

TAXI AMENDMENT BILL 2016

Second Reading

Resumed from 19 May.

MR B.S. WYATT (Victoria Park) [7.00 pm]: I put on the record that I am not the lead speaker on the Taxi Amendment Bill 2016. I understand that most of the debate will be held tomorrow. I am paired tomorrow, so I will take the opportunity now to say a few words about this legislation. The member for West Swan is, of course, the lead speaker for the opposition on the Taxi Amendment Bill 2016.

Regularly in Parliament we have to deal with a change of regulatory regime. The Labor Party has argued for a long time now about, for example, the regulation of the marketing and sale of potatoes in Western Australia. The government has effectively accepted the position of the Labor opposition around the deregulation of the potato marketing industry, and so we move on.

[Quorum formed.]

Mr B.S. WYATT: As I was saying, governments regularly have to update regulatory regimes, as technology changes, as the market changes and as the reason for the regulation may no longer be relevant, and I gave the example of the Potato Marketing Corporation, on which the Labor Party has long campaigned. This is another example of the government seeking to change the regulatory regime around the taxi industry.

The ACTING SPEAKER (Mr N.W. Morton): Members, there are a number of conversations happening in the chamber, which is making it difficult for Hansard and me to hear.

Mr B.S. WYATT: The arrival in Perth of Uber and the use of telephones to connect directly with that service provider has had a dramatic impact on the taxi industry, taxi plate owners and drivers in particular. The arrival of Uber is not new. The time line of events in Western Australia effectively goes back to August 2014 when the Minister for Transport was briefed on uberX. In October 2014, uberX started. In August 2015, nearly a year later, a green paper was released. In December 2015, deregulation was announced by the government. In May this year, more detail on deregulation was announced. The minister's second reading speech on this bill was delivered on 19 May 2016. The point I am making is that this is not new; this government has just been particularly slow moving to what has been a rapidly changing environment. Perhaps the starkest example of that slow moving is that we are now dealing with legislation for a deregulated regime that came into place on 4 July, a couple of months ago—but here we are.

I want to emphasise and note the article in *The West Australian* from Desta Gabremariam, who, fairly enough, in great frustration pointed out that he is suffering great financial pressure for a regime whose legislation is still being debated here in Parliament. Tomorrow, through the member for West Swan, the opposition will move a number of amendments. No doubt the government will oppose those amendments and, on the numbers, we will fail to get those amendments through. However, because of the situation that people like Desta find themselves in—I have received an email from another person from my electorate, which I will read in a minute—we will not oppose the passage of this legislation. Many taxidrivers are facing a financial crisis. I would have thought there are some out your way, Mr Acting Speaker (Mr N.W. Morton), in the electorate of Forrestfield who need support from the government and need it urgently. Most people in this place can reasonably understand how ludicrous it is that we are debating legislation, the regime of which came into place on 4 July.

I want to read to the chamber what I thought was a very astute piece by Daniel Emerson in support of the story he wrote about Desta Gabremariam in *The West Australian* last week. He stated —

Could there be any starker illustration of the paralysis of the Barnett Government than its handling of reforms to the taxi industry?

What kind of a mob acknowledges the need for an aid package to compensate an industry for changes it is enacting, but fails to have it in place in time for the transition?

Perhaps the key point is: what kind of mob are we referring to? I could only describe the government as a slow-moving, dimwitted mob over its handling of this legislation. WA Labor has already made the point—the member for West Swan will no doubt outline this in further detail in her second reading contribution tomorrow, by the looks of the timetable of Parliament tonight—that we support a form of industry-funded buyback. That has already been announced by the Labor Party, and the member for West Swan will make some comments around that space tomorrow.

I have received a number of emails, phone calls and letters from concerned taxidrivers not only in my electorate, but also in the surrounding areas of Cannington and Belmont. I will not read them all. I do not intend to speak that long tonight. I want to note an email that I received from Omar Didan, who is Australian born and bred. He wrote to me, reflecting on, as he says, the Liberal Party's intention to deregulate the taxi industry. He outlined to

me in a very strong and long email why he thinks the way the government has handled this issue has been incredibly detrimental and stressful for him. I want to focus on the last paragraph because it is long. He stated —

If the above email has not done my message justice, I am more than happy to come in and state my case. Please Mr. Wyatt help us and your locality. The Taxi industry is at a breaking point and this if allowed to go ahead will obliterate it once and for all. It is not viable at the moment and as stated before I am considering going on the dole even now let alone with any changes. It is unfair that the likes of Uber has all the money in the world with the backing of Google to destroy us small family business and disadvantage the elderly citizens and the safety of people in your locality. Help us fight our cause

I read that part of the email into the record because it outlines better than I can the similar frustrations expressed by Desta Gabremariam in *The West Australian* last week. I watched the final speech in Parliament of Hon Ken Travers, who reflected upon how the government has handled the issue of taxi reform—he is right; it has been abysmal. I understand that political parties go through particularly stressful times of introspection and navel gazing, and that is where this government has been for quite some time. But this issue has been around since the minister was briefed on Uber back in August 2014. Although technology has quickly changed the industry, it is not as though the government was not aware of what was coming and the impact that it was likely to have. The lead-footed, ham-fisted approach by the government is now having a real impact on people like Omar in my electorate and Desta in the member for Girrawheen's electorate as outlined in *The West Australian* last week. I hope that government members take that on board when they think about their legislative program and deal with regimes such as this and the fact that people have borrowed and taken risks on the basis of these regimes, as created by government. Yes, some of it has come unstuck because of technology, which is out of the control of the government, but that puts a greater responsibility on the government to react quickly and fairly for those who are impacted. This government has not acted fairly and quickly to create a certain operating field for taxidrivers and plate owners in Western Australia. The member for West Swan has just returned from meeting a large crowd of taxidrivers and plate owners at the Western Australian Italian Club tonight. No doubt the member will reflect on that meeting tomorrow when she makes her contribution to the second reading debate. As I said, the member for West Swan, the Labor shadow Minister for Transport, will attempt to move some amendments to make this a fairer piece of legislation for people who are broadly in a vulnerable job; people who have taken a great risk to borrow against a regulated regime created by government. Bits and pieces of the regime have been changed over the years, but generally it has been in place for a long time. Two months after the regime has been changed, we are finally debating the legislation to allow that transition and we condemn the government because this has a real impact on Western Australians, including Omar who said in his email to me that he is Australian born and bred and he expects better from the government of the day. The government has failed miserably to act in accordance with the best interests of the people so dramatically impacted upon by that change in technology, but also the required change in the regulated regime that is effectively the taxi industry that we know. No doubt the government will oppose our amendments, but we will not oppose the legislation because from what I know about Omar and some other constituents of mine, and the story that Daniel Emerson wrote about Desta Gabremariam, people are now desperately in need of that support of \$20 000 or \$6 000 contained in this legislation. It will buy them a small window of time in which they can hopefully save their house and find another job or an opportunity to generate more revenue for themselves. I feel terribly for those people and the pressure that they must be under due to the changes in technology, and we have all accepted that that is outside the government's control, but I do not accept the slow, ham-fisted response from government that has exacerbated the financial circumstances of Western Australian taxidrivers and plate owners across our state. We all get in taxis and discuss this issue with taxidrivers. They will be holding this government to account in the lead-up to the next state election, and quite rightly so.

MR C.J. TALLENTIRE (Gosnells) [7.14 pm]: I rise to speak on the Taxi Amendment Bill 2016. It is an issue that has caused much concern amongst the taxidrivers who reside in my electorate. They are hardworking people who looked to invest wisely in things like taxi plates so that they could have an ongoing income for their families. They invested in an asset they would be proud to leave to their children and it was something that they felt was a valuable investment contribution. It was not just a dead asset over which they had no control. They thought that in holding something like a taxi plate they were investing in something that had the support of the government; that it was backed by a government guarantee. Taxi plates were quite often sold by the state government. People were able to find the money by accumulating their savings and bringing together their financial reserves so they could pay very significant sums. In many cases they paid more than \$250 000 and sometimes \$300 000. They pooled that amount of money and invested in taxi plates so they would have an asset that they could use themselves as drivers. Many drivers invested in taxi plates and then invested in the vehicle. They also made sure that they paid the annual insurance, which I think is in the order of \$5 000. They invested in the vehicle's maintenance and suddenly the government decided, probably with good reason, that security cameras should be installed in taxis. They complied and they did not quibble about the cost involved in doing that. They responded to the community's concerns. Unfortunately, a small number of taxidrivers abused the

confidence the public placed in them. A few well-documented cases involved aggression, especially on female customers, and the industry responded. The community outcry was respected and the industry sought to allay community concerns and was prepared to go to the additional expense of investing in vehicles. The industry has been prepared to work with government. People have naturally invested in what they thought was a rock-solid, government-backed investment in a taxi plate. They found different ways of keeping the vehicle on the road 24 hours a day and leasing to a person who would be prepared to drive perhaps during the night to keep the vehicle on the road that way. These people have been very entrepreneurial in their approach.

I think of some of the people who have come to speak to me, such as Mohammed Boksmati. He is now in his mid-60s. He and his son Hoss are very hardworking. Mohammed worked in the Pilbara for something like 25 or 30 years to accumulate the funds to buy some taxi plates. After all those years working in the Pilbara, he was able to invest in taxi plates. He owns three plates and his wife owns three plates. They made a major investment decision. They told me that when they made that decision, they considered things like investing in property. They felt that investing in taxi plates was a very solid investment. It was an industry that they understood perhaps better than the property industry and an industry that they were proud to contribute to. They could see that it met a community need. Occasionally, we all need to call upon the services of a taxi. He made that investment decision, to now find that, according to this legislation, the value of each of those six plates has decreased to \$20 000; it is an absolute insult.

Mr D.C. Nalder: That's not correct.

Mr C.J. TALLENTIRE: What is the value of the plates down to?

Mr D.C. Nalder: That's not correct. You're misleading the house by making that statement.

Mr C.J. TALLENTIRE: Is the minister saying that the plates are worth more than \$20 000?

Mr D.C. Nalder: I am not saying what the plates are worth, but you're factually incorrect by stating that they are worth that amount. You're misleading the house.

Several members interjected.

Point of Order

Mr B.S. WYATT: The minister has suddenly awoken and is now entering some strange debate. If the minister wants to contribute and talk about what plates are worth, he will no doubt do that in his reply to our second reading contributions.

Mr D.C. NALDER: Further to that point of order, Mr Acting Speaker —

The ACTING SPEAKER (Mr N.W. Morton): It is not really a point of order.

Mr D.C. NALDER: I was interjecting with the member speaking, and he was engaging in that. It has nothing to do with the member for Victoria Park.

The ACTING SPEAKER: I was going to say —

Mr D.A. Templeman interjected.

The ACTING SPEAKER: Member for Mandurah! I was going to say that it appeared to me, as the Chair, that you had taken the interjection from the minister. That does not mean that it descends into a free-for-all for everyone to then interject on that debate. I want to listen to the member for Gosnells and he has the call. If the member is willing to take interjections from the minister, I will allow that in an orderly fashion, but I do not want it to descend any further than that.

Debate Resumed

Mr C.J. TALLENTIRE: Thank you, Mr Acting Speaker. I did welcome the interjection from the minister. I turn to page 4 of the bill, which states —

30M. Amount and payment of adjustment assistance grant

- (1) The amount of an adjustment assistance grant is —
 - (a) in respect of taxi plates other than restricted taxi plates — \$20 000; or
 - (b) in respect of restricted taxi plates — \$6 000.

I suppose—the minister can correct me if I am wrong—the minister's argument is that the amount that people have invested in plates has come down, but it has not come down to zero. Is that right? Is the minister saying that the plates still have some residual value and that people would be eligible to claim \$20 000 on top of the residual value?

Mr D.C. Nalder: No. I am saying that the transition allowance is helping people through a transition of the industry that is moving from a regulated environment to a non-regulated environment. It's not to say the value of the business. We have said that the value of the business will shift from being discrete against a licence to something that'll be incorporated in a quality customer service, and they'll all be worth something different. It is a total transition to a new industry. In addition to this \$20 000, there's going to be a hardship allowance. Letters are being sent out to licence holders tomorrow and by Monday they will all be invited to apply for a hardship allowance, which has nothing to do with the transition allowance. There are different categories in here, and we have said that there's a third one that we are considering because we acknowledge that there's been a downturn in the economy that is making it different here from what it is in other Australian states, where taxi fares have gone up. We've not actually talking about the value of a business in these payments that are being made to people.

Mr C.J. TALLENTIRE: I welcome the minister's interjections, but I can put to him only what taxidivers I have talked to told me. The minister can suggest that I am misleading the house, but I am relating to the minister —

Ms R. Saffioti: He couldn't suggest that; he has to move a motion.

Mr C.J. TALLENTIRE: The parliamentary procedure is something we can look at as well. I use a taxi pretty well every Tuesday night when Parliament is sitting. My habit is to ride my bike in on the Tuesday morning, and usually when we finish up here, it is too late for me to ride home, so I catch a taxi home. I have fascinating conversations with the drivers. Last night, a gentleman from the Punjab told me about his situation. He is absolutely distraught. He works incredible hours for his family. I think I left here shortly after 10 o'clock, but he told me that he would be going until two o'clock in the morning. He dropped me off in Thornlie and then had to commute back to the Wanneroo area. These guys are driving incredible distances and I worry about the fatigue and the stress they are putting on themselves, but they are doing it out of desperation because they have taken out big loans with various financial institutions to cover the cost of their plates. I think in this gentleman's case it was a plate worth \$260 000.

The Minister for Transport is telling me that there is provision in this legislation for some transitional assistance, and the wording is "adjustment assistance". I know that in government we like to talk about "adjustment". We do not like to refer to things as compensation; we like to say, "We're helping you adjust to a changed regime." I first met the term "adjustment package" when we had a host of farmers, private property owners, who were being told that they would not be allowed to clear their land because of the land degradation consequences, so we had the Rural Adjustment and Finance Corporation with adjustment packages to assist them through. That was a mechanism of the Department of Agriculture and Food at the time to help people deal with a changing situation. I suppose the minister is now suggesting to me that this \$20 000 is an adequate adjustment package to assist people who have invested upwards of \$250 000 to meet with a changed circumstance. For farmers, that might be to do with issues around land degradation; for taxidivers, it is an issue to do with people ridesharing—or whatever term we want to use—to cope with the arrival of this Uber company. The minister mentioned in his interjection that there was also recognition of the fact that we have had a dramatic economic slowdown; that is certainly something that I also hear from the taxidivers who take me home on Tuesday nights and sometimes other nights of the week. They point out that when they were entering into their loans in, say, 2010 or 2011, there was really good business to be had. There was strong demand from people in the resources sector, people who perhaps were doing engineering work or some of the financing deals on any of the major resources projects; all those technical jobs that are required to bring together a major resources project. They were here in Western Australia and they needed taxis. I suppose they were particularly useful as a customer base because they would often not own a vehicle and would be going to the airport regularly to commute to their corporate home bases in perhaps South-East Asia or Europe or the US. Perhaps they did not fancy doing the long-term parking arrangement and would get a taxi to the airport. It was a very reliable customer base. Of course, the bread-and-butter for taxidivers was FIFO workers. Many taxidivers would have arrangements in place with people who wanted to get to the airport for a 5.00 am flight. They would work through the night and finish with a last journey from, perhaps, the outer northern or southern suburbs, taking the FIFO worker to the airport to catch a plane, and then the taxidriver would be able to finish for the morning, get a bit of rest and then start all over again. That is just further evidence of the hardworking nature of these people.

Those were the glory days; those were the days when things were a bit easier, but, of course, we have seen what has happened. We have failed to diversify the economy, so the visitation rate to Western Australia has dropped off considerably. It is now the case that the taxidivers I speak to say, "Well, I'll drop you off in Thornlie but then I'd better get back to Northbridge and see if there's anyone trying to get home from the pub on a Tuesday night." I do not fancy their chances. They prefer to do that than go to the airport. They find there is so much competition at the airport, waiting for customers who have arrived on a late flight, that they lose time and do not earn anything. They prefer to get back to Perth and do the Northbridge runs. People in Northbridge have the

option of using a conventional taxi or a restricted-area taxi. However, they are choosing the Uber option, especially as there is no surcharge. They find that Uber taxis meet their needs. A new arrival has come into the industry and that has been causing disruption to the industry. What really gets me is that we have allowed Uber, the new arrival, to come into Western Australia and not comply with any regulation at all. The government just sat back. It did not want to intervene. It did not say one single thing to Uber about whether it is meeting the regulatory regime that is in place for conventional taxidriviers. The government did not do a thing to defend people who have invested in taxi plates on the strength that they were issued by the WA government. The government was happy to see this rogue competitor come into the market and disrupt things without questioning the regulatory regime. I remember that a few years ago, Minister Buswell spoke in this place about the need to have cameras in taxis and about how quickly cameras would be phased into all taxis. As I have said, the industry was very accepting of that requirement. However, at that time, the type of camera equipment that taxidriviers were required to purchase was much more expensive than it would be now. That is another example of how technology moves on and becomes more affordable. I imagine that to install cameras in a vehicle now would not be as expensive. The government should do the right thing and require Uber drivers to put cameras in their vehicles. They are in the ride-share business. The government should take the opportunity and say, "Okay, Uber driver, if you want to operate in Western Australia, you have to meet the same standards that other taxi and ride operators have to comply with, so you must put cameras in your vehicle; and, by the way, you should have the same insurance standards as the standards that conventional taxidriviers have to comply with."

[Member's time extended.]

Mr C.J. TALLENTIRE: It would have been very easy for the government to keep faith with the taxi industry by showing that there would be a level playing field. That is the complaint I hear from all the taxidriviers I speak to. They tell me it is outrageous; it is not a level playing field. The Uber driver has none of the overheads that taxidriviers have to deal with. They find it outrageous and I totally agree with them. If the minister is suggesting that the \$20 000 adjustment package does not equate to the value of their plate, I think he has to justify and explain that argument because he has not explained that to the industry. When I talk to taxidriviers, they tell me the value of their plates has dropped to next to nothing. That is their feeling. They feel they are struggling to meet the repayments on their loan. One of my constituents, a gentleman, has monthly repayments of \$30 000 and his income is \$20 000. He is losing \$10 000 a month on his loan for his taxi and also has to meet mortgage repayments and other things.

Mr P. Abetz: Did you say annual—his annual repayments would be \$30 000?

Mr C.J. TALLENTIRE: I have my notes in front of me, member for Southern River, and I will confirm that.

Mr P. Abetz: I thought you said monthly and I thought that that just can't be right.

The ACTING SPEAKER (Mr N.W. Morton): Member for Southern River, I think it is "member for Gosnells", not his Christian name.

Mr C.J. TALLENTIRE: The member for Southern River does well to seek clarification. Mr Jaswant Gill from Maddington has two young children and a wife and a loan of \$210 000. He has to make annual repayments of \$30 000 and already his income is down to \$20 000. That is the information that he provided me. He pointed out that he has maintenance and insurance costs for his vehicle. He is looking to upgrade his car and the system, but he is suffering from an incredible amount of financial stress, and he is not alone. Many people in the taxi industry are in this situation and they are suffering.

I also want to introduce the perspective of Uber drivers into the debate. I have never taken an Uber. I have not been able to bring myself to do it. I hear that the quality of the service is good. I am sure that there is a high degree of variation around it, but I am told that people are given a bottle of water as they get into the vehicle. I have seen on YouTube clips that the driver is very professionally dressed and often has a nice vehicle. However, there is an issue about how much an Uber driver earns. This is a real problem and I do not think that we have had this discussion properly at all. In fact, people working as Uber drivers are vulnerable to all kinds of exploitation. When we really do the sums on it, we see that they are being ripped off. Those Uber drivers are losing big time. They are not being paid adequately at all for their service, but who is benefiting? Who is profiting from the whole thing? The Uber company is. We know that there are all sorts of question marks about where Uber pays tax. I am afraid to say that I do not have any confidence in our taxation arrangements to tax Uber properly. I think there is a real issue about how we defend Uber drivers from the exploitation to which they are starting to realise they are victim. All the promotional material that goes out to people to use Uber looks very enticing and the ease with which we can order a vehicle via the phone app and see its exact location is very appealing. We can do that with Swan Taxis now anyway. I admit that some players have probably been slower than others to catch up with the technology, but overall the ability to use GPS systems to track vehicles is becoming standard. But the real issue is how Uber drivers are being exploited and we have to tackle that.

I received a letter from Uber dated 24 May and it made all kinds of claims about the number of people working as Uber drivers. It told me —

Uber conducted a survey of 1,500 of our driver-partners in Perth. As a result of the survey, **four out of every five Uber driver-partners said they would not be able to afford to become a ridesharing driver if they faced an upfront cost of \$500.**

That is because at the time the minister was in discussions about some sort of charge system about which, obviously, the company just made various claims. However, it never went to the issue of how well recompensed these drivers are anyway. That is part of the question that we have to look at.

However, there is another aspect of the whole taxi industry story. People had the capacity to lease plates on an annual basis. The minister can correct me if the numbers are slightly out, but there was a time when people would pay around \$12 000 a year to lease a plate. That is now \$1 200 a year. Where does that sort of devaluation leave the industry? Some people hold these plates on an annual basis; they are not driving the vehicle, but are leasing out that vehicle permanently. That was the story that was relayed to me a couple of weeks ago by another gentleman from Punjab. He pointed out that he was not receiving a reasonable rate of pay, but, unfortunately, he was not able to get another job and was stuck using these plates as they were. We have a real problem with people driving these vehicles being exploited. It is very easy to say that it is a free market and that will decide things if someone does not like the job they are doing or the rate that Uber is paying or the rate that they are paying for their plates. We expect things to work well in Western Australia, and for this to happen we need a satisfactory regulatory regime. That is all the opposition is asking for here—a regulatory regime that respects the users of the taxi service. That is essential. We expect that security arrangements are in place and that drivers undergo things like police checks and that the vehicles are properly maintained and checked for roadworthiness. We expect a certain quality of service. We cannot leave things like passenger safety or motor vehicle safety to the free market. We have to have standards in place for that kind of thing. It seems perfectly reasonable to require vehicles to undergo annual checks. These vehicles are being used in the business of ferrying people around. I know that is the case in many jurisdictions and that once a vehicle reaches a certain age it is subject to an annual check. Why not do that? This is a vehicle that will be on the road probably 24/7 and we want to be guaranteed that that vehicle is not deficient in any way and is meeting the standards.

Those people who say that we can benefit from a totally deregulated world get a little bit bamboozled by the velour seats and the smiling face on the YouTube clip; they are a little too easily won over by those things. For a society to work well, we need a regulatory regime that underpins standards and makes sure that adequate standards are met. We have to work on that to make sure that we do not lose those standards. This government has given up totally and has said that Uber is coming in and it is not even going to attempt to regulate the industry.

The ACTING SPEAKER (Mr N.W. Morton): Members, there are a number of conversations happening in the chamber, which are making it hard to hear the member for Gosnells. If you want to continue, take it outside.

Mr C.J. TALLENTIRE: I am getting to the end of my speech, but I want to come back to the point I was making about the hardship that people are facing when they have taken out big loans or have invested their life savings only to find that the value of their taxi plates has dropped to zero. The minister contests that and says there is still some residual value in those plates. I would love to see his evidence around that. When I talk to drivers in the industry, they say that, effectively, the plates' value is zero.

I will finish with the example of one more constituent, Graeme Landquist. Graeme and his father have plates and they are devastated. They had thought there was a beautiful asset there that could be passed on to generations. They had confidence in the government of Western Australia to preserve the value of their asset, and for people like Graeme to see the value of that asset stripped away is devastating for them. It undermines the confidence not only of someone like Graeme Landquist but also a whole sector of our society in government institutions. If we cannot remain faithful to a commitment we have made to underpin the value of an asset by issuing that very asset, and we allow that asset to just erode to some very small residual sum—if the minister really does want to contest the point that it has probably fallen to zero—we have a big problem on our hands with community confidence in the operations of government. That is the last thing we need. I certainly hear that from many of the newcomers who are taxidriviers. We have to recognise that many of the people in the taxi industry are newcomers to this country. They are migrants who have been granted their permanent residency and are finding their way and working hard. They have often come from political regimes and escaped civil war or perhaps all sorts of corruption, and they have come to Australia and found that their hard work is not rewarded by a blossoming of their asset; on the contrary, they find their asset is eroding to nothing.

MR P.C. TINLEY (Willagee) [7.45 pm]: I would like to make a contribution on the Taxi Amendment Bill 2016. This bill is a classic example of regulation being overtaken by market changes. We often talk about innovation in this place, and it is the almost political item of choice at the moment nationally and certainly in this state. We

talk about innovation, innovation and innovation. But we are currently talking about one of the technical innovations that has overtaken the industry and its regulation, and left Western Australian small businesses worse off. It is instructive, because although we could and should easily criticise the government for its tardiness in attending to this issue, we should also take it as an exciting opportunity to talk about change and about how regulation needs to keep pace and be in advance, whenever possible, of change. In the innovation lexicon, if you like, we are always groping around for a proper definition of where innovation occurs. Having just sat on a committee for nearly a year investigating the very term “innovation” and what it means for Western Australia, I feel a little more educated in speaking on it in relation to this bill and this position we are in. The best definition of “innovation” that we had in the committee I served on was a three-stage definition. It is important that we have these definitions so that we can start to quantify the size, scale and potential of any changes to a particular market.

Innovation occurs every day. A vast majority of innovation is boring. If a company, small or large, is not involved in the continuum at some point, the company will have a finite life; the business will be degraded, if not lost. Incremental innovation happens every single day in every business that wants to thrive in the Western Australian economy. The second definition that innovation neatly fits into is “step change”. That is when we see significant market shifts by regulation or by market movements, supply and demand or the various macro or micro drivers to a particular market that create a circumstance when a business has to go through a step change. Innovation is never a commentary around technology. Technology pervades the whole spectrum of innovation. There is incremental, step change, and of course the final one is disruptive change. We characterise disruptive change as the sort of change that happens to a market or a particular circumstance or an ecosystem, if we want to put it in those terms, that is unforeseen, sudden, widespread and deep. The advent of mobile technology is a good example of that sort of disruptive technology, but it is all relative.

When we are talking about Uber—the disruptive change people keep talking about that has impacted on the market in Western Australia—we like to characterise it as disruptive change. But if we were alive to the potential of it happening and alive to the idea that mobile technology and wireless technology had been a long time coming, we would have looked across the industries and the sectors on which the Western Australian economy relies, either as a prime participant of the economy or as a service to the economy, and we would have seen this coming. Uber has been around since 2009. It is a \$1.25 billion US company. It started in San Francisco, and it was much heralded. Its founders were very vocal and very good at marketing their product. It markets itself as a technology company, not as a ridesharing company or anything else. Uber Technologies is a multinational online transportation network; its full title is Uber Technologies Incorporated. It is headquartered in San Francisco. It develops, markets and operates the Uber mobile app, which allows consumers with smart phones to submit trip requests that the software program automatically sends to the Uber driver nearest to the consumer, alerting the driver to the location of the customer. Uber drivers use their own personal cars. As of August 2016, the service was available in over 66 countries and 507 cities worldwide. Most of us know how the Uber app automatically calculates the fare, and creates a cashless service for the efficient provision of transport.

On the surface, that sounds great—no problem. But why did the government not see Uber coming? Who in the transport industry did not see it coming? Who in the transport industry did not alert the government? Who in the Department of Transport did not see it coming in 2009? It really gathered pace within 12 months of being launched, and now it exists in 507 cities. Why would we think that we would be immune to a global trend? This is a statement about how we arrange and see ourselves as an economy. The poor suckers, in this instance, are the people who paid a lot of money for plated taxis in a very regulated market. I will not go through the history of the regulation of the taxi industry, but back in the day it was seen as an essential service. We all remember the fights that Alannah MacTiernan had with the taxi industry about access to particular areas, zonal taxis, peak plates, and all the variations in a highly regulated market.

If we are going to take responsibility for regulating a market, we also have an inferred responsibility to look to the future of that market. Although I believe in the power of markets—I think markets are absolutely fundamental to our economic system—I do not believe for a minute that anyone, particularly a member from the other side, would suggest that governments do not participate in markets. That is complete bunkum. Governments have framed markets since capitalism began. Governments frame markets all the time. We set out the regulations under which participants will play. We do it in electricity and gas. We do it in fisheries, with quotas of how many crayfish can be taken. We do it in various other industries, such as the citrus industry. We are doing it now with the Potato Marketing Board, with the government deciding to exit the regulation of that industry. That was a regulated industry. We cannot absolve ourselves of the responsibility for looking after an industry that we regulate by saying that it is just economic forces; it is just the winds of change; we did not see it coming; it is not our fault. We are not blameless in this, and the government must accept a level of responsibility for not foreseeing the potential of Uber, the disruptive technology. If the government had seen it happening in

2009 and 2010 and acted correctly, we could have put this in the realm of definition on the innovation spectrum as just a simple step change for which we had to prepare the industry.

My point about this and the contribution I want to make is that we now have the downside effects of allowing a disruptive technology to shape the market in a way that we did not anticipate, which we should have anticipated. At both a state and federal level, we are now scrambling to come up with a way to manage the arrangement. In the middle of last year—I think it was May 2015—the Australian Taxation Office issued its directive that as drivers generate an income through ridesharing, it is considered a business. It advised those people who provide a ridesharing service that they need to have an Australian Business Number and register for GST. Obviously, Uber challenged that in the Federal Court, and I think that case is still on foot. I would be guided if anybody knows any more about it; I did not investigate that aspect. The Australian Taxation Office is left in a position whereby if it cannot get a special category for ride-sharing drivers under a standard ABN for the purpose of collecting GST, they need to be classified as taxidrivers. Again, in this case, Uber drivers will be penalised for the government's lack of forethought and foresight to attend to this early.

It also raises the issue of how the Western Australian economy sees itself. There is a cultural issue here amongst us, as policymakers and representatives of our community, and as we identify a future that we want to create for ourselves, not a future that we fear. I am talking about how we are so temporally connected to the red rock. The idea that we are simply an iron ore mining state pervades even the minds of people who occupy these benches, on all sides; it is a commentary about all of us. If we continue to see our future economic forces as the ones that have delivered our economic wealth since 1968—in the case of iron ore; oil and gas was not long after that—we are forever doomed to keep fighting the last war and not the next war. We must understand that traditional industries that have been revenue-strong will one day decline. Even in those traditional industries, we are not immune to the winds of change in a globalised world. As I said, our iron ore has never been more trade exposed. We are in direct competition with Vale in Brazil for the shipment of iron ore to our biggest markets in southern China. Now that the cost differential has been reduced from \$21 a tonne to \$4 a tonne, if we continue to think what we have always had will be what we always get, we will continue to have problems like we have with Uber. Things that should be step changes or predictable changes in our economy will deliver unexpected change with greater turbulence. For all of us who engage with taxidrivers who live in our electorates, we will see them as victims—as they are victims—of the government trying to effectively deregulate a market. It is trying to exit people from the industry. Governments have often played in exiting by providing industry assistance packages. However, the Labor Party supports this bill only reluctantly because the level of support the government is providing to the industry to exit is pitiful. It is beyond belief that we should do this for them. We have choices. We can fund a proper exit for the industry, like we did for cray fishermen and some of the growers and the dairy industry when we deregulated or adjusted the industries. Other jurisdictions have done it and we should do a similar thing here.

That level is a moot point. I suggest that \$20 000 is not the level. When we look at the capital expenditure for people to purchase a plate, we see that it becomes quite farcical. Other issues in the taxi industry would benefit from deregulation. We should be looking at not only providing monetary assistance or a transition payment, but also deregulating all plates. Why do we still have peak plates? Why not get rid of peak plates and pull off the bandaid completely? Right now, when Uber drivers are making their most money, people in the regulated market with peak plates are getting cut out because they cannot work. They have restricted trading hours and they are herded into, because of the nature of their plates, a specific set period of operation—that is, the peak periods—which are the best periods for Uber drivers. I think we can go a step further to support the current regulated industry to ensure that we look after those people's interests, because they too are citizen consumers who deserve our assistance.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House)**.

House adjourned at 8.01 pm
