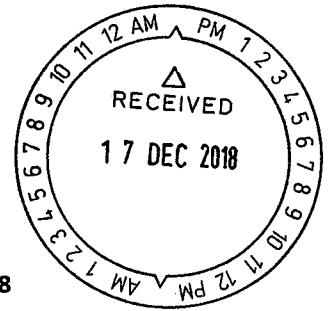


14<sup>th</sup> December 2018

Standing Committee on Environment and Public Affairs  
Parliament House  
4 Harvest Terrace  
WEST PERTH WA 6005



**RE: PETITION No. 88 – TRANSPORT (ROAD PASSENGER SERVICES) BILL 2018**

Dear Hon Matthew Swinbourn MLC,

We act on behalf of the Taxi Plate Owners regarding the issues raised in Petition No. 88, dated 11<sup>th</sup> October 2018. We acknowledge that the above Bill in question was given Royal Assent on the 30<sup>th</sup> October 2018, not long after the submission of our Petition. Despite this, we strongly believe that the process and methodology behind the derivation of the buyback figures is flawed. Matters which we believe are relevant to this issue are outlined below:

- Conventional Taxi plate values have steadily increased in value since they were released. For example, Department of Transport issued information sheets relating to this buyback state that in August 1996 taxi plates were being sold for \$145,500 and for \$310,000 in June 2013.
- The Department of Transport has monitored and recorded sales prices and has charged stamp duty on licence transfers according to the sale price
- The Government's current buyback offer proposes that 72% of taxi plate owners will receive \$100,000 while others will receive varying amounts up to a maximum of approximately \$255,000. This fails to acknowledge that each conventional taxi plate licence is exactly the same. Each conventional taxi licence allowed the owner to work in the same area, pick-up the same passengers and operate under the same conditions. Further, if the licence was leased to another driver, each conventional taxi licence generated the same amount of income. This can be contrasted with a government acquiring other types of property which can be distinguished by objective factors.
- The buyback offer does not take into consideration financing and borrowing costs, holding fees, administration fees, operating costs such as vehicle purchase, insurance, equipment and surveillance camera costs, all of which are formally required for a taxi plate to operate in compliance with the Taxi Act 1994.
- The buyback offer focuses on shift lease rates and "monopoly profits". This fails to take into account that many owners did not lease their licence out but were owner/drivers and that achieving 100% lease occupancy during taxi plate ownership is unrealistic. Further, the use of "monopoly profits" as a calculation tool is inappropriate and is simply an arbitrary measure to minimise the licence buyback price.
- Previous government taxi licence buybacks were based on owners being able to sell their licence at market price based on the average price paid in the preceding 12-month period. Relevantly, the average price paid in 2014 was \$290,000 which is almost triple the amount that most owners are being offered in the current buyback (See Taxi Amendment Bill 2005 Explanatory Memorandum regarding previous buyback).
- Multi-Purpose Taxi licences were bought back by the government in 2006 for \$108,000 which is more than the majority of conventional taxi plate owners are receiving for their plates in 2018
- Section 43 of the Taxi Act 1994, in relation to the surrender of taxi plates, specifically mentions that the market value of taxi plates needs to be taken into account.

- Peak-Period taxi licence owners were able to upgrade their licence to a conventional taxi licence upon the payment of an upgrade fee. A dated invoice from the Department of Planning and Infrastructure can be provided which shows that in 2008 one owner paid approximately \$192,000, which included \$17,000 GST, to facilitate the upgrade. The government has, in permitting the upgrade, directly influenced the market value of a taxi licence and in effect set a minimum floor level as to the price of a taxi licence.
- The present Government's approach is overly simplistic in dealing with an industry that has been highly regulated for over 40 years and the financial impost borne by those involved in the industry. Governments have promoted and actively encouraged investment in the taxi industry. Accordingly, it is unfair and unreasonable to take the current approach (See Taxi Amendment Bill 2007 Explanatory Memorandum).
- In 2016, when Shadow Minister for Transport, the current Minister for Transport is recorded in Hansard on 8 September proposing that conventional taxi licence owners be offered \$162,500 whilst also being able to keep their taxi plate when issues regarding the taxi industry were being discussed. This is a significant departure from what is presently offered.
- The buyback has been termed "voluntary", however, it's our understanding that if the buyback offer is not accepted by the licence owner the licence will be revoked regardless.
- Taxi licence owners will be financially devastated if the present buyback offer remains unchanged and will exacerbate the mental and psychological distress they have had to endure during this protracted process.

The Legislative Council has the responsibility to review and scrutinise government legislation, however, the issues raised in our petition and discussed above remain unresolved.

We also request that the committee provides a formal response to the following items:

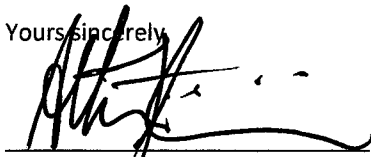
- 1) Provide supporting evidence to demonstrate how the Legislative Council came to the conclusion that the buyback offer was a reasonable and acceptable figure? How did the Legislative Council validate and quantify the figures presented in Part 9 of the Transport Bill?
- 2) Did the Legislative Council review the Ernest & Young report dated 5th April 2018 (refer attached) during the examination and critique of the proposed buy back offer? How does the Legislative Council justify the large discrepancy in buy back offer presented by the government and the derivation undertaken by Ernest & Young (i.e. \$100K vs 290K)?

On the basis of the above, we formally request the Standing Committee on Environment and Public Affairs commission an inquiry into an adequate and appropriate buyback amount.

We also advise that a complaint to the Parliamentary Commissioner for Administrative Investigations (Ombudsman) has not been submitted.

We thank you for your time and look forward to hearing from you.

Yours sincerely



Athan Tsirigotis  
TOLD Group Pty Ltd

## **Taxi Amendment Bill 2005**

### **Explanatory Memorandum**

#### **Introduction**

Under the present industry structure, the cost of plates and the cost of running a Multi-Purpose Taxi have made it economically tough for operators. The owners of the 56 transferable MPT plates have approached Government asking to have their plates bought back. The repurchase of MPT plates will remove the speculative value from operator costs and provide an opportunity for the MPT industry to be restructured for growth in the future.

Consistent with this Government's policies, the changes proposed in this Bill will provide the owners of transferable MPT plates with an opportunity to reduce their costs by selling their plates to Government. After the buy-back is completed, owner-drivers, who have a direct interest in service delivery and industry viability, will be delivering the MPT service.

The "Report on Review of the Taxi Industry Regulatory Structure in the Perth Metropolitan Area", which came from the review conducted by Hon Graham Giffard MLC in 2003, recommended the Government institute a voluntary buyback of taxi plates. The plate owners are to be offered the option of selling their plates at market price based on the average price paid in the preceding 12-month period.

Applying this principle to transferable MPT plates arrives at a market value of \$108,000 per set of plates. To address issues of fairness and equity, plate owners who have paid more than \$108,000 for their plates will receive the purchase price paid. Recognising that the impact of applying the GST to the purchase price reduces the net return to the plate owner, the Government has agreed to pay the GST costs. The buy back of all 56 transferable MPT plates will cost Government \$6.2million.

This Bill also contains three groups of amendments that are of a more technical nature. The first of these amendments enables plate lessees to submit an application to lease plates before their current lease comes to an end or to apply to lease a different type of plate during the term of their current lease. The Bill also provides the Director General of the Department for Planning and Infrastructure the facility to define eligibility criteria in the invitation to apply for lease plates.

The second amendments clarify the distinction between plates leased from Government and taxi plates leased from a plate owner under a private leasing arrangement. This is clarified by inserting a definition of a "plate owner's lease" into the Act.

The third amendment extends the responsibility for ensuring that a taxi operates in accordance with its operating conditions to a driver who does not own the plates or the vehicle. There are a number of taxis that are being driven by shift drivers who fall into this category each day.

## **TAXI AMENDMENT BILL 2007**

### **Explanatory Notes**

This Bill amends the *Taxi Act 1994* in three important ways that achieve the Government's objective of enabling the taxi industry to provide a timely and efficient taxi service to consumers, and ongoing viability for taxi operators.

Firstly we are improving the enforceability of conditions. When the Taxi Act was first drafted, it was not envisaged that taxi plates would, for long periods of time, not be affixed to vehicles being operated as a taxi. By not affixing a plate to a taxi, operators have been able to circumvent the effect of conditions imposed by the Director General on the operation of the taxi.

The Director General's ability to require taxi operators to operate is an essential feature of the legislative scheme to ensure that the public receives an efficient taxi service. This ability is compromised in situations where taxi plates are not affixed to a vehicle.

Secondly we are providing greater flexibility to issue more plates in response to demand for taxi services.

The proposed amendments will change the permitted percentage of the fleet that can be leased plates. The cap will now apply only to conventional or fulltime non-restricted cabs and will be set at 40%. This will allow the Government to more quickly respond to increases in taxi demand as well as offering more taxi operators a low-cost option for participating in the taxi industry. At the same time it will ensure that the owners of transferable plates do not lose value of their investment

These changes on the cap will also free up the release of new peak period plates. This policy may affect the value of peak period plate prices and therefore raises issues of equity.

Thirdly, a new Division 4 within Part 3 of the Act will provide an opportunity for the owners of transferable restricted hours taxi plates to upgrade their plates to owned conventional plates on terms to be approved by the Minister. The upgrade will be facilitated through agreements that the Director General may enter into with owner of restricted hours taxi plate owners.

### **Clause 1 – Short Title**

A formal clause titling the Act.

### **Clause 2 - Commencement**

The Act commences the day after the day on which the Act receives the Royal Assent.



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MINISTER FOR PLANNING AND INFRASTRUCTURE

HON ALANNAH MacTIERNAN  
BA LLB BJuris JP MLA

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Our Ref: [REDACTED]

- 2 MAY 2007

[REDACTED]

Dear [REDACTED]

**VOLUNTARY UPGRADE OF 70 TRANSFERABLE PEAK PERIOD TAXI  
PLATES TO UNRESTRICTED TAXI PLATES**

Thank you for your letter and proposal on behalf of the Peak Period Taxi Operators Group (PPTOG) dated 8 February 2007, regarding a voluntary upgrade of 70 transferable peak period plates to fully transferable conventional plates.

I have considered the PPTOG's proposal and its terms. The general approach you have adopted has merit and I am persuaded by the argument for a 20 per cent discount. However, the proposal for establishing base plate values is not consistent with the established methodology used to determine the plate price as set out in the Giffard Report 2003.

As you will recall, the Giffard model (2003) determines taxi plate values by calculating the average transacted price of plates sold over the past 12 months. This model was used to determine plate values for the MPT plate buy-back and is appropriate for use in the current circumstances. There would have to be a particularly compelling reason for it not to be used.

The table below shows how the upgrade price was calculated using the Giffard model and factoring in a 20% discount:

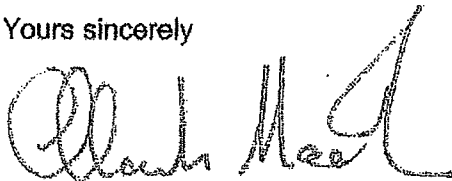
Average price of 46 conventional plates traded between 1 March 2006 and 1 March 2007	\$231,461
Minus average price of 8 fully transferable peak period plates traded between 1 March 2006 and 1 March 2007	- \$42,500
Minus 20% discount	- \$46,292
<b>Total upgrade payment</b>	<b>\$142,669</b>

As you are aware, legislation is currently before State Parliament that will allow the Director General to enter into agreements with Peak Period operators. I expect that if the legislation passes, the Director General will make an offer to each of your group members to enable them to upgrade their peak period plates to conventional plates. In the light of what I have said above, I expect that the price to upgrade to conventional plates will, in each instance, be \$142,669.

I note that the PPTOG has requested an interest free loan arrangement to finance the upgrade. The State Government will not be offering a finance option to peak period plate owners to upgrade their plates.

I look forward to the PPTOG's full support of the Taxi Amendment Bill 2007.

Yours sincerely



ALANNAH MacTIERNAN, MLA  
MINISTER FOR PLANNING AND INFRASTRUCTURE



Government of Western Australia  
Department of Transport

**TAX INVOICE**

ABN 27 285 643 255  
Fremantle Office  
1 Essex Street  
PO Box 402 Fremantle  
Western Australia 6959  
Phone: (08) 9216 8999  
Facsimile: (08) 9216 8903

Invoice No. [REDACTED]

Invoice Sent To: [REDACTED]

Customer Code: [REDACTED]

Invoice Date: 21/12/10

Line	Details	Amount
1	Att: [REDACTED] RHT Plate; [REDACTED] Part payment for issue of Conventional Taxi Plates; [REDACTED]	174773.28
2	GST on above item at standard rate	17477.33
<b>Due Date</b> [REDACTED] <b>22/12/10</b>		<b>Total Amount Payable</b> 192250.61

IF RECEIPT REQUIRED SUBMIT INVOICE INTACT

Please return this portion with payment.

**PAYMENT ADVICE**



Government of Western Australia  
Department of Transport

Customer Code	Invoice No.	Invoice Date	PO Box 402 Fremantle WA 6959	
[REDACTED]	[REDACTED]	21/12/10		
Line No.	Account Code	Line Amount	Payments	Outstanding Amount
1	T HOTM RHTBUY	174773.28		174773.28
2	T DOT GST	17477.33		17477.33
<b>Total Amount Payable</b>				192250.61

See over for payment types & locations.



# Ownership Certificate

This is to certify that

owns taxi plate number

CONVENTIONAL TAXI

The right to Taxi Plate Ownership shall not be sold or transferred without prior approval of the Department for Planning and Infrastructure's Passenger Services Business Unit.

This Taxi Ownership is financially encumbered.

The taxi plates attached to the Taxi Plate Ownership must operate in accordance with the conditions of ownership which are contained in a separate document.

Shelley Smith

Licensing & Subsidies Coordinator  
1 August 2008





Department for Planning and Infrastructure  
Government of Western Australia

**TAX INVOICE**

ABN 40 996 710 314  
Fremantle Office  
1 Essex Street  
PO Box 402 Fremantle  
Western Australia 6959  
Phone: (08) 9216 8999  
Facsimile: (08) 9216 8903

Invoice No. [REDACTED]

Invoice Sent To: [REDACTED]

Customer Code: [REDACTED]

Invoice Date: 31/07/08

Line	Details	Amount
1	ATT: [REDACTED] RHT Plate [REDACTED] Part payment for issue of Conventional Taxi Plates - [REDACTED]	174773.28
2	GST on above item at standard rate	17477.33
<b>Due Date</b> [REDACTED] 1/08/08		<b>Total Amount Payable</b> 192250.61

IF RECEIPT REQUIRED SUBMIT INVOICE INTACT

Please return this portion with payment

**PAYMENT ADVICE**



Department for Planning and Infrastructure  
Government of Western Australia

Customer Code	Invoice No.	Invoice Date	PO Box 402 Fremantle WA 6959	
[REDACTED]	[REDACTED]	31/07/08		
Line No.	Account Code	Line Amount	Payments	Outstanding Amount
1	16000231432610509331052540	174773.28		174773.28
2	01000009960700300000000000	17477.33		17477.33
<b>Total Amount Payable</b>				192250.61

See over for payment types & locations.