

Department of Jobs, Precincts and Regions
Inquiry into the Victorian on-demand workforce

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Transport Matters Party submission to the on-demand workforce inquiry

The Transport Matters Party was borne from the destruction caused by the legislative changes in August 2017 which deregulated the Commercial Passenger Vehicle (CPV) industry in Victoria. Deregulation removed all barriers to entry and establishing a free market for the on-demand / rideshare sector.

Prior to this the CPV industry was a highly regulated industry comprised of over \$1 billion in privately held property in CPV licenses. This included taxi, hire car and special vehicle licenses (wedding cars etc).

Perpetual taxi licenses were considered income bearing property and could generate an annual return of approximately \$24,000. This pricing was underpinned by annual taxi permits which were available over the counter from the regulator at the time in direct competition to the private market.

Aggressive non-compliance by Uber and the gig workforce since their market entry in 2014, coupled with minimal interest from the regulator in enforcing the requirement that all CPVs must be licensed, allowed the gig to flourish outside the laws that bound other sectors of the industry.

Taxi licenses, which had before granted the bearer **exclusive** business rights in the commercial passenger vehicle industry, were suddenly rendered irrelevant and so suffered a steep decline in market value.

Rather than regulating the on-demand sector of the industry and forcing compliance within the open entry market which existed at the time and had only recently undergone extensive reforms, perpetual licenses were instead revoked by the Victorian Labor government and replaced by an annual permit of \$53.80.

The catch cry was that 'a level playing field' had been created but for those participants who had invested heavily in licenses to enter the industry lawfully. Rather the playing field was "levelled".

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Many pre-existing industry stakeholders continue to pay off loans for licenses that no longer exist and with income that is no longer derived from the license itself.

A level playing field cannot possibly be created when many in the industry are servicing crippling legacy debts and while there is a free for all for new entrants.

The question of taxi licenses as property has been decided by the High Court of Australia. In Federal Commissioner of Taxation v Murry (1998) 193 CLR 605, the majority of the High Court wrote that:

“the licence is property... A taxi licence is a valuable item of property because it has economic potential. It allows its holder to conduct a profitable business and it may be sold or leased for reward to a third party.”

Reforms were perhaps needed to circumscribe new ways of doing business. What was unnecessary and unjustifiable however was the theft of privately held property in the name of progress.

In a civilised society, it is customary when property is forcibly acquired by government to compensate people for their loss. This was not what occurred. Instead, the industry was provided an arbitrary and minimal, two-tier transition payment for some but not all licenses leaving many financially ruined.

An urgent review of the mechanism by which deregulation was achieved and the ramifications and economic implications for pre-existing CPV industry participants must be explored to fully appreciate the economic and personal impacts on individuals and businesses as a result of accommodating the gig workforce.

I would welcome the opportunity to appear before the committee to discuss this submission and the effect the on-demand workforce has had on an existing industry.

With thanks,

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