

## Submission to Inquiry into the Commercial Passenger Vehicle Industry Act 2017 Reforms

Mr. Patrick O'Brien  
Secretary, Legislative Council Economy and Infrastructure Committee  
Parliament of Victoria, Spring Street,  
East Melbourne, Vic, 3002

Dear Sir,

I refer to your letter of the 8<sup>th</sup> May seeking a submission to the above Parliamentary Inquiry. I have attached a comprehensive report by WEstjustice with regard to the assistance provided by our service to members of the taxi industry seeking assistance from the Fairness Fund.

The Report "Fairness Fund Project Report" covers the period from Fund establishment through to the closing date for applications. We submitted 155 applications directly on behalf of clients and know the results of approximately a third of those applications. We know the outcome of 55 of our clients' Fairness Fund applications: There were 49 Successful applications and 6 Unsuccessful applications. The 48 successful applications received an amount of **\$6.35 million** from the Fairness Fund. This leaves 99 applications for which the outcome was unknown.

WEstjustice would like comment that the Fund took the decision not to discourage applications from applicants who were unlikely to meet the criteria for financial hardship. This led to the lodgement of large numbers of applications, many by way of political protest, which required assessment and response despite having little or no chance of success. In our view this slowed down the process for those applicants in real financial hardship.

WEstjustice also undertook debt negotiations on behalf of a small cohort of the successful clients. The Centre received approximately \$56k from the Department to assist vulnerable licence holders with negotiations with creditors or to advise on options for self help. The specific terms of assistance were as follows:

- To provide a triage service to licence holders experiencing financial hardship after the receipt of monies from the Fairness Fund;
- To provide advice and referral to the financial counselling network for those licence holders with manageable debt but in need of short term assistance;
- To negotiate with major creditors, particularly banks, to assist with the identification of taxi licence holders and the placement of those with unmanageable debt within an appropriate hardship process;
- To provide casework assistance including negotiations with creditors for those licence holders with complex circumstances.

The Centre assisted a total of 38 clients (Cases & Appointments for Advice only). We stopped legal action from continuing against 3 clients. We have negotiated a discounted payments for at least f23 clients. The main creditors were as follows:

|                           |                           |
|---------------------------|---------------------------|
| ANZ Clients-Amount Saved: | \$1,074,372               |
| NAB Clients-Amount Saved: | \$260,847                 |
| Westpac-Amount Saved:     | <u>\$25,998</u>           |
| Total Amount Saved:       | <b><u>\$1,361,217</u></b> |

In addition to debt negotiations WEstjustice also provided extensive advice to clients on the impact of the decision by the Australian Tax Office to tax Fairness Fund Payments as income. We did not have the resources to challenge this decision or to negotiate directly with the Australian Tax Office on behalf of our clients.

WEstjustice wishes to make two further comments on the operation of the Fund:

First, we advise that WEstjustice made a decision that having accepted funds to assist licence holders with applications to the Fund, we were limited in the role we could play in commenting on the criteria, processes and benefits available through the Fund. We believe that it would have been helpful if the Fund administrators had consulted with us to a greater degree on these issues.

Second, we believe that the Department or KPMG should have determined the position of the Australian Tax Office in regard to taxation of the payments from the Fund prior to any decision as to amounts to be paid to successful applicants. In our view it was misleading to advise that payments, exclusive of tax liability, would be made by the Fund unless applicants were fully aware of the tax liability attached to the payment. In our experience this was not the case for most applicants

We trust this information is helpful and advise that we are more than happy to appear before the Committee if required.

Regards

Denis Nelthorpe