

Research Director
Transportation and Utilities Committee
Parliament House
George Street
Brisbane QLD 4000

20 October 2016

Submission: Limousine Action Group (Queensland) Inc.

Heavy Vehicle National Law and Other Legislation Amendment Bill 2016

Limousine Action Group (Queensland) Inc. welcomes the opportunity to make a submission in relation to the proposed changes to the *Transport Operations (Passenger Transport) Act 1994*.

Who We Are

The newly formed action group collectively represents over 45 Queensland limousine licence holders who own more than 100 limousine licences, and both of these numbers are growing (strongly) daily. Licence holders are hardworking business-minded people who are or will be impacted as a result of legislative changes.

Our members are from all walks of life. Some members have held multiple licences for many years and are now facing a significant financial disadvantage. A number of our members are senior citizens who purchased limousine licences to provide financial security and see them through to retirement. Owner-operators and younger members have also been affected as they purchased limousine licences to provide for their families; this was not only a source of income for them, but it also created job opportunities within their communities. They are now at risk of losing everything.

Our members are everyday people who share the same financial struggles as other small business owners. Innovation and competition is healthy, but not when innovation becomes deregulation at the expense of hardworking taxpaying Queenslanders. Cause and effect must be considered before deregulation is enshrined in law, and our members become unwilling participants of Australia's welfare system.

A Broken Promise

As at May 2015, there were 583 limousine licences in Queensland. Our members obtained these perpetual limousine licences issued to the market by the Queensland Government and were purchased in good faith as an investment that was considered safe and secure.

A number of self-funded retirees have purchased limousine licences to be leased out in an attempt to be responsible, and ensure they are not dependent on the welfare system to survive.

A number of members have taken out loans from financial institutions to purchase these government regulated limousine licences, committing them to monthly payments of hundreds of dollars over a long period of time. They are currently still making these payments. Other members have borrowed money from their family members and are faced with a similar situation.

Deregulation facilitated by the Queensland Government enables ride-booking to compete in our space without investing in or leasing a limousine licence, and directly impacts the members of our group. It amounts to a broken promise by the very government that issued the limousine licences in the first place.

History

At significant cost to Queensland taxpayers, the Beattie Labor Government fought against the Federal Government deregulating the taxi and limousine industry. Our members have noted that the Palaszczuk Government, also a Labor government, appears to have done the opposite.

How We Are Impacted

A number of our members have been financially impacted by the proposed legislative changes and these financial impacts will be long lasting. The human cost is also starting to show.

Our members have purchased limousine licences for as much as \$150,000. As the situation stands, these licences are not worth the paper they are printed on. This has disincentivised the continuation of leases, and lessees are terminating these arrangements to transition into operating as a ride-booking service. As a result, members' income, retirement savings and other savings have significantly diminished or are entirely depleted. The proposed changes will also continue to create financial devastation for our members who are loan holders. Each week that goes by increases the stress levels and the burden felt by our members.

In other states, there have been reports of people from the taxi and limousine/hire vehicles industry committing suicide, who could no longer endure the stresses brought on as a result of similar changes to their industry. In our group, there are growing concerns that similar tragic events may occur if the impacts of these changes and unfair offerings are not addressed in the correct forum.

Desired Outcomes

Our members first note their objection to these changes and their opposition to the implementation of Stage 2 as it stands. Ideally, our members do not want this legislation passed and hold a number of concerns about these changes, the way they were announced without industry consultation or recommendations of the Varghese White Paper, and the immediate ramifications felt and burden experienced. In the event that Stage 2 does proceed as currently proposed, the following outcomes are desired.

As our members have been operating under stringent regulatory requirements of the Queensland Government for many years, they ask for a fair buy-back price of their limousine service licences. While licences remain perpetual and may continue to provide the right to operate in the booked market, they no longer have a sale value and have essentially become sale-proof.

The Industry Adjustment Assistance Package of \$10,000 per limousine service licence is not intended to be a form of compensation for the cancellation of licences. Our members need the proposed assistance package to be reformulated to accommodate a fair licence buy-back price. The current assistance offered does not take into consideration that the Queensland Government sold our members a future where they could rely on an income, employ themselves and create job opportunities for others, as well as fund their retirement without being a burden on society.

Our members have also looked toward the precedents set in the milk and fisheries industries, which we note were also chaired by Mr Varghese.

How To Calculate Fair Buy-Back

Our members have suggested two fair buy-back calculation models for limousine licences.

1. Fair buy-back is calculated using an average of the five limousine licences that were sold immediately prior to the illegal entry of ride-booking in the Queensland market.

Or

2. Fair buy-back is calculated using the median price of limousine service licence sales over the past 15 years. A 'hardship fund' of an additional 10-15% of this median price should be available to those who purchased licences significantly above the median price and also be available to those with outstanding loan repayments.

Proposed Funding Solution

Our members propose the following funding solutions for a fair limousine licence buy-back price.

a) The Queensland Government releases a new licence for ride-booking operators who are charged an annual licence fee. These licences will be renewed annually. An annual lease of \$4,800 as a bare minimum for a South East Queensland licence would generate the government over \$2.8 million per annum if 600 licences (as a minimum) are leased.

The secondary part to this funding option is to include vehicles up to 14 seats including the driver (such as mini vans) into this annual licensing arrangement.

This could add another 300-400 vehicle licences at \$4,800 per licence per year, increasing the revenue stream available to the Queensland Government by \$1.4-\$1.9 million.

This funding solution enables the government to be given an annual revenue stream and also removes the cost and burden of policing their own legislation. This would also provide direct immediate revenue for the government instead of relying solely on and waiting for GST.

b) The Queensland Government increases the Stamp Duty payable by foreign owners on the purchase of Property in Queensland.

c) The Queensland Government increases fines for touting operators and illegal operators from \$487 to \$5,000.

What Is Concerning

The Process

Our members would first like to address the poor or non-existent communication from the Queensland Government in relation to industry changes. The Queensland Government did not write to limousine licence holders about government plans to implement legislative changes in the industry. Further to this, limousine licence holders were not notified of submissions to the Committee hearings of the Heavy Vehicle National Law and Other Legislation Amendment Bill. The naming of this Bill also seems vague and ambiguous. Our members hope it wasn't the intention of the Queensland Government to deliberately minimise scrutiny and debate through vague and ambiguous naming.

The turnaround timeframe on policy creation was remarkably short, either suggesting poorly planned and rushed deregulation, or world record speed in reviewing and/or developing reports, Green Papers, White Papers and all other documentation, policy outlines and websites. On this basis alone, these legislative changes should not be voted through.

Further, Queensland's Personalised Transport Horizon document appears to be identical or strikingly similar to New South Wales' Point to Point Transport (Taxis and Hire Vehicles) document. Given the significant differences of the Queensland and New South Wales jurisdictions, it is concerning that due process appears to have been disregarded, forgoing the opportunity for considered ideas to form the basis of the innovation in the limousine industry.

The Assistance Package

Limousine service licence holders are expected to bear the cost and ease the burden of ride-booking's illegal entry into the market. What is particularly concerning is that the Queensland Government expects the limousine industry to accept (and perhaps even be grateful for) the assistance package as a way to embrace new opportunity - something that our members find insulting.

Concerns about the existing assistance package are:

- The inequity of the \$10,000 offered.
A member who holds a Whole of Queensland licence will receive the same amount as a member who holds a Regional licence (Capricorn, North Queensland and Far North Queensland) or a Rest of Queensland licence.

- The limousine service licence offers no value.
The ability to list the licence as an asset of worth no longer exists. Banks have stopped lending against the licence.

- There is no compensation.
The Queensland Government sold limousine licences to the market and then deregulated the industry, making those same licences hold little or no value. Despite this, the government has not offered compensation to licence holders.

Questions For Consideration

1. If a vehicle without an 'L Plate' or 'C Plate' (ComCar) is contracted or subcontracted to drive a government employee, Minister or Member of Parliament around, and is in a car accident where this passenger is injured - are they covered by the Compulsory Third Party Scheme?
 - a) Who will be held liable and/or responsible for the accident?
 - b) Is the Government liable and/or responsible?

2. How has the Industry Adjustment Assistance Package for limousine licence holders been calculated?

3. How are legal ride-booking operators identifiable by members of the public?

Final Word

While our members welcome industry innovation, they do not believe the proposed legislative changes are fair or equitable and strongly oppose the implementation of Stage 2. They do not believe the changes provide them with the opportunity of a fair and level playing field to further their small businesses. Instead, the financial impacts and burdens are already being

experienced, and the assistance package does not help them recover from the investment in Queensland's industry.

There has been discussion among some members about the possibility of a class action due to potential interest from a litigation funder. However, our members are hopeful their concerns can be addressed through meaningful discussion.

Regards,

Limousine Action Group (Queensland) Inc.