

## SMALL CHARTER VEHICLE INDUSTRY

### *Grievance*

**MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition)** [9.45 am]: I rise to put my grievance to the Minister for Transport on behalf of the small charter vehicle industry. I would like to thank the 25 members of the sector—small business owners—and also Stephen Moir from the Motor Trade Association of Western Australia, who have come to the public gallery today, taking time out of their businesses because they are currently in dire straits trying to survive.

Minister, the small charter vehicle operators, as indicated in the government's own document, were not consulted as part of the changes to the on-demand transport industry. As a result, they have ended up being the meat in the sandwich. They have the worst of both worlds: they have to pay the levy, collect the levy from their customers, but they are not eligible for any of the buyback or compensation packages.

Small charter vehicle regulations require these operators to have a luxury car—my understanding is that the vehicle had to be valued at \$55 000 or more. The operators were regulated in that they have to charge a minimum of \$60 for their services. Some changes were made. As a result of the luxury car requirement, the small charter vehicle operators who have come to see me are now having to purchase luxury car vehicles from European manufacturers as Statesman cars are no longer being made. One such operator is a local constituent from Scarborough who has bought a couple of Mercedes-Benz vehicles. The total investment for his two vehicles was \$192 000 or thereabouts. Having purchased the vehicles, there is an immediate devaluation of that investment by about \$42 000, because of luxury car tax, GST, fees and charges, registration and all the rest of it. Most of these purchases are made under a bank loan arrangement, so the operator is paying interest and capital repayments for the purchase of their vehicle on a capital investment already devalued quite significantly.

The situation they face with the imposition of the levy is that many of these small charter vehicle operators have fixed contracts with individuals. They are competitive with the taxi industry. For example, if someone is taking a trip to the airport from Mosman Park or Scarborough, they might be looking at a fare of \$80 plus GST, which is about \$88. With the imposition of the levy, that now shoots that price up to \$96, which makes them completely uncompetitive and puts them out of the market. Many of these small charter vehicle operators are suffering from the effects of this levy. Some are looking at a 50 per cent reduction in their turnover in the space of one year. The fact is that the small charter vehicle operators were not consulted. The Department of Transport accepts that it did not understand the structure of the industry, and because of that lack of understanding, the operators have been caught in a very difficult bind.

They have not been able to get an audience with the minister's office, which has been very frustrating for them. They feel that their specific set of circumstances needs consideration and they are seeking an exemption from the collection of the levy under the regulations. Under the new system they now have to pay a new omnibus fee, pay an application fee, and register as an on-demand booking service operator. The omnibus fee, the annual inspection fees, and fuel costs have gone up. Insurance premiums for these operators has gone up exponentially due to the way in which they are insured. Uber has had an impact on the risk to insurers. Everybody in the on-demand transport industry is now paying higher insurance costs as a result of claims by the unregulated entrant. I put it to the minister that these operators are a critical part of our tourism industry and occupy a very specific niche in the tourism sector. Many of them were quite offended when someone in the Department of Transport said that if a consumer can afford to pay for a limo to take them to the airport, they can afford to pay the levy as well. But that ignores that a lot of charter customers are fly in, fly out workers who need to get to the airport at odd times and do not want to take the risk of a taxi or an Uber not turning up. They book small charter operators because they know they can rely on them to pick them up and get them where they need to go. Charter operators have ongoing relationships with FIFO workers. They know that they have a pickup from a specific point and a drop-off at a specific point every two weeks. These arrangements are made with a lot of customers for a year while they are operating under a particular roster. Bearing in mind that these drivers are not eligible for the compensation package, if a passenger takes an Uber to the airport for a \$40 fare, the levy will be \$4, but if they book a limo and pay \$85, the levy will be \$8. Charter operators are basically stumping up double the value of the tax as all other operators in the sector, but they are not eligible for any compensation. They really are the meat in the sandwich. They have not been considered as part of the on-demand transport changes and are in a very difficult bind as a result. They cannot absorb the levy because they have leveraged themselves with luxury vehicle purchases, which were made on the expectation of a fixed fare base. For them to absorb \$8 of every trip would take away their profit. We are asking for them to be exempted from the levy under the regulations or to be compensated for the losses that they have suffered.

**MS R. SAFFIOTI (West Swan — Minister for Transport)** [9.53 am]: I thank the member for Scarborough for the grievance. I welcome Stephen Moir from the Motor Trade Association of WA and representatives from the charter industry, who are in the public gallery today. I want to clarify a couple of things about consultation. My office has met with members of the charter industry. My office, the Department of Transport and I have met with

representatives from the MTA about the charter industry. As I said in Parliament a number of weeks ago, this is a difficult one. Their role in the industry in the past and the challenges they face are difficult. As I have said before, the reforms of this industry are challenging. I have never tried to say that it is easy. It is a significant reform across industry. Many people are finding it challenging to transition and we are doing all we can to try to assist them. I take issue with the member's comments about consultation. As late as yesterday some meetings were held in my office and the member for Armadale's office about this industry and the challenges that it faces.

The member raised the regulations. A lot of the changes to this industry happened in 2016 under the member's government, when, I understand, the member for Bateman was the minister. A lot of the changes about minimum fares and other regulations were made then. It was not pointed out that the deregulation of that sector of the industry commenced in 2016.

As I have said in this chamber, we specifically considered the role of these operators in the market. We have tried to address a number of the issues put forward by putting a cap of \$10 on the levy to make sure that higher-priced journeys were not impacted. We moved to address the more boutique services, such as the wedding limousine and other boutique industries, because they were administratively far easier to address. Charter services have and do compete with the on-demand service industry. I have had specific meetings to see what we could do that would have a practical impact and assist the industry. But the reality is that it competes a lot with the on-demand industry and we have found it very difficult to get specific —

[Interruption from the gallery.]

**The ACTING SPEAKER (Ms M.M. Quirk):** To the member of the public who interjected, that is disorderly. Can you listen in silence to the minister?

**Ms R. SAFFIOTI:** We are trying to figure out a mechanism that would assist with fixed contracts in particular. I understand that charter operators may have prearranged contracts with a third party. We have always said that we are keen to continue work to assist the industry. My department advised me this morning that it continues to work with operators to see what can be done to assist the transition when there are fixed-term contracts. We will continue to have those discussions and look at any mechanism we can implement to ensure that for fixed-term fixed-price contracts it will not allow the levy to be passed on, to a point. We are trying to work with those specific operators.

**Mrs L.M. Harvey:** Excuse me. Is there any way you would consider an exemption from the levy for existing small charter vehicle operators for a couple of years while they adjust their arrangements?

**Ms R. SAFFIOTI:** We have considered all these types of options, but fairness must be considered too. We understand that this levy applies to the whole industry. There are those in the taxi industry who do not think the levy should apply to them and that it should have been a specific Uber levy. But this levy applies to the whole industry. But the reality is, who is paying for the reform of the industry?

**Mrs L.M. Harvey:** But it does not apply to tourism operators.

**The ACTING SPEAKER:** Member!

**Mrs L.M. Harvey:** These are small charter vehicle operators who view themselves as an integral part of the tourism industry.

**Ms R. SAFFIOTI:** So does the taxi industry and the on-demand industry. There are different types of tourism operators. It has been difficult to go through individual circumstances in the on-demand space. We are trying to continue to work that through. There is also the issue of fairness and of who uses charter vehicles or normal on-demand services and who, in a sense, should be paying the levy. There is also the fairness argument for consumers as well. This is not an easy problem. I have spent a lot of time working through this with individual operators who have approached the Department of Transport and we will continue to do that. The reform of this industry is very difficult. The Motor Trade Association has been very good in supporting and representing its members and has approached us on a number of occasions. I will continue to work to see how we can make that transition smoother for all industry participants.