

TRANSPORT (ROAD PASSENGER SERVICES) BILL 2018

Consideration in Detail

Resumed from an earlier stage of the sitting.

Clause 22: Safety duty offence: Category 2 —

Debate was interrupted after the clause had been partly considered.

Clause put and passed.

Clause 23 put and passed.

Clause 24: Reasonable steps defence —

Mrs L.M. HARVEY: We were talking about the reasonable steps defence in the context of safety duty offences before we changed tack and moved on to private members' business. To outline the reasonable steps defence, is it envisaged that there will be a different test of these defences depending on the severity of the category 1, category 2 and category 3 transgressions?

Ms R. SAFFIOTI: It will be the same test.

Clause put and passed.

Clause 25 put and passed.

Clause 26: Term used: disqualification offence —

Mrs L.M. HARVEY: Clause 26 defines “disqualification offence”. There is a reference to some regulations prescribing disqualification offences for the purposes of this legislation. What offences does the minister envisage will be prescribed as disqualification offences?

Ms R. SAFFIOTI: Disqualification offences will include offences of a serious nature under the bill—for example, the breach of a category 1 safety duty offence.

Mrs L.M. HARVEY: What would be the process in the event of a category 2 or category 3 safety offence if it is not a potential disqualification offence?

Ms R. SAFFIOTI: Work is continuing on the regulation and on identifying disqualification offences. I have been advised that subsequent offences, for example, would be taken into consideration. Work is continuing on defining what other offences would qualify under this clause.

Mrs L.M. HARVEY: Correct me if I am wrong, but this is specifically in relation to on-demand booking services. Are there separate provisions for the other categories?

Ms R. SAFFIOTI: Yes. For example, drivers have different disqualification offences.

Mrs L.M. HARVEY: Further to that, obviously the on-demand booking services will be collecting the levy for the buyback scheme. Would failure to comply with the collection of that levy, failure to lodge returns on time, or failure to report accurately with respect to the collection of the levy, also constitute a disqualification offence?

Ms R. SAFFIOTI: They are grounds for a suspension or cancellation, but it is not currently envisaged they will be grounds for a disqualification offence.

Mrs L.M. HARVEY: Are the consequences of a disqualification offence an inability for the provider to be reinstated or re-authorised?

Ms R. SAFFIOTI: Yes.

Mrs L.M. HARVEY: So once the provider has received a disqualification offence, that is it—they cannot operate in this state anymore?

Ms R. SAFFIOTI: They can operate for a prescribed period; and, for different disqualification offences, different periods would be applied.

Mrs L.M. HARVEY: Will the various different offences and disqualification periods be prescribed by regulation?

Ms R. SAFFIOTI: Yes.

Mrs L.M. HARVEY: There are drivers, and people who would have contracts et cetera with the on-demand booking service. If an on-demand booking service was disqualified, would there be any flow-on consequences for those other operators or would they just need to make contractual arrangements with someone else?

Ms R. SAFFIOTI: They would need to make contractual arrangements with someone else.

Mr W.R. MARMION: I am reading this clause in conjunction with clause 12, “Close associate”. An on-demand booking service may have three partners who are involved in the company, and it is disqualified because obviously

one of the partners has stuffed up. If the other two partners, who are of notable character, wanted to reconstitute the company and exclude the person who had committed the disqualification offence, would that reconstituted company to take over the business be included or excluded, given that the other two partners were a close associate of the disqualified person at the time?

Ms R. SAFFIOTI: In answer to the member's question, yes, they could reconstitute. During one of the discussions we had earlier about "close associate", if there is a current financial interest, that test would be applied.

Clause put and passed.

Clause 27: Provider of on-demand booking service must be authorised —

Mrs L.M. HARVEY: This clause seeks to create offences for providing an on-demand booking service without authorisation. I know that there are some informal arrangements with certain groups. In some regional centres, a Facebook group has arrangements for rideshares and ride pickups under a fee-for-service arrangement. Is it envisaged that the department will be looking at providing some enforcement rules around some of those informal operators?

Ms R. SAFFIOTI: Those operators would need to be authorised. As part of the transition, we would have a strong communication program in the community because this is a whole new regulatory framework. Those providers would need to be authorised.

Mrs L.M. HARVEY: There are references in clauses 27(2) and (3) to an association arrangement with an on-demand booking service. We spoke earlier about some of these smaller boutique-type service providers who manage five, six or maybe eight drivers. Do those association arrangements need to be lodged with the department or are they just arrangements that must comply with these regulations and the legislation and it is the responsibility of the two parties to that contractual arrangement to ensure they comply?

Ms R. SAFFIOTI: Yes, that is right. They do not need to be lodged with the department.

Mr V.A. CATANIA: One of those small operators has no legal requirement of that check and balance from the department if they have an association arrangement with an on-demand booking service. If I were a customer of that smaller associate and I was not happy with the way that I had been treated or had other issues about how that on-demand booking service eventuated, who do I complain to? Is it the department or the on-demand booking service company that is authorised to provide the service, which is a subsidiary of that, that I have a problem with? Who can be at fault here? Who is the person that the department will inquire of, given the fact that the authorisation does not lie with the association or the associate, if that makes sense? It is quite confusing and difficult to fully understand that. Basically, there is no licence requirement for that associate to provide a good level of service. Who does the consumer complain to? Clearly, it is not that person who holds the licence; it is the main company that holds that licence. Who does the Department of Transport tackle if there is an issue? Hopefully, that makes sense because I am lost now.

Ms R. SAFFIOTI: An authorised booking service has the responsibility for that chain of responsibility. For example, one of the things that the principal booking service will be responsible for under association arrangements is complaints management. That will be part of the arrangements between the association and the principal booking service.

Mr V.A. CATANIA: If the association arrangement is such that the buck stops with the authorised on-demand booking service and a smaller operator is utilising that service, is there no recourse for that smaller service to be held to account other than the person holding the major licence?

Ms R. SAFFIOTI: In that sense, for example, if the authorised booking service and the association it has agreed to behaves badly, the booking service would probably get rid of the association. That recourse could occur then. The Department of Transport will continue also to be available to listen to complaints. Primarily, because it is an associated booking service, under the legislation, accountability will be with the authorised booking service in the first instance.

Mr V.A. CATANIA: If the smaller associate makes a blue or does something that is not correct, obviously the on-demand booking service authoriser would be responsible. Obviously, it could sack that driver or say it will not allow the driver onto the on-demand booking service. What penalties would apply should they commit an offence or whatever the case may be that affects that company? What scrutiny will be available to the department over operators to make sure they do not operate again if there is an issue in the way they have operated illegally or if complaints have been made against an individual who utilises an on-demand booking service of which they are an associate?

Ms R. SAFFIOTI: Under this legislation, both the principal and the association would be liable. The penalty and how it is administered would depend on what type of breach or action occurred.

Mrs L.M. HARVEY: Page 55 of the explanatory memorandum sets out that the arrangements that need to be covered by an associated booking service will be prescribed by regulation. What aspects of that contract will be prescribed?

Ms R. SAFFIOTI: The requirements for an association arrangement are that it has to be a written agreement for the two booking service providers; it must make clear which booking services are captured by the association

arrangement. They are all in the explanatory memorandum. Another requirement is to include acknowledgement by the principal booking service provider that the principal booking service is responsible for prescribed functions in respect of the on-demand booking services covered by the arrangement

Mr W.R. MARMION: This issue will probably come up in a few other clauses, but while we are on the topic, this clause contains the penalties of \$40 000 for an individual and \$200 000 for a body corporate. I guess the minister can explain how they were derived. How does the fine of \$40 000 for an individual compare to the administrative cost of putting in an application to become an authorised on-demand booking service? I am thinking of an individual starting out who wants to provide their own booking service. What would be the approximate cost of that?

Ms R. SAFFIOTI: The cost of authorisation is still being worked through in the regulations, but the amount will depend on the size of the fleet—again, trying to reduce the cost for the smaller operators. So I think it is approximately \$250 to \$300 for a small booking service operator.

Mr W.R. Marmion: How does the \$40 000 and \$200 000 compare with the situation in other states?

The DEPUTY SPEAKER: We just need someone on their feet. Member for Nedlands, are you wanting to ask another question?

Mr W.R. MARMION: No. It is the same question, I am just refreshing the minister's memory that I also asked that.

Ms R. SAFFIOTI: I think the size has been a significant deterrent, but we also understand that it is comparable with other states. We are checking that.

Clause put and passed.

Clause 28 put and passed.

Clause 29: Application for authorisation to provide an on-demand booking service —

Mrs L.M. HARVEY: Clause 29(4)(c) on page 28 of the Transport (Road Passenger Services) Bill 2018 outlines how an application must be on an approved form. It states that the applicant must —

nominate one or more persons who meet the criteria set out in section 30 to represent the applicant in providing the on-demand booking service; ...

Further, the bill says that one of those individuals that complies with proposed section 30—please correct me if I have this wrong—has to be a director or manager of the body corporate, and must be a resident of the state. Is that correct?

Ms R. SAFFIOTI: Yes. What the member said is right.

Mrs L.M. HARVEY: So if Uber has a state manager, would it have to incorporate as a specific body corporate under Australian law and have a manager or director of that body corporate who is a resident of the state to continue to operate in Western Australia?

Ms R. SAFFIOTI: A body corporate will be required to have a responsible officer—a senior person—in Western Australia, such as a manager.

Mrs L.M. HARVEY: The bill says that it must be a director or a manager of the body corporate. So it does not need to have, like, an actual board structure; it can be a person employed as a manager or a CEO under company law?

Ms R. SAFFIOTI: Yes, that is correct.

Clause put and passed.

Clauses 30 and 31 put and passed.

Clause 32: Refusal of authorisation —

Mrs L.M. HARVEY: Clause 32 outlines circumstances under which the CEO can refuse an authorisation. Proposed paragraph (d) states —

a close associate of the applicant has previously held an on-demand booking service authorisation, or an equivalent authorisation in another State or a Territory, and that authorisation has been cancelled; or

Would this also empower the CEO to refuse an authorisation for an on-demand service provider that had had its authorisation cancelled in another country?

Ms R. SAFFIOTI: It could be considered under the “fit and proper” test, but no explicit clause deals with what the member has said. It would possibly be considered as part of the fit and proper test in paragraph (a) of this clause.

Mrs L.M. HARVEY: A state or territory is considered to be a state or territory of Australia, not just any other territory. I am thinking about an on-demand service provider that has been operating in Singapore or New Zealand, for example, and we know they have done the wrong thing because their authorisation was cancelled or disqualified

there. It seems to be a good thing to be able to have the explicit ability to refuse to authorise them here. Is the minister saying that the fit and proper test would cover that?

Ms R. SAFFIOTI: It could potentially, but this is a very grey area because the major ridesharing company here probably has many cases against it across the world. If there were an explicit clause, that would compel us not to authorise a company that had issues around the world. That would automatically exclude at least one major operator. If the CEO had serious concerns about a company's potential operations in Western Australia, they could use proposed paragraph (a) to assess that. But as I said, given what has happened with ridesharing companies around the world and how different countries have treated them when they have fallen foul of different laws, I suspect that if we had an explicit clause to deal with that, one major operator would not be able to operate here.

Mr V.A. CATANIA: If a company is refused authorisation by the CEO, is there an ability for it to appeal? What is the mechanism to appeal if the CEO has refused to grant authorisation for an on-demand booking service?

Ms R. SAFFIOTI: Clause 262 shows that it is a reviewable decision, which can be taken to the State Administrative Tribunal.

Clause put and passed.

Clause 33: Conditions of authorisation —

Mrs L.M. HARVEY: Provisions in clause 33 have the ability to put conditions on an on-demand booking service authorisation. I wonder what sort of conditions might be imposed. I am also thinking about how this industry is changing in regional areas and whether it might be envisaged that the CEO could put a condition on an on-demand booking service authorisation to provide a service or provide a booking service to a regional centre that currently does not have one.

Ms R. SAFFIOTI: The member asked about the conditions of being authorised or what other things could fall under this section. An on-demand booking service provider will be required to comply with conditions. The conditions are expected to cover matters such as the development and maintenance of a safety management system and reporting of serious safety incidents—things that we have discussed previously—records relating to on-demand passenger trips, requirements for complaint-handling mechanisms, a transparent process for communicating and calculating fares, and the reporting of any change to the directors and management of a service. There will also be an ongoing requirement for WA residency for the responsible officer. In respect to the situation the member described of market failure in a particular town, that would be where the Department of Transport would work directly with the local government and any other local providers to see what they could do.

Clause put and passed.

Clauses 34 to 41 put and passed.

Clause 42: Suspension or cancellation order —

Mrs L.M. HARVEY: This division and this clause are linked to a suspension or cancellation order. Under what circumstances does the minister envisage that the CEO would be ordering a suspension or cancellation order?

Ms R. SAFFIOTI: Page 61 of the explanatory memorandum outlines some of the instances, such as —

- the CEO is no longer satisfied that the provider of the service meets the requirements for the grant of an authorisation ...
- the provider of the service has failed to comply with any requirements ...
- the authorisation was obtained by fraud or misrepresentation ...

The list goes on. It is all outlined in the explanatory memorandum.

Mr W.R. MARMION: This is an important clause. My question relates to clause 42(1)(f). The main thing is that the government is collecting the money. If a provider is withholding the money that the government wants to collect, it will want an ability to suspend their operation. How will that work in practice? Let us say they are a few days late. What are the practicalities of this? Would they have a bit of time to get the money in? The minister might include in her answer how regularly the money will be recouped under the regulations. There is the threat of suspension. How long would the government wait until enforcing the suspension? If they are suspended, how will that stop someone from using the app? Will that mean that it will invoke the \$40 000 or \$200 000 fine as per a previous clause, because they do not have a legitimate licence?

Ms R. SAFFIOTI: In relation to the collection of the levy, the larger booking services will be required to pay monthly and the smaller ones will pay quarterly, to reduce the administrative burden on smaller booking services. In relation to the cancellation, if their authorisation is cancelled, they will no longer legally be able to run an

on-demand ridesharing business or ridesharing service in WA. There are also monetary penalties under the bill for failing to lodge the return. If we cancel, they are not legally able to run. Now that the market has changed and is maturing, if people are aware that someone is not authorised and is basically operating outside the law, and there is no protection or safety as part of the whole chain of accountability, I suspect they will choose another booking service. As we know, things are maturing, so there is probably more competition and choice. Over time, there will be a lot more competition and choice out there.

Mr W.R. MARMION: Just on the levy, for my information, will GST be paid on the levy or is GST exempt on the levy by the customer?

Ms R. SAFFIOTI: No, the amount of the levy that a booking service is liable to pay will not be subject to GST, so the payment for the booking service to government is not subject to GST. It depends on how they pass it on to the customer. I suspect each booking service may pass it on or charge differently, depending on how they operate. We have not prescribed how the relationship between the booking service and the customer will operate in relation to the levy. The levy will be paid by the booking service. As I said, Uber used to take 20 per cent off for itself; now it takes 27 per cent. It did that as part of its arrangements with its drivers. How a booking service administers the levy in relation to its drivers will depend on the booking service.

Mr V.A. CATANIA: The minister is saying that it is up to the on-demand booking service whether it charges the customers that 10 per cent—is that correct?

Ms R. Saffioti: Yes.

Mr V.A. CATANIA: If they charge that 10 per cent to the customer or the taxi or the Uber or whatever the case may be, they are then subject to GST—is that correct? The other question is: can they charge more than 10 per cent to the consumer because of potential GST and potential transaction fees or whatever the case may be, administration costs? In effect, could it be 11, 12, 13 or 14 per cent extra charge per consumer, based on this extra GST collection and extra fees associated with charging that 10 per cent?

Ms R. SAFFIOTI: A couple of things. First of all, there will continue to be regulated metered fares for taxis. In relation to the charge that a booking service charges their customer, that in a sense currently is up to the market. We are looking at the booking service's revenue over X period of time and asking for 10 per cent of that revenue to be paid as a levy to the government. How will that booking service wish to collect that? In most instances, I suspect it will not be an explicit 10 per cent on the fare, because the booking service down the road will not be doing that. There will be a level of competition. If they want to go and charge someone 14 per cent extra, I suspect another booking service will not be doing that, and they will increase their competition. It is up to them. As I said, when Uber increased its take from 20 per cent to 27 per cent, what impact did that have on prices? That is the question. When they increased their take from 20 per cent to 27 per cent, was that charged on to the customers? There are a number of interactions and a number of flows between the driver and the booking service, this being one of them.

Mr V.A. CATANIA: I accept the minister's logic behind competition and what she says, but there are some good examples in Australia and the world. The banks are one. When the Reserve Bank decreases interest rates, do all the banks put interest rates down or do they put them up? I think we will find that they all go up together. I am trying to think of another scenario in which there would be no cap on a charge—it is ATMs. Some ATMs charge \$2, some charge \$2.50 and some charge \$3.50. Generally the punter does not look at it; they just want to get their money out of the ATM. I would like further clarification of whether there is no cap on ridesharing or on-demand transport. My understanding was that a 10 per cent cap could be charged, but if the minister is saying that GST and other fees and charges could be associated with that which they could claim back, suddenly who knows what the cap will be? Is the minister able to put a cap on what these companies will charge?

Ms R. SAFFIOTI: I probably misspoke. The cap is 10 per cent. There is nothing stopping a ridesharer increasing fares by 15 per cent today. Does the member know what I mean? That is the concept of competition. They all have different rules and regulations. One company has a surcharge provision; others do not. I am saying that that currently exists. There can be changes to fares today and there can be changes to the driver's take today that will have an impact on the customer. In relation to the levy, the maximum is 10 per cent and it has to be itemised on the receipt, up to that 10 per cent, so when customers compare and contrast companies, they will know how much they are passing on in respect of the levy.

Mr V.A. CATANIA: I want clarity on this. If I owned a Uber or taxi service and I charged a 10 per cent levy and passed that on to punters who jump into a cab or Uber, that 10 per cent that is passed on is subject to GST. If I am the owner of Uber or Black & White Cabs or Swan Taxis, I would incur an extra burden from that GST, which I will obviously pass on to the punter because I am not passing on just the 10 per cent, but the GST cost as well. I want to clarify that.

Mr W.R. Marmion: You have the option to.

Extract from *Hansard*

[ASSEMBLY — Wednesday, 19 September 2018]

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Mrs Liza Harvey; Ms Rita Saffioti; Mr Bill Marmion; Mr Vincent Catania

Mr V.A. CATANIA: I understand that they have the option to, but in reality businesses do pass on their costs. Is on-demand transport subject to GST once they pass that five, 10 or 15 per cent on to the consumer?

Ms R. SAFFIOTI: Firstly, the booking service does not have to pay GST on the levy. I confirm that. Secondly, the levy is on the pre-GST fare. People will not pay the levy on the GST-inclusive fare.

Mr W.R. MARMION: I just want some clarification on this. I just want the minister to explain where the GST for the transaction is collected. If I am a customer and, say, the fare is \$60, and adding 10 per cent of that makes \$66, am I paying GST on the \$66 or am I just paying —

Mr P. Papalia: Did you not just hear what the minister said?

Mr W.R. MARMION: No, I want it clarified for *Hansard*, so I am giving an example.

Mr P. Papalia interjected.

Mr W.R. MARMION: Madam Deputy Speaker, it is very hard to frame a question when there is someone interjecting from the other side trying to put me off my logic of framing a question. It is very rude.

Point of Order

Mr V.A. CATANIA: I have a point of order.

The DEPUTY SPEAKER: There is absolutely no point of order. Member for Nedlands, you have got the floor; ask the question.

Debate Resumed

Mr W.R. MARMION: The fare is \$60 and under the new levy there is \$6 levied on.

Several members interjected.

Mr W.R. MARMION: God, I am not asking that member or that member.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr W.R. MARMION: Can I ask the question and the minister can tell me whether it is wrong and explain why it is wrong when I have finished asking it. It is basically a democratic system in which I can ask the question.

I will start again. The logic is that the fare is \$60. The levy is going to be 10 per cent, or \$6 maximum. Ten per cent of \$60 is \$6, so the fare becomes \$66.

Several members interjected.

Mr W.R. MARMION: Everyone is trying to interject and tell me where I am right or wrong, but I have not finished asking the question yet. The figure is \$66. This is a simple black-and-white question. I want to know whether I pay GST on the \$66 or on the \$60. It is a pretty easy question.

Mr W.J. Johnston interjected.

Mr W.R. MARMION: The member is still talking. Why does not he become the minister?

Mr W.J. Johnston interjected.

The DEPUTY SPEAKER: Members! It is most unusual that I have to interrupt consideration in detail. This time is not an opportunity to scream across the chamber. Let the minister give her answer and get it in *Hansard*.

Ms R. SAFFIOTI: I want to go to the key point. It is not based on the per-fare charge; it is based on the revenue collected by the booking service. That is where the 10 per cent comes into play.

Mr W.R. MARMION: I am not asking about the 10 per cent. I just want to know whether there is GST on the \$66 or the \$60 for the customer.

Ms R. SAFFIOTI: Can I just confirm that in the member's example, the levy was calculated on the fare exclusive of GST?

Mr V.A. CATANIA: The member for Nedlands is basically saying that I jump in a taxi. I pay the fare on my card, which is \$60, plus the 10 per cent, because for argument's sake the driver is charging 10 per cent. Let us say that it is \$6. It appears on my docket that I have been charged 10 per cent; I could even have been charged five per cent. That figure appears on my docket. That docket shows the 10 per cent, five per cent or even 20 per cent—whatever it is, but let us say 10 per cent at this point. That is then collected by the on-demand ridesharing provider. At the end of the month, it has earned \$1 000 or \$100, plus the 10 per cent on top of that—another \$10—and it gives the Department of Transport \$10 each month. Is that correct? If I am a big rideshare provider, I am giving the department \$10 at the end of the month. When I do my tax at the end of year or pay my business activity statement —

Ms R. Saffioti: Who are you?

Mr V.A. Catania: A company that has got me on ridesharing. Let us say it does its BAS and it has to put in its GST. Is that company collecting that 10 per cent, that \$10, going to have to pay GST on that money in the BAS statement every quarter? It is an important point. Are they paying GST on the revenue that they are collecting on behalf of the government?

Ms R. Saffioti: No.

Mrs L.M. Harvey: I understand what the minister is saying. Someone who runs a business does their activity statement at the end of each month, and they strip out the GST and they have their net revenue. Then the expense of a 10 per cent levy goes on that, and that goes to the state government. How will the 10 per cent levy that the booking providers are going to pay to the state government be treated for GST?

Ms R. Saffioti: As my colleague the member for Cannington described it, it is an input cost and people do not pay GST on an input cost.

Mrs L.M. Harvey: They will have the revenue collected from their customer, which has GST on it, so when the GST is stripped, they have their income less the GST. The booking service provider has to pay a 10 per cent levy on that to the state government. They will need to put their fares up by 10 per cent basically to cover this cost, and the GST will then be borne by the consumer; is that correct?

Ms R. Saffioti: First of all, the GST on fares is paid by the consumer. This goes to the fundamental structure of the levy. I will go through it again. We chose to apply it not per fare but to the booking service, because all these changes will see changes in costs and the regulatory environment. Taxis are an example. If I am currently leasing a private plate from a private plate owner, I am potentially paying \$18 000 a year in fees. Those fees will disappear, so \$18 000 will be stripped out of that situation. Costs are being stripped out in many instances. Then we have the level of competition. As I said in my reply to the debate last night, we are encouraging competition. The other thing is transparency. I am talking to the department about having a FuelWatch-type system so that people can see, for example, how much a driver takes from a typical fare, because that has changed over time. For example, in the first instance, a driver was getting 80 per cent of a fare. Now they are getting 73 per cent of a fare for the same company. There are accusations about the algorithms used in diverting those ridesharing bookings that they will make the most money out of to make sure that those bookings jump ahead of others. That type of system is happening with ridesharers and there are new entrants that are cutting their take from the driver, so they are taking only 15 per cent from a driver. All these things are happening. The question for us was: do we just apply the levy per ride or do we look at all these different costs being sucked out and the change in the market and apply it to the revenue? That gives the company the ability to not pass on the full 10 per cent levy. It creates another competition point too, because we can also make quite transparent how much of the levy each company is passing on. It creates a competition point, and I think that is a good thing.

Mr W.R. Marmion: So do we.

Mr V.A. Catania: It's not a criticism.

The Deputy Speaker: Members, be careful. Please think of Hansard. One at a time.

Ms R. Saffioti: As I said, the levy is calculated pre-GST. It will basically be calculated at the general level by the booking service that collects the revenue. It will be based on the fare revenue exclusive of GST at the booking service level.

Mr V.A. Catania: Like I said, this is not a criticism. I just want to get to the bottom of this and fully understand the GST implications of this. Putting the 10 per cent aside, is a fare that a consumer pays to, say, Swan Taxis, subject to GST now?

Ms R. Saffioti: Yes.

Mr V.A. Catania: If the fare that I pay now to Swan Taxis when I go out the front door and catch a cab is subject to GST, why would other fees and charges that are put onto that fare not be subject to GST?

Ms R. Saffioti: It is because the levy is not being applied to each fare. Using the per fare calculation as, in a sense, a starting point of the process, the GST will be calculated on the fare, but the levy paid by the booking service is determined on the fare revenue excluding GST. In a sense, it is on the smaller base in calculating the revenue. We are not calculating it per fare. That is the key point. We are calculating it on the revenue that is collected. However, when we pay a fare, as we do now, there is a GST component. However, again, we are not doing a levy per fare, so it is very hard to describe the point that the member wants, because that is not how the system works.

Mr V.A. Catania: I am glad it has been clarified that a fare for anyone who uses an on-demand service such as a taxi or Uber is currently subject to GST. That is fair. The on-demand booking service that wraps around when

we call up for a taxi or Uber pays the 10 per cent levy. Every month, it pays X number of dollars to the Department of Transport because it has earned \$1 000 and it will give \$100 to the Department of Transport because that is the 10 per cent. From a business point of view, when a business does its business activity statement on the income that it has received, it is calculated on the gross value. Am I correct? Therefore, its gross value includes not only what it charges normally, but also the 10 per cent, plus fees and charges. So all together, it is \$1 100. Correct me if I am wrong, but does the GST then apply to that \$1 100 that a business pays quarterly to the Australian Tax Office. Is that correct?

Ms R. Saffioti: Say that last point again.

Mr V.A. CATANIA: A business collects \$1 100 every month. Then quarterly, its tax is judged on gross value. So the gross value of what a business has taken in is subject to the GST when it puts in its quarterly BAS to the Australian Tax Office.

Ms R. SAFFIOTI: I will get some more accounting advice tonight, if you like. The strong advice I have is that the amount the booking service is liable to pay on a levy will not be subject to GST.

Mr V.A. CATANIA: I would like to get some advice on that so that it is quite clear. I understand that yes, from the government's angle, it may not be subject to GST, but from the angle of a business, I do not see how it can avoid paying the GST because it is calculated on the gross amount it makes every quarter when it puts in its business activity statement —

Mr R.S. Love interjected.

Mr V.A. CATANIA: It is for different categories. But it would be interesting to see whether we can get that clarified, because I think it is an important point.

Mr R.S. Love interjected.

Mr V.A. CATANIA: The member for Moore can get up and ask a few questions as well. This is why it is important to clarify exactly where the GST sits in this system. I think it is important for the punter or consumer to know that they could not only be charged up to 10 per cent per ride.

The other question I would like to ask is: would it be legal for that 10 per cent to be charged to the actual taxidriver or Uber driver individually, or would it have to be charged to the on-demand association that is providing the overall service? Was the minister given advice that that 10 per cent must be charged individually, or must that 10 per cent be charged to the actual booking service? I hope the minister can come back to us tomorrow with some advice on the GST implications because it is important that the consumer knows whether it will be 10 per cent, or potentially 11 per cent or 12 per cent. That is what we have with FuelWatch. If we are going to have a "TaxiWatch" or an "UberWatch", the consumer wants to know whether these guys are going to charge more than the 10 per cent that they potentially could charge because they have some other costs associated with that. An example is automated teller machines. There are often arguments about how banks operate and how they should be open and transparent. The minister has said that she wants people to be open and transparent. However, there are plenty of examples in Western Australia when it comes to transport—aviation in regional Western Australia being one—of a lack of openness and transparency. How do we know that this will be an open and transparent system and the punter will not be exploited, as is often the case with the banks, as has been highlighted in the banking royal commission? If the minister can come back tomorrow with that advice, that would be great.

Ms R. SAFFIOTI: I will continue to say, for example, in the taxi industry, if we think about the taxi plate buyback, \$120 million is leaving the consolidated fund. That is \$120 million in the sense of costs in particular that will leave the industry, and the lease costs will be reduced significantly. There will be a lot of movements. First of all, the levy is capped at 10 per cent. The other key point is that I do not expect the full 10 per cent to be passed on, because there will be a level of competition. I think the choices that customers will now have, with a more competitive taxi industry in particular, will see competition drive a very competitive marketplace.

Clause put and passed.

Clause 43: Suspension or cancellation order for disqualification offence —

Ms R. SAFFIOTI: I move —

Page 37, line 6 — To delete "has not passed" and substitute —

has passed

This amendment is on the notice paper. The reason for this amendment is that there is a typographical error. The word "not" has been included in this provision, which would have the unintended effect of preventing the CEO from making an order to suspend or cancel an on-demand booking service authorisation if the disqualification period relevant to the offence has not expired. The CEO should only be prevented from taking action to suspend

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or cancel an authorisation if the disqualification period has expired. The proposed amendment removes the word “not” in order to fix this typographical error.

Amendment put and passed.

Clause, as amended, put and passed.

Debate adjourned, on motion by **Mr D.A. Templeman (Leader of the House)**.