000. You might say now that people should not have done that in an atmosphere of uncertainty. In 1993 and 1994, in both private sales and at government auction, the cheapest price paid for a plate was \$216,000 and that was not in an era of uncertainty. So the 26 people who made a sound business decision to buy their plates during that time and who paid in excess of \$216,000 are now seeing their investment disappear. Did you tell the government what would happen to those people?

Mr Wood: The impact on the value of the plates has always been a major part of the discussion.

MRS CROSS: Why can Mr MacDonald not answer that question?

MR HARGREAVES: It is the prerogative of the minister to answer the question.

Mr Wood: That has been a major part of the discussion. There has been interplay between industry and me. We discussed the issue and industry presented its claims to me and to DUS. That is why we came up with the scheme that we did. That is why the value of the plates substantially will be returned to plate owners as compensation for their loss.

THE CHAIR: How is the value of the plates being returned to the plate owner?

Mr Wood: The amount received at auction will go back, less a certain amount.

THE CHAIR: That works out at about \$10,000 a year over five years. How does that compensate a plate owner?

Mr MacDonald: It is hard to say what the figures are going to be. It depends on what is received at auction.

THE CHAIR: I understand that.

Mr MacDonald: The total amount received at auction, minus an administrative cost, will be returned to existing investors. If there is a fall in value there will be some level of compensation. It is important to note that the level of take-up of licences will determine how much is paid back. If there is a big take-up, presumably there will be a greater fall in licence value and the return to the investor will be greater.

MRS CROSS: Mr MacDonald, earlier you mentioned shares. You compared this industry to the buying of shares and to people taking risks. The difference with shares is that the market dictates the price. In this instance government policy is disadvantaging these people. You cannot tell people who have paid \$216,000 for a plate, or over \$800,000 for three plates, that they should just sit back and accept less than \$150,000 for three plates, depending on what is obtained at auction.

Mr Wood: You have to decide whether you want the current system to continue. In the short term and even in the long term the current system cannot be sustained. We need a change.

MRS CROSS: Do you agree that taxis are a form of public transport?

Mr Wood: Yes.

MRS CROSS: The territory subsidises buses by paying \$250 per head of population. Given that taxis are a form of public transport, why are we trying to disadvantage taxi operators?

Mr Wood: I do not know whether there is a common thread.

MRS CROSS: We subsidise one industry but we are prepared to disadvantage another.

Mr Wood: Any subsidy to the buses is to the advantage of the passenger.

MRS CROSS: But the same situation applies to taxis.

Mr Wood: Any subsidy to the taxi industry will predominantly help proprietors.

MRS CROSS: No, it will not; it will help the community. Taxi services are an alternative form of public transport.

Mr Wood: We would be providing a public subsidy to plate owners.

MRS CROSS: It is like robbing Peter to pay Paul.

Mr Wood: I am not sure whether the word “subsidy” is the correct word to use in that respect.

THE CHAIR: I do not know whether we should be arguing the toss. We should be eliciting information from the minister and from Mr MacDonald. We have talked about taxis in general but I would now like to talk about wheelchair accessible taxis. There has

been considerable discussion today about wheelchair accessible taxis. We established earlier that we have 26 wheelchair accessible taxis, which is roughly 10 per cent of the current taxi fleet. Was there any discussion or was any research conducted to determine the customer base for wheelchair accessible taxis?

Mr MacDonald: I am just trying to recall. The Standing Committee on Urban Services looked at that issue. I was not part of the transport area at the time. I am aware of the report.

THE CHAIR: I thought you were part of the transport area at the time.

Mr MacDonald: No I was not. I am aware that a number of consumer representatives spoke to the committee about that. One of the committee's recommendations was that the fleet should contain about 10 per cent of wheelchair cabs. That figure has been realised.

THE CHAIR: The Assembly committee came up with a figure of 10 per cent. It might have pulled that figure out the air, or there might have been a proper analysis. Are you aware of any analysis? When the former government responded to that report was there an analysis? Governments do not have to accept standing committee recommendations. The Standing Committee on Urban Services might have recommended a figure of 10 per cent. Did the department conduct any analysis to determine whether 10 per cent was the optimum level? As you are advising the government, what was the customer base?

MR HARGREAVES: Documents that committee members have refer to the disabled community customer base in the ACT as being around the 3,000 mark. Does that figure ring a bell? It does with me.

Mr Wood: It sounds reasonable.

MR HARGREAVES: If we have a population of 300,000, that represents 1 per cent of the population.

Mr Wood: The disabled community also requires taxi services.

MR HARGREAVES: That is right. Four or five years ago six wheelchair taxi licences were given to one operator. That occurred outside the ballot system. All the others had to go to ballot.

Mr Wood: Yes.

MR HARGREAVES: Was that a six-year contract?

Mr Wood: That is correct.

MR HARGREAVES: Is that contract due to expire?

Mr MacDonald: I think it is. I think it will expire within the next two years, if I recall correctly.

MR HARGREAVES: Is it your intention to advise the government that it should renew those licences using the existing ballot system, or will you advise it that the contract should just be continued? What are your thoughts in relation to that issue?

Mr MacDonald: I do not think a policy has really been formulated. I know that it is two years away. Off the top of my head, if an operator has been performing well there is no reason why the licences should not be reissued. However, it is a matter for the government to consider. I will put forward a number of options in that regard.

Mr Wood: We will continue to look closely at the services that are being provided to wheelchair bound patients.

MR HARGREAVES: Evidence that we have received and information that I have been given privately reveal that the services being provided to people in wheelchairs leave a lot to be desired. Some operators are fantastic. However, some operators are finding that the provision of some services is not viable. They do not like short trips so they are opting to provide other services which, in a sense, is understandable. Do you have records of those operators who are providing a less than satisfactory service? Are you building a database of those operators who are doing well and those who are not?

Mr MacDonald: We have been working closely with Canberra Cabs. It is as concerned as we are to ensure that it provides a good service to customers. About 12 months ago we started issuing infringements and imposing other penalties on certain operators who subsequently made a complaint as they felt that the work allocating system was not fair. The minister wrote to the Transport Reform Advisory Group asking it to examine that issue. As part of a possible way of improving the problem, Canberra Cabs introduced a system which allocates the job to the nearest available operator.

We have been working closely with a number of Canberra Cab board members to try to bed in that system and to ensure that those who have been identified as being close and available are the ones who are picking up the jobs and not rejecting them. The experience has been that a number have been rejecting the jobs. We have been making ourselves available to follow that through by issuing penalties or by prosecuting them. Canberra Cab board members have been asking us to hold off doing that as they have provisions within their own bylaws to address those drivers. We said that we would give that a go.

We are certainly willing to respond to that issue as we find it unsatisfactory when a driver refuses to do a job, particularly when the person who makes the cab available to that operator has a responsibility under his or her licence to ensure that priority is given to wheelchair customers. In short, the system is not perfect yet. We are hoping that we can continue to improve it.

MR HARGREAVES: You mentioned that for about 12 months or so you have been issuing infringements, prosecuting drivers and things like that. How many infringements did you issue in that time?

Mr MacDonald: Basically, we issued warnings to operators to show cause why we should not proceed with prosecution. It was at that time that the matter was referred to the minister. We have been working with Canberra Cabs ever since.

MR HARGREAVES: How many complaints did you receive over that 12-month period? Would you like to get back to us on that?

Mr MacDonald: Yes.

MR HARGREAVES: It might be easier for you to get back to us on that. I do not want to put you on the spot if you do not have the numbers available to you. I would be interested to know how many complaints you have had, how many infringements you have issued, as opposed to warnings, how many warnings you have issued and how many people have been prosecuted.

MRS CROSS: Is there a fiscal benefit to the government and/or the territory if this legislation is implemented?

Mr Wood: We would be looking to improve services to the community.

MRS CROSS: Is that the only motive for this bill?

Mr Wood: No. Let me repeat what I said earlier. We want good, safe and affordable services for the community. We also want to take into account, as best we can, the interests of investors and, in particular, drivers who are most affected.

MRS CROSS: If the community overwhelmingly said to you, “Minister, we like things the way they are. We do not need this bill. We feel that you are being unfair,” would you listen to the community and not enforce the bill?

Mr Wood: I listen to the community at all times and I judge, as best I can, what the community is saying.

MRS CROSS: Does that mean that you are putting the interests of a subcontracting driver ahead of the interests of a business owner who is also a driver?

Mr Wood: No, not at all.

THE CHAIR: Minister, both you and Mr MacDonald used the term “investor”. A number of people are involved in the taxi industry. Are you using the word “investor” as a sort of boo, hiss word?

Mr Wood: No.

THE CHAIR: Some investors are not active in the industry.

Mr Wood: Is that a matter of fact?

THE CHAIR: It is a matter of fact. But there are also people who invest and who have a very hands-on approach. There needs to be that distinction.

Mr Wood: There are a number of people in industry. In a sense, everybody who owns a plate is an investor. However, some people have a higher level of investment—something that you mentioned earlier. It is just a matter of fact.

THE CHAIR: What costs are involved in registering a taxi as opposed to leasing, et cetera? Will you take that question on notice and break it down into insurance and what the government is taking?

Mr Wood: It is quite substantial.

THE CHAIR: Mr MacDonald, will you give me a one-minute precis about why we have a range of Taragos running with motor omnibus licences? What costs do they incur as opposed to the costs incurred by someone operating on a hire plate?

Mr MacDonald: That came about as a result of transitional arrangements. The definition of “bus” changed in the Road Transport (Public Passenger Services) Amendment Bill, which left a small number of vehicles in limbo, as it were. We had to include some transitional provisions to allow them to be brought into line with the new taxi and hire car arrangements. So there was a period of transition for buses. Taragos are really no longer buses; they are something other than buses.

We believe that they fall into the hire car category. As that category had not been established under this new legislation we had to find a home for them. So they were allowed to continue to operate as they were. The costs, therefore, of their operations are the same now as they were when they were buses. So they had a 12-month advantage in operating as buses and providing—through their own choice—services that were not strictly regarded as bus services.

THE CHAIR: How did we come up with the definition of a motor omnibus? Why does it include something as small as a Tarago but not a van? I drive one and I know that you do not need a special licence for it. How big does a vehicle have to be before you need a bus drivers licence?

Mr MacDonald: It goes by weight.

THE CHAIR: That is right, it is weight; we had this discussion earlier. It is not determined by capacity; it is determined by weight. But we are looking at something that is well in excess of the seven or eight seats that would be found in a Tarago. Is it determined by a general rule of thumb?

Mr MacDonald: That is right. It is nine or more seats. I think you are confusing driver licensing.

THE CHAIR: I am not confusing it; I just want to draw a distinction. If you need a licence to drive a particular vehicle, why is there an inconsistency between licensing for driving and licensing for classification purposes? I do not need a licence to drive something that weighs less than eight tonnes, or whatever it is, so why should something that falls into that category and that does not require a special licence be classified as a motor omnibus? I am referring to any medium rigid vehicle with two axles and a GMV over eight tonnes, other than a motorcycle.

Mr MacDonald: The driver licensing one basically relates to your competency to control a heavier sort of vehicle. Referring to determining what is a bus, it relates to the engineering of a bus and how many seats it has. Therefore, there have to be special arrangements for safety, such as the need for emergency exits for passengers and those sorts of things. We are saying that a Tarago does not need an emergency exit but a bus, which has nine or more seats, needs those facilities. Australian design rules determine what is a bus and what is not a bus.

THE CHAIR: Australian design rules?

Mr MacDonald: Yes. It is a national arrangement.

THE CHAIR: In discussions that we have had over the past two days we have established the extent to which the hire car industry is different from the taxi industry, which is already substantially deregulated as a result of different participants in it and as a result of entry and exit from the industry. Why do we need further deregulation in the hire car industry?

Mr Wood: I do not think it is as deregulated as you have indicated. There is a degree of competition in the hire car industry but I would like to think that that is occurring regardless of deregulation.

THE CHAIR: What do you define as deregulation?

Mr Wood: An open market.

MRS CROSS: We have that.

THE CHAIR: So a lot of competition is not an open market?

Mr Wood: It is not something that we have ever proposed.

MRS CROSS: But industry has it now.

THE CHAIR: You just said that there was a lot of competition but that the industry was not deregulated.

Mr Wood: I said that there was some competition. However, that competition is restricted because of difficult circumstances.

MR HARGREAVES: As I understand it, the difference between the hire car industry and the taxi industry is as follows. The taxi industry is a cooperative of small businesses operating out of one network. The hire car industry, on the other hand, comprises a number of small businesses that rely not on a network but on advertising in the *Yellow Pages*. So there is open competition in the hire car industry. The only commonality between the two public passenger processes is the fact that there is a capital value on the plate. Is that capital value on the plate the only reason that we need to look at further deregulation of the hire car industry?

Mr MacDonald: That is the primary issue that we are trying to deal with here. The same thing applies to the hire car industry. It adds costs to the industry. It has restricted the number of people within the industry. There are 22 operators in the ACT and three in New South Wales. It has been that way for 20 years. If we had some major events in the future there would be no way of responding to that other than by including our restricted hire car people.

MR HARGREAVES: You referred earlier to the value of the plate adding to those costs. Are taxi prices not set by the ICRC and approved by the minister? However, the hire car industry sets its own price according to what the market will bear.

Mr MacDonald: That is right.

MR HARGREAVES: If the market were not able to bear that cost the price would have to drop. I think you said earlier that half a dozen businesses were in the game. If I understand you correctly, you are saying that currently there are not enough hire cars to pick up peak demand so we need to open up the marketplace and enable other people to enter it to pick up peak demand. However, that will not make the price drop any further; it will just satisfy demand. As it turns out, a number of operators in the RHV network are able to pick up that demand. So the imperative is just to level the playing field and to ensure that we have more operators. Is that right?

Mr MacDonald: Yes.

MR HARGREAVES: What consideration did you give to the annual operating costs of hire car operators as opposed to RHV people?

Mr MacDonald: The intention of the legislation was to allow all hire car operators to operate on a level playing field. It would be wonderful if we could completely remove the cost of licences and say, "You can have a hire car licence at no cost. All we want you to do is become accredited. So prove that you can provide the service and you can come and go as you want and you can provide as many hire cars as you want; there is no restriction. Your decision is based on the market. As an entrepreneur you can make those judgments."

MR HARGREAVES: Has industry indicated to you what it considers to be fair compensation for those who are already in the industry? What is the total amount of compensation that would need to be paid?

Mr MacDonald: I think industry believes the current value to be about \$120,000, which is what people should be receiving.

MR HARGREAVES: Does that work out at about \$2.5 million, or something like that?

Mr MacDonald: I think it is \$2.64 million.

MR HARGREAVES: You referred earlier to taxis and to people selling their licences through the auction system. I think you said that every time we have an auction the amount of money that the government receives goes to existing players in the system. Over a number of years they will receive compensation for their loss of capital. You

have no way of saying how many years it will take for that to occur, but ultimately it will occur. Do you have that same sort of arrangement for hire cars?

Mr MacDonald: I might just correct you on that. The return to investors will occur over a period of five years. The same thing would apply to hire car operators.

MR HARGREAVES: What mechanism would be used over that five-year period to give people back the capital that they have lost?

Mr MacDonald: It is not a matter of recovering lost capital; it is a matter of paying back to them the revenue that the government receives through the sale of additional licences.

THE CHAIR: So that does not compensate them?

Mr MacDonald: It is not full compensation.

Mr Wood: It is only partial compensation.

MR HARGREAVES: So you will sell licences for a certain amount of money each year, depending on the take up.

Mr MacDonald: Yes.

MR HARGREAVES: Will the cost of those licences be greater than current RHV prices?

Mr MacDonald: Yes. They will have to be under the formula.

MR HARGREAVES: Will that generate a sufficient amount of money over the five-year period to enable you to return \$120,000 to existing operators?

Mr MacDonald: It will not.

MR HARGREAVES: To what extent will it not?

Mr MacDonald: By a long way.

MR HARGREAVES: So what will you offer as compensation to those people who cop that loss?

Mr MacDonald: We recognise the return that has been received for a number of years. For some it has been substantial, but for others it has been quite low.

MR HARGREAVES: Let us take, as an example, a person operating a fish and chip shop, or something like that. There might be a land variation to the Territory Plan that means that that person can no longer operate a fish and chip shop. Surely that person would have a right to some sort of compensation, as the territory would be taking something away from him or her? Do we not have an obligation to pay that person compensation? I suppose the same thing could happen to cab owners over that five-year period. They might not get the total amount of compensation that is owing to them. Have

you suggested to the government what we should do to help those people who will suffer a loss? You just told me that they will definitely suffer a loss but you are not sure how big that loss will be.

Mr Wood: That has always been the case. As we work through these things over a long period we will obviously become aware of other scenarios in which the loss varies. There could be a total loss but we might not be able to pay full compensation.

THE CHAIR: That should not even be a consideration.

Mr Wood: It covers the whole spectrum. We are not in a position to provide full compensation, so that is not happening. We came up with this measure. I think the answer to your question is that we are planning for and expecting a more viable system in which operators can earn an income.

MR HARGREAVES: I have one final question that you will probably want to take on notice. You referred to paying compensation over the next five years to people in the hire car industry. How much of that \$2.9 million do you expect to be distributed to industry?

Mr MacDonald: It depends on what licences are sold. It could be that no licences are sold and, therefore, there is nothing to return. Maybe there will be no real fall in value. We will have to see.

MR HARGREAVES: When you advise the government to go down that track I am sure you will have to justify your position. I presume that you have made some sort of calculation.

Mr MacDonald: Sure, the estimates have been done.

MR HARGREAVES: Could you get back to us on that? I would also like to see what advice you gave to government. Did you actually say, "It is a good idea to go down this track, and these are the numbers that we require to sustain it"?

MRS CROSS: And this will be the collateral damage as a result.

THE CHAIR: Minister, is it because you are a Labor minister that you have shown such blatant disregard this afternoon for small businesses in the ACT?

MR HARGREAVES: That is outrageous!

Mr Wood: I do not think I need to answer that question. That is the worst sort of grandstanding I have witnessed. As I said earlier, this government has the interests of the community and the industry at heart.

SIMON CORBELL,

PETER WALLACE and

JOHN LARCOMBE

were called

THE CHAIR: Minister, you should understand that these hearings are legal proceedings of the Legislative Assembly and are protected by parliamentary privilege. That gives you certain protections but also certain responsibilities. It means that you not only are protected from certain legal action, such as being sued for defamation for what you say at this public hearing, but also have the responsibility to tell the committee the truth. Giving false or misleading evidence will be treated by the Assembly as a serious matter. I thank the minister and officials for attending this afternoon. Minister, would you like to make an opening statement or do you want to go straight to questions?

Mr Corbell: Thank you, Madam Chair. I am quite happy to go to questions.

THE CHAIR: When is the final sustainable transport plan coming out?

Mr Corbell: It should be out in a month, Mrs Dunne.

THE CHAIR: How does that fit into the lovely spatial plan? How does it work?

Mr Corbell: Work on both the documents has been occurring concurrently. The philosophy and principles in relation to land use planning, which are outlined in the spatial plan, have been informed by the work done in the transport planning document. This document will provide the detail of implementation of sustainable transport strategies which will complement the land use planning principles and philosophies outlined in the spatial plan.

THE CHAIR: In making all these moving parts fit together, how do you envisage the interrelationship of our current public transport systems interacting? I do not want you to speculate on where you might be going with the strategic plan. With the existing public transport elements, which are essentially ACTION and the taxi industries, do you see any scope for closer cooperation and interaction?

Mr Corbell: Certainly, from overseas experience, there is a range of activities that the transport planning area in ACTPLA has been examining. As you say, I do not want to try to foreshadow anything which may be in the document, but certainly we are aware of experience of other cities in terms of demand responsive public transport services—things like dial-a-ride services and so on—and we are taking those into account in developing the strategies in the final plan.

THE CHAIR: It was put to us by the taxi cooperative that at one stage they had attempted to enter into discussions with ACTION about addressing problems on low demand routes. For instance, late in the evening ACTION has to some extent a responsibility to provide a public transport service but there are very few people on the

buses. I have heard the arguments from Mr Thurston and others that you cannot run little buses and big buses and take them on and off the routes. What is the view of ACTION and the government generally about being more open to sharing that responsibility between the taxis and the buses? You get only three people on the 9.30 route from Charnwood at any one time, so instead of running a big bus you run a taxi. At 9 o'clock the taxis are out and do not have very many fares. So you are addressing slackness in both areas. Are you open to those sorts of proposals to take better advantage of both sides of the equation?

Mr Corbell: There is certainly a range of options that have been raised from time to time along the lines you have mentioned. At this stage, as you are probably aware, ACTION's approach is to trial an area bus service in the Weston Creek district. That is about to commence. That entails the bus from Woden to Weston Creek providing a service where people will be dropped as close as possible to the front door. The driver effectively plans a route based on who gets on the bus at the interchange. There will still be collection at designated stops along an area bus route so that there is reliability of service. People who are wanting to catch a bus at a time when the area bus is operating know that if they stand at the bus stop before a certain time they will be able to catch that bus.

That is what the government is trialling at the moment. The government has also allocated money in the budget to enable it to further investigate demand responsive networks or approaches. That work is under way. In relation to what has happened previously, I ask Mr Wallace from ACTION if he can provide some further information.

Mr Wallace: I am the Deputy Chief Executive for ACTION. Regarding your comment about our discussions with the taxi industry, we did undertake some discussions because of the obvious disadvantage of people seeing a large bus going around with only one or two people on it or, indeed, no-one. The difficulty arose because the taxi industry wants to be able to make the same sort of money off those people as they would off a fare. When we start to pay that sort of money it is just as cost effective for us, because we already own the bus, to have our own driver.

The trial in Weston Creek begins in a couple of weeks and will involve utilising our midi buses as a smaller instrument. We believe that is one way of trialling it, but we are certainly open to other discussions with the taxi industry about where we might be able to cooperate. The difficulty always comes down to the fare collected by somebody who wants to use the bus at night but is picked up by a taxi: how much do they pay, who collects the fare and if they have a ticket how do they validate it? These are all operational problems. But, mainly, the return that the taxi driver and the taxi industry were to expect from that sort of service has always been a bit of a drawback.

THE CHAIR: On the question of validating tickets, we had a discussion with a witness this morning about whether or not it would be appropriate for the ACT to consider going down the path of doing away with bus fares altogether on the basis that there is already substantial subsidisation of ACTION. The fares represent about \$22 million worth of revenue, which is about \$500,000 a week, and we already subsidise ACTION to the tune of about \$1 million a week.

Mr Corbell: That is not the case.

THE CHAIR: \$55 million is not the subsidy.

Mr Corbell: I think the suggestion is \$1 million a week.

THE CHAIR: \$1 million a week—\$55 million a year—to ACTION.

Mr Corbell: I just want to raise some concern with the way you phrase it simply because it perpetuates the myth—and it is now a myth—that ACTION costs a lot of money to run and that it is continually blowing its budget.

THE CHAIR: I did not say that. I never said that ACTION has blown its budget.

Mr Corbell: I simply raise it because when people hear that they say that we talk about subsidising public transport but not about subsidising private motor vehicle transport.

THE CHAIR: I know we don't. I am quite happy to have that conversation.

Mr Corbell: When we build roads, we talk about investing in roads. In the same way that we invest in roads, to the tune of hundreds of millions of dollars, we should be investing in public transport.

THE CHAIR: I am perfectly happy to use your terminology. I think that is appropriate—

Mr Corbell: It is an important mind shift.

THE CHAIR: I agree with you, minister. At the moment we invest roughly \$55 million a year in ACTION and we receive in return roughly \$22 million in fares. That is the current rate.

Mr Wallace: It is about \$16 million to \$17 million in fares.

Mr Corbell: About 22 per cent.

THE CHAIR: It is about \$16 million in fares. It was put to us this morning, and I am sure that it has been put to you on a number of occasions, minister, that if we did away with the fares and thereby the need to invest in ticket operating dispensing machines, validating machines, people who sell tickets and subsidies to agents who sell tickets, et cetera, that we would not actually be that far behind. Mr Wallace, this is probably a question for you: could you provide the committee with a breakdown of all of the costs associated with collecting the fares—I presume you pay a commission to the newsagents who sell bus tickets for you—the costs not only of validating tickets and maintaining the validation but also of handling the money.

Mr Corbell: I would certainly seek to quantify that, Mrs Dunne. It may not be precise; some of the elements you are asking for are a little woolly. We will certainly try to do that. I make the point though that, for the first time since self-government, the government has done some very extensive work around pricing, how important pricing is, as an element of public transport usage. The advice from that study—this is called the elasticity study, which is a publicly available document on the ACTPLA website for

those who are interested—is that, whilst pricing is a factor in effecting public transport usage, in a city like Canberra it is not the key factor. The key factor in Canberra is time and convenience. That is, I think, demonstrated by what has occurred when the government introduced its ‘one zone anywhere’ scheme. We saw an increase in public transport usage of between three and four per cent and have sustained that level of increase, but that has now become the new base. We have attracted about three to four per cent more journeys onto the network, but it has then plateaued. That shows that, whilst pricing can have an impact, it is a not an ongoing increase.

THE CHAIR: One of the points that was put to the committee this morning was that perhaps the right questions were not asked in the elasticity survey. It was put to us—I do not have a strong view, but I would just be interested in your perspective on this—that if you had asked a question along the lines of ‘What impact would it make on your family life if you didn’t have to pay for buses?’ you might have got a different response.

Mr Corbell: I do not think that would necessarily in any way change the key factors for people: time and convenience. Increasingly our society is time poor. The ability to use your time most effectively—to spend more time at home, to spend more time with your children or whatever—is the key factor. Mr Larcombe might be able to elaborate on this.

Mr Larcombe: I am the Senior Transport Economist at ACTPLA. The elasticity survey was a stated preference survey. It was done by a recognised consultant who has had a lot of experience in that area. The kinds of questions asked are not similar to the one that you raised, which was more of an unconstrained question: would this make a difference to you? There is a series of questions designed to test the sensitivities around various options. The answers are brought together and identify which factors are the most significant. They are not unconstrained choices; they are choices such as: would you prefer to pay \$2 for this or \$1 for that? The answers are then brought together and produce statistically meaningful results.

THE CHAIR: Would further fare reductions materially impact on the number of boardings?

Mr Corbell: If the government had \$16 million to spare, which is what we would lose if we did not charge, I could think of better ways to spend \$16 million to improve the level of service of public transport rather than just provide an additional subsidy for the existing level of service provision.

MR HARGREAVES: That is a recurrent \$16 million as well.

MRS CROSS: The zonal system is a good system, minister. I just wanted to put that on the record.

Mr Corbell: It is a one-zone system.

MRS CROSS: The one-zone fare is very good.

THE CHAIR: The no-zone system.

Mr Corbell: The no-zone system. Thank you, Mrs Cross.

MRS CROSS: A no-zone system would be even better.

MR HARGREAVES: It is the no-zone layer.

MRS CROSS: The system you put in place is good.

Mr Corbell: Thank you.

MRS CROSS: Let me use a hypothetical—I like that word now—figure. How much is it costing us to fund the people who collect the fares, those who are involved in anything to do with the fare zone ticketing? Let us assume that it is \$10 million—it might not be; I am just guessing—if the net cost to the territory was \$6 million, would you then consider making it free?

Mr Corbell: Mr Wallace has undertaken to give you that detail, Mrs Cross, and he can do that. But I think my contention would still be based on the very detailed analysis that the government has done—that is, free public transport will not substantially increase the level of public transport usage in the city. It will probably have some effect, but it will not substantially increase it. Based on the government's analysis, what will increase public transport usage is greater regularity of service and greater timeliness of that service. We need to have services on our inter-town routes, in particular, that are more competitive with the journey time by private motor vehicle. That is where the government is placing its policy focus. The spatial plan also focuses on higher density development along public transport corridors to provide the population base that can help support dedicated, fast transit routes and, at the same time, will investigate options around both light rail, dedicated busway and other services which will increase timeliness and frequency of service.

Mr Corbell: I think my answer, in short, is no.

MRS CROSS: Mr Wallace or minister: you are going to trial this new mini-bus in little areas and are going to start in Weston Creek.

THE CHAIR: The current midi-bus.

MRS CROSS: I would be interested to know what it would cost us if we were to use it in a number of areas. It was put to us that a big bus costs a lot to run when there are only three people on it. If people need to take transport late in the evening, what would it cost to provide the same public transport service to the community by using a midi-bus versus the cost of subsidising Canberra Cabs?

Mr Wallace: Can I just start by referring to the question regarding the cost of collecting the cash. I doubt it would be more than \$1 million out of the \$16 million—most of it being commission to the agents who sell the tickets on our behalf. We pay them between five and seven per cent of the ticket value. I doubt that the whole cost would be much more than \$1 million, quite frankly. Most of our ticket sellers are on the road driving the bus, so we would not be able to dispense with them. Basically I do not think it would be more than \$1 million, so there is obviously a benefit in collecting that, leaving a \$15 million difference.

Let us look at the costs and the service that we will be able to provide, particularly in Weston Creek, in the next couple of weeks. After hours, or after the peak, the service frequency goes down to about every 90 minutes. We are proposing that it will be half that, to a 45-minute frequency. People will be dropped very close to their homes. We consider that to be a particularly good measure for female passengers who can be dropped almost at their door if it is safe to do so.

MRS CROSS: What hours will it operate?

Mr Wallace: It will operate after 7.30.

MRS CROSS: From 7.30 till when?

Mr Wallace: Until the last bus.

MRS CROSS: Which is when?

Mr Wallace: 11.30 to 12 o'clock, Monday to Friday.

MR HARGREAVES: Close to midnight.

Mr Wallace: On Saturday it is later.

MRS CROSS: That does not address the issue of people wanting to get home late at night who cannot get a bus.

THE CHAIR: Mr Wallace, correct me if I am wrong: that is fairly useful for the outward bound.

Mr Wallace: It is very good for that. We have also increased the frequency of people coming in.

THE CHAIR: Once they have gone out they have to turn around and come back.

Mr Wallace: They will come back on a separate route. Once you have put the driver in—we have already sunk the cost into the purchase of the vehicle—there is a difference in the cost and the capital costs of the big bus and the midi bus, but that is substantially the difference. The midi bus was \$200,000 to \$240,000 each.

THE CHAIR: As opposed to \$400,000.

Mr Wallace: As opposed to the \$400,000 for a brand new large bus. It is the marginal cost of providing the driver, the fuel and the tyres. I suppose it takes extra maintenance for them to run around in these areas.

MRS CROSS: How many seats are on a midi bus, Mr Wallace?

Mr Wallace: There are 26.

MR HARGREAVES: Are they the ones that drop down?

Mr Wallace: There are buses in the fleet that have suspensions that are able to be lowered.

MR HARGREAVES: Are the buses you are going to put on all going to be like that?

Mr Wallace: They are called Dennis Darts. There are 25 in our fleet.

THE CHAIR: Is this a kneeling bus?

MRS CROSS: Are there 25 midi buses?

Mr Wallace: Yes.

MR HARGREAVES: Is it the intention over time to replace them all so that they all do that?

Mr Corbell: The government has a bus fleet replacement program. As part of that replacement program all new buses that we purchase will be wheelchair accessible. They will be low floor wheelchair accessible buses to meet the standards required under the Disability Discrimination Act. The government has gone to tender for the first lot of approximately 42 new buses and will announce the winning tenderer shortly.

MR HARGREAVES: Terrific. What was the result of some of the least popular routes late at night? The point was that, for those least popular routes, Canberra Cabs have offered to enter into a partnership arrangement.

THE CHAIR: I have just asked Mr Wallace that question.

MR HARGREAVES: If it has been answered I will check the *Hansard* later.

MRS CROSS: You can check the *Hansard* later.

THE CHAIR: With the low floor wheelchair accessible buses you still have the problem of people accessing the bus being on a pavement or a kerb. Do the low floor buses come down to the level of the kerb?

Mr Wallace: There is a flap that is flipped out.

THE CHAIR: I see. I am just thinking of the bus stops at the end of my street. One is on a kerb; the other one isn't, so when you are getting off and coming home you are deposited on the pavement or on the gravel on the side of the road. Does that flip down ramp address that as well?

Mr Wallace: Yes, it will.

MR HARGREAVES: How many wheelchairs do the buses take?

Mr Wallace: The new ones will have two positions for wheelchairs.

MR HARGREAVES: Are the wheelchairs anchored to the floor?

Mr Wallace: It is necessary for them to hang on.

MR HARGREAVES: You are not talking about the person?

Mr Wallace: They lock the wheels and there are grab rails.

MR HARGREAVES: Who locks the wheels?

Mr Wallace: They lock their own wheelchairs.

MRS CROSS: What about prams and bicycles?

Mr Corbell: Not bicycles at this stage. Certainly prams can use these spaces. Obviously if someone in a wheelchair or with some other mobility impairment gets on the bus they have priority for that seating, but at other times parents with prams and others certainly can use this quite large space in the front of the buses. This is the case with all of the models that we went to tender on. In some of these spaces there are also spring loaded fold down seats. If no-one is sitting on the seats they spring up, which increases and better utilises the space.

MRS CROSS: Are there any seatbelts?

Mr Corbell: No, we do not have seatbelts on these buses.

THE CHAIR: On the subject of locating and securing a wheelchair, when I went to Madrid and various other places for the ITP conference, a lot of the European buses, the Bombardier buses, and trams have seatbelts. You wedge yourself into position, lock your wheels and pull out a sort of lap sash seatbelt, so there is an added level of security. Would you consider those extra security measures or do you think it is sufficient to just lock the wheels on the wheelchair?

Mr Corbell: Mr Wallace might correct me: as I understand it, we meet the Australian standard for a public transport vehicle in a metropolitan environment. That is what we abide by.

THE CHAIR: The current Australian standard does not require it.

Mr Wallace: No.

THE CHAIR: What I saw was their new standard.

Mr Wallace: A large range of wheelchairs can access them but sometimes they just do not fit, which can be a problem. We have had discussions with DPI. I went to one of their meetings where there must have been a dozen people in wheelchairs—from small wheelchairs, which you might see around the hospitals, to very large motorised ones—and not one of them was the same.

MRS CROSS: And you can accommodate those?

Mr Wallace: A seat-fastening system could accommodate all those types of wheelchairs.

THE CHAIR: Thanks for that. A lot of what the committee would like to ask about is still part of the sustainable public transport final report.

MRS CROSS: There was not much in the spatial plan on transport and I am a bit surprised about that. I know that you are very committed to transport solutions for the ACT. There were only a couple of pages on transport.

THE CHAIR: In fairness, there are about five pages.

Mr Corbell: As I said earlier, the spatial plan is essentially a land use plan in a strategic sense that identifies future land use in the city. The land use planning policies that are outlined in that plan are late. The thinking is that land is used in a particular way to support public transport usage. If you look at the areas identified for urban intensification, you will see that key nodes are Civic and the town centres along a number of key public transport corridors. Intensification occurs in these areas and the rationale for that is that it helps support public transport provision along those corridors. Equally, the government's commitment to develop an urban perimeter for the city and to contain all new development within 15 kilometres of the city centre is, again, a transport focused response. Basically the focus is on limiting journey time and thereby also limiting not only the impact of the city on non-developed land around our borders but also energy use associated with transport usage, which obviously has a greenhouse impact.

So the philosophies and the planning principles support a more sustainable transport approach. The sustainable transport plan will outline in more detail the types of specific technological and other approaches needed to deliver more effective public transport in Canberra. The spatial plan provides the framework to make sure they work.

THE CHAIR: I have two questions on that, minister. We all talked at various stages about increasing density to increase the viability of public transport and having more dedicated public transport groups and access. Isn't it a bit of a chicken and egg thing—a case of build it and they will come? It seems to me that you need to spend the money to get people on the buses. You cannot get the people on the buses and say, "As a reward we will give you a faster ride." Would you agree with that?

Mr Corbell: Yes, it is very much a chicken and the egg discussion. Fundamentally it comes down to what capacity government has to deliver infrastructure in advance of full utilisation of that infrastructure. That is a balancing act that all governments will have to accommodate. I have indicated to both the Planning Authority and to Urban Services—part of Urban Services still works to me, even if it is a very small part—that I feel we need to be doing more to deliver both the service and the infrastructure as much as the planning policies that support provision of that service and infrastructure.

Northbourne Avenue is a great example of planning policy that is working very well in encouraging higher intensification on a main public transport corridor, but at the moment the buses travel as fast as the cars in peak hour.

THE CHAIR: Which is not very fast.

Mr Corbell: Which is not very fast. The government has commissioned a suite of studies so that it is in a position to start to move on some options to provide the service delivery as well as the planning policy that supports it.

THE CHAIR: Why do we need another suite of studies? Doesn't blind Freddie know that we need dedicated bus lanes on Northbourne Avenue?

Mr Corbell: I think it is worth making the point that—

THE CHAIR: I think even Mr Hargreaves knows that.

MR HARGREAVES: I did not know that. I would assume it is also a question of just where you put it, how you put it and how much it is going to cost.

MRS CROSS: We will let the minister answer.

Mr Corbell: For as long as I have been in the Assembly, there have been debates about light rail and other technologies. There really has not been any serious examination of any of those sorts of technologies, let alone, for example, light rail and what it would cost in today's dollars to deliver such a system. If the Assembly is interested in this issue, and I know it is, it should be making decisions and having debates based on an informed basis. That is not what we have had for a long time; indeed, as far as I am aware, there has been no study in the ACT on issues to do with the total cost of transport to our community: private motor vehicle supporting infrastructure—roads—as well as the direct payment we put into public transport and the costs associated with motor vehicle accidents, environmental costs and benefits and so on. As a city we have looked at the total picture of costs and benefits of the decisions we make about how we invest public money in the transport division.

This government has done that. A very comprehensive suite of work has been completed, which includes the transport elasticity study to understand what factors influence use of public transport and a costing study that looks at not only the cost to the community, positive and negative, of the choices we make in transport investment but also the different types of technology itself, light rail and bus systems and other systems. What this government has achieved, regardless of whatever other outcomes come out of it, is the fundamental policy work that allows an informed debate to happen.

THE CHAIR: I do not think anyone has a problem with that.

Mr Corbell: I am just answering your question about why we are doing all these studies.

THE CHAIR: Yes, I know. There was money in the budget for studies on dedicated bus lanes and demand responsive transport. Will that be in the report that comes out around December as part of the sustainable transport plan? Will that all come to fruition at the one time?

Mr Corbell: You will see all of that come together in the document.

THE CHAIR: Is that a yes?

Mr Corbell: Yes.

MRS CROSS: That includes light rail?

Mr Corbell: Yes. The government will release all of the reports that have been done to inform the transport plan.

THE CHAIR: So it all comes together and supports that one document.

Mr Corbell: Yes.

MRS CROSS: Last year in February or March I asked you a question in the chamber. I asked if a feasibility study was done whether you would consider light rail progressing and you said yes. In fact, I tried to ask it at the Gungahlin Community Council and you accused me of politicising it. It was a genuine question because I know that we all have an interest in transport. You also said, in answer to my question, that the government was conducting the sustainable transport study and that, when the study was complete, you could then advise the Assembly whether light rail was a viable option.

I just want to make sure—I am not as experienced as you are in this place—that light rail as an alternative or a complementary transportation option is going to be mentioned in the report and that you are going to include the statistics of the study you have conducted as to how you came to the conclusions that we are going to read in that report. Is that right?

Mr Corbell: Yes.

THE CHAIR: That is a “watch this space”.

Mr Corbell: I think you will find, Mrs Cross, that it will be a very detailed examination of light rail in the supporting documentation. That will allow Assembly members to see what the costs and benefits are.

MRS CROSS: I am looking forward to it. Thank you, minister.

THE CHAIR: Thank you very much, minister.

MR HARGREAVES: Lastly, you might care to know, minister, that the gentleman who appeared before the committee to advocate free buses also complimented the government on the green lanes for bicycles, because he is a bicycle user.

MRS CROSS: Yes, he did.

Mr Corbell: It is all part of the sustainable transport approach.

MR HARGREAVES: It is all part of the transport service.

Resolved:

Pursuant to standing order 243, that all evidence received this day and documents received supplementary to this day, subject to the request to keep things in camera, be authorised for publication.

The committee adjourned at 4.21 pm.