

**Rachel Lunnon**

**From:** Nicholas A Marsden <Nicholas.A.Marsden@tmr.qld.gov.au>  
**Sent:** Thursday, 27 November 2014 2:40 PM  
**To:** Rachel Lunnon  
**Subject:** RE: Uber compliance figures

Hi Rachel,

Figures (as at 21 November) were as follows:

Total number of PINs issued	142	Total hours of effort ( <i>spent by Traffic Inspectors</i> )
Number of PINs paid	76	Amount in Fines issued
Number of drivers fined*	68	Amount of Fines paid
Number of drivers repeatedly fined#	40	
*Some drivers fined on multiple occasions which reflects discrepancy in numbers above		
#Drivers who have had PINs issued from more than one covert operation		
<b>Break down in PINs</b>		Number of investigations outstanding
PINs issued for no or incorrect DA (General)	45	
PINs issued for providing a taxi service without a taxi service licence	94	
PINs issued for incorrect CTP	3	

We now keep data on a weekly basis, so the latest available will be tomorrow afternoon.

Kind regards,

**Nick Marsden**

Regional Director | Central Region  
**Customer Services Branch** | Department of Transport and Main Roads  
Ground Floor | Rockhampton - Knight Street Complex | 31 Knight Street | North Rockhampton Qld 4701  
PO Box 5096 | Red Hill Rockhampton Qld 4701  
P: (07) 49311749 | F: (07) 49212819  
M: [REDACTED]  
E: [nicholas.a.marsden@tmr.qld.gov.au](mailto:nicholas.a.marsden@tmr.qld.gov.au)  
W: [www.tmr.qld.gov.au](http://www.tmr.qld.gov.au)



**From:** Rachel Lunnon [mailto:Rachel.Lunnon@premiers.qld.gov.au]  
**Sent:** Thursday, 27 November 2014 2:28 PM  
**To:** Nicholas A Marsden  
**Subject:** Uber compliance figures

Hi Nick,

Would it be possible for you to provide me with some updated figures in relation to Uber compliance activity? The most recent figures that I have are below.

Thanks  
Rachel

As of 13 November 2014, DTMR had issued 127 penalty infringement notices, with a total value of \$172 440, to Uber drivers.

In the period between 30 July and 31 October 2014, transport inspectors spent 2412 hours investigating Uber. DTMR plans to conduct a further 32 driver investigations as a result of this activity.

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉  
[rachel.lunnon@premiers.qld.gov.au](mailto:rachel.lunnon@premiers.qld.gov.au) |

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**Rachel Lunnon**

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**From:** Nicholas Dowie  
**Sent:** Wednesday, 11 February 2015 5:02 PM  
**To:** Rachel Lunnon  
**Cc:** Katie Carlson  
**Subject:** Taxi regulation options paper.docx  
**Attachments:** Taxi regulation options paper.docx

As discussed

Released under RTI - DPC

## Queensland Taxi Regulation in an Era of Disruptive Technology

### What is the problem?

- Technological improvements have enabled ride sharing companies like Uber to offer unlawful passenger taxi services.

### Why is this a problem for Queensland?

- Queensland's regulatory framework is no longer able to achieve its desired policy objective of maintaining equitable taxi services for Queenslanders.

### How has this problem emerged?

- Queensland does not allow private vehicles to offer taxi services. New app-based technologies like Uber allow consumers to book and pay for private vehicles in a way that is difficult to detect.
- This makes it hard for the Government to enforce current regulatory requirements. It also raises questions whether the existing framework remains appropriate.

### Why are taxis regulated?

- The Queensland Government regulates taxis to maintain equitable service levels.
- The Government controls the supply of taxis through licences and requires taxis to charge consumers the same maximum per kilometre rate regardless of the cost of providing the service. This means consumers in low density areas or with accessibility requirements are not charged the full cost of service (cost of driving from the city to an outer suburban area for a pick up or the cost of an accessible taxi).
- In practice the cost of providing services to these consumers is cross-subsidised by other consumers.
- The Government requires drivers to have criminal background checks and adequate compulsory third party (CTP) insurance to protect passenger safety.
- The Government also requires license holders to affiliate with a taxi booking (Black & White Cabs and Yellow Cabs) company. The Government requires taxi booking companies to meet service standards, including in low demand areas and for consumers who have accessibility requirements.
- The supply of taxi booking companies is not regulated. However the commercial requirement to have a large affiliated fleet capable of meeting service standards means the barriers to entry are high.
- Taxi drivers cannot cherry pick fares – they must take the fare dispatched to them by the taxi booking company. They also must take the first person at the rank. Consumers receive the same level of service regardless of the profit they provide to drivers.
- This model is also used by most other jurisdictions.

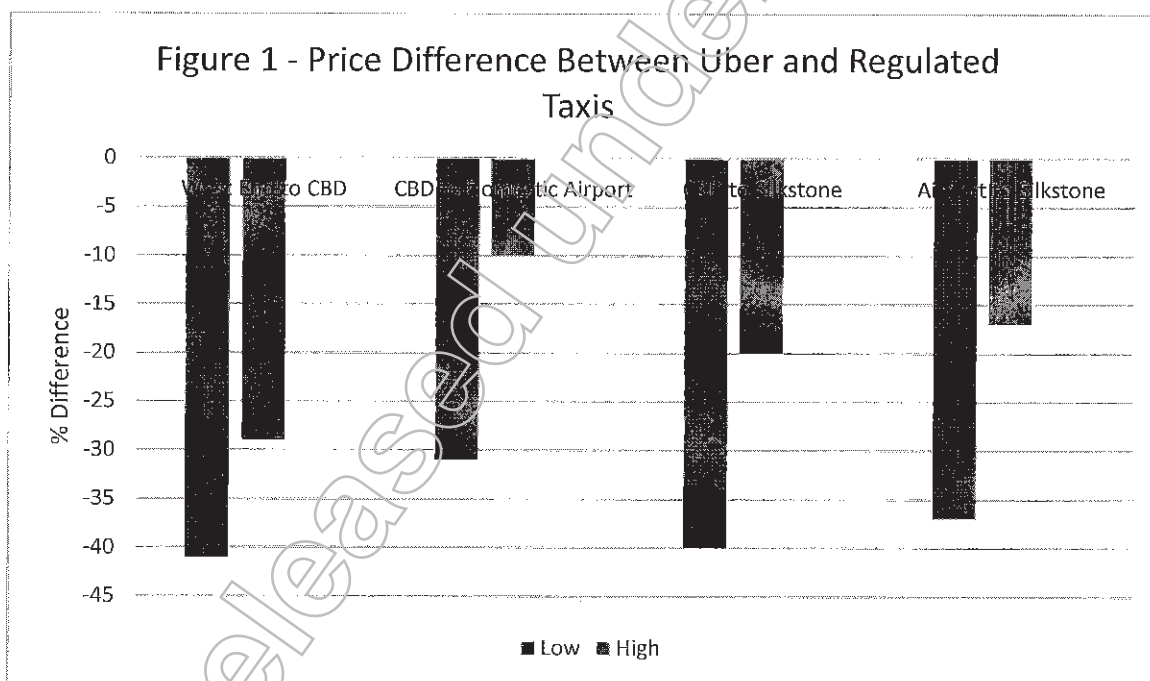
### What is the impact of regulation?

- The current system benefits those who live in poorly serviced public transport areas and need to travel short distances or travel at times when public transport is unavailable.
- In the absence of regulation these users would likely pay higher prices to more closely reflect the cost of providing these services.
- Regulation also limits competition; reduces incentive to deliver cost and service improvements to users; and imposes costs on most users that impose broader economic and productivity costs.

- Restricting the supply of taxis limits competition and results in higher fares for most users than would be the case in a more open market. This benefits licence holders at the expense of consumers. It also creates disincentive to significant reform because of potential compensation claims from licence holders.
- Research found restricting the supply of Sydney taxis imposed economic costs of \$265M per year. Victorian research found similar restrictions cost Melbourne taxi users \$120M a year.
- Assuming similar costs are imposed as in Sydney then the net cost from restricting taxis in south east Queensland is \$121M a year.
- Centre for International Economics research found Brisbane consumers were worse off by \$40M a year from restricting Brisbane taxi numbers with a dead weight loss to society of \$3M to \$20M a year.
- Because competition is limited and taxis are mandated to offer the same service to all users, there is little incentive to deliver improvements that some consumers may be prepared to pay more to access.

**What is the impact of Uber operating in Queensland?**

- Uber is offering consumers a lower cost and more personalised taxi service.
- Uber’s app based platform allows consumers to choose the vehicle and driver they will use.
- Research undertaken by the NSW Independent Pricing and Regulation Tribunal found 50 per cent of Uber customers used it because it was cheaper and the other 50 per cent for the convenience it offered.
- Figure 1 shows that Uber offers consumers a price discount of between 10 and 40 per cent on the fares offered by licensed taxis. For a long journey from Silkstone to the Airport (53km) this represents a saving of between \$22 and \$48. The savings on shorter journeys (West End to CBD – 3km) are around \$4 to \$5.



- The average Queensland taxi trip is 7.5km and costs consumers \$21.30. Based on the savings Uber is offering consumers, the average customer will save \$2 to \$8 per trip compared to using a licensed taxi.
- Uber’s impact on licenced taxis is not clear. Data on Uber patronage is not available. However anecdotal evidence from the Department of Transport and Main Roads (TMR) suggests there are 100 Uber drivers earning around \$2000 in fares each week.
- This suggests that Uber drivers’ annual fare revenue is around \$10.4M.

- It is not clear if this revenue is from new demand induced by lower prices or if it is being substituted from licensed taxis.
- It is also not clear if the additional employment opportunities Uber is providing for unemployed and underemployed Queenslanders is coming at the expense of the 12 941 existing licensed taxi drivers.
- As Uber only entered the Queensland market in 2014 it is too soon to gauge its impact on the value of taxi licences. Nevertheless, as awareness of Uber and the savings it offers grows, its share of the market is likely to increase and the value of taxi licences and the annual revenue they deliver is likely to decline.
- Taxi licenses for south east Queensland are the most lucrative in Australia. A Brisbane taxi licence is worth \$523 000 and a Gold Coast licence is worth \$581 936. The average Australian taxi licence is worth \$359 200. TMR estimates the total value of Queensland taxi licences is \$1.4B.
- There are about 2 200 taxi licence holders in Queensland – 43 per cent, or 942, are individuals and 57 per cent, or 1 298, are organisations or partnerships – that hold 3 262 licenses.
- As Uber is an unlawful service its drivers do not have to meet the costs of regulatory compliance. They are also not required to service higher cost consumers (those who live in low density areas or whose business may not be profitable and/or desirable) or offer a specified service level in non-peak periods.
- Uber drivers are also not required to undertake criminal background checks or

CTPI - Deliberative Process

Released under RIPA

<sup>1</sup> Uber receives 20 per cent of each fare. Drivers earning are estimated at an average of \$2000 in fares per week, with around 100 Uber drivers on the road.

Pages 7 through 10 redacted for the following reasons:

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CTPI - Deliberative Process

Released under RTI - DPC

## Rachel Lunnon

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**From:** Pamela Richardson  
**Sent:** Tuesday, 16 December 2014 1:05 PM  
**To:** Karen Cowell; Rachel Lunnon  
**Subject:** Uber draft

Hi all

Ross is keen to just get an email back to her today. Acknowledge the other emails Rachel, then get the text back as soon as you are able. He will forward it himself, then if a letter needs to go, we can do that up here.

Is this clear enough??

Go you good thing!

**Pam Richardson**

A/Departmental Liaison Officer | Office of the Director-General  
Department of the Premier and Cabinet  
[pamela.richardson@premiers.qld.gov.au](mailto:pamela.richardson@premiers.qld.gov.au) | 07 371 97047

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## Rachel Lunnon

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**From:** Pamela Richardson  
**Sent:** Wednesday, 3 December 2014 12:00 PM  
**To:** Nadia Cecil; Bec McCoan  
**Cc:** Jan Hatton; Karen Cowell; Rachel Lunnon  
**Subject:** Test Standards

Hi all

Please note that the two test standards – Uber and Debt standard words - have been approved.

Please note that the Advisor has removed the last line in paragraph 5 and this should be reflected in all outgoings.

Bec – will await your advice as to that campaign.

Rachel – Nadia can help you with the endorsed text.

regards

### **Pam Richardson**

A/Departmental Liaison Officer | Office of the Director-General  
Department of the Premier and Cabinet  
[pamela.richardson@premiers.qld.gov.au](mailto:pamela.richardson@premiers.qld.gov.au) | 07 371 97047

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## Rachel Lunnon

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**From:** Pamela Richardson  
**Sent:** Wednesday, 26 November 2014 4:20 PM  
**To:** Nadia Cecil  
**Cc:** Bec McCoan; Ross Mensforth; Kate Davies (Ministerial); Rachel Lunnon  
**Subject:** Request for Standard on Uber issue.

Hello Nadia

I have received a request from Bec McCoan for a 'Standard' on this issue.

The inwards have similar, if not the same content, and write from a supportive view, which the response will need to address.

Please work on text that can be inserted into an email, and with the Office of the Premier as signatory.

I have conferred with Ross Mensforth should a written reply be advised; with the Executive Officer to sign accordingly.

Please action as soon as possible, so the draft can be promptly approved.

Many thanks,

**Pam Richardson**

A/Departmental Liaison Officer  
Department of the Premier and Cabinet  
P: 371 97047  
E: pamela.richardson@premiers.qld.gov.au

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## Rachel Lunnon

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**From:** Tanya L Menadue <Tanya.MENADUE@translink.com.au>  
**Sent:** Thursday, 19 February 2015 3:15 PM  
**To:** Rachel Lunnon  
**Subject:** Compliance data numbers

Rachel

Thanks for sending through your report I've just been having a look and wanted to give you some updated compliance numbers to include as the numbers are now much higher, as at 15/2, 576 infringements have been issued with a total value of \$678, 951.00, to 235 drivers, of these 183 drivers have been repeatedly fined.

Any queries please let me know

Tanya Menadue  
**A/ Manager (Taxi Regulation)**  
TransLink Division | Department of Transport and Main Roads

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61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001  
t 07 3338 4744 | m [REDACTED]  
e [Tanya.Menadue@translink.com.au](mailto:Tanya.Menadue@translink.com.au)  
w [www.translink.com.au](http://www.translink.com.au) w [www.tmr.qld.gov.au](http://www.tmr.qld.gov.au)

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## Rachel Lunnon

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**From:** Tanya L Menadue <Tanya.MENADUE@translink.com.au>  
**Sent:** Thursday, 15 January 2015 4:12 PM  
**To:** Rachel Lunnon  
**Subject:** FW: Urgent information for Premiers - Taxi's  
**Attachments:** 20141216 Taxi licence numbers and booking company.docx

Hi Rachel

Sorry for the delay in getting this through. This is the info we sent through last year.

Below is the link to the Victorian papers I mentioned. I'd suggest a good place to start is the Hara paper on Nth American regulatory models.

<http://www.taxi.vic.gov.au/taxi-reform/about-taxi-and-hire-car-reforms/taxi-industry-inquiry>

Look forward to talking to you and Kate tomorrow will send through an invitation shortly.

Tanya

Specifically –

1. What constitutes a taxi booking company?

- Taxi booking companies provide a continuously operating, 24 hour a day, booking service so that passengers can request a taxi, any time, any day and have a taxi service delivered to them.
- In areas where taxi booking companies are required, taxi operators and drivers must be affiliated with a taxi booking company in order to work in the industry, and must comply with reasonable requests made by their affiliated taxi booking company so that taxi services can be delivered to the community.
- In Queensland, taxi booking companies must hold a service contract with the Department of Transport and Main Roads (the department) in order to provide a service for the administration of taxis in certain service areas. This is required under section 64 of Transport Operations (Passenger Transport) Act 1994 (TOPTA).
- Section 64 (TOPTA) provides that a person administers a taxi service (operates a taxi booking company) if the person carries on a business in the course of which—
  - (a) bookings for taxi services are accepted; and
  - (b) taxis are assigned to customers;whether or not the person operates all or some of the taxis used to provide the services.
- A taxi service contract specifies the standards and services that must be delivered for phone-booked taxi services and holds taxi booking companies accountable for their performance against those standards and services through key performance indicators.

2. How are taxi services licences issued and how is it determined the number for each particular area? What is the rationale behind this?

- The number of taxi service licences in an area is fixed. To ensure that sufficient licences are available in an area the Department of Transport and Main Roads undertakes periodic reviews of taxi service areas to determine whether there is a need for any additional licences. The review process takes into account a number of factors including demographics, waiting times, quality of service, changes to travel patterns and community feedback.

- New taxi service licences are released by public tender and are open to all parties who hold or are capable of holding the appropriate class of Operator Accreditation. When the release of a taxi service licence is approved, the tender is publicly invited on Queensland Government's QTenders website.

3. Prems has been informed that compliance activities are only taking place on Friday and Saturday nights. Is this true and what is the reasoning behind this?

- High profile compliance activity was conducted last Friday, Saturday and Sunday nights and will be held on next Friday night in the lead up to Xmas while covert activities continue throughout the week.

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**Rachel Lunnon**

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**From:** Timothy J Bateman <timothy.bateman@translink.com.au>  
**Sent:** Wednesday, 4 February 2015 1:57 PM  
**To:** Rachel Lunnon  
**Cc:** Keith D Boyer; Tanya L Menadue  
**Subject:** Information Bulletins  
**Attachments:** PT 101-10-14 General Services.pdf; PT 08-05-13 Limousine Service Information Bulletin.pdf; PT 07-10-10 Taxi services.pdf

Hi Rachel,

Please find attached the current Information Bulletins for Taxi, Limousine and General services.

Unfortunately there is no such table that compare all the requirements, but hopefully these bulletins will provide what you are after.

I will look to give you a call this afternoon to see whether you need any further support.

Regards,

Timothy Bateman  
Senior Policy Advisor  
TransLink Division | Department of Transport and Main Roads

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61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001  
t 07 3338 4106 | f 33384640  
e [Timothy.Bateman@translink.com.au](mailto:Timothy.Bateman@translink.com.au)  
w [www.translink.com.au](http://www.translink.com.au) w [www.tmr.qld.gov.au](http://www.tmr.qld.gov.au)



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## Rachel Lunnon

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**From:** Timothy J Bateman <timothy.bateman@translink.com.au>  
**Sent:** Thursday, 22 January 2015 1:53 PM  
**To:** Rachel Lunnon  
**Cc:** Keith D Boyer  
**Subject:** updated figures

Hi Rachel,

Hope your brief is coming together.

Additional data as requested:

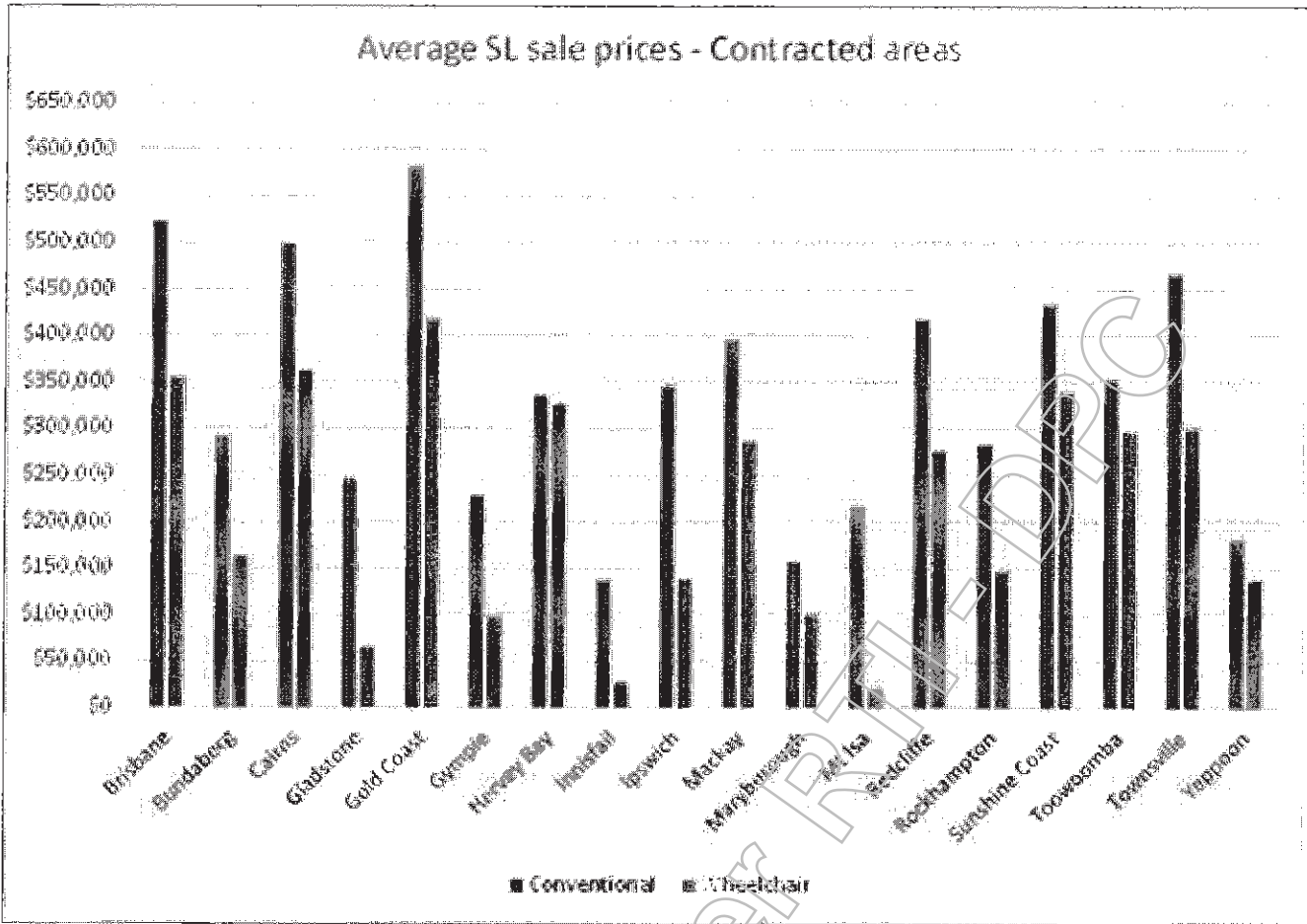
- 3263 taxis in Queensland.
- 19.7% of fleet is wheelchair accessible
- Approximately 2,800 holders of Operator Accreditation
- 13,200 holders of Driver Authorisation

Please see below, average licence sale prices across the state (as of 5 January 2015) including the breakdown of average conventional and wheelchair taxi licences.

<i>Contracted Area</i>	<i>Conventional</i>	<i>Wheelchair</i>
Brisbane	\$523,000	\$356,000
Bundaberg	\$293,200	\$163,940
Cairns	\$500,940	\$363,216
Gladstone	\$246,900	\$66,420
Gold Coast	\$581,936	\$418,415
Gympie	\$229,092	\$100,294
Hervey Bay	\$336,160	\$327,560
Innisfail	\$138,380	\$28,250
Ipswich	\$347,000	\$140,160
Mackay	\$396,400	\$287,802
Maryborough	\$158,696	\$101,120
Mt Isa	\$217,936	\$22,500
Redcliffe	\$419,700	\$277,000
Rockhampton	\$284,000	\$148,600
Sunshine Coast	\$435,600	\$341,200
Toowoomba	\$354,000	\$298,000
Townsville	\$467,200	\$301,300
Yeppoon	\$182,150	\$138,167

\*as at 5 Jan 2015





Regards,

Timothy Bateman  
 Senior Policy Advisor  
 TransLink Division | Department of Transport and Main Roads

61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001  
 t 07 3338 4106 | f 33384640  
 e [Timothy.Bateman@translink.com.au](mailto:Timothy.Bateman@translink.com.au)  
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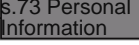
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## Rachel Lunnon

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**From:** Pamela Richardson  
**Sent:** Wednesday, 17 December 2014 12:02 PM  
**To:** Ross Mensforth  
**Cc:** Karen Cowell; Nadia Cecil; Rachel Lunnon; Jan Hatton  
**Subject:** RE: Against Uber - 3rd letter- STOP UBER PLEASE  
**Attachments:** SIGNED VERSION OF DOC14198536 .pdf

Hi Ross

Scanned copy of the signed version as per your request. I will hold the TF for your advice re posting etc, noting that I have dated it with today's date.

### Pam Richardson

A/Departmental Liaison Officer | Office of the Director-General  
Department of the Premier and Cabinet  
[pamela.richardson@premiers.qld.gov.au](mailto:pamela.richardson@premiers.qld.gov.au) | 07 371 97047

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**From:** Ross Mensforth [mailto:[Ross.Mensforth@ministerial.qld.gov.au](mailto:Ross.Mensforth@ministerial.qld.gov.au)]  
**Sent:** Tuesday, 16 December 2014 11:03 AM  
**To:** Pamela Richardson; Jan Hatton  
**Cc:** Karen Cowell; Nadia Cecil; Rachel Lunnon  
**Subject:** RE: Against Uber - 3rd letter- STOP UBER PLEASE

Hi Pam

If possible I'd like this draft response to me by COB today

Also not to be sent out until I have approved it please

Cheers


Ross

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**From:** Pamela Richardson [mailto:[Pamela.Richardson@premiers.qld.gov.au](mailto:Pamela.Richardson@premiers.qld.gov.au)]  
**Sent:** Tuesday, 16 December 2014 10:36 AM  
**To:** Jan Hatton  
**Cc:** Karen Cowell; Nadia Cecil; Ross Mensforth; Rachel Lunnon  
**Subject:** FW: Against Uber - 3rd letter- STOP UBER PLEASE

Hi Jan

This needs to be sent out to the Department for an urgent email response to be approved by the PO before we send back out.

 is firmly against UBER and her email was among the 485 received via the Ministerial inbox and it seems, not sorted into FOR or AGAINST.

should receive the text that demonstrates how this industry is being examined, the no of cases being prosecuted and fined etc and how this government is working hard to regulate and monitor etc.

Please forward as soon as possible as a response needs to be sent tomorrow.

Any questions, please call.

**Pam Richardson**

A/Departmental Liaison Officer | Office of the Director-General  
Department of the Premier and Cabinet  
[pamela.richardson@premiers.qld.gov.au](mailto:pamela.richardson@premiers.qld.gov.au) | 07 371 97047

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**From:** Ross Mensforth [<mailto:Ross.Mensforth@ministerial.qld.gov.au>]  
**Sent:** Tuesday, 16 December 2014 10:07 AM  
**To:** Pamela Richardson  
**Cc:** Michael Prain (Ministerial)  
**Subject:** FW: Against Uber - 3rd letter- STOP UBER PLEASE

Hi Pam

Can you please urgently advise on this one

And a quick draft of a response email please – noting most recent statistics

Cheers

Ross

---

**From:** Anna Hurley  
**Sent:** Tuesday, 16 December 2014 10:01 AM  
**To:** Ross Mensforth  
**Subject:** FW: Against Uber - 3rd letter- STOP UBER PLEASE

For your advice please?



**Anna Hurley**  
Policy Advisor  
Office of the Hon. Campbell Newman MP | Premier of Queensland  
(07) 371 97030  
Executive Building | 100 George Street | Brisbane | QLD 4000  
PO Box 15185 | City East | Brisbane | QLD 4002  
**Great State. Great Opportunity. And a plan for the future.**

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**From:** [REDACTED]  
**Sent:** Tuesday, 16 December 2014 9:15 AM  
**To:** The Premier; Capalaba Electorate Office  
**Subject:** Against Uber - 3rd letter- STOP UBER PLEASE

Dear Premier

What kind of response is this?

I am in shock at your response to my letter AGAINST Uber. My letter clearly states I am an owner operator of 2 legal taxis (Yellows) and have written to you in protest AGAINST UBER. I trusted the State Government when I purchased these licences.

Now I have received a letter thanking me for supporting uber.... NO WAY!!!! Why did you do that?

PLEASE REVIEW your mail from me. I DO NOT SUPPORT UBER. It is an underground illegal business thumbing its nose at every country's rules. Smart alec and high tech criminals which has sucked in many people who are lobbying you without full understanding of the many issues. I am a perfectly reasonable person who understands all the issues (as I discussed in my earlier email) but you or your staff have completely misunderstood my position -AGAINST UBER.

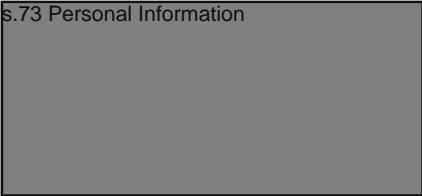
I have obeyed the law in every way and expect the State Government to STOP UBER please. I should not have to keep writing letters!

Please be strong and STOP UBER IN ITS TRACKS. Uber is lawless - and ruthless - and narcissistic - it does not care about obeying the laws or regulations. Yet it wants to destroy a legal industry and the livelihoods of thousands a good citizens involved in the taxi industry, in favour of USA billionaires.

Uber is no different from a terrorist organisation ..... taking no prisoners.... destroying lives for the benefit of law breakers. Dont let them persuade you to weaken.

So please ADD me to the list of LEGAL TAXI INDUSTRY SUPPORTERS and delete me from your list of uber supporters! Your letter to me has completely upset and shocked me - and shows me that you are trying to have a foot in both camps - and that helps me understand why uber is still operating freely - I believe you and your government are not sincere.... Uber must be stamped out, they are like a cancer.

s.73 Personal Information



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From: [The.Premier@premiers.qld.gov.au](mailto:The.Premier@premiers.qld.gov.au)

To: 

Subject: RE: Qld legal Taxi industry against Uber - 3rd letter

Date: Mon, 15 Dec 2014 22:38:01 +0000

Thank you for your email in support of Uber services. I have been requested to reply to you on the Premier's behalf.

The Premier understands that many Brisbane and Gold Coast residents, like you, see Uber as a valuable alternative to regular taxi services. The Premier also appreciates your support for Uber continuing to operate in Queensland.

The Queensland Government supports innovation and contestability in the delivery of public passenger services. However, it is important that this not occur at the expense of public safety. The Government has made it clear that new companies, like Uber, must meet the existing requirements that apply to all other participants in the market.

As you may be aware, operators who do not meet the existing standards have been instructed to cease their operations until they are met. To ensure public safety, the Department of Transport and Main Roads is continuing to investigate and take appropriate enforcement action against drivers operating in breach of these requirements.

However, the Government is willing to work with Uber to ensure it meets the safety and regulatory standards.

Again, thank you for bringing your concerns to the Premier's attention.

Office of the Premier

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**From:** s.73 Personal Information  
**Sent:** Sunday, 30 November 2014 3:46 PM  
**To:** The Premier (Ministerial)  
**Cc:** Capalaba  
**Subject:** Qld legal Taxi industry against Uber - 3rd letter

To the Premier of Queensland and all members of the Government  
Brisbane  
30th November 2014

Dear Premier and all Honorable Members

Having so far receiving no response from you, I am once again writing to you concerning the regulated taxi industry in Brisbane (and throughout the state) and the illegal uber taxi business which is 'cherry-picking' the work without any taxi licences or authorization. I am the owner of 2 taxi licences which were purchased around 2002, and am completely dependant on your support.

As an owner operator, I appreciate all the problems of the regulated taxi industry and there are some (particularly regarding foreign and inexperienced drivers, situation with cab ranks, insurance and registration costs) which worry me, but that is partly the government's fault for encouraging overseas students with English as a second language etc to become taxi drivers within a year of arrival, and setting the rules which include purchasing a licence at huge cost, and allowing taxis to become a low priority for modernisation.

A problem with the industry which would prevent many local Aussies driving, is that many taxi ranks are in the burning sun and drivers can sit for over an hour for work whether in the city, suburbs or at the airport, - very bad for sunburn on fair skinned people.

In contrast, Uber drivers have not had to purchase a licence, would drive their own quality cars, and can sit in their own home to wait for jobs on their app. While not being legally entitled to sit on ranks, they have been seen using them illegally. They can also find a tree or shade somewhere (which taxis cannot do under the regulations, in terms of 'plotting rank'), to await jobs.

Passengers dont seem to care if they do not have insurance, so that 'unsafe' argument against them is not working so well.

Recently the LNP conference voted strongly around 98% against deregulation, a concept put up by the young liberals to the best of my knowledge. I am not sure if this means the LNP actually supports the taxi

industry in its current form, or if it really means you don't intend to buy back any licences if uber sticks affects the industry. If there are too many taxis it is unsustainable for all.

I note that government is fining some illegal uber drivers. But according to what I read, they are laughing at us, with uber having such deep pockets and determined to overrun all the rules. I see they claim they are getting many new drivers every week. What resources are being put into this problem?

Is the Government determined to stamp out Uber 100%? How long have you allocated for this task? Is it a priority with the government?

Your thoughts and decisions - would be very much appreciated please

s.73 Personal Information



copies to Minister for Transport  
Assistant to the Minister for Transport  
Deputy Premier  
other members of the government  
members of the Opposition please

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Released under RTI - DPC



## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Thursday, 29 January 2015 11:55 AM  
**To:** Joanne Copp  
**Subject:** Brads Papers  
**Attachments:** Economics of Taxi Deregulation in Queensland v2.docx; Productivity Team v2.docx; Productivity Policy v1.docx

Hi Jo  
Great to catch up with you today.  
Please see attached my latest papers.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive -- For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

Austrroads sets the standards for drivers as the private standards should be applied to:

1. drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying
2. for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying
3. bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event x severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

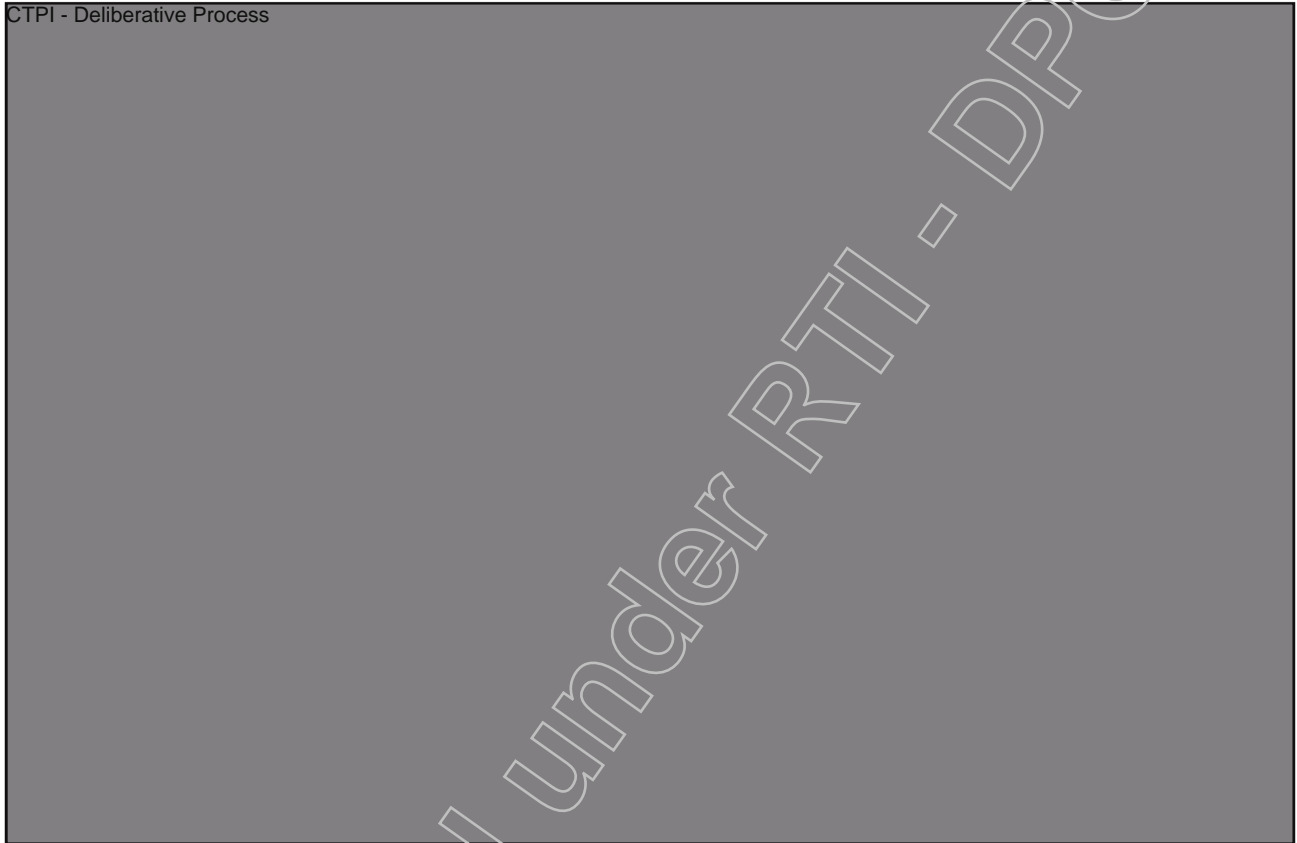
<sup>10</sup> <http://www.complaints.qld.gov.au/>



Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

CTPI - Deliberative Process



<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$237 million per year or PV of \$2.5 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

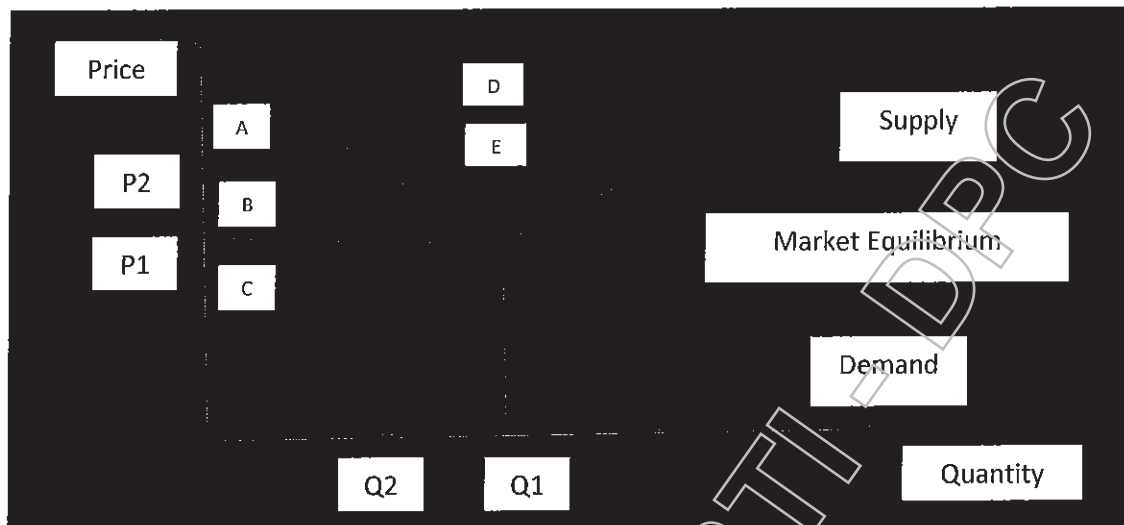
#### Theory of the cost of supply constraints

Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>, consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

Graph 1. Economic theory of supply constraint costs



Source: *Premiers, 2015.*

The governments supply restriction will reduce the quantity supplied from Q1 to Q2 which increases the price from P1 to P2. The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,000) per year per licence. That is a cost of \$187.2 million to \$280.8 million per year (PV \$1.97 billion to \$2.96 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$262.5 million per year or PV of \$2.76 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



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Pages 43 through 44 redacted for the following reasons:

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CTPI - Deliberative Process

Released under RTI - DPC



## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive – For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

Austrroads sets the standards for drivers as the private standards should be applied to:

1. drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying
2. for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying
3. bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event x severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The tax premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

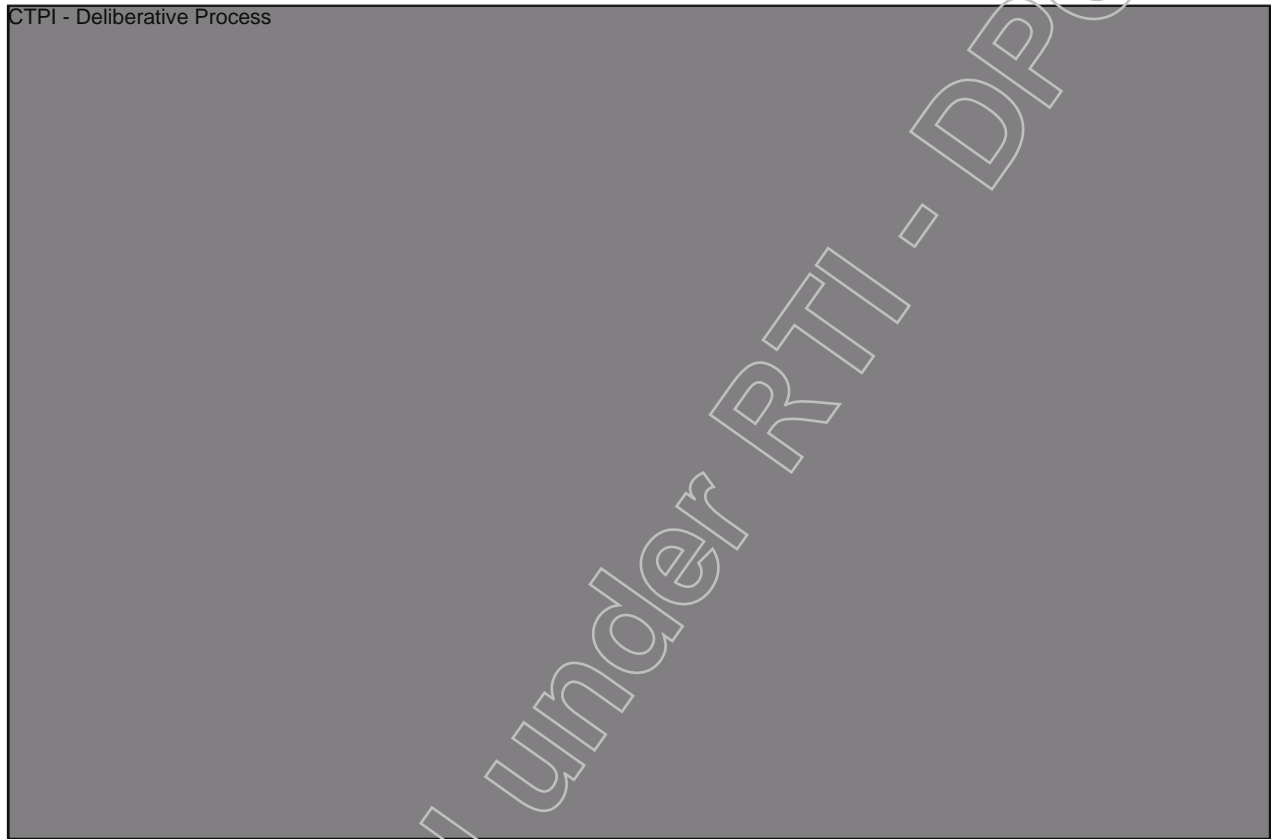
<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>



## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

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restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

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The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

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Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$237 million per year or PV of \$2.5 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

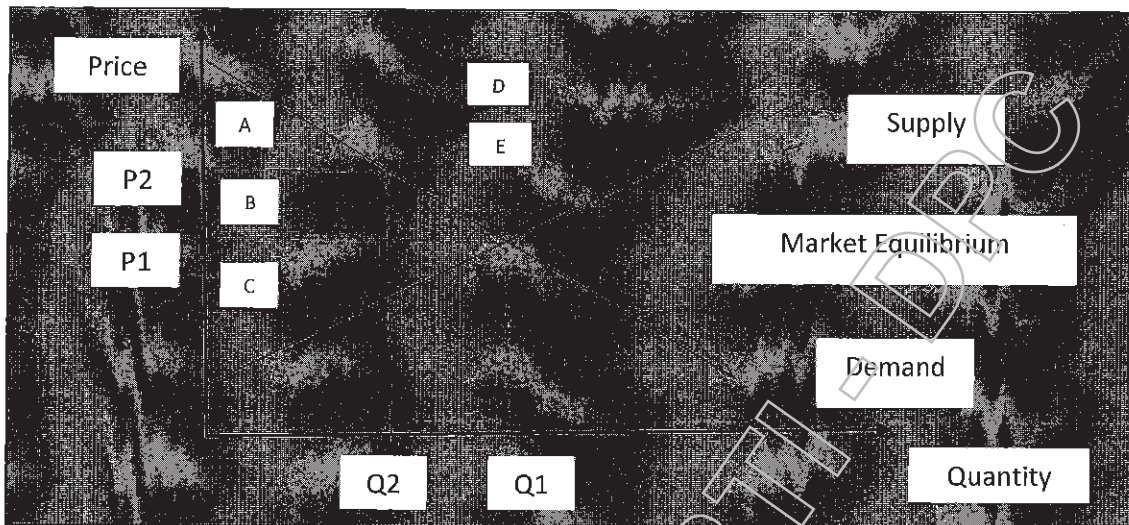
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<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The governments supply restriction will reduce the quantity supplied from  $Q_1$  to  $Q_2$  which increases the price from  $P_1$  to  $P_2$ . The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,000) per year per licence. That is a cost of \$187.2 million to \$280.8 million per year (PV \$1.97 billion to \$2.96 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$262.5 million per year or PV of \$2.76 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



CTPI - Deliberative Process

Great state. Great opportunity.

Pages 59 through 60 redacted for the following reasons:

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CTPI - Deliberative Process

Released under RTI - DPC

**Bradley Rogers**

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**From:** Christine Tozer  
**Sent:** Tuesday, 23 December 2014 9:03 AM  
**To:** Christina McConville; Rachel Lunnon; Bradley Rogers  
**Cc:** Nicholas Dowie; Kate Carlson  
**Subject:** Driverless public transport will change our approach to city planning – and living

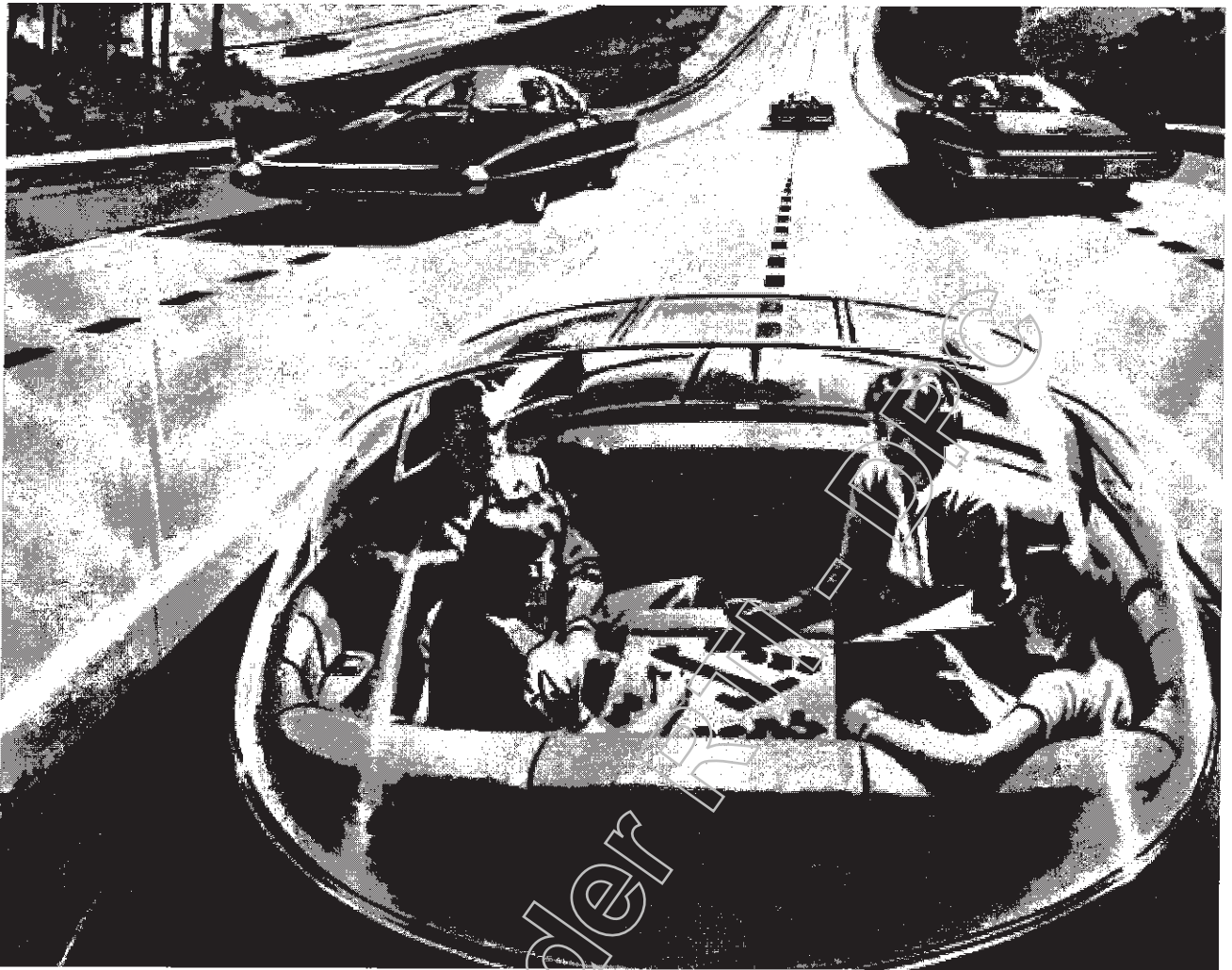
Good article – to the pod-mobile!

[http://theconversation.com/driverless-public-transport-will-change-our-approach-to-city-planning-and-living-35520?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+conversationdu+%28The+Conversation%29&utm\\_content=Netvibes](http://theconversation.com/driverless-public-transport-will-change-our-approach-to-city-planning-and-living-35520?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+conversationdu+%28The+Conversation%29&utm_content=Netvibes)

## **Driverless public transport will change our approach to city planning – and living**

Released under RTI/DPC





“You know, this retro-futurist styling is getting tiresome. Why can’t we look like the Jetsons?” America's Power Companies/Plan59

Just a couple of years ago, driverless cars were viewed as little more than a geekish techno-fantasy. But the entry of tech behemoth **Google** has produced an autonomous car that is now very close to entering the market.

Test-running on streets in the US has been underway for some time and they will be **street legal in the UK** from the start of 2015. To start this process rolling, a series of **small-scale UK city trials** has been recently announced.

Greenwich in London will have an autonomous tourist passenger shuttle, and autonomous valet parking for specially adapted cars. Milton Keynes and Coventry will host **the UK Autodrive programme**, and the **Venturer consortium** in Bristol will examine the effects of autonomous cars on congestion and road-traffic safety.

In Milton Keynes, small electric autonomous pods known as **LUTZ Pathfinder** will start running in the spring. Like an autonomous two-seater taxi, they will provide short-distance links between the station and destinations in the city centre running on cycleways and footpaths, mixing with pedestrians and cyclists. The project links to the

wider Milton Keynes Future Cities Programme and Open University-led **MK:Smart** project.

MK:Smart, jointly funded between 12 partners and the **Higher Education Funding Council for England**, is exploring the use of big data systems to develop innovative ways of managing water, energy and transport. Part of MK:Smart is to adopt a strategic view on where data-driven innovations might be plugged into the local economy, helping people and the city's development as a whole.



Google's driverless car developments have driven forward the industry. [Steve Jurvetson](#), [CC BY](#)

## **Tearing up the transport map**

Adopting autonomous vehicles could have a big impact on the way transport is designed and planned for in towns and cities. The project in Bristol is right to be examining how this will play out regarding safety and sustainability, but I would argue that the effects of driverless vehicles on transport planning will be fundamental.

If a city has system of autonomous vehicles booked using apps taking people door-to-door, 24-hours a day, where does that leave taxis and minicabs? With no driver the running costs would be low, pushing fares down towards those of a bus. If the mere use of the Uber app is **causing mass protests and legal challenges**, wait until a technology arrives that could out-compete taxis altogether!

Equally, where does this leave mass transit like buses, tram or metro? The system architecture of bus service: large vehicles, operating to a timetable on fixed-corridor routes where passengers can board from specified stops – hasn't changed since the days when they were pulled by horses.

Autonomous cabs on the other hand have an entirely different system architecture. The vehicles are small, and the destination is set by the passenger, rather than tied to specific routes. It's a totally different sort of public-transport design. Battery-electric pods wait for customers at local ranks (recharging there) and when one pod is called to an address, another automatically replaces it to await the next customer.

Some small-scale tests are already underway – for example autonomous pods run on segregated tracks operate between **Heathrow Terminal 5 and its car park stations**. But because rapid progress in computer routines is allowing the vehicles to operate in ordinary traffic, there is potential for a more integrated approach and one that can provide a viable alternative to the private car in suburban areas. In terms of sustainability and cutting pollutants in cities, this system-level impact is possibly the most important aspect.

## **Transport designed for passengers**

Transport policy has tended to view the present model of public transport as fixed for eternity and remains ingrained in the approach taken towards improving public transport for the future. This means requiring people to arrange their lives around the service design of a transport system, rather than designing the transport system to suit people's needs.

This difference in system design is the potentially transformative impact of autonomous public transport using small vehicles – passengers can travel directly, whenever they want, 24/7, to exactly where they want to be – including to many places and at times existing public transport services cannot provide.

Realising the possibility of this fundamental change could turn transport and urban planning on its head. Autonomous vehicles are likely to be used very differently from the vehicles of today – replacing existing transport businesses and creating new ones. It is a design that could yield substantial environmental and social benefits. But the gritty

details and inevitable politics have only just begun – and there is everything to play for in shaping our transport of the future.

Released under RTI - DPC

## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Friday, 13 March 2015 11:22 AM  
**To:** Evelyn Leow  
**Subject:** Economic Strategy  
**Attachments:** Economic Strategy for State Governments v6.docx; Economics of Taxi Deregulation in Queensland v3.docx

Hi Evelyn

Thank you for the coffee today it was great to catch up.

Please see attached my draft documents relating to taxi regulations and economic strategy.

Feel free to add comments and recommendations.

Hope to catch up again soon.

Thanks

Brad

<https://bjreconomics.wordpress.com/?s=taxi>

Regards

Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>



make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive – For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

Austroads sets the standards for drivers as the private standards should be applied to drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austroads test for risk (likelihood of the event multiplied by the severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

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<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34. Currently, Uber has implemented rules to cover the drivers and passengers with insurance. The driver must have comprehensive car insurance which covers the driver and Uber has a worldwide public liability insurance which covers the passengers.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

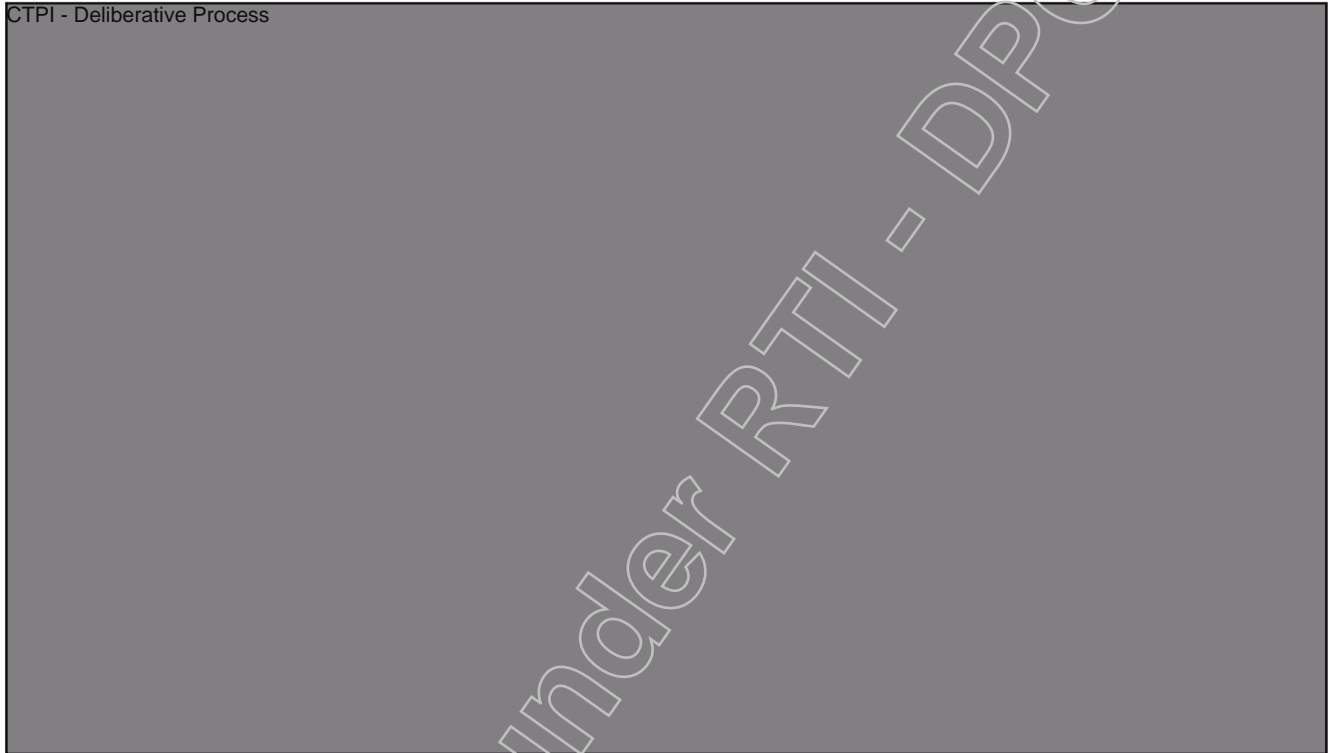
<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$249.5 million per year or PV of \$2.6 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

#### Theory of the cost of supply constraints

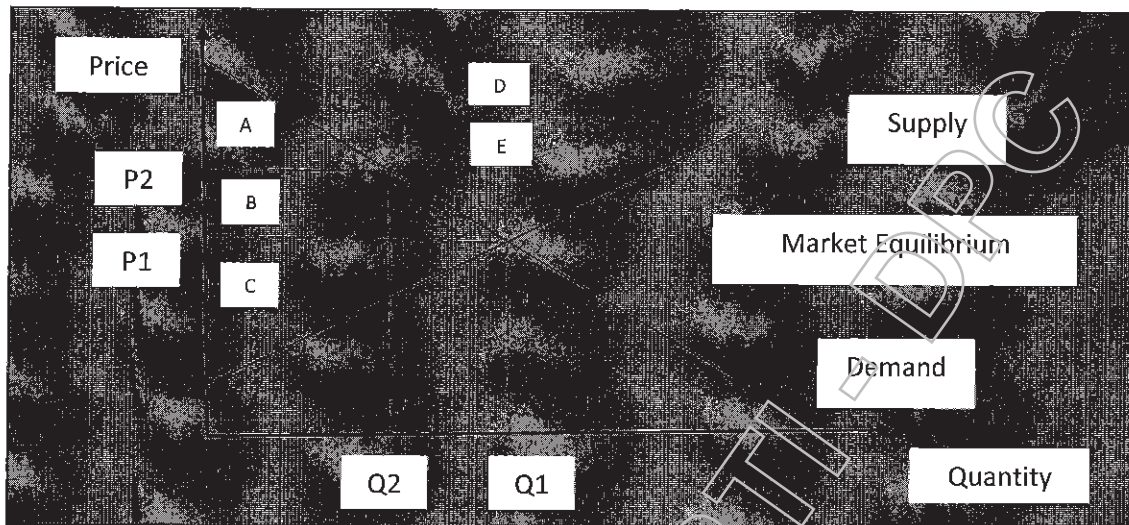
Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>, consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.



Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The governments supply restriction will reduce the quantity supplied from  $Q_1$  to  $Q_2$  which increases the price from  $P_1$  to  $P_2$ . The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,500) per year per licence. That is a cost of \$166.4 million to \$249.5 million per year (PV \$1.75 billion to \$2.61 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$249.5 million per year or PV of \$2.62 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



CTPI - Deliberative Process

Page 81 redacted for the following reason:

-----  
CTPI - Deliberative Process

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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Thursday, 13 November 2014 9:42 AM  
**To:** Craig Wilson  
**Subject:** Employment addition  
**Attachments:** Job Creation Policy Options v2.docx

Hi Craig

Just added a para at the top and a second attachment for your consideration.  
All in track changes so easy to see.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | mobile: s.73 Personal Information | e-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



Customers first | Ideas into action | Unleash potential | Be courageous | Empower people

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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Monday, 23 March 2015 2:02 PM  
**To:** Evelyn Leow  
**Subject:** FW:

**From:** Craig Wilson  
**Sent:** Monday, 23 March 2015 2:00 PM  
**To:** Kate Carlson; Nicholas Dowie; Rachel Lunnon; Bradley Rogers  
**Subject:**

<http://www.news.com.au/finance/business/uberx-versus-taxis-why-the-time-for-taxis-is-over/story-fnkgde2y-1227274842438>

### Craig Wilson

Senior Executive Director | Economic Policy | Department of the Premier and Cabinet |  
Level 14 | 100 George Street, Brisbane 4000.  
Phone: 07 300 39459 | mob: 5.73 Personal Information e-mail: [craig.wilson@premiers.qld.gov.au](mailto:craig.wilson@premiers.qld.gov.au)



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## Bradley Rogers

---

**From:** Stephanie Watts  
**Sent:** Monday, 29 September 2014 3:23 PM  
**To:** Bradley Rogers  
**Subject:** FW: BITRE Subscription Service [SEC=UNCLASSIFIED]

---

**From:** Stephanie Y Watts [mailto:Stephanie.Y.Watts@tmr.qld.gov.au]  
**Sent:** Monday, 29 September 2014 3:21 PM  
**To:** Stephanie Watts  
**Subject:** FW: BITRE Subscription Service [SEC=UNCLASSIFIED]

---

**From:** [subscriptions@infrastructure.gov.au](mailto:subscriptions@infrastructure.gov.au) <[subscriptions@infrastructure.gov.au](mailto:subscriptions@infrastructure.gov.au)>  
**Sent:** Monday, 29 September 2014 7:05 PM  
**To:** [subscriptions@infrastructure.gov.au](mailto:subscriptions@infrastructure.gov.au)  
**Subject:** BITRE Subscription Service [SEC=UNCLASSIFIED]

You have received this email as part of your subscription to the BITRE website updates.

---

### Urban public transport: updated trends

BITRE Information Sheet 59 summarises recent trends in Australian urban passenger transport—contrasting strong growth in urban public transport (UPT) over the last decade (with 2013 task levels almost 30 per cent higher than 2004) with that of private road vehicle use (with car travel in 2013 only about 3 per cent higher than 2004). Details or trend statistics are provided, across the State and Territory capital cities, for modal composition, travel growth rates, UPT cost recovery and transit service levels.  
[http://www.bitre.gov.au/publications/2014/is\\_059.aspx](http://www.bitre.gov.au/publications/2014/is_059.aspx)

Publication Type: Information Sheet.  
Publication Subject: forecasting, infrastructure, passenger, road,

### Long-term trends in urban public transport

BITRE Information Sheet 60 provides detailed long-term trend statistics for Australian urban passenger transport. Historical time-series on passenger movement within the Australian capital cities, covering more than a century, contrast changes over time in patronage on urban public transport (UPT) systems with the corresponding patterns of private road vehicle use.  
[http://www.bitre.gov.au/publications/2014/is\\_060.aspx](http://www.bitre.gov.au/publications/2014/is_060.aspx)

Publication Type: Information Sheet.  
Publication Subject: forecasting, infrastructure, passenger, road,

## Saturating daily travel

The Information Sheet models and forecasts urban passenger travel in Australian and American cities from 1921 to present. Passenger travel per person is saturating and so future growth in total urban travel will be closely linked to population growth.

[http://www.bitre.gov.au/publications/2014/is\\_061.aspx](http://www.bitre.gov.au/publications/2014/is_061.aspx)

Publication Type: Information Sheet.

Publication Subject: forecasting, infrastructure, passenger, road,

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If you no longer would like to be notified of updates to the BITRE website you can unsubscribe.

If you would like to change any details, you can amend your subscription.

CCBR1AMG1.internal.dotars.gov.au made the following annotations

---

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Opinions contained in this email do not necessarily reflect the opinions of the Department of Transport and Main Roads, or endorsed organisations utilising the same infrastructure.

\*\*\*\*\*



## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Monday, 9 February 2015 4:47 PM  
**To:** Craig Wilson  
**Subject:** FW: Competition policy review  
**Attachments:** Competition-policy-review-draft-report.pdf

Hi Craig

Just thought I would point out the National Competition Policy Review has found in favour of a few of my productivity issues.

Importantly, taxis, land and zoning.

The full report attached.

Thanks  
Brad

See page 86

### Regulatory restrictions

Restricting who can supply	Restricting what can be supplied	Restricting where and when supply can occur
Professional licensing and standards	Product standards and labelling	Air service agreements
Liquor and gambling	Agricultural marketing	Retail trading hours
Pharmacy	Parallel imports	Planning and zoning
Taxis	Intellectual property	
Media and broadcasting services	Private health insurance	

**From:** Kate Jackson  
**Sent:** Thursday, 22 January 2015 3:22 PM  
**To:** Bradley Rogers  
**Subject:** RE: Competition policy review

<http://competitionpolicyreview.gov.au/draft-report/>

**From:** Bradley Rogers  
**Sent:** Thursday, 22 January 2015 3:09 PM  
**To:** Kate Jackson  
**Subject:** RE: Competition policy review

I will have to look into this:>

Thanks

---

**From:** Kate Jackson  
**Sent:** Thursday, 22 January 2015 3:07 PM  
**To:** Bradley Rogers  
**Subject:** RE: Competition policy review

Well, I think you have some high profile backers now in the Competition Policy Review – btw also recommends regulation of taxi industry

---

**From:** Bradley Rogers  
**Sent:** Thursday, 22 January 2015 2:53 PM  
**To:** Kate Jackson  
**Subject:** RE: Competition policy review

That is interesting. I have not found many other people who understand this issue or think it is a problem. As demonstrated by the CEO talk today, Council don't get it and are focused on process and issues of the day not strategic economic development. Possibly, because most people in positions of power are engineers and lawyers who don't understand economics.

Local Government are one of the largest constraints on economic growth in Australia. We set the rules of how they operate but the state does not have an economic strategy except build stuff. Could be the BCC bringing its people in to the state government making things worse but it has been bad for a while.

One day....

---

**From:** Kate Jackson  
**Sent:** Thursday, 22 January 2015 2:46 PM  
**To:** Bradley Rogers  
**Subject:** Competition policy review

Agrees with you on planning

While governments talk of economic objectives in a broad sense, such as employment and stimulating housing construction, these are still seen from an urban planner's viewpoint and focus on land use, zoning, streamlining of appeals and more standardisation of planning frameworks.

#### **The Panel's view**

Effective economic objectives and proper consideration of competition are lacking from planning and zoning legislation and therefore processes. Planning and zoning requirements are a significant source of barriers to entry, particularly in the retail sector. They are also overly complex, geared towards very local issues and can place undue weight on the impact on incumbents. This is producing poor outcomes for consumers.

KATE JACKSON  
PRINCIPAL POLICY ADVISOR | ECONOMIC POLICY UNIT | Department of the Premier and Cabinet  
[Kate.Jackson@premiers.qld.gov.au](mailto:Kate.Jackson@premiers.qld.gov.au) | 07 3003 9417 Great State. Great opportunity.  
Please consider the environment before printing this email.

## Bradley Rogers

---

**From:** Lucas Clarke  
**Sent:** Monday, 13 April 2015 11:40 AM  
**To:** Bradley Rogers  
**Subject:** RE: Uber FOI

Brad,

Thanks for this.

In this instance, and given the document is publicly available, could I suggest that you print off this email I have sent you and insert this in place of the 300 page attachment.

# DOCUMENT REPLACES 300 PAGE PUBLICLY AVAILALBE ATTACHMENT

You will note the very subtle message I have left for myself above.

Regards

**Lucas Clarke**  
Manager | Right to Information and Privacy | Department of the Premier and Cabinet  
[lucas.clarke@premiers.qld.gov.au](mailto:lucas.clarke@premiers.qld.gov.au) | 07 300 39230

Please consider the environment before printing this email.

---

**From:** Bradley Rogers  
**Sent:** Monday, 13 April 2015 11:37 AM  
**To:** Lucas Clarke  
**Subject:** Uber FOI

Hi Lucas  
Thank you for your help before.  
One of my emails regarding the Uber request has a 300 page document attached which is a publicly available Competition Policy Review.  
Do you want me to print off the full 300 pages?

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |

Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Monday, 9 February 2015 4:57 PM  
**To:** 'Jayne Dillon'; 'Paul McFadyen'; 'david.loosemore@daff.qld.gov.au'; 'Gene Tunny'  
**Subject:** FW: Competition policy review  
**Attachments:** Competition-policy-review-draft-report.pdf

---

**From:** Craig Wilson  
**Sent:** Monday, 9 February 2015 4:54 PM  
**To:** Bradley Rogers  
**Subject:** RE: Competition policy review

Maybe they borrowed your work???

**Craig Wilson**

Senior Executive Director | Economic Policy | Department of the Premier and Cabinet |  
Level 14 | 100 George Street, Brisbane 4000.  
Phone: 07 300 39459 | mobile: 07 300 67373 | Personal Information | e-mail: [craig.wilson@premiers.qld.gov.au](mailto:craig.wilson@premiers.qld.gov.au)



---

**From:** Bradley Rogers  
**Sent:** Monday, 9 February 2015 4:48 PM  
**To:** Craig Wilson  
**Subject:** FW: Competition policy review

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**Subject:** RE: Uber FOI

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Manager | Right to Information and Privacy | Department of the Premier and Cabinet  
[lucas.clarke@premiers.qld.gov.au](mailto:lucas.clarke@premiers.qld.gov.au) | 07 300 39230

Please consider the environment before printing this email.

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**To:** Lucas Clarke  
**Subject:** Uber FOI

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Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |



Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Monday, 27 October 2014 11:37 AM  
**To:** Craig Wilson  
**Subject:** FW: presentation  
**Attachments:** 781309\_1.pptx

Hi Craig

Please see attached part of the slide presentation by QCA.

This could help with our meeting today.

Some key areas they would like to be involved in are:

1. Local government;
2. Taxi deregulation;
3. Barriers to entry for business;
4. Measures of subsidy to different areas.

I think it would be of great benefit if QCA were able to investigate:

1. Local Government fees and charges;
2. QR spending and service delivery;
3. All water and sewerage pricing across QLD;
4. Free head to write papers for information on any productivity issue they like;

These are important if we want to do anything we need to get the required changes into the QCA Act which is being changed now.

Thanks

Brad

---

**From:** Malcolm Roberts [mailto:malcolm.roberts@qca.org.au]

**Sent:** Monday, 27 October 2014 11:21 AM

**To:** Bradley Rogers

**Subject:** presentation

Hi Bradley

Trust this helps. See you soon.

Kind regards

Malcolm

---

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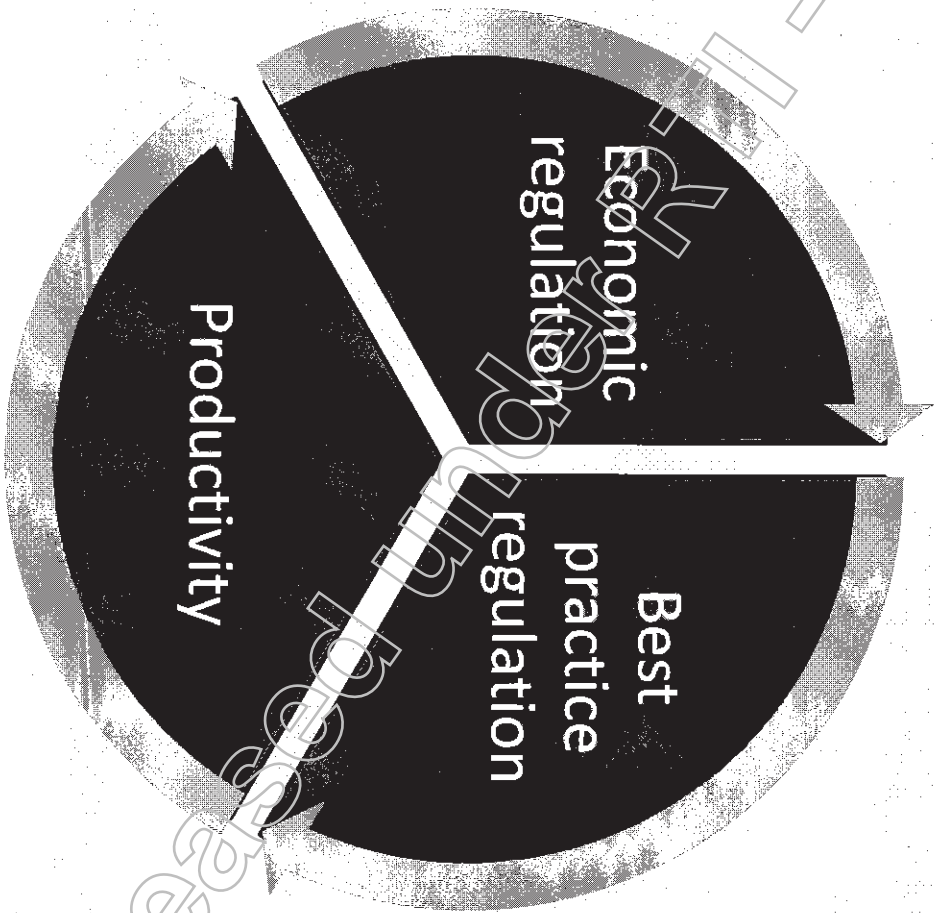
---

# Queensland Competition Authority

## Brown bag lunch

Malcolm Roberts and John Hindmarsh

# QCA ? QIPPA ?



# Economic regulation

## Electricity

- Regional prices
- PV tariffs regional Qld
- Consumer protection

## Water

- SE Qld retail
- Bulk water

## Rail

- Aurizon
- SUFA
- QR

## Best practice regulation

Red tape target 7.9% reduction (30 June 2014)

1.6% increase in page count

20% target → compliance culture

QCA aim → culture change & capacity building

new streamlined guidelines – e.g. self assessment

## **Productivity**

### ***Completed***

- **Coal seam gas**
- **Disability and medical aids**
- **Aquaculture**

### ***Underway***

- **Industry assistance**

- The next competition policy agenda
- enhancing competition in services
- esp. govt services
- institutional changes
- new access & pricing regulator (!)
  - replace NCC
- legislation review (again)
- revised competition principles



# Promoting competitive markets

## Market development:

contestability  barriers to entry, competitive neutrality

user choice  information & access

split policy/purchaser/provider/regulator roles

## Usual suspects

retail trading hours

taxis

pharmacies

infrastructure monopolies

IP restrictions (e.g. parallel imports)

licensing

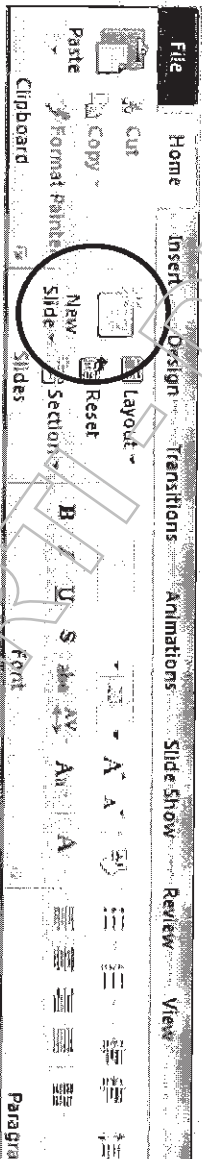
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## Slides in this template

The following slides are instructions for use. Delete once you have read and begin compiling your presentation.

# New slides

- Choose **New Slide** from the Home tab on the ribbon

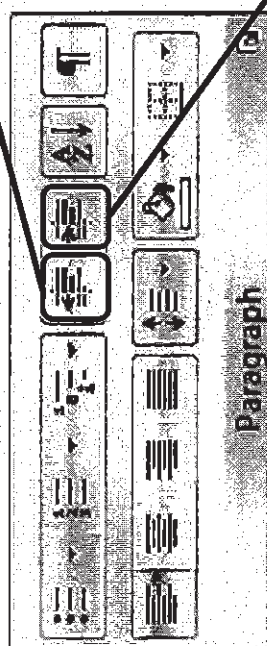


- Select the desired layout from the thumbnails in the dropdown or after the slide has been chosen by choosing the **Layout** button (next to **New Slide**)
- There are options for different text and content layouts.

## Title and content slide layout

Content text is entered here.

The layouts have 4 options for text set up in a list level system. To change the text to the next level, press Tab at the start of the line (or use the **Increase List Level** button if text is not a bullet).



Pressing **Shift+Tab** (or the **Decrease List Level** button) will take you back through the text list levels.

## Text levels

There are four levels of text in the content slides, they are:

### Level 1 (Heading 2)

### Level 2 (Body Text)

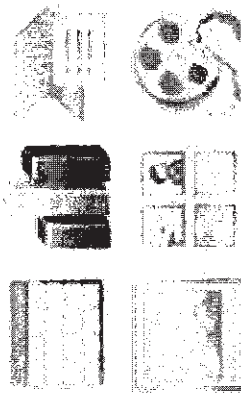
- Level 3 (Bullets, first indent)
  - Level 4 (Bullets, second indent)

### Level 5 (Footnotes)

## Content areas

In any of the slides, the text area can also contain other content.

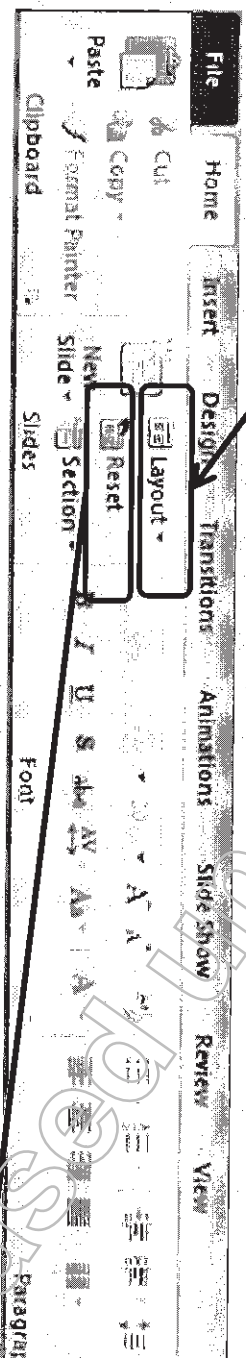
You will notice under the “Click to enter text” line are icons displaying options to insert graphs, pictures, Excel tables etc.



## Formatting existing presentations

You can easily re-format slides from existing presentations:

- Select the slides in the existing presentation via the slide thumbnails panel
- Copy, then paste into the template presentation slide thumbnails panel
- Choose the **Layout** for each slide as appropriate
- Make sure to select the Slides once more and choose **Reset**. This will ensure all items within the slide are forced to adopt the new layout.



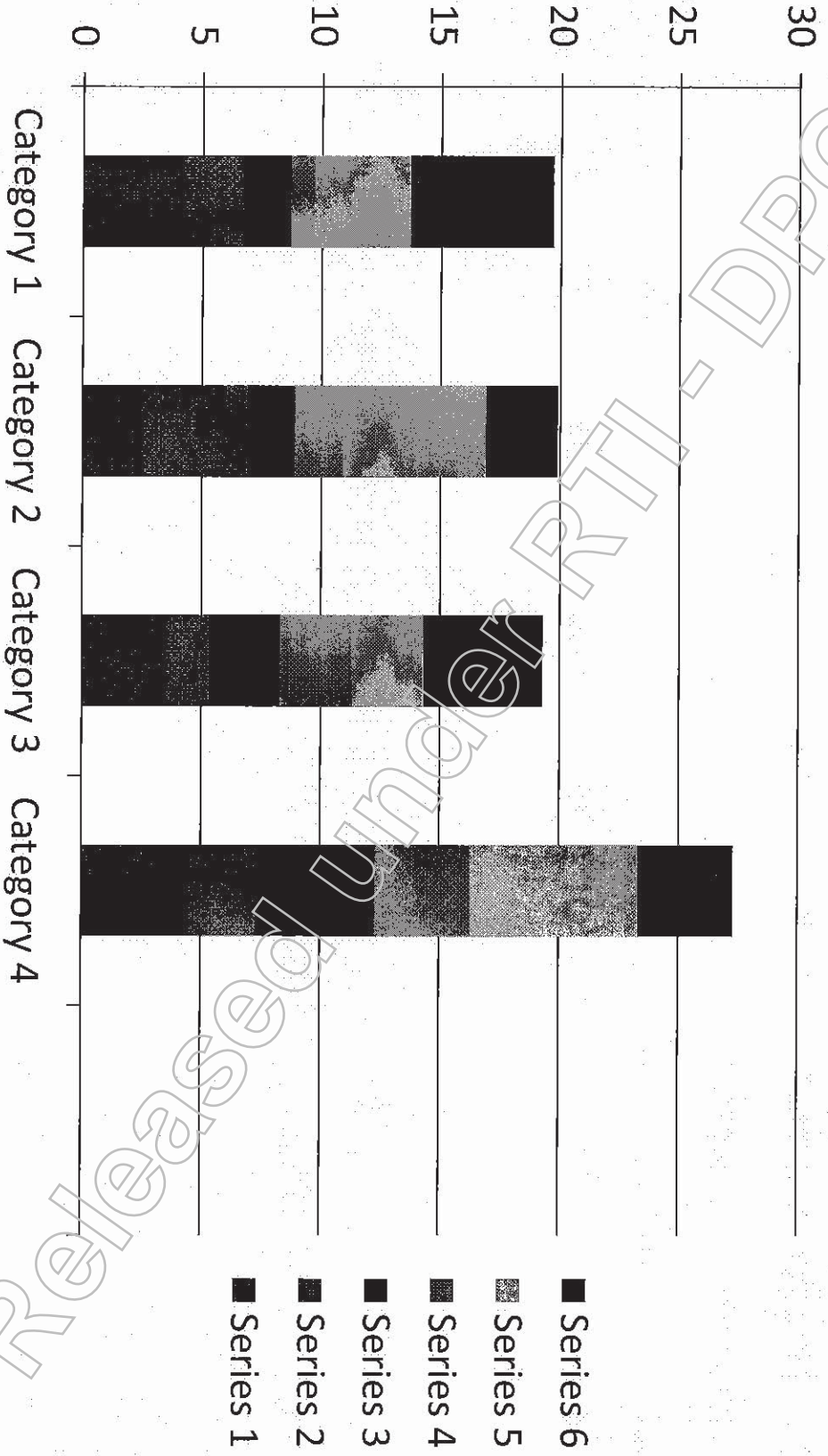


# Inserting a footer

How to place content in the footer:

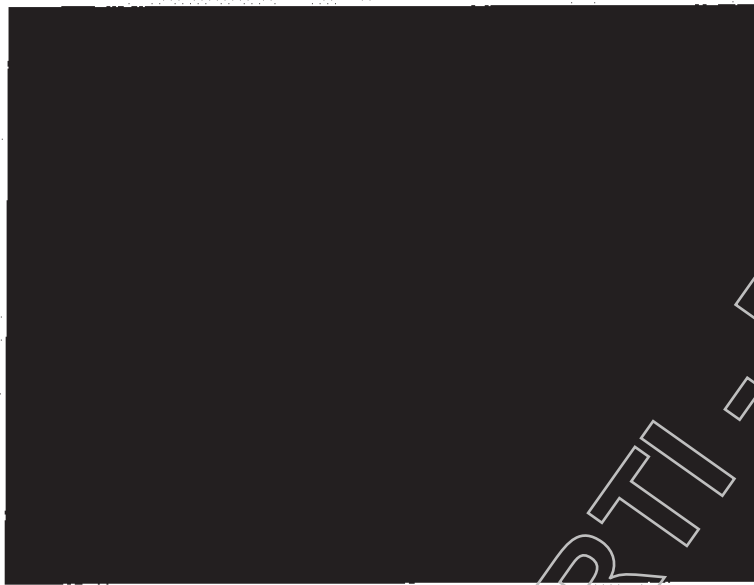
- Go to the **Insert** tab
- Select **Header & Footer**
- Ensure the footer and/or page numbers checkboxes are selected
- Type text in the footer section (if required)
- Click **Apply to All** (the title and section slides have been set up to not show numbers and footers).

# Chart example



## Coloured promotional box

More coloured boxes  
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Coloured promotional box  
More coloured boxes  
available under <New Slide>



Released under RTI

# SmartArt example – single colour



# SmartArt example – multi colour



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# QCA colours

## Main colours used in this template:

R 0  
G 161  
B 228

R 0  
G 113  
B 166

R 156  
G 189  
B 60

## Additional colours available for use:

R 2  
G 126  
B 64

R 227  
G 127  
B 28

R 88  
G 89  
B 91

R 111  
G 81  
B 126

R 139  
G 193  
B 156

R 252  
G 182  
B 33

R 128  
G 130  
B 133

R 212  
G 47  
B 41

Questions?

Level 27, 145 Ann Street,  
Brisbane Q 4000  
GPO Box 2257,  
Brisbane Q 4001  
Tel (07) 3222 0555  
[www.qca.org.au](http://www.qca.org.au)

Released under RII - DPC



## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Thursday, 29 January 2015 11:14 AM  
**To:** Craig Wilson  
**Subject:** FW: Productivity [QCA-Documents.FID35875]  
**Attachments:** [REDACTED] Caravan Park 2.JPG

Hi Craig  
Hope you are enjoying the tennis.  
Please see below the reply for QCA on the productivity mapping project.

Thanks  
Brad

---

**From:** Alex Dobes [mailto:alex.dobes@qca.org.au]  
**Sent:** Thursday, 29 January 2015 11:07 AM  
**To:** Bradley Rogers  
**Subject:** RE: Productivity [QCA-Documents.FID35875]

Hi Brad

Thanks for the opportunity to review this list of productivity initiatives.

It is a useful step to collate the various measures across government – we are doing the same task with industry assistance.

Below are some quick thoughts, which we'd be happy to discuss. Our thoughts are around:

1. Efficacy of reform
2. Some omissions from the list.
3. Alignment with sectoral strategies.

### 1. Efficacy of existing reform measures

At first glance (in the absence of detailed information), it appears that some of the listed initiatives have had little or no impact on productivity. Poor program design and a lack of systematic performance monitoring are likely to be factors.

A thorough impact analysis of all productivity programs would require significant resources, and it may be more efficient to identify a subset of programs for review. Similar programs (applying to similar sectors) could be reviewed together. The QCA's assessment framework for industry assistance could be relevant to these evaluations.

Generally speaking, the QCA is well placed to support an impact analysis of productivity measures. Agencies already receive, to some extent, guidance as part of the RIS process on design of programs but this only partly covers the range of issues.

### 2. Some omissions from the list

The list of initiatives is broad, but some sectoral issues are not mentioned. Malcolm raised some of these issues in the QCA presentation to the brown bag lunch at DPC late last year - for example, regulation of the retail sector, taxis and infrastructure monopolies.

The most significant omission is occupational health and safety (OH&S) regulation. Stakeholders across Queensland and across industries have repeatedly identified this as the single greatest barrier to improving productivity. CCIQ, for example, completed a broad range of member surveys which identified OH&S as a major regulatory issue for their members in most sectors.

A simple illustration of OH&S problems is the attached photo, which shows the training and induction program required to satisfy legal requirements at a caravan park in Cairns. The park manager estimated that he spends a significant portion of each day on the tasks outlined in the wall planner. This is a clear barrier to productivity. This particular caravan park was the subject of a CCIQ case study, and I happened to accompany CCIQ to their discussion with the manager: <https://www.cciq.com.au/assets/Documents/Advocacy/Red-Tape-Case-Studies/13-Case-StudyCaravan-Park-and-Camping.pdf>

Anti-competitive regulation, such as taxis, retail trading hours and pharmacies, is not captured.

### 3. Focus on sectoral strategies

DPC may wish to consider whether Queensland has too many programs in place – it seems that a wide range of often relatively small programs have evolved over time without clear whole-of-government priorities. Some of these programs may fill important niches; others may absorb resources that could deliver greater benefits if applied in a coordinated fashion. Targeting funding to a smaller pool of applicants (e.g. only small businesses or farm businesses) may not deliver the greatest net returns.

Sectoral strategies that may serve as a focus for productivity reviews include ResourcesQ, the Agriculture Strategy, RegionsQ, InfrastructureQ, Queensland Ports Strategy, Moving Freight Strategy, DestinationQ, Small Business Action Plan, Science and Innovation Action Plan and Governing for Growth.

Regards

AD

**Alex Dobes**

Principal Analyst

T (07) 3222 0584

M s.73 Personal Information

alex.dobes@qca.org.au

www.qca.org.au

---

**From:** Bradley Rogers [<mailto:Bradley.Rogers@premiers.qld.gov.au>]

**Sent:** Monday, 12 January 2015 11:01 AM

**To:** Alex Dobes

**Subject:** Productivity

Hi Alex

As discussed last week, we have completed a productivity mapping exercise and would like your views.

Please see attached our report which provides an overview of some productivity related policies.

This project will build from this initial mapping exercise however we are yet to decide on next steps.

Please note this is only an informal request for a view not a direction from Government.

If you have any questions please contact me on the details below.

Regards

Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |

Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)



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## Bradley Rogers

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**From:** noreply@premiers.qld.gov.au  
**Sent:** Tuesday, 17 March 2015 12:35 PM  
**Subject:** Rideshare apps such as Uber

**Importance:** High

Hello,

Thank you for your email to the Honourable Annastacia Palaszczuk MP, Premier of Queensland. The Premier appreciates the time you have taken to contact her with your comments. As the Premier receives a large amount of correspondence, a response will be provided, if appropriate, in due course.

-----  
Subject: Rideshare apps such as Uber  
-----

Title:  
First Name:  
Family Name:

s.73 Personal Information

-----  
Email:  
Phone:  
Address:  
Town:  
State:  
Postcode:  
-----

Comment:

Good afternoon Miss Palaszczuk,

I am an owner on the Gold Coast and firstly I'd like to thank you for providing a means to contact you on matters that concern members of your state.

The reason for my communication today is regarding the legal status of rideshare apps such as Uber.

I have been a resident of the Gold Coast for all 27 years of my life and I love it here. A matter that is of a concern to me however is the current treatment of rideshare app drivers in Queensland.

Both myself & my girlfriend are happy end-users of the Uber service and have made use of their service multiple times over the last few months and so it is with concern that I learn that drivers of rideshare apps such as Uber face prosecution for providing this service.

Having used Taxi's for many years prior to Uber's inception I find them overpriced and the drivers underpaid, among other things.

The question that begs to be asked though is why a company like Uber and it's drivers can be held to account for simply providing a healthy competition to the monopolized Taxi industry?

Miss Palaszczuk, I come to you today as a concerned citizen, but also with a hope that with your help we can smooth over the situation regarding prosecution of these drivers.

I firmly believe that most services you may wish to purchase in Queensland are made so much better by a provision of healthy competition.

Thank you for your time.

Regards,

s.73 Personal  
Information

Released under RTI - DPC

For reply please quote: *EP/RL – TF/15/5849 – DOC/15/55362*

s.73 Personal Information



Thank you for your email of 17 March 2015 regarding the operation of Uber in Queensland. I have been requested to reply to you on behalf of the Premier.

Thank you for sharing your views about the benefits of increased competition in the taxi industry arising from the operation of Uber in Queensland. Ensuring access to innovative, efficient, and safe transport options for the community is important to this Government. However, the regulation of taxis and passenger vehicles is a complex issue and your views will help to inform the Government's position.

While the Government acknowledges that some members of the community, such as you, value Uber as an alternative to regular taxi services, it is important that all public passenger vehicle operators comply with the current regulatory requirements. These requirements are designed to protect passengers and have a safety focus. This means the Department of Transport and Main Roads will continue to take action against drivers that are not complying with the current regulations.

Again, thank you for bringing this matter to the Premier's attention.

Yours sincerely

**PETER NIBBS**  
**DIRECTOR OF POLICY**

**Bradley Rogers**

---

**From:** noreply@premiers.qld.gov.au  
**Sent:** Tuesday, 17 March 2015 12:35 PM  
**Subject:** Rideshare apps such as Uber  
  
**Importance:** High

Hello,

Thank you for your email to the Honourable Anastacia Palaszczuk MP, Premier of Queensland. The Premier appreciates the time you have taken to contact her with your comments. As the Premier receives a large amount of correspondence, a response will be provided, if appropriate, in due course.

-----  
Subject: Rideshare apps such as Uber

-----  
Title: [Redacted]  
First Name: [Redacted]  
Family Name: [Redacted]  
-----  
Email: [Redacted]  
Phone: [Redacted]  
Address: [Redacted]  
Town: [Redacted]  
State: [Redacted]  
Postcode: [Redacted]  
-----

Comment:

Good afternoon Miss Palaszczuk,

I am an owner on the Gold Coast and firstly I'd like to thank you for providing a means to contact you on matters that concern members of your state.

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I firmly believe that most services you may wish to purchase in Queensland are made so much better by a provision of healthy competition.

Thank you for your time.

Regards,

s.73 Personal Information

Released under RTI - DPC

## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Wednesday, 28 January 2015 5:08 PM  
**To:** Craig Wilson  
**Subject:** FW: Taxi  
**Attachments:** Economics of Taxi Deregulation in Queensland v2.docx

fyi

**From:** Bradley Rogers  
**Sent:** Wednesday, 28 January 2015 5:07 PM  
**To:** Kate Carlson; Rachel Lunnon  
**Subject:** Taxi

Hi Team  
Please see attached my final draft with the numbers up dated.  
You will see the final page has a summary table with all the est costs.  
Hope this is ok.

Please see me for more details or changes.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive -- For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

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<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

Austrroads sets the standards for drivers as the private standards should be applied to:

1. drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying
2. for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying
3. bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event x severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville



**Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>**

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: *Premiers, 2015.*

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

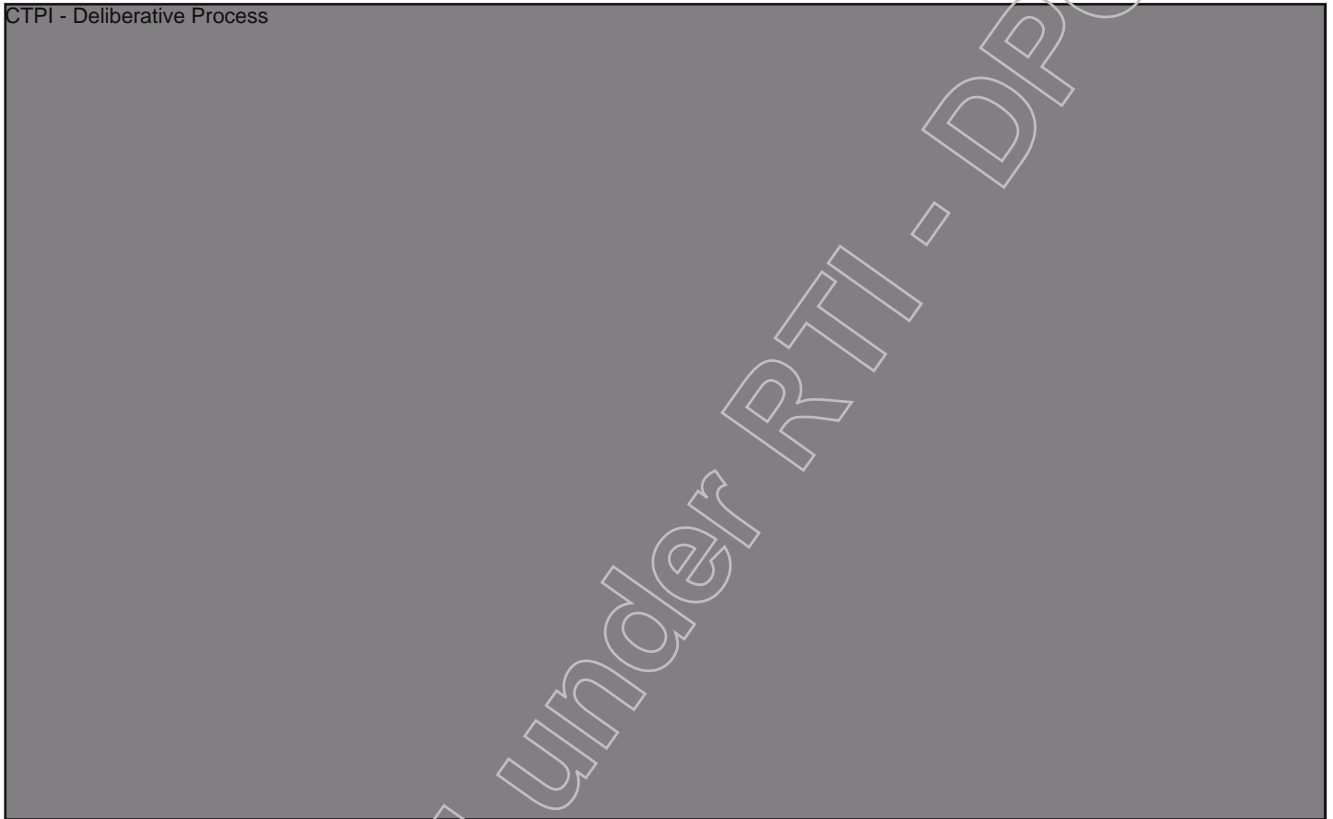
<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$237 million per year or PV of \$2.5 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

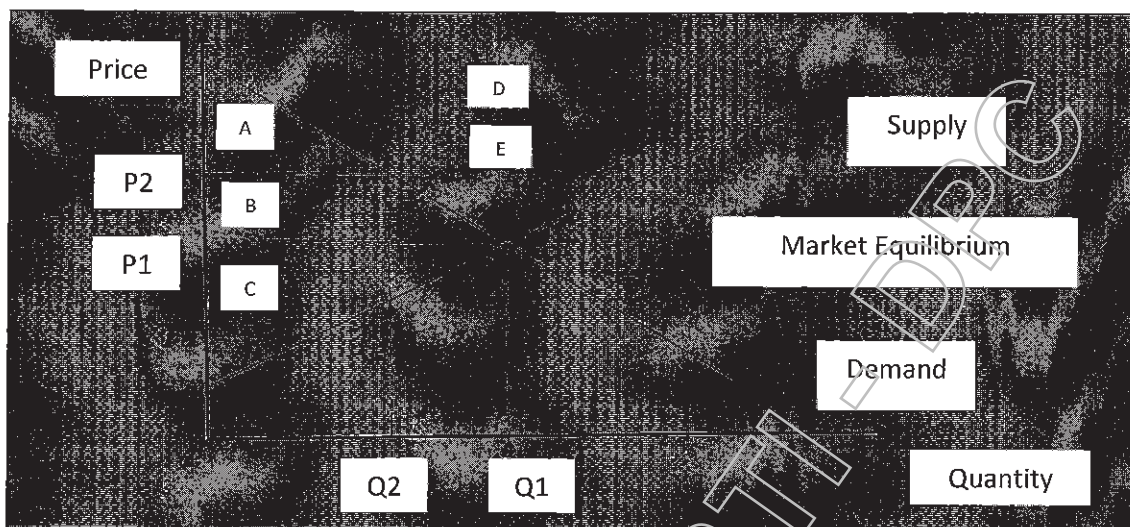
#### Theory of the cost of supply constraints

Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>, consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

Graph 1. Economic theory of supply constraint costs



Source: *Premiers, 2015.*

The governments supply restriction will reduce the quantity supplied from Q1 to Q2 which increases the price from P1 to P2. The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original CS = A + B + D and PS = C + E, however after the supply constraint the CS = A and PS = C + B. That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is D + E which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,000) per year per licence. That is a cost of \$187.2 million to \$280.8 million per year (PV \$1.97 billion to \$2.96 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$262.5 million per year or PV of \$2.76 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

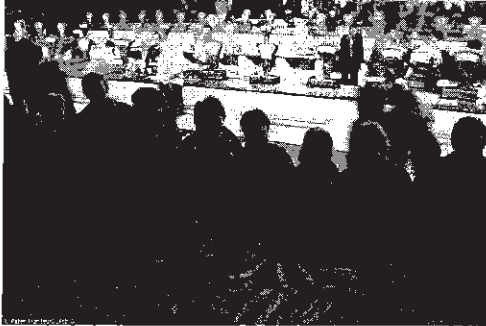
There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



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Page 142 redacted for the following reason:

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## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Thursday, 22 January 2015 6:17 PM  
**To:** Craig Wilson  
**Subject:** FW: Taxi  
**Attachments:** Economics of Taxi Deregulation in Queensland v1.docx

FYI

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**From:** Bradley Rogers  
**Sent:** Thursday, 22 January 2015 6:16 PM  
**To:** Nicholas Dowie; Kate Carlson; Rachel Lunnon  
**Subject:** Taxi

Hi Team

Please see attached my work so far.

This is only one of the three issues Kate asked me to review.

I am collecting data as I go to provide a model of total costs at the end.

Tomorrow I should have much more done for your review.

Thanks

Brad

Regards

Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person).

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive.

This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive – For Commercial and Private Vehicle Drivers" national medical standards.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi.

*Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property*

Cost of application to DTMR is \$35.05

<http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

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<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

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## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Wednesday, 28 January 2015 5:08 PM  
**To:** 'bradseconomics@hotmail.com'  
**Subject:** FW: Taxi  
**Attachments:** Economics of Taxi Deregulation in Queensland v2.docx

**From:** Bradley Rogers  
**Sent:** Wednesday, 28 January 2015 5:07 PM  
**To:** Kate Carlson; Rachel Lunnon  
**Subject:** Taxi

Hi Team

Please see attached my final draft with the numbers up dated.  
You will see the final page has a summary table with all the est costs.  
Hope this is ok.

Please see me for more details or changes.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

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The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive -- For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

Austrroads sets the standards for drivers as the private standards should be applied to:

1. drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying
2. for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying
3. bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event x severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

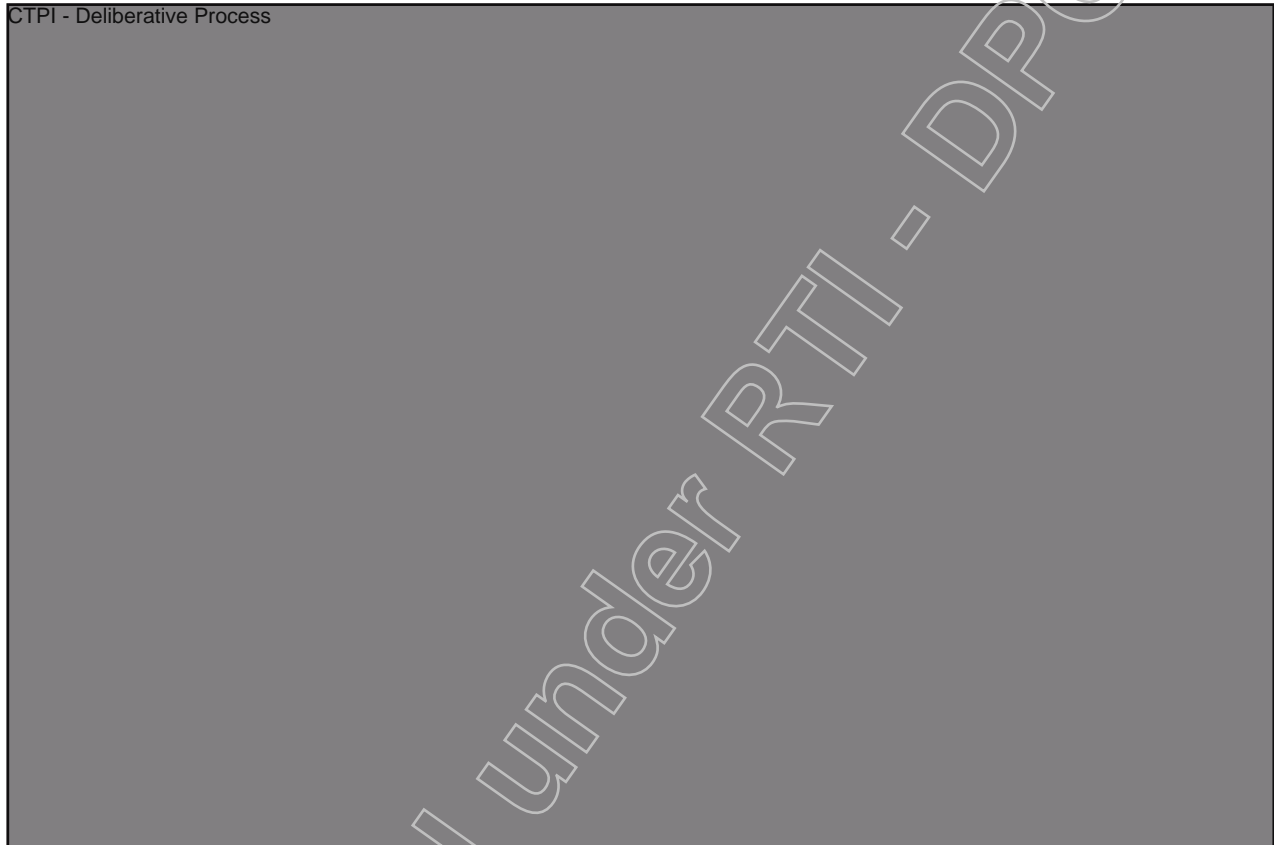
<sup>10</sup> <http://www.complaints.qld.gov.au/>



Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

#### Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: [CarSales.com.au](http://www.carsales.com.au)<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$237 million per year or PV of \$2.5 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

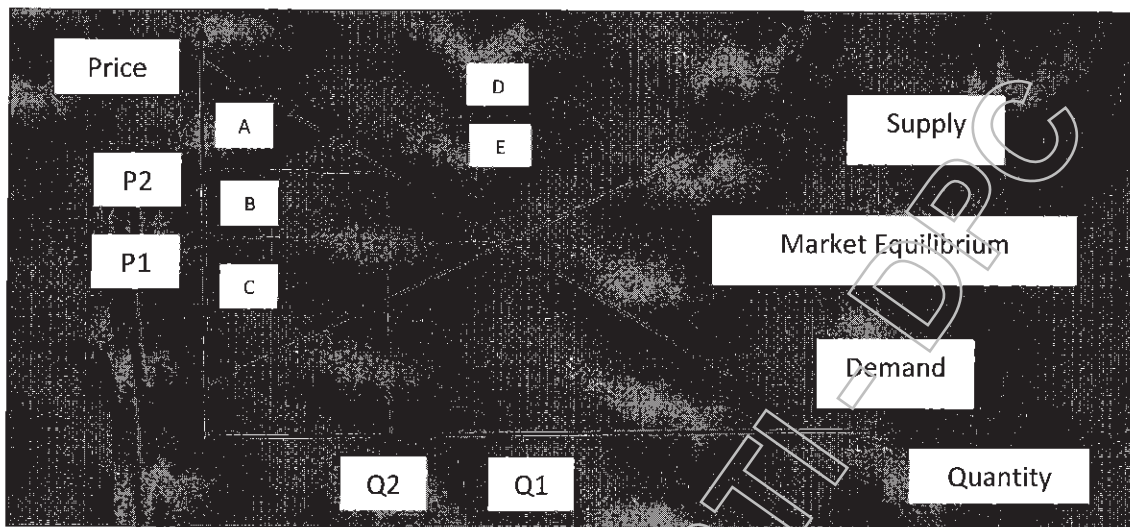
#### Theory of the cost of supply constraints

Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>, consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The governments supply restriction will reduce the quantity supplied from Q1 to Q2 which increases the price from P1 to P2. The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original CS = A + B + D and PS = C + E, however after the supply constraint the CS = A and PS = C + B. That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is D + E which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,000) per year per licence. That is a cost of \$187.2 million to \$280.8 million per year (PV \$1.97 billion to \$2.96 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$262.5 million per year or PV of \$2.76 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

Picture 4. Taxi lines in Brisbane



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Page 165 redacted for the following reason:

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## Bradley Rogers

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**From:** Craig Wilson  
**Sent:** Friday, 6 March 2015 11:55 AM  
**To:** Bradley Rogers  
**Subject:** FW: Uber discussion with Prem's office  
**Attachments:** Queensland Taxi Regulation in an Era of Disruptive Technology.docx

fyi

### Craig Wilson

Senior Executive Director | Economic Policy | Department of the Premier and Cabinet |  
Level 14 | 100 George Street, Brisbane 4000.  
Phone: 07 300 39459 | mobile: S.73 Personal Information | e-mail: [craig.wilson@premiers.qld.gov.au](mailto:craig.wilson@premiers.qld.gov.au)



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**From:** Katie Carlson  
**Sent:** Friday, 6 March 2015 11:20 AM  
**To:** Craig Wilson  
**Subject:** Uber discussion with Prem's office

Hi Craig

Peter Nibbs has passed your offer to meet and discuss Uber/taxi regulation issues onto Jim Groves for action – Jim is keen to take you up on the offer.

I was thinking we could send up the background paper that we did during caretaker (see attached) and then meet to discuss the issues and way forward. Your thoughts?

Cheers,

### Kate Carlson

A/Director | Economic Policy | Department of the Premier and Cabinet  
Level 14 | 100 George Street, Brisbane.  
Phone: 07 300 39343 | Mobile: S.73 Personal Information  
e-mail: [kate.carlson@premiers.qld.gov.au](mailto:kate.carlson@premiers.qld.gov.au)



## Queensland Taxi Regulation in an Era of Disruptive Technology

### What is the problem?

- Technological improvements have enabled ride sharing companies like Uber to operate outside of the existing public passenger regulatory framework and Uber drivers are failing to comply with the relevant legislative requirements.

### Why is this a problem for Queensland?

- Uber's launch and continued operations in Queensland have demonstrated the inability of the current regulatory framework to respond to new technologies and innovation in the public passenger market.

### How has this problem emerged?

- Queensland does not allow private vehicles to offer taxi services. New app-based technologies like Uber allow consumers to book and pay for private vehicles in a way that is difficult to detect.
- This makes it hard for the Government to enforce current regulatory requirements. It also raises questions whether the existing framework remains appropriate.

### Why are taxis regulated?

- The Queensland Government regulates taxis to maintain safe, reliable and equitable service levels.
- The Government controls the supply of taxis through licences and requires taxis to charge consumers the same maximum per kilometre rate regardless of the cost of providing the service. This means consumers in low density areas or with accessibility requirements are not charged the full cost of service (cost of driving from the city to an outer suburban area for a pick up or the cost of an accessible taxi).
- In practice the cost of providing services to these consumers is cross-subsidised by other consumers.
- The Government requires drivers to have criminal background checks and adequate compulsory third party (CTP) insurance to protect passenger safety.
- In certain taxi service areas the Government also requires licence holders to affiliate with a taxi booking company (Black & White Cabs or Yellow Cabs in Brisbane). The Government requires taxi booking companies to meet service standards, including in low demand areas and for consumers who have accessibility requirements.
- The supply of taxi booking companies is not regulated. However the commercial requirement to have a large affiliated fleet capable of meeting service standards means the barriers to entry are high.
- Taxi drivers cannot cherry pick fares – they must take the fare dispatched to them by the taxi booking company. They also must take the first person at the rank. Consumers receive the same level of service regardless of the profit they provide to drivers.
- This model is also used by most other jurisdictions.

### What is the impact of regulation?

- The current system benefits those who live in poorly serviced public transport areas and need to travel short distances or travel at times when public transport is unavailable.
- In the absence of regulation these users would likely pay higher prices to more closely reflect the cost of providing these services.

- Regulation also limits competition; reduces incentive to deliver cost and service improvements to users; and imposes costs on users and operators that impose broader economic and productivity costs.
- Restricting the supply of taxis limits competition and can result in higher fares for some users than would be the case in a more open market. This benefits licence holders at the expense of consumers. It also creates disincentive to significant reform because of potential compensation claims from licence holders.
- Research found restricting the supply of Sydney taxis imposed economic costs of \$265M per year. Modelling conducted by the Victorian taxi inquiry found that Melbourne taxi users pay around \$120 million each year to maintain the value of taxi licence plates.
- Assuming similar costs are imposed as in Sydney then the net cost from restricting taxis in south east Queensland is \$121M a year.
- Centre for International Economics research found Brisbane consumers were worse off by \$40M a year from restricting Brisbane taxi numbers with a dead weight loss to society of \$3M to \$20M a year.
- Because competition is limited and taxis are mandated to offer the same service to all users, there is little incentive to deliver improvements that some consumers may be prepared to pay more to access.

#### What is the impact of Uber operating in Queensland?

- Uber is offering a more personalised service that users consider to be more efficient, cost effective and safer.
- Uber's app based platform allows consumers to choose the vehicle and driver they will use.
- Research undertaken by the NSW Independent Pricing and Regulation Tribunal found 50 per cent of Uber customers used it because it was cheaper and the other 50 per cent for the convenience it offered.
- Uber's impact on licenced taxis is not clear. Data on Uber patronage is not available. However anecdotal evidence from the Department of Transport and Main Roads (TMR) suggests there are 100 Uber drivers earning around \$2000 in fares each week.
- This suggests that Uber drivers' annual fare revenue is around \$10.4M.
- It is not clear if this revenue is from new demand induced by lower prices or if it is being substituted from licenced taxis.
- It is also not clear if the additional employment opportunities Uber is providing for unemployed and underemployed Queenslanders is coming at the expense of the 12 941 existing licenced taxi drivers.
- As Uber only entered the Queensland market in 2014 it is too soon to gauge its impact on the value of taxi licences. Nevertheless, as awareness of Uber and the savings it offers grows, its share of the market is likely to increase and the value of taxi licences and the annual revenue they deliver is likely to decline.
- Taxi licenses for south east Queensland are the most lucrative in Australia. A Brisbane taxi licence is currently worth approximately \$523 000 and a Gold Coast licence is currently worth approximately \$581 936. The average Australian taxi licence is worth \$359 200. TMR estimates the total value of Queensland taxi licences is \$1.4B.
- There are about 2 200 taxi licence holders in Queensland – 43 per cent, or 942, are individuals and 57 per cent, or 1 298, are organisations or partnerships – that hold 3 262 licenses.
- Uber drivers are not currently meeting the costs of regulatory compliance. They are also not required to service higher cost consumers (those who live in low density areas or whose business may not be profitable and/or desirable) or offer a specified service level in non-peak periods.

Pages 169 through 173 redacted for the following reasons:

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## Bradley Rogers

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**From:** Rachel Lunnon  
**Sent:** Thursday, 22 January 2015 2:07 PM  
**To:** Bradley Rogers  
**Cc:** Kate Carlson  
**Subject:** FW: updated taxi figures  
**Attachments:** Scan-To-Me Document - .pdf

Hi Brad, Please find attached some detail re the number of taxi licences in Queensland and licence values as at 5 January. While the TMR states that 80-90M passengers are transported by taxi each year they do not hold data on no/length of trips. Taxi's require inspection every 6 months, this costs over \$100.

Thanks  
Rachel

---

**From:** Timothy J Bateman [mailto:timothy.bateman@translink.com.au]  
**Sent:** Thursday, 22 January 2015 1:53 PM  
**To:** Rachel Lunnon  
**Cc:** Keith D Boyer  
**Subject:** updated figures

Hi Rachel,

Hope your brief is coming together.

Additional data as requested:

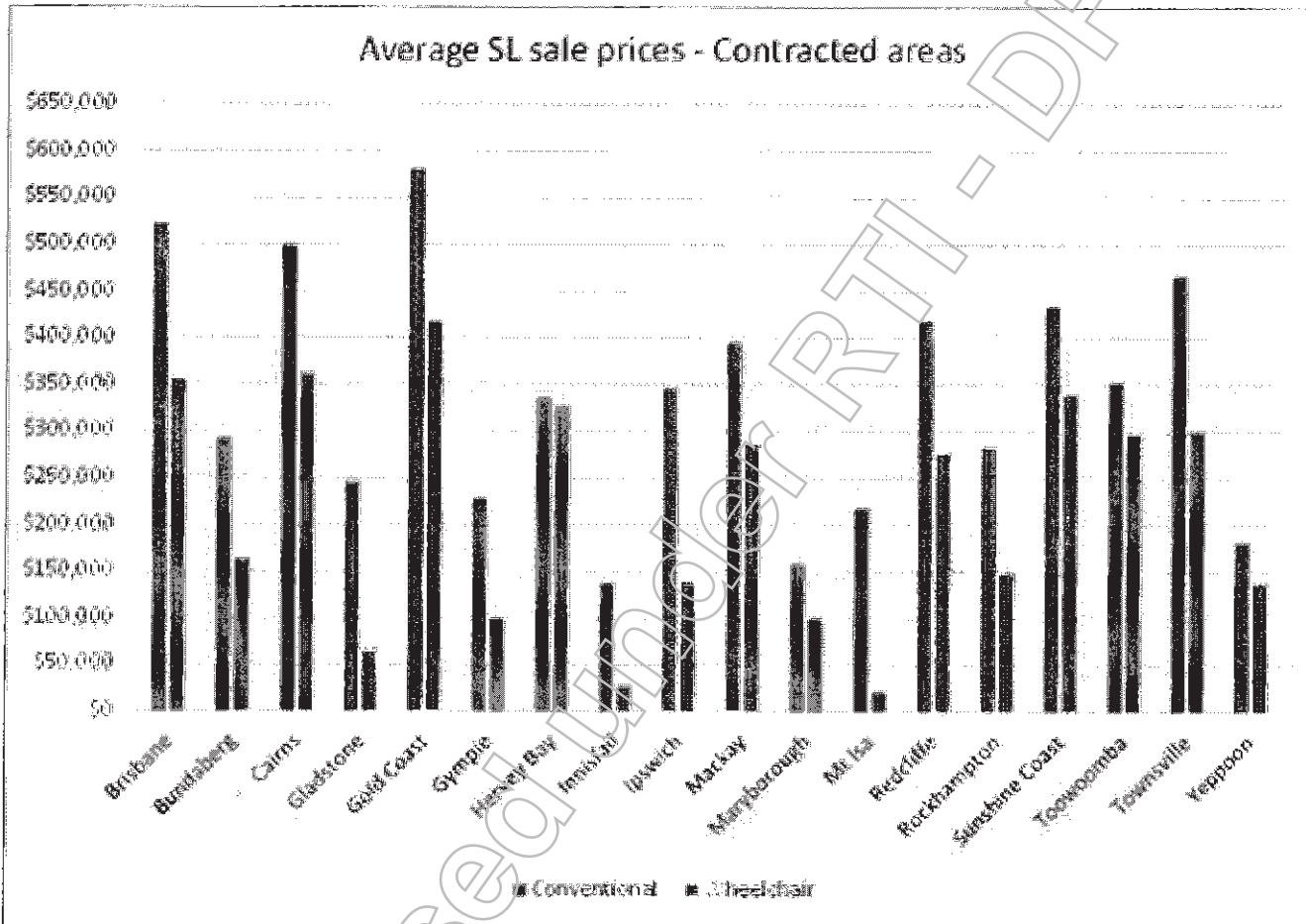
- 3263 taxis in Queensland.
- 19.7% of fleet is wheelchair accessible
- Approximately 2,800 holders of Operator Accreditation
- 13,200 holders of Driver Authorisation

Please see below, average licence sale prices across the state (as of 5 January 2015) including the breakdown of average conventional and wheelchair taxi licences.

<i>Contracted Area</i>	<i>Conventional</i>	<i>Wheelchair</i>
Brisbane	\$523,000	\$356,000
Bundaberg	\$293,200	\$163,940
Cairns	\$500,940	\$363,216
Gladstone	\$246,900	\$66,420
Gold Coast	\$581,936	\$418,415
Gympie	\$229,092	\$100,294
Hervey Bay	\$336,160	\$327,560
Innisfail	\$138,380	\$28,250
Ipswich	\$347,000	\$140,160
Mackay	\$396,400	\$287,802
Maryborough	\$158,696	\$101,120

Mt Isa	\$217,936	\$22,500
Redcliffe	\$419,700	\$277,000
Rockhampton	\$284,000	\$148,600
Sunshine Coast	\$435,600	\$341,200
Toowoomba	\$354,000	\$298,000
Townsville	\$467,200	\$301,300
Yeppoon	\$182,150	\$138,167

\*as at 5 Jan 2015



Regards,

Timothy Bateman  
 Senior Policy Advisor  
 TransLink Division | Department of Transport and Main Roads

61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001  
 t 07 3338 4106 | f 33384640  
 e [Timothy.Bateman@translink.com.au](mailto:Timothy.Bateman@translink.com.au)  
 w [www.translink.com.au](http://www.translink.com.au) w [www.tmr.qld.gov.au](http://www.tmr.qld.gov.au)



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\*\*\*\*\*

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- Natural progression towards the use of green, hybrid vehicles by the taxi industry.

### Stakeholders

- TMR officers lead or attend regular consultative forums with the representatives of the taxi industry, Queensland Police Service and other government agencies.

### Queensland Taxi Licences in Contract areas by location (South east Queensland and Provincial cities)

Old Taxi Licences by Location	Status	Total Number Licences	Conventional Taxi Licences	WAT Licences	WAT % of Fleet
<b>South East Queensland Taxi Service Areas</b>					
Brisbane	Contract	1867	1557	310	17%
Yellow Cabs Queensland Pty Ltd	Contract				
Ipswich	Contract	68	53	15	22%
Redcliffe	Contract	37	29	8	22%
Gold Coast	Contract	357	267	90	25%
<b>TOTAL SEQ</b>		<b>2329</b>	<b>1906</b>	<b>423</b>	
<b>Provincial City Taxi Service Areas</b>					
Bundaberg	Contract	50	24	6	20%
Calrns	Contract	137	115	22	16%
Gladstone	Contract	28	22	6	21%
Gympie	Contract	11	8	3	27%
Hervey Bay	Contract	18	12	6	33%
Innisfail	Contract	11	9	2	18%
Mackay	Contract	73	53	20	27%
Maryborough	Contract	15	11	4	27%
Mount Isa	Contract	34	33	1	3%
Rockhampton	Contract	67	53	14	21%
Sunshine Coast	Contract	110	82	28	25%
Toowoomba	Contract	86	73	13	15%
Townsville	Contract	135	112	23	17%
Capricorn Coast (Yeppoon)	Contract	10	5	5	50%
<b>TOTAL CONTRACT - REGIONAL</b>		<b>765</b>	<b>612</b>	<b>153</b>	
<b>TOTAL CONTRACT</b>		<b>3094</b>	<b>2518</b>	<b>576</b>	

### Limousine industry

- Fully commercial industry. No Government subsidy.
- Pre booked services only
- 577 limousines, 1 wheelchair accessible.

### Regulatory framework

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## Bradley Rogers

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**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 10:58 AM  
**To:** Jeanette Miller  
**Subject:** FW: Young Economists Coffee and Taxis  
**Attachments:** Economics of Taxi Deregulation in Queensland v3.docx

Hi Jeanette

Do you mind if I send this attached paper to Tsy?

I did the paper for Kate and she is ok with it but Craig would like you and Anthony to agree before I send it.

Thanks  
Brad

---

**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 9:40 AM  
**To:** Kate Carlson  
**Subject:** FW: Young Economists Coffee and Taxis

Hi Kate

Please see the email below from the Tsy guy.

Let me know if it is ok for me to send the attached to Matt.

Thanks  
Brad

---

**From:** Matthew Geck [<mailto:matthew.geck@treasury.qld.gov.au>]  
**Sent:** Wednesday, 1 April 2015 10:26 AM  
**To:** Bradley Rogers  
**Subject:** Young Economists Coffee and Taxis

Hi Brad,

I notice YE is hosting a taxi/uber coffee talk next week. I've been looking at this for Treasury, I'll make sure to attend.

Cheers

**Matt Geck**  
Economist  
Economics Division  
Queensland Treasury  
Level 7, Executive Building, 100 George Street  
**Phone:** (07) 3035 6469  
**Email:** [matthew.geck@treasury.qld.gov.au](mailto:matthew.geck@treasury.qld.gov.au)  
**Web:** [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)



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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

## Not Government Policy

## Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

## Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

## Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

## Not Government Policy

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

## Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

### Not Government Policy

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

## Not Government Policy

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

## Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

## Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive – For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

## Not Government Policy

Austrroads sets the standards for drivers as the private standards should be applied to drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event multiplied by the severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

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<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville



## Not Government Policy

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34. Currently, Uber has implemented rules to cover the drivers and passengers with insurance. The driver must have comprehensive car insurance which covers the driver and Uber has a worldwide public liability insurance which covers the passengers.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

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Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

CTPI - Deliberative Process



<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

## Not Government Policy

## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

## Not Government Policy

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

Picture 1. 2006 Holden Commodore VE SS



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

## Not Government Policy

The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$249.5 million per year or PV of \$2.6 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

#### Theory of the cost of supply constraints

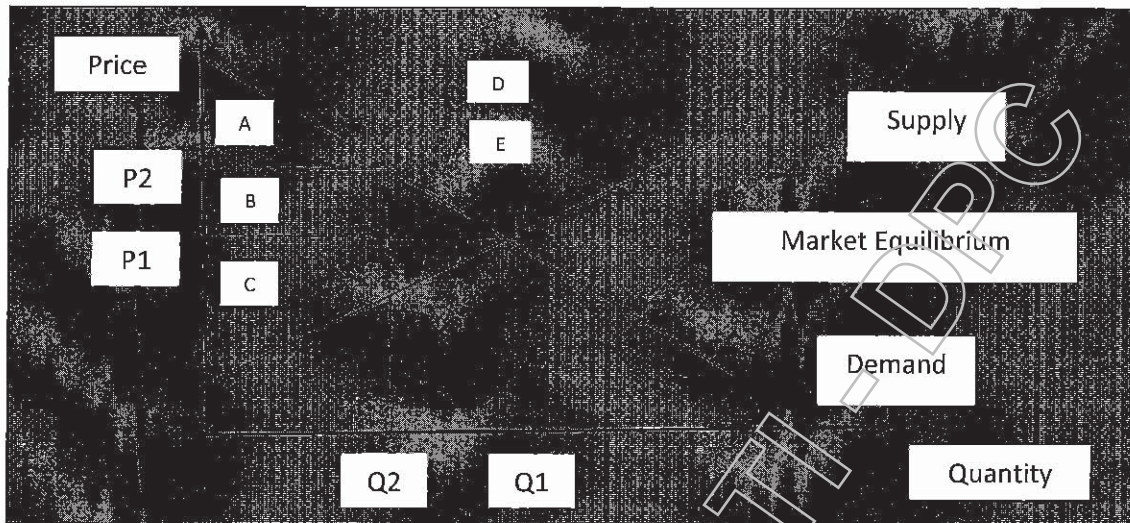
Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>; consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

## Not Government Policy

Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The government's supply restriction will reduce the quantity supplied from  $Q_1$  to  $Q_2$  which increases the price from  $P_1$  to  $P_2$ . The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,500) per year per licence. That is a cost of \$166.4 million to \$249.5 million per year (PV \$1.75 billion to \$2.61 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$249.5 million per year or PV of \$2.62 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

## Not Government Policy

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

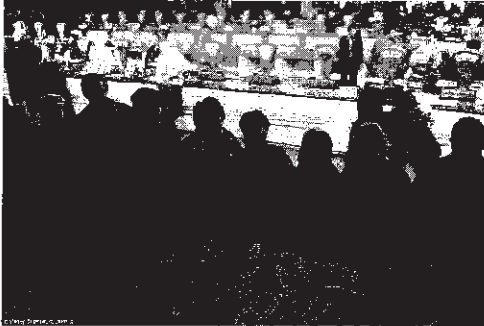
**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

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Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

Picture 4. Taxi lines in Brisbane



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Page 194 redacted for the following reason:

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Released under RTI - DPC

**Bradley Rogers**

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**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 9:40 AM  
**To:** Kate Carlson  
**Subject:** FW: Young Economists Coffee and Taxis  
**Attachments:** Economics of Taxi Deregulation in Queensland v3.docx

Hi Kate  
Please see the email below from the Tsy guy.  
Let me know if it is ok for me to send the attached to Matt.

Thanks  
Brad

---

**From:** Matthew Geck [mailto:matthew.geck@treasury.qld.gov.au]  
**Sent:** Wednesday, 1 April 2015 10:26 AM  
**To:** Bradley Rogers  
**Subject:** Young Economists Coffee and Taxis

Hi Brad,

I notice YE is hosting a taxi/uber coffee talk next week. I've been looking at this for Treasury, I'll make sure to attend.

Cheers

**Matt Geck**  
Economist  
Economics Division  
Queensland Treasury  
Level 7, Executive Building, 100 George Street  
**Phone:** (07) 3035 6469  
**Email:** [matthew.geck@treasury.qld.gov.au](mailto:matthew.geck@treasury.qld.gov.au)  
**Web:** [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)



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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

## Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

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## Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

## Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

## Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

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Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

## Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

## Not Government Policy

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

## Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

## Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

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If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

## Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

## Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive - For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

## Not Government Policy

Austrroads sets the standards for drivers as the private standards should be applied to drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event multiplied by the severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

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<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville



## Not Government Policy

Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work, Place, Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34. Currently, Uber has implemented rules to cover the drivers and passengers with insurance. The driver must have comprehensive car insurance which covers the driver and Uber has a worldwide public liability insurance which covers the passengers.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

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Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

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## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position.

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

### Not Government Policy

restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

**Picture 1. 2006 Holden Commodore VE SS**



Source: [CarSales.com.au](http://CarSales.com.au)<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

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The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$249.5 million per year or PV of \$2.6 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

Theory of the cost of supply constraints

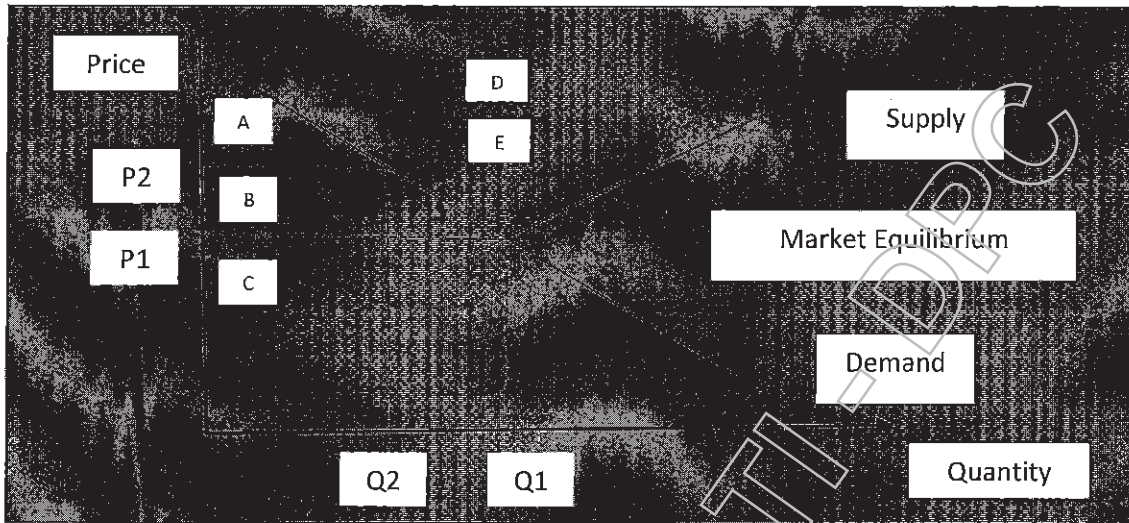
Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>, consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

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Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The governments supply restriction will reduce the quantity supplied from Q1 to Q2 which increases the price from P1 to P2. The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original CS = A + B + D and PS = C + E, however after the supply constraint the CS = A and PS = C + B. That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is D – E which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government’s restriction on supply is difficult. The area B or the CS captured by producers due to the government’s supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,500) per year per licence. That is a cost of \$166.4 million to \$249.5 million per year (PV \$1.75 billion to \$2.61 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$249.5 million per year or PV of \$2.62 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

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3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

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**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



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Released under RTI - DPC

## Bradley Rogers

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**From:** Jeanette Miller  
**Sent:** Wednesday, 8 April 2015 1:16 PM  
**To:** Bradley Rogers  
**Cc:** Anthony Crack; Kate Carlson  
**Subject:** FW: Young Economists Coffee and Taxis  
**Attachments:** Economics of Taxi Deregulation in Queensland v3.docx

Hi Brad

As discussed – given the number of sensitive issues that you have discussed in the paper, I would not recommend that it be shared outside of Economic policy division until it has a higher level of clearance. However, as Treasury is aware of the paper and has requested a copy it may be difficult to refuse the request. If you are going to share it with Treasury I would strongly recommend that you include the following caveats:

- The paper is nothing more than an individual officer assessment – it has no official status
- It does not represent DPC's or the Government's position
- It is based on a purely economic point of view and does not take into consideration social or public safety issues
- It is only to be used to assist in further research
- It has not been approved for further distribution

I would also recommend that the Economic Policy Group header be removed and that it be provided as hard copy only (to prevent any on-forwarding).

Jeanette Miller  
Director | Economic Policy | Department of the Premier and Cabinet  
[jeanette.miller@premiers.qld.gov.au](mailto:jeanette.miller@premiers.qld.gov.au) |  
07 3003 9393  
Great State. Great opportunity.  
Please consider the environment before printing this email.

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**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 10:58 AM  
**To:** Jeanette Miller  
**Subject:** FW: Young Economists Coffee and Taxis

Hi Jeanette  
Do you mind if I send this attached paper to Tsy?  
I did the paper for Kate and she is ok with it but Craig would like you and Anthony to agree before I send it.

Thanks  
Brad

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**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 9:40 AM  
**To:** Kate Carlson  
**Subject:** FW: Young Economists Coffee and Taxis

Hi Kate  
Please see the email below from the Tsy guy.  
Let me know if it is ok for me to send the attached to Matt.

Thanks  
Brad

**From:** Matthew Geck [<mailto:matthew.geck@treasury.qld.gov.au>]  
**Sent:** Wednesday, 1 April 2015 10:26 AM  
**To:** Bradley Rogers  
**Subject:** Young Economists Coffee and Taxis

Hi Brad,

I notice YE is hosting a taxi/uber coffee talk next week. I've been looking at this for Treasury, I'll make sure to attend.

Cheers

**Matt Geck**  
Economist  
Economics Division  
Queensland Treasury  
Level 7, Executive Building, 100 George Street  
**Phone:** (07) 3035 6469  
**Email:** [matthew.geck@treasury.qld.gov.au](mailto:matthew.geck@treasury.qld.gov.au)  
**Web:** [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)



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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

## Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

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## Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

## Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

## Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

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Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

## Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

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make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

## Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

## Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

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If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

## Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

## Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive - For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%



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Austrroads sets the standards for drivers as the private standards should be applied to drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event multiplied by the severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

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Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work, Place, Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34. Currently, Uber has implemented rules to cover the drivers and passengers with insurance. The driver must have comprehensive car insurance which covers the driver and Uber has a worldwide public liability insurance which covers the passengers.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

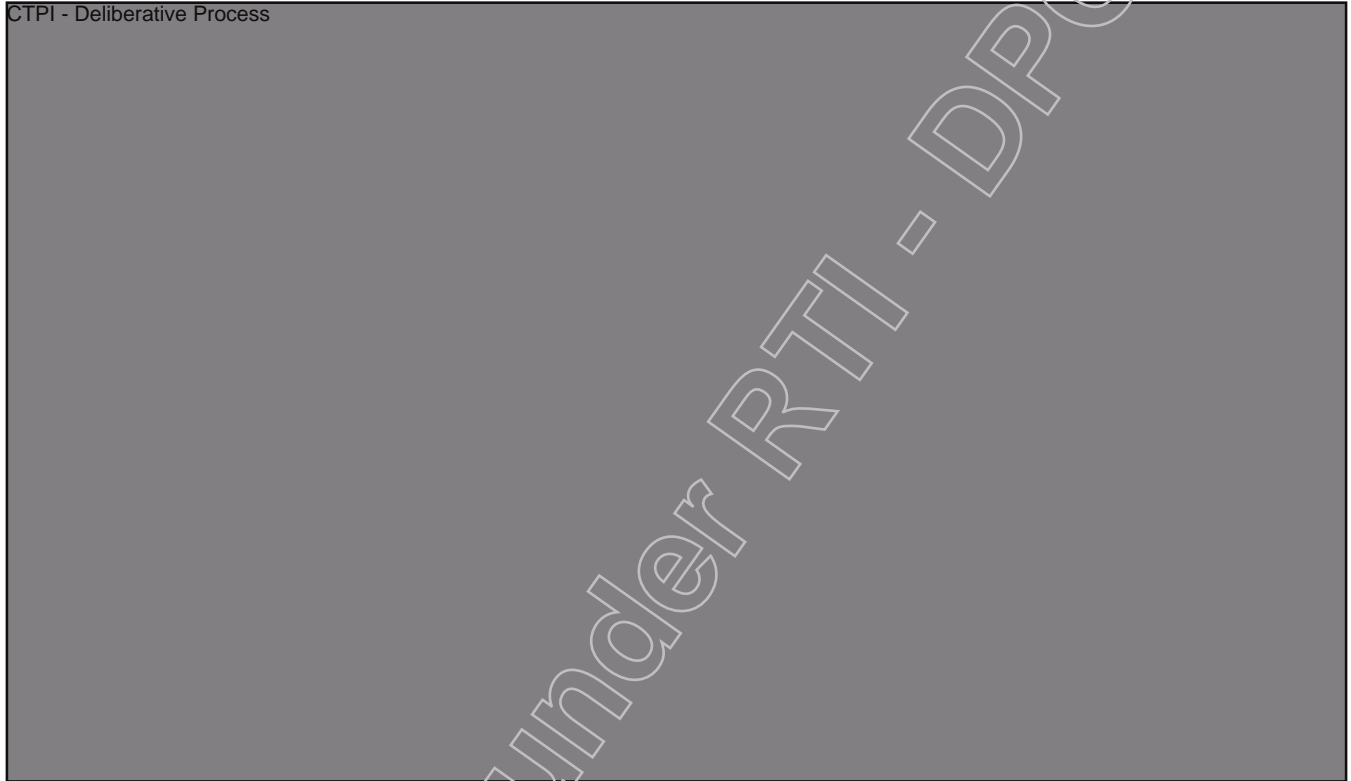
<sup>10</sup> <http://www.complaints.qld.gov.au/>

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Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

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## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment.
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light,
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position.

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

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restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

Picture 1. 2006 Holden Commodore VE SS



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

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The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$249.5 million per year or PV of \$2.6 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

#### Theory of the cost of supply constraints

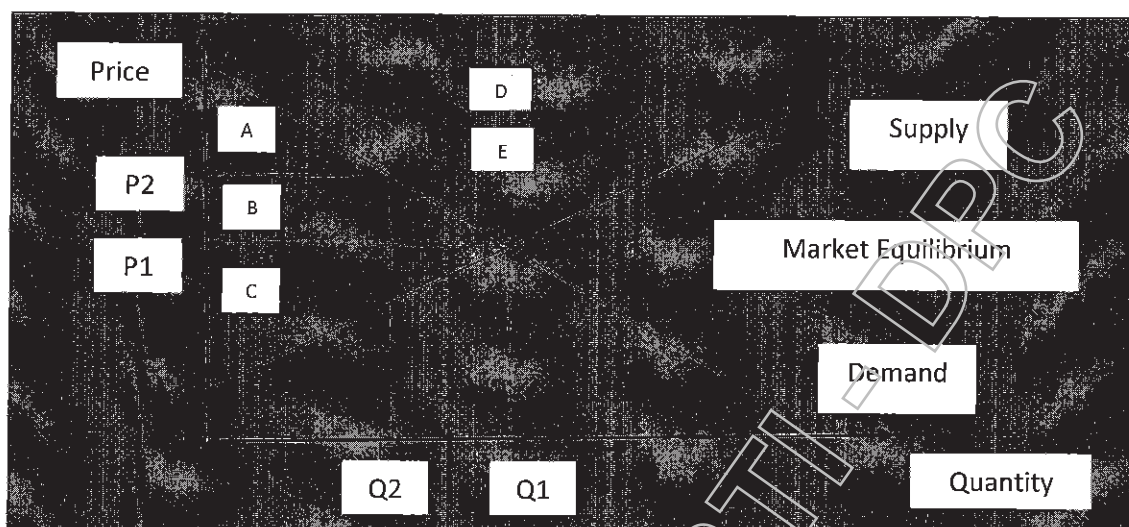
Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>; consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

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Graph 1. Economic theory of supply constraint costs



Source: *Premiers, 2015.*

The governments supply restriction will reduce the quantity supplied from  $Q_1$  to  $Q_2$  which increases the price from  $P_1$  to  $P_2$ . The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,500) per year per licence. That is a cost of \$166.4 million to \$249.5 million per year (PV \$1.75 billion to \$2.61 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$249.5 million per year or PV of \$2.62 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

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3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**

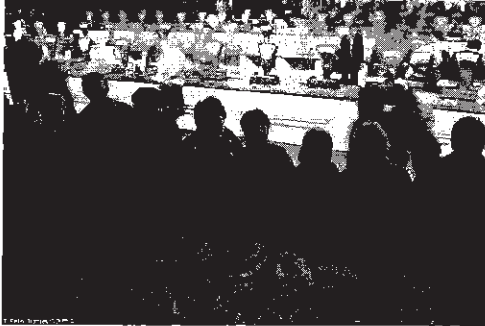


<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce



Not Government Policy

**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



CTPI - Deliberative Process

Page 227 redacted for the following reason:

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CTPI - Deliberative Process

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## Bradley Rogers

---

**From:** Craig Wilson  
**Sent:** Monday, 16 February 2015 5:58 AM  
**To:** Bradley Rogers  
**Subject:** Fwd: Industry stakeholder briefing: Invitation and invite list  
**Attachments:** image002.jpg; ATT00001.htm; Confidential list - Premiers Office.xlsx; ATT00002.htm

Sent from my iPhone

Begin forwarded message:

**From:** David Hourigan <[David.Hourigan@premiers.qld.gov.au](mailto:David.Hourigan@premiers.qld.gov.au)>  
**Date:** 15 February 2015 5:37:33 pm AEST  
**To:** Craig Wilson <[Craig.Wilson@premiers.qld.gov.au](mailto:Craig.Wilson@premiers.qld.gov.au)>, Nicholas Dowie <[Nicholas.Dowie@premiers.qld.gov.au](mailto:Nicholas.Dowie@premiers.qld.gov.au)>, Clinton De Bruyn <[Clinton.DeBruyn@premiers.qld.gov.au](mailto:Clinton.DeBruyn@premiers.qld.gov.au)>, Anthony Crack <[Anthony.Crack@premiers.qld.gov.au](mailto:Anthony.Crack@premiers.qld.gov.au)>  
**Subject:** Fwd: Industry stakeholder briefing: Invitation and invite list

This is the list of attendees for the forum. The presentation is strictly 15 mins only then circulating and chatting by premier

**David Hourigan**  
Deputy Director-Général  
Policy Division  
Department of the Premier and Cabinet  
Ph: (07) 300 39280  
[david.hourigan@premiers.qld.gov.au](mailto:david.hourigan@premiers.qld.gov.au)



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Sent from my iPhone

Begin forwarded message:

**From:** Beverly Johnson <[bev.johnson@premiers.qld.gov.au](mailto:bev.johnson@premiers.qld.gov.au)>  
**Date:** 15 February 2015 3:57:47 pm AEST  
**To:** David Hourigan <[David.Hourigan@premiers.qld.gov.au](mailto:David.Hourigan@premiers.qld.gov.au)>  
**Cc:** Tim Herbert <[Tim.Herbert@premiers.qld.gov.au](mailto:Tim.Herbert@premiers.qld.gov.au)>, Patrice Fogarty <[Patrice.Fogarty@premiers.qld.gov.au](mailto:Patrice.Fogarty@premiers.qld.gov.au)>, Renaye Rostagno <[Renaye.Rostagno@premiers.qld.gov.au](mailto:Renaye.Rostagno@premiers.qld.gov.au)>  
**Subject:** Industry stakeholder briefing: Invitation and invite list

Hi David

Further to discussion with Tim Herbert, please find attached the invitation list for Tuesday's event and a copy of the invitation emailed earlier today.

Should I be able to assist further, please do not hesitate to contact me directly.

Kind regards

Bev

**Beverly Johnson**

Events Manager, Events Coordination  
Department of the Premier and Cabinet, Queensland Government

tel 07 300 39106 | mob s.73 Personal Information | fax 07 3229 2990  
post PO Box 15185, City East QLD 4002  
email [bev.johnson@premiers.qld.gov.au](mailto:bev.johnson@premiers.qld.gov.au)

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<b>Name</b>
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<u>Paul Fennelly</u>
<u>Anne Fuchs</u>
<u>Chris Mountford</u>
<u>Ian McEwan</u>
Jemina Dunn
<u>Penny Ellenger</u>
<u>Robert Row</u>
<u>Aaron Johnstone</u>
<u>John Grimes</u>
Warwick Temby
Ken Pickard
<u>Stephen Tait</u>
<u>Nick Behrens</u>
<u>Stacey Rawlings</u>
<u>Grant Calvin</u>
Mark Matthews
Patricia O'Callaghan
Graham Scott
<u>Mr Brett Gillan</u>
Geoff Dickie
Roger Black
<u>Daniel Gschwind</u>
<u>Kate Isles</u>
Tom McGuire
<u>Doug Flockhart</u>
<u>Wayne Patch</u>
<u>Peter Garske</u>
<u>Benjamin Wash</u>
<u>Peter Cumiskey</u>
<u>Antonia Mercorella</u>
<u>Shane Doyle QC</u>
<u>Michael Fitzgerald</u>
Andrew Stone
<u>Michael Cope</u>
<u>Professor Simon Kaplan</u>
<u>Mario Pennisi</u>
<u>Professor Frank Gannon</u>
<u>Jim Reeves</u>
<u>Professor Peter Høj</u>
<u>Professor Peter Coaldrake</u>
<u>Professor Scott Bowman</u>
<u>Professor Tim Brailsfold</u>
<u>Professor Sandra Harding</u>
<u>Professor Ian O'Connor</u>
<u>Professor Jan Thomas</u>
<u>Professor Peter Lee</u>
<u>Professor Greg Hill</u>
<u>Professor Greg Craven</u>

<u>Margy Osmond</u>
<u>Peter Shelley</u>
<u>Charles Burke</u>
<u>Dan Galligan</u>
<u>Brendan Stewart</u>
<u>Alex Livingstone</u>
<u>Michael Murray</u>
<u>Adrian Peake</u>
<u>Greg Hoffman</u>

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<b>Position</b>
Chief Executive
Chief Operating Officer
President
Queensland Executive Director
General Manager
Director
General Manager
Chief Executive Officer
State Director Queensland
Chief Executive
Executive Director
Managing Director
Chief Executive
General Manager - Advocacy
State Manager Queensland
Executive Director
Chief Executive
Chief Executive Officer
Chairman
President
Chairman, Research Working Group
Executive Director
Chief Executive
President
President
Chief Executive Officer
Chair
Chief Executive Officer
Chief Executive Officer
Chief Executive Officer
Chief Executive Officer
President
President
National President
President
Director, Skills & Industry Transformation
Chief Executive Officer
Director and CEO
General Manager
Vice-Chancellor and President
Vice Chancellor
Vice-Chancellor and President
Vice-Chancellor
Vice-Chancellor and President
Vice-Chancellor
Vice Chancellor and President
Vice Chancellor
Vice-Chancellor and President
Vice-Chancellor

Chief Executive Officer
Managing Director
Chief Executive Officer
Chief Executive Officer
Chief Executive Officer
Chief Executive Officer
Policy Manager Queensland and Water
Executive Officer
General Manager Advocacy

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<b>Organisation</b>
Queensland Resources Council
APPEA
Business with Labor
Property Council of Australia
Engineers Australia Queensland Division
Queensland Australian Industry Group
Institute of Chartered Accountants
Civil Contractors Federation Queensland Branch
Cement Concrete and Aggregates Australia (CCA)
Australian Solar Council
Housing and Industry Association
Moore Stephens
Chamber of Commerce and Industry Queensland
Chamber of Commerce and Industry Queensland
Consult Australia
Master Builders Queensland
Advance Cairns
Townsville Enterprise
Capricorn Enterprise
Urban Development Institute of Australia Queensland
Queensland Exploration Council
Infrastructure Association of Queensland
Queensland Tourism Industry Council
Planning Institute of Australia
Queensland Hotels Association
Clubs Queensland
Bus Industry Confederation
Queensland Trucking Association
Taxi Council Queensland
QSport
REIQ
Bar Association of Queensland
Queensland Law Society
Australian Lawyers Alliance
Queensland Council for Civil Liberties
NICTA Queensland
Life Sciences Queensland
QIMR Berghofer Medical Research Institute
Institute for Future Environments QUT
University of Queensland
Queensland University of Technology
Central Queensland University
Bond University
James Cook University
Griffith University
University of Southern Queensland
Southern Cross University
University of the Sunshine Coast
Australian Catholic University

Tourism and Transport Forum
Australian Tourism Export Council (ATEC)
AgForce
Queensland Farmers' Federation
Canegrowers
Growcom
Cotton Australia
Queensland Dairyfarmers' Organisation
Local Government Association of Queensland

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Email
<a href="mailto:michaelr@grc.org.au">michaelr@grc.org.au</a>
<a href="mailto:pfennelly@apea.com.au">pfennelly@apea.com.au</a>
<a href="mailto:businesswithlabor@gmail.com">businesswithlabor@gmail.com</a>
<a href="mailto:cmountford@propertyoz.com.au">cmountford@propertyoz.com.au</a>
<a href="mailto:imcewan@engineersaustralia.org.au">imcewan@engineersaustralia.org.au</a>
<a href="mailto:Jemina.dunn@aigroup.asn.au">Jemina.dunn@aigroup.asn.au</a>
<a href="mailto:penny.ellenger@charteredaccountants.com.au">penny.ellenger@charteredaccountants.com.au</a>
<a href="mailto:rrow@ccfql.com">rrow@ccfql.com</a>
<a href="mailto:aaron.johnstone@ccaa.com.au">aaron.johnstone@ccaa.com.au</a>
<a href="mailto:ceo@solar.org.au">ceo@solar.org.au</a>
<a href="mailto:w.temby@hia.com.au">w.temby@hia.com.au</a>
<a href="mailto:kpickard@moorestephens.com.au">kpickard@moorestephens.com.au</a>
<a href="mailto:stait@cciq.com.au">stait@cciq.com.au</a>
<a href="mailto:nbehrens@cciq.com.au">nbehrens@cciq.com.au</a>
<a href="mailto:stacey@consultaustalia.com.au">stacey@consultaustalia.com.au</a>
<a href="mailto:grant.calvin@masterbuilders.asn.au">grant.calvin@masterbuilders.asn.au</a>
<a href="mailto:ceo@advancecairns.com">ceo@advancecairns.com</a>
<a href="mailto:patricia@tel.com.au">patricia@tel.com.au</a>
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<a href="mailto:udia@udiaqld.com.au">udia@udiaqld.com.au</a>
<a href="mailto:info@queenslandexploration.com.au">info@queenslandexploration.com.au</a>
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<a href="mailto:ceo@tcq.org.au">ceo@tcq.org.au</a>
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<a href="mailto:execpolicy@reiq.com.au">execpolicy@reiq.com.au</a>
<a href="mailto:shane@qldbar.asn.au">shane@qldbar.asn.au</a>
<a href="mailto:michael.fitzgerald@ashurst.com">michael.fitzgerald@ashurst.com</a>
<a href="mailto:enquiries@lawyersalliance.com.au">enquiries@lawyersalliance.com.au</a>
<a href="mailto:LCampigli@mckayslaw.com">LCampigli@mckayslaw.com</a>
<a href="mailto:simon.kaplan@nicta.com.au">simon.kaplan@nicta.com.au</a>
<a href="mailto:mpennisi@lsq.com.au">mpennisi@lsq.com.au</a>
<a href="mailto:Frank.Gannon@qimrberghofer.edu.au">Frank.Gannon@qimrberghofer.edu.au</a>
<a href="mailto:jim.reeves@qut.edu.au">jim.reeves@qut.edu.au</a>
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<a href="mailto:VCOffice@usc.edu.au">VCOffice@usc.edu.au</a>
<a href="mailto:vc@acu.edu.au">vc@acu.edu.au</a>

<a href="mailto:contact@ttf.org.au">contact@ttf.org.au</a>
<a href="mailto:peter.shelley@atec.net.au">peter.shelley@atec.net.au</a>
<a href="mailto:ron_mullins@canegrowers.com.au">ron_mullins@canegrowers.com.au</a>
<a href="mailto:dan@qff.org.au">dan@qff.org.au</a>
<a href="mailto:Brendan_Stewart@canegrowers.com.au">Brendan_Stewart@canegrowers.com.au</a>
<a href="mailto:alivingstone@growcom.com.au">alivingstone@growcom.com.au</a>
<a href="mailto:michaelm@cotton.org.au">michaelm@cotton.org.au</a>
<a href="mailto:aapeake@dairypage.com.au">apeake@dairypage.com.au</a>
<a href="mailto:greg_hoffman@lgaq.asn.au">greg_hoffman@lgaq.asn.au</a>

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02 9240 2000
02 8262 5500
3236 3100
3837 4747
s.73 Personal Information

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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Friday, 23 January 2015 5:22 PM  
**To:** bradseconomics@hotmail.com  
**Subject:** Fwd: Taxi  
**Attachments:** Economics of Taxi Deregulation in Queensland v1.docx

Sent on the go with Vodafone

----- Original message -----

**From:** Bradley Rogers  
**Date:** 22/01/2015 18:16 (GMT+10:00)  
**To:** Craig Wilson  
**Subject:** FW: Taxi

FYI

---

**From:** Bradley Rogers  
**Sent:** Thursday, 22 January 2015 6:16 PM  
**To:** Nicholas Dowie; Kate Carlson; Rachel Lunnon  
**Subject:** Taxi

Hi Team  
Please see attached my work so far.  
This is only one of the three issues Kate asked me to review.  
I am collecting data as I go to provide a model of total costs at the end.  
Tomorrow I should have much more done for your review.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



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## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement



#### Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

#### Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

#### Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

#### Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

---

<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person).

If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

#### Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive.

This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

#### Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive – For Commercial and Private Vehicle Drivers" national medical standards.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi.

*Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property*

Cost of application to DTMR is \$35.05

<http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>

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<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Friday, 6 February 2015 7:26 PM  
**To:** James Keating; Wonhof, Timothy  
**Subject:** Fwd: Update on Policy  
**Attachments:** Labor employment election.docx

Sent on the go with Vodafone

----- Original message -----

**From:** Bradley Rogers  
**Date:** 06/02/2015 11:17 (GMT+10:00)  
**To:** Catherine Baldwin  
**Subject:** Update on Policy

Please see last page regarding land supply and local gov regs.

Thanks  
Brad

Regards  
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |  
Phone: 07 3003 9336 | Mobile: s.73 Personal Information | E-mail: [Bradley.Rogers@premiers.qld.gov.au](mailto:Bradley.Rogers@premiers.qld.gov.au)

Level 14 | Executive Building | 100 George Street | Brisbane QLD 4000



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## Bradley Rogers

---

**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 9:21 PM  
**To:** bradseconomics@hotmail.com  
**Subject:** Fwd: Young Economists Coffee and Taxis  
**Attachments:** Economics of Taxi Deregulation in Queensland v3.docx

Sent on the go with Vodafone

----- Original message -----

**From:** Bradley Rogers  
**Date:** 08/04/2015 10:58 (GMT+10:00)  
**To:** Jeanette Miller  
**Subject:** FW: Young Economists Coffee and Taxis

Hi Jeanette

Do you mind if I send this attached paper to Tsy?

I did the paper for Kate and she is ok with it but Craig would like you and Anthony to agree before I send it.

Thanks

Brad

---

**From:** Bradley Rogers  
**Sent:** Wednesday, 8 April 2015 9:40 AM  
**To:** Kate Carlson  
**Subject:** FW: Young Economists Coffee and Taxis

Hi Kate

Please see the email below from the Tsy guy

Let me know if it is ok for me to send the attached to Matt.

Thanks

Brad

---

**From:** Matthew Geck [mailto:[matthew.geck@treasury.qld.gov.au](mailto:matthew.geck@treasury.qld.gov.au)]  
**Sent:** Wednesday, 1 April 2015 10:26 AM  
**To:** Bradley Rogers  
**Subject:** Young Economists Coffee and Taxis

Hi Brad,

I notice YE is hosting a taxi/uber coffee talk next week. I've been looking at this for Treasury, I'll make sure to attend.

Cheers

**Matt Geck**  
Economist

Economics Division  
Queensland Treasury  
Level 7, Executive Building, 100 George Street  
Phone: (07) 3035 6469  
Email: [matthew.geck@treasury.qld.gov.au](mailto:matthew.geck@treasury.qld.gov.au)  
Web: [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)



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Not Government Policy

## Economics of Taxi Deregulation in Queensland

Queensland Governments have developed a raft of taxi industry regulations over many years in an effort to ensure the safe and comfortable transport of the general public and to assist an emerging taxi industry. However, in the modern world many of these historic regulations have become inefficient, unrequired and costly to the general public. Modern mobile technology has provided innovation in the taxi industry to ensure all passengers are safe and happy with their chosen transport service.

There are many regulations on the current taxi and private hire vehicle drivers however, this paper will only examine three particular issues, including:

1. Driver authorisations
2. Vehicle safety requirements and
3. Taxi licences

### Driver authorisations

What is a driver authorisation?

The Transport Operations (Passenger Transport) Act 1994 requires, with some exceptions, drivers of motor vehicles that are used to provide public passenger services to hold driver authorisation. Driver authorisation is a qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle.

The stated purpose of driver authorisation is to ensure drivers of public passenger vehicles are suitable persons, having regard to the safety of children and other vulnerable members of the community, the personal safety of passengers and their property, public safety and the reputation of public passenger transport. The requirements for obtaining a drivers authorisation are:

1. Minimum age of 20 years old
2. Entitlement to work in Australia
3. Pass a criminal history check
4. Hold a current Australian open drivers licence
5. Held an open or provisional driver licence (Australian or overseas) continuously for at least three years for a car, truck or bus
6. In addition, the applicant must— have held an Australian driver licence (other than a learner licence) for at least 12 months continuously in the three years immediately preceding the application
7. An applicant for taxi driver authorisation must be able to speak and understand English.
8. Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course
9. Operators of taxi services must ensure a written taxi service bailment agreement

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## Minimum age

Applicants for taxi driver authorisation must be at least 20 years of age before their application can be accepted by the Department of Transport and Main Roads.

Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society. Australian citizens over the age of 17 are able to join the Australian Defence Force and take cars, trucks, tanks, weapons and aircraft into battle; however these same people cannot drive a taxi in Queensland.

The cost to the Queensland economy is difficult to measure however would be related to increased youth unemployment, reduced standard of living and increased cost of operations for the taxis.

## Entitlement to work in Australia

Applicants for driver authorisation or renewal of driver authorisation must provide documentary proof of their entitlement to work in Australia.

This specification appears to be a statement of fact. Everyone who works in Australia has to have the entitlement to work in Australia. Managing working visas in Australia is the responsibility of the Federal Department of Immigration and Border Protection not the Queensland Department of Transport and Main Roads (DTMR).

The cost of DTMR managing and regulating this requirement is an unnecessary burden on the Queensland tax payer.

## Criminal History

The applicant must have a satisfactory criminal history record having regard to the safety of children and other vulnerable members of the community, as well as the personal safety of passengers and their property.

*Punishment is not for revenge, but to lessen crime and reform the criminal. - Elizabeth Fry*

People in Australia who break the law and are charged are dealt with by the Australian and or State legal system. Once the person has paid their fine or completed their time in prison they have completed their legally required payment for breaking the government's laws.

The government continuing to impinge on a person's life after they have completed the original punishment is contrary to the basis for the Australian legal system and society. Driving a taxi is a very basic low level of skill job which is a perfect job for a person with a criminal history. The government using its power to stop people with a criminal history gaining employment will only further increase recidivism. Holding people in gaol is very costly both in direct government payments and in lost productivity.

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Individual taxi companies may wish to check a person's criminal history and some may actually be able to maintain a high standard of driver as a selling point of its service. However, it is not reasonable for the State Government to stop people from working because of a past criminal act.

## Drivers licence

Driver authorisations require a person to hold an open Australian drivers licence, have held that licence (or provisional licence) for at least three years and held that licence for at least twelve months continuously in the three years immediately preceding the application.

The first of these requirements appears to be stating a fact. Any person driving a car in Australia has to hold a drivers licence, except the requirement to hold an open licence. Under Queensland law if a person holds a provisional drivers licence they are allowed to carry passengers in their car except for P1 licence drivers between 11pm and 5am<sup>1</sup>. Driving taxis is a very simple low skilled job which is particularly suited to young people including students. The State Government stopping young people from gaining employment just because they are young is costly to the economy and ignores the capability of young people in our society.

The second of these requirements is that a person has held a licence for three years. Again, under Queensland law if a person holds a drivers licence they are allowed to carry passengers in their vehicle. The Queensland Government requirement for the licence to be held for three years is a costly constraint on supply of drivers. Particular, taxi companies may wish to set a special driving test or limit its drivers by specifying a set amount of experience. These taxi companies could use its high standard of drivers as a selling point in the market. But the Queensland Government limiting the number of drivers available for service by setting arbitrary limits on driving experience will increase to cost of delivering the service and the cost to the community.

The third requirement is that the person will have held the licence for at least twelve months continuously in the three years immediately preceding the application. The wording of this requirement is unclear and appears to be ill defined. Either the person has held their licence continuously for twelve months immediately preceding the application or they have not. It is unclear what the three years has to do with this requirement.

However, the requirement to have held a licence for twelve months continuously is a costly constraint on employment and supply of drivers. A person with a drivers licence in Queensland is allowed to carry passengers and therefore there is no difference if the driver is paid money or not. If a person lost their licence due to a driving offence but has regained their licence then they should be free to drive a taxi. Once the State Government has punished a person for an offence the punishment should stop. Continuing to punish a person after a court punishment is extending the law which could dramatically affect a person's earning capability and life in general. Taxi drivers are not rich people and rely on driving for a living. If a person loses their licence for a few months it will

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<sup>1</sup> If you are driving on a P1 licence between 11pm and 5am, and you are under 25, you can only carry 1 passenger under the age of 21 who is not an immediate family member. <https://www.qld.gov.au/transport/licensing/driver-licensing/applying/provisional/restrictions/index.html>

### Not Government Policy

make their life difficult but the State Government not allowing that person to work for a further twelve months is cruel and costly. The person may turn to crime to live and then become a burden on the State through Police, court, prisons, housing and welfare payment.

#### Driving history

The applicant must have a driving history that the chief executive, Department of Transport and Main Roads, considers is suitable to hold driver authorisation.

This requirement is arbitrary and costly constraint on the supply of taxi drivers. If a person is licenced to drive in Queensland then they are allowed to carry passengers. Individual companies may wish to investigate a driver's history before hiring that person but it is not clear why the State Government would be concerned with this issue. The State Government has provided that person a licence that allows them to drive anywhere in Australia carrying passengers. Either that person is capable of driving or they are not.

The current wording of this requirement is arbitrary in that it requires the Chief Executive of DTMR to assess the persons driving history to be 'suitable'. It is not clear what 'suitable' means and at what level the Chief Executive must set to allow people to drive people for money. The cost of the Chief Executive and their staff to review driver's history is not justified against the small possible benefits of limiting drivers with an unsuitable driving history. An estimate of the DTMR cost of this action is \$150 to \$200 per application or \$0.5 million to \$0.9 million per year or a PV of \$5.1 million to \$9.5 million.

#### Language skills

An applicant for taxi driver authorisation must be able to speak and understand English. All new applicants for taxi driver authorisation in major taxi service areas (areas with 35 or more taxi service licences) need to undertake an English assessment through a Registered Training Organisation (RTO) approved by the department. However, new applicants in non-major taxi service areas (areas with 34 or fewer taxi service licences) will not be required to undertake an English assessment.

This regulation appears to be discriminating against people who do not speak English and people who cannot speak at all. There is very little benefit for the State of Queensland in requiring a taxi driver to have English language skills. However, there are significant costs in DTMR and the Department of Education, Training and Employment (DETE). Due to technological advances it is possible to use free translation software on a smart phone to communicate with a person who does not speak English.

The costs are related to DETE having to certify an RTO and manage that RTO's credentials which is redirecting valuable resources from other education activities. The cost to DTMR are related to its staff having to check these requirements are met and the RTOs are certified. The cost to the applicant is \$100 fee and the time taken to complete the test which could be in the order of a half days effort (4 hours at \$50 per hour is a cost of \$200 of time per person). That is a total cost per year of \$0.97 million to \$1.4 million or PV of \$10.2 million to \$14.3 million.

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If a person or a company feels it can communicate sufficiently with its customers and are able to attract paying customers then there is no reason why the government should stop that market transaction.

## Driver training

Under section 20C of the Transport Operations (Passenger Transport) Regulation 2005, applicants for taxi driver authorisation are required to have successfully completed a training course specified by the Chief Executive. This course is a five day course which costs over \$550 per person. The time cost of a person attending a five day course is \$2,000<sup>2</sup> per person.

The training course is targeted at teaching the driver about the taxi regulations, education about taxicab communications, major roads, attractions and how to carry out financial transactions. There is no clear identification why the Queensland Government requires by law that a taxi driver learn any of these particular things. The modern solutions to the past issues in the taxi industry have provided cheap and easy ways of avoiding any problems that the course is aimed at solving. Mobile phones have communication, navigation, attraction identification and simple automatic payment systems.

Individual companies may wish to get their drivers to complete a course or send them on some kind of training however, there is no reason the Queensland Government should require it by law. The cost of requiring this course is the opportunity cost of redirecting qualified trainers away from trade training and other productive forms of training and the cost to the drivers of about \$8.3 million to \$11.5<sup>3</sup> million per year or PV of \$86.8 million to \$121.6 million.

## Medical test

The applicant must obtain a medical certificate for a commercial vehicle driver. The medical certificate is to be obtained from a medical practitioner and assessed in accordance with the Austroads Inc publication "Assessing to Drive -- For Commercial and Private Vehicle Drivers" national medical standards.

Austroads indicate the increased medical assessment for a commercial over a non-commercial driver are set due to the increased risks:

*The assignment of medical standards for vehicle drivers is based on an evaluation of the driver, passenger and public safety risk, where risk = likelihood of the event x severity of consequences. Commercial vehicle crashes may present a severe threat to passengers, other road users (including pedestrians and cyclists) and residents adjacent to the road. Such crashes present potential threats in terms of spillage of chemicals, fire and other significant property damage.*

<sup>2</sup> Eight hours per day multiplied by 5 days multiplied by \$50 per hour is \$2,000

<sup>3</sup> Assumes 2 drivers per taxi licence, between 25% and 35% driver turnover, \$2,550 per course and a discount rate of 9.5%

## Not Government Policy

Austrroads sets the standards for drivers as the private standards should be applied to drivers applying for or holding a licence class C (car), R (motorcycle) or LR (light rigid) unless the driver is also applying for an authority or is already authorised to use the vehicle for carrying public passengers for hire or reward or for carrying bulk dangerous goods, or, in some jurisdictions, for a driving instructor.

The commercial standards should be applied to:

1. drivers of 'heavy vehicles', i.e. those holding or applying for a licence of class MR (medium rigid), HR (heavy rigid),
2. HC (heavy combination) or MC (multiple combination)
3. drivers carrying public passengers for hire or reward (bus drivers, taxi drivers, chauffeurs, drivers of hire cars and small buses, etc.)
4. drivers carrying bulk dangerous goods
5. drivers subject to requirements for Basic or Advanced Fatigue Management under the National Heavy Vehicle Accreditation Standard
6. other driver categories who may also be subject to the commercial vehicle standards as a result of certification requirements of the authorising body or as required by specific industry standards, for example, driving instructors and members of Trucksafe.

Using Austrroads test for risk (likelihood of the event multiplied by the severity of consequences) it is not clear why a taxi driver would be at or cause any higher risk than any 'non-commercial driver' on the roads. The likelihood of a taxi driver having an accident is no higher than any non-commercial driver in any given hour of driving. Taxi drivers may be in more accidents overall, however this would be due to the large number of them as a group and the large number of hours driving. There are no restrictions on non-commercial class C drivers on the number of hours they drive, therefore all drivers could drive for as many or more than a taxi driver. The consequences of a taxi driver crashing is exactly the same as any non-commercial vehicle on the road. Therefore, there is no increased risk of a taxi driver compared to a normal class C driving licence holder. The simple requirement that a taxi driver hold an open Queensland licence will remove any risk the driver is under a conditional licence with any medical conditions.

The requirement for a special medical test of a taxi driver appears to be excessive red tape with no basis in public health or risk management. The cost of this requirement is the lost time of both the driver (\$20.83 to \$29.17<sup>4</sup>) and the doctors in completing the test (\$25.00 to 37.50<sup>5</sup>). The drivers direct cost of paying for the test would be about \$93.50<sup>6</sup>.

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<sup>4</sup> Assume travel time of 15 to 20 minutes and appointment time as 10 to 15 minutes at \$50 per hour

<sup>5</sup> Assume appointment time of 10 to 15 minutes at \$150 per hour

<sup>6</sup> Provided by Fiveways Medical Centre in Graceville

Not Government Policy

**Table 1. Costs of a required medical test for taxi drivers<sup>7</sup>**

	Low	High
Cost to Doctor	\$ 80,881	\$ 169,851
Cost to Drivers	\$ 369,897	\$ 555,600
<b>Total Annual Cost</b>	<b>\$ 450,778</b>	<b>\$ 725,451</b>
<b>NPV</b>	<b>\$ 4,745,033</b>	<b>\$ 7,636,325</b>

Sources: Premiers, 2015.

These costs do not include the opportunity cost of a doctor missing valuable time treating people with medical conditions due to taking time to test a taxi driver's ability to drive a car. Queensland doctors are spending at least 13 to 28<sup>8</sup> working weeks<sup>9</sup> per year on the driving medical test for taxi drivers.

#### Bailment agreement

Operators of taxi services must ensure a written taxi service bailment agreement is entered into with an authorised driver before permitting them to drive a taxi. Bailment describes a legal relationship in common law where physical possession of personal property, or a chattel, is transferred from one person (the 'bailor') to another person (the 'bailee') who subsequently has possession of the property.

The DTMR explanation of what is required in the bailment agreement indicates the key issues are insurance and employment conditions. Individual companies may wish to implement a form of contract with the drivers but it is not clear why the Queensland Government would require a special agreement. All companies in Queensland already pay a workers compensation premium to the Queensland Department of Work Place Health and Safety. The taxi premium is currently \$2.287 per \$100 of wages as stated in the 6 June 2014 Queensland Government Gazette No. 34. Currently, Uber has implemented rules to cover the drivers and passengers with insurance. The driver must have comprehensive car insurance which covers the driver and Uber has a worldwide public liability insurance which covers the passengers.

The employment contract between a taxi company and a driver should be a private contract which is regulated under the same requirements as any other employment contract. Disputes between drivers and taxi companies would be dealt with by the Fair Work Ombudsman or a range of other agencies<sup>10</sup>. The cost of this requirement are the time to complete and submit the form, gaining independent legal advice and processing and storing agreements in DTMR.

<sup>7</sup> Assume new drivers are 25% (3,235) to 35% (4,529) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

<sup>8</sup> Allowing 10 to 15 minutes per test

<sup>9</sup> Assume a 5 day working week

<sup>10</sup> <http://www.complaints.qld.gov.au/>

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Cost to each driver for completing the form and gaining legal advice is estimated at \$800<sup>11</sup>, the cost to the taxi company is about \$150<sup>12</sup> and the cost to DTMR is estimated at \$200<sup>13</sup> per application. The total cost per application is estimated at \$1,150 which is a total of \$3.9 million per year or NPV of \$41.2 million<sup>14</sup>.

Driver authorisation conclusion

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<sup>11</sup> Assume one hour to fill in form, two hours to submit form including travel, three hours of time for legal advice and \$500 for legal advice.

<sup>12</sup> Assume one hour to fill in form, two hours to submit form

<sup>13</sup> Assume two hours of time managing and accessing the form and the cost of storage and review

<sup>14</sup> Assume a discount rate of 9.5%

<sup>15</sup> <http://www.blackandwhitecabs.com.au/?q=brisbane/Becoming-a-Driver>



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## Vehicle safety requirements

The Queensland Transport Operations Regulation 2005<sup>16</sup> there are a range of taxi related vehicle safety related regulations, including:

1. The chief executive may require the operator of a public passenger vehicle to get an inspection
2. An operator of a public passenger vehicle must ensure the vehicle is in a safe condition when it is being used to provide a public passenger service.
3. Passengers must have control over the opening and shutting of the vehicle's doors independently of the driver.
4. A taxi must be constructed, or have a safety partition or some other equipment fitted, to prevent luggage or other goods being carried in the luggage compartment of the vehicle from entering the passenger compartment
5. If luggage is carried in the passenger compartment—be constructed, or have equipment fitted, to secure the luggage
6. A taxi vehicle cannot be more than six years old.
7. Taxis must be fitted with the following:
  - a. a green distress light;
  - b. a hail light;
  - c. a child restraint anchorage bolt.
8. Type of vehicle: forward-control passenger vehicle, passenger car, off-road passenger vehicle or schedule 4 vehicle light bus having up to 12 seating positions, including the driver's position

The current vehicle safety requirements fit into two categories; one is required by all vehicles and the second is unreasonable. The first three requirements above fit into the first category of required by all vehicles. The Chief Executive can require any vehicle to be inspected as stated in Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010<sup>17</sup>. An operator of any vehicle must ensure the vehicle is in a safe condition at all times. There are very few vehicles if any in Australia that do not allow the passengers to operate the door locks.

The next five vehicle safety requirements fit into the second category of not reasonable. There is no rational reason that a taxi vehicle should have any different safety equipment or meet any higher level of safety than required for all other road vehicles. The safety of all Australian citizens is as important as the drivers or passengers of taxi vehicles. Special requirements for the carriage of luggage for taxi vehicles has no basis in real safety requirements as the luggage in a non-taxi vehicle is just as dangerous as the luggage in a taxi. The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury from luggage. There are already rules about the safe

<sup>16</sup> Transport Operations (Passenger Transport) Act 1994 Transport Operations (Passenger Transport) Regulation 2005, Current as at 1 January 2015

<sup>17</sup> Transport Operations (Road Use Management) Act 1995, Transport Operations (Road Use Management—Vehicle Registration) Regulation 2010, Current as at 1 January 2015

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restraining of loads for all vehicles which is reasonable and all taxi vehicles will be required to meet these regulations. The cost of special requirements could be significant for each vehicle as special fixtures will need to be added to the vehicle and approved by DTMR.

The current taxi vehicle safety requirements related to a distress light, a hail light and a child restraint anchorage bolt are unreasonable and can create significant costs. All vehicles on the road are fitted with hazard lights which is considered reasonable level of safety for the general public. There is no reason why a taxi should meet a higher safety level. Most vehicles are fitted with a child restraint anchorage bolt as standard however, there is no need for a taxi to require a bolt. The road rules specify the requirements for carriage of a child in a child restraint, there is no reason why a taxi should have to carry a child if it is not fitted with the required equipment. The installation of a bolt in a vehicle is about \$280 for one point and \$380 for two points<sup>18</sup> plus a day off the road for the vehicle and about three hours of time (about \$1,000) per vehicle.

The requirement to only use a certain type of vehicle is unreasonable constraint on the market with no safety aspect.

The highest cost taxi vehicle safety requirement is that the vehicle should be no more than six years old. There is no extra safety related to a vehicle that is less than six years of age compared to all other vehicles on the road. If the vehicle is safe enough for the general public to operate on public roads then it is safe enough for the use as a taxi vehicle. Picture 1 below demonstrates a vehicle which is in very good working condition and is allowed to operate on Queensland roads carrying up to four passengers but would not be allowed to be used as a taxi.

Picture 1. 2006 Holden Commodore VE SS



Source: CarSales.com.au<sup>19</sup>

<sup>18</sup> Barryan Accessory Fitting 8 Seashell Drive, Deception Bay QLD 4508 T: 07 3203 2002

<sup>19</sup> <http://www.carsales.com.au/private/details/Holden-Commodore-2006/SSE-AD-3139058/>

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The highest cost of this restriction is the increase in required fares due to the high level of depreciation.

**Table 3. Increase in depreciation of a \$50,000 taxi due to limited life<sup>20</sup>**

	Annual Depreciation	Increase in Annual Depreciation	Increase in Annual Depreciation for All Taxis in Queensland	PV for All Taxis in Queensland
Six years	\$ 8,333			
Eight years	\$ 6,250	\$ 2,083	\$ 6,445,833	\$ 67,850,877
Ten years	\$ 5,000	\$ 3,333	\$ 10,313,333	\$ 108,561,404
Twelve years	\$ 4,167	\$ 4,167	\$ 12,891,667	\$ 135,701,754

Source: Premiers, 2015.

The increase in depreciation costs will be passed on to the consumers through higher taxi fares or reduced revenue for licence owners and or drivers.

#### Limited taxi licences in Queensland

The largest cost of taxi regulations in Queensland are related to the limit on supply of taxi licences. There are direct costs of around \$249.5 million per year or PV of \$2.6 billion due to higher fares than otherwise required. The other related cost are the deadweight loss, reduced tourism, increase in driving under the influence and increased congestion.

#### Theory of the cost of supply constraints

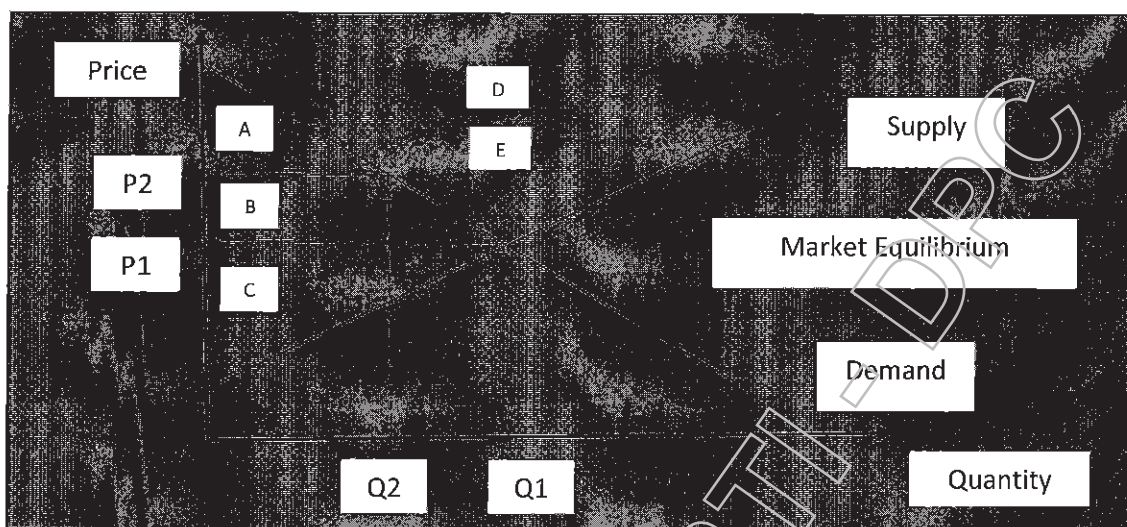
Economic theory provides a clear understanding of the costs associated when governments restrict the supply of goods or services. As shown in graph one below, the price will increase, there will be a deadweight loss<sup>21</sup>; consumers will have reduced wealth and producers will have an increase in wealth.

<sup>20</sup> Straight line depreciation assumed, the PV discount rate is 9.5%

<sup>21</sup> Activity that does not happen that could have if the constraint did not exist.

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Graph 1. Economic theory of supply constraint costs



Source: Premiers, 2015.

The government's supply restriction will reduce the quantity supplied from  $Q_1$  to  $Q_2$  which increases the price from  $P_1$  to  $P_2$ . The move away from the market equilibrium point will redistribute consumer surplus (CS) and producer surplus (PS). The original  $CS = A + B + D$  and  $PS = C + E$ , however after the supply constraint the  $CS = A$  and  $PS = C + B$ . That is the producers have captured a portion of the consumers surplus through the ability to charge above market prices at a low level of supply. The deadweight loss after the supply constraint is  $D + E$  which is the area of economic activity that will not occur due to the restriction on supply.

Measuring the actual size of all the different areas of market changes due to the government's restriction on supply is difficult. The area B or the CS captured by producers due to the government's supply constraint is estimated by the required returns on the asset value of owning a taxi licence. Using a typical regulatory pricing model the extra returns required due to the taxi licence value is approximately 30% of the entire required revenue of taxi companies. There are many assumptions included in this price estimate and very little actual data provided to underpin the model. However, the current taxi licence cost in Queensland is approximately \$510,000 which an owner would require a return on capital of between 10% (\$51,000) and 15% (\$76,500) per year per licence. That is a cost of \$166.4 million to \$249.5 million per year (PV \$1.75 billion to \$2.61 billion) of CS reallocated from the general public to taxi licence owners through increased fares for the public and increased profits for taxi licence owners. The total modelled reduced cost to consumers is estimated at \$249.5 million per year or PV of \$2.62 billion.

Deadweight loss is difficult to measure however the related negative externalities are evident in many sectors of the Queensland economy. The major negative externalities are related to:

1. Decrease in tourism
2. Increase in driving under the influence

## Not Government Policy

3. Increased congestion and
4. Reduced economic activity.

Tourism is decreased due to the high cost and lack of availability of taxi services reducing the ability for tourists to travel into and around tourist areas<sup>22</sup>. People who wish to travel to and from social events are forced to either not drink or to pay very large taxi fares while experiencing long waiting times. Therefore, the incentive is for people to take more risk in deciding to drive even though they have consumed some alcohol. The negative effects of this incentive are clear and are directly related to the government's restriction on taxi licences. Congestion on the roads in Queensland is very high and is only increased by the limitations placed on taxi licences. In a free market for taxis any person could purchase a vehicle and charge passengers for a trip. In this case a person driving to work could charge people in their street to travel in their car to work with no extra cost by increased revenue. Therefore, the people traveling in that vehicle would not driver their own car or take public transport which would reduce congestion.

There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of the government controlling the market which causes costs on the economy. Pictures two and three below are examples of people lining up to get access to food goods due to the Soviet Russian government controlling the supply of goods and services.

**Picture 2. Siberians line up outside a shop in Novokuznetsk, Russia**



<sup>22</sup> Advice provided by a hotel owner and members of the Southern Gold Coast Chamber of Commerce

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**Picture 3. Hindered by centralised market forces: A long queue forms in Novokuznetsk for bacon and other meat from the butcher at a state-run market**



Pictures two and three above are similar to the lines now experienced by people in Queensland when trying to catch a taxi in picture four below.

**Picture 4. Taxi lines in Brisbane**



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Page 264 redacted for the following reason:  
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Released under RTI - DPC

## Bradley Rogers

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**From:** Katherine Rawlinson <katherine.rawlinson@arrb.com.au>  
**Sent:** Friday, 6 February 2015 12:04 PM  
**To:** Katherine Rawlinson  
**Subject:** Making News in Transport - Alert 405

## Making News in Transport – Alert 405

Selected land transport-related news items from Australia and overseas 6/02/2015,  
produced by ARRB Group under the National Interest Services (NIS) program

### Automotive technology

Saturday 31 January 2015

**Will technology make truck drivers obsolete in 10 years? (Forbes.com, United States)**

Global consulting firm Roland Berger has released a report analysing the potential for autonomous trucks.

[View item](#)

[Click here for full report](#)

Tuesday 3 February 2015

**W3C and automotive industry start new web standards work for connected cars (W3C press release, United States)**

The World Wide Web Consortium has announced a collaboration with the automotive industry to develop standards to facilitate the use of Web-based apps in cars.

[View item](#)

### Budget announcements

Monday 2 February 2015

**U.S. Transportation Secretary Anthony Foxx unveils President's bold \$US94.7 billion investment in America's infrastructure future (Department of Transportation, United States)**

The US Transportation Secretary has announced the 2016 Budget for the US Department of Transportation and released a report analysing the trends and choices facing the US transport system for the next three decades.

[View item](#)

[Click here for Budget highlights](#)

[And here for 'Beyond Traffic' report](#)

### Environment



Monday 2 February 2015

**NTU unveils Singapore's first 3D-printed concept car** (Nanyang Technological University news release, Singapore)  
Students at Singapore's Nanyang Technological University have built an urban solar electric car with a 3D printed body shell.

[View item](#)

## Heavy vehicles

Wednesday 4 February 2015

**Overheight truck offences to attract \$3700 fine in NSW** (Australasian Transport News (ATN), Australia)  
Truck drivers in NSW who commit overheight offences will face heavier fines and potential licence suspension this year.

[View item](#)

## Innovation

Monday 2 February 2015

**Uber and CMU announce strategic partnership and Advanced Technologies Center** (Uber news, United States)  
Uber and Carnegie Mellon University in Pittsburgh have formed a strategic partnership and announced the creation of the Uber Advanced Technologies Center to further research into automotive technologies.

[View item](#)

[Click here for discussion of moves by Google in the taxi services industry](#)

Wednesday 4 February 2015

**New report ranks 70 major American cities' tech transportation options** (US PIRG news release, United States)  
The U.S. PIRG Education Fund has released a report ranking 70 major US cities on the number of transport technology options they offer, such as car and bike sharing and different types of transport apps.

[View item](#)

[Click here for full report](#)

## ITS

Wednesday 4 February 2015

**CSIRO and NICTA planning merger** (The Age, Australia)  
The Age reports that CSIRO's digital unit and NICTA are considering a merger in the face of budget cuts to both organisations.

[View item](#)

## New on YouTube

January 2015-February 2015

**Clips recently released by Australasian road and transport agencies (YouTube, Australia)**

A virtual tour of the Main Roads WA Traffic Operations Centre

[Traffic Operations Centre tour – Main Roads WA](#)

A look at an innovative construction technique called Directional Drilling

[Horizontal drilling – New Zealand Transport Agency](#)

A look at Transport WA's active travel programs Your Move and TravelSmart

[Your move – Transport WA](#)

[TravelSmart animation – Transport WA](#)

Two short animations on rules relating to motorcycle riding in Queensland

[Lane filtering in Queensland – Queensland TMR](#)

[Riding on the road shoulder in Queensland – Queensland TMR](#)

## Planning and Infrastructure

Friday 30 January 2015

**Chicago planners map “Crumbling Infrastructure” in exquisite detail (Next City, United States)**

The Chicago Metropolitan Agency for Planning (CMAP) has launched a new website which uses open data to create interactive maps pinpointing problem areas in the transport system.

[View item](#)

Tuesday 3 February 2015

**Converting commuter railways to busways could save passengers 40% in fares (Institute of Economic Affairs press release, United Kingdom)**

A new report from the UK's Institute of Economic Affairs argues that converting commuter rail lines into express busways would provide cheaper, more efficient transport.

[View item](#)

## Public transport

Monday 2 February 2015

### **London Underground starts ticketing modernisation (TRL news, United Kingdom)**

Transport for London is streamlining its ticketing operations and staffing following research that showed that only 3 per cent of all journeys on the Underground require a visit to a ticket office.

[View item](#)

Wednesday 4 February 2015

### **Give jobseekers a 'ticket to thrive': new report shows key role of public transport in tackling unemployment (pteg press release, United Kingdom)**

A new report from the UK's Passenger Transport Executive Group (pteg) argues that public transport plays a vital role in helping job seekers find work.

[View item](#)

[Click here for full report](#)

[And here for an infographic](#)

Friday 6 February 2015

### **Late-night weekend train services in Perth to be scrapped (ABC News, Australia)**

Perth's free late-night weekend train services are to be cut due to low patronage.

[View item](#)

Friday 6 February 2015

### **New models for PTV (Australasian Bus & Coach, Australia)**

Public Transport Victoria has added four new characters to its model commuters campaign in response to public feedback: the patient boarder, the volume controller, the seat offerer and the backpack remover.

[View item](#)

[Click here for campaign material](#)

## **Road safety**

Saturday 31 January 2015

### **Road user claims for compensation halve in ACT as potholes repaired faster (Canberra Times, Australia)**

The Canberra Times has highlighted a significant reduction in the number of claims for compensation by ACT road users.

[View item](#)

Monday 2 February 2015

### **Review of Worksafe and the TAC (Victorian Government Ministerial Media Statement, Australia)**

The Victorian Government has announced a review of Worksafe and the Transport Accident Commission, to be completed by the middle of this year.

[View item](#)

## Traffic management

Sunday 1 February 2015

### **Open speed limit review begins (Northern Territory Government Ministerial Media Statement, Australia)**

The Northern Territory Government's Department of Transport has begun a review of the open speed limit trial on the Stuart Highway which has been operating for twelve months.

[View item](#)

## Transport economics

Wednesday 4 February 2015

### **Tackling systematic cost overruns in infrastructure projects (International Transport Forum, France)**

The International Transport Forum has released a new report examining factors that drive cost-overruns in major infrastructure projects.

[View the policy brief](#)

[Click here for link to article in Transport Policy journal](#)

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---

**Katherine Rawlinson**  
Librarian  
National Interest Services

**ARRB Group Ltd**  
Vermont South VIC 3133  
Australia

P: +61 3 9881 1568

[katherine.rawlinson@arrb.com.au](mailto:katherine.rawlinson@arrb.com.au)  
[www.arrb.com.au](http://www.arrb.com.au)

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## Bradley Rogers

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**From:** Katherine Rawlinson <katherine.rawlinson@arrb.com.au>  
**Sent:** Friday, 20 February 2015 11:36 AM  
**To:** Katherine Rawlinson  
**Subject:** Making News in Transport - Alert 407

## Making News in Transport – Alert 407

Selected land transport-related news items from Australia and overseas 20/02/2015, produced by ARRB Group under the National Interest Services (NIS) program

### Freight transport and Logistics

Tuesday 17 February 2015

#### **Government responds to freight rail inquiry (Western Australian Government Ministerial Media Release, Australia)**

The Western Australian Government has tabled its response to the Economics and Industry Parliamentary Standing Committee's report into the management of Western Australia's freight rail network.

[View item](#)

[Click here for Government response](#)

Thursday 19 February 2015

#### **Report sets out new vision for urban freight (pteg media release, United Kingdom)**

The UK's Passenger Transport Executive Group (pteg) has released a report which sets out new strategies for safe, efficient and sustainable urban freight.

[View item](#)

[Click here for full report](#)

[And here for infographic](#)

### Heavy vehicles

Monday 16 February 2015

#### **Views sought on annual adjustment to heavy vehicle road user charges (National Transport Commission media release, Australia)**

The National Transport Commission is calling on stakeholders to submit their views on the Government's annual change to the road user charge on fuel for heavy vehicles.

[View item](#)

### Innovation

Monday 16 February 2015

**Vodafone partners with JCDecaux to boost inner-city mobile coverage** (Sydney Morning Herald, Australia)

Advertising agency JCDecaux is partnering with Vodafone to investigate the installation of small cell technology in bus shelters and billboards to provide high-speed 4G mobile signals.

[View item](#)

Monday 16 February 2015

**Power plates to keep young drivers from falling asleep at the wheel** (Transport Accident Commission media release, Australia)

An idea to prevent drowsy driving in young drivers has won the Transport Accident Commission's Pause the Road Toll ideas hackathon.

[View item](#)

## Pavement technology

Saturday 14 February 2015

**Introducing the National Technology & Leadership Committee (NTLC)** (Australian Asphalt Pavement Association, Australia)

The Australian Asphalt Pavement Association (AAPA) has announced appointments to a new committee.

[View item](#)

## Planning and Infrastructure

Monday 16 February 2015

**Work begins on the Melbourne Metro Rail Project** (Victorian Government Ministerial Media Statement, Australia)

The Victorian Government has announced the establishment of the Melbourne Metro Rail Authority to oversee construction of the project.

[View item](#)

## Public transport

Monday 16 February 2015

**Improved services for customers with disability** (Transport for NSW Media Release, Australia)

The NSW Government has announced a package of public transport service improvements for passengers with a disability including a new electronic payment system for taxis, accessible public transport apps, and disability awareness training for taxi drivers.

[View item](#)

## Rail

Friday 13 February 2015

**Research focus on 'future farming', rail and networked systems (CQUniversity, Australia)**

CQUniversity has announced the opening of a Centre for Railway Engineering, which will focus on applied engineering research for the rail industry.

[View item](#)

## Registration and Licensing

Friday 13 February 2015

**New online Transport and Main Roads "My Account" customer portal (Queensland Government news, Australia)**

The Queensland Department of Transport and Main Roads has a new online portal for the public to access a range of licensing, registration and travel planning services.

[View item](#)

[Click here for portal access](#)

## Road safety

Wednesday 11 February 2015

**Road Safety Remuneration Tribunal commences inquiry into a wharf and port sector of the road transport industry (Road Safety Remuneration Tribunal, Australia)**

The Road Safety Remuneration Tribunal will commence an inquiry into road transport safety matters at the Ports of Adelaide, Brisbane, Fremantle, Melbourne and Sydney.

[View item](#)

[Click here for announcement of inquiry into waste management sector](#)

Sunday 15 February 2015

**New road rules to improve cyclist safety (Tasmanian Government Ministerial Media Statement, Australia)**

Changes to road rules in Tasmania that will allow motor vehicles to cross continuous line markings in order to safely pass road cyclists are to be introduced next week.

[View item](#)

Monday 16 February 2015

**Road safety keeps the Bromance alive (Department of Planning, Transport and Infrastructure, Australia)**

South Australia's Motor Accident Commission's latest television advertising campaign focuses on road safety in rural and regional areas.

[View item](#)

[Click here to view ad](#)



Monday 16 February 2015

**Minister welcomes road safety camera website** (Victorian Government Ministerial Media Statement, Australia)

A new website launched by the Victorian Government allows motorists who have received a traffic infringement notice to see images of their offence for free.

[View item](#)

Tuesday 17 February 2015

**Digital distraction: pedestrians admit near-misses when crossing the road** (Queensland University of Technology news, Australia)

Road safety research centre CARRS-Q is launching an Australian and New Zealand-wide study to investigate how digital devices such as smart phones affect pedestrian behaviour.

[View item](#)

Wednesday 18 February 2015

**Alcohol interlock legislation passes Parliament** (Western Australian Government Ministerial Media Release, Australia)

Repeat drink drivers in Western Australia will be forced to install alcohol interlock devices in their vehicles after legislation passed through the State Parliament.

[View item](#)

## Transport management

Monday 16 February 2015

**Queensland Premier Anastacia Palaszczuk announces new 14-person ministry** (ABC News, Australia)

Deputy Premier Jackie Trad will be Minister for Transport and Minister for Infrastructure, Local Government and Planning, and Mark Bailey Minister for Main Roads, Road Safety and Ports, in the new Queensland Government.

[View item](#)

Monday 16 February 2015

**Transport for NSW Director-General Dave Stewart quits after a year in the job** (Sydney Morning Herald, Australia)

The Director-General of Transport for NSW, Dave Stewart, is leaving the role to take up the position of Director-General of the Queensland Department of Premier and Cabinet.

[View item](#)

Wednesday 18 February 2015

**Automated vehicles: are we ready?** (Main Roads Western Australia, Australia)

Main Roads Western Australia has published a report on the implications of automated vehicles for the State's roads.

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---

**Katherine Rawlinson**  
Librarian  
National Interest Services

**ARRB Group Ltd**  
Vermont South VIC 3133  
Australia

**P:** +61 3 9881 1568

[katherine.rawlinson@arrb.com.au](mailto:katherine.rawlinson@arrb.com.au)  
[www.arrb.com.au](http://www.arrb.com.au)

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## Bradley Rogers

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**From:** Katherine Rawlinson <katherine.rawlinson@arrb.com.au>  
**Sent:** Friday, 20 March 2015 11:36 AM  
**To:** Katherine Rawlinson  
**Subject:** Making News in Transport - Alert 411

## Making News in Transport – Alert 411

Selected land transport-related news items from Australia and overseas 20/03/2015, produced by ARRB Group under the National Interest Services (NIS) program

### ARRB in the news

Tuesday 17 March 2015

**The truck with \$3.7m worth of superpowers (New Zealand Herald, New Zealand)**  
ARRB's Traffic Speed Deflectometer (TSD) has commenced work on New Zealand highways.

[View item](#)

### Automotive technology

Tuesday 3 March 2015

**Truck platooning: driving the future of transportation – TNO whitepaper (TNO news, The Netherlands)**  
Dutch research organisation TNO has released a white paper on the benefits of truck platooning.

[View item](#)

### Budget announcements

Wednesday 18 March 2015

**Major regional transport strategies unveiled in Budget (Transport Network, United Kingdom)**  
The UK Government has announced a range of transport infrastructure investment strategies in its new Budget, including research funding to investigate 'infrastructure and cities of the future' and technology such as the 'Internet of Things' which could advance intelligent transport.

[View item](#)

### Pedestrians and Cyclists

Sunday 15 March 2015

**Melbourne's most liveable suburbs are right at your feet - literally - as walking wins favour (The Age, Australia)**

Melbourne researchers have produced a Transport Walkability Index for all metropolitan local government areas.

[View item](#)

[Click here for summary report](#)

Tuesday 17 March 2015

**Drivers to leave cyclists a one-metre buffer when overtaking, under proposed road rule change** (The Age, Australia)

Under a new bill tabled in State Parliament Victorian drivers would be obliged to leave a buffer of at least one metre when passing cyclists.

[View item](#)

## Planning and Infrastructure

Friday 13 March 2015

**The complete business case for converting street parking into bike lanes** (The Atlantic CityLab, United States)

A review of twelve studies from around the world which examined the economic impacts to local businesses of replacing on-street parking with bike lanes.

[View item](#)

Thursday 19 March 2015

**Release: urban sprawl costs US economy more than \$US1 trillion per year** (The New Climate Economy news, United Kingdom)

Independent global initiative The New Climate Economy has released a study which details the costs of urban sprawl in the United States and smart growth policies that could alleviate it.

[View item](#)

## Public transport

Tuesday 17 March 2015

**TfL named fastest growing contactless merchant in Europe** (Transport for London press release, United Kingdom)

Transport for London has become the fastest growing contactless merchant in Europe for Visa and in the UK for Mastercard and American Express with its contactless payment option for public transport tickets.

[View item](#)

Thursday 19 March 2015

**Uber cars outnumber yellow taxis in New York City** (BBC News, United Kingdom)

Registered Uber cars now outnumber yellow taxis in New York City, though they make fewer trips.

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## Rail

Friday 13 March 2015

**SA rail services 'not good enough' despite millions spent on upgrades, transport head says** (ABC News, Australia)

Michael Deegan, South Australia's Rail Commissioner and head of the Department of Transport, Planning and Infrastructure, has commented on the standard of rail services and safety at level crossings.

[View item](#)

[Click here for Rail Commissioner's letter](#)

Tuesday 17 March 2015

**Streetcar revival is wavering in some cities** (New York Times, United States)

The revival of tram networks in some US cities is showing signs of stalling, according to a New York Times article.

[View item](#)

## Registration and Licensing

Saturday 14 March 2015

**Digital driver's licences promised for NSW if Mike Baird's government is re-elected** (Sydney Morning Herald, Australia)

The NSW Government has promised to introduce an optional digital driver's licence if re-elected, claiming the move would save millions of dollars.

[View item](#)

## Road safety

Sunday 8 March 2015

**Congestion charge has led to dramatic fall in accidents in London** (The Guardian, United Kingdom)

A new study contends that the London congestion charge has led to a significant decline in the number of traffic accidents.

[View item](#)

Tuesday 17 March 2015

**Foss welcomes agreement for rental vehicle code** (New Zealand Government media release, New Zealand)

The rental vehicle industry in New Zealand is drawing up a Code of Best Practice for educating visiting drivers on New Zealand road conditions and rules.

[View item](#)

Tuesday 17 March 2015

**New world-first road safety work zone crash barriers to save lives** (Queensland University of Technology news, Australia)

Researchers at QUT have developed portable steel and plastic water-filled work zone crash barriers which will be manufactured in Brisbane and sold worldwide.

[View item](#)

Wednesday 18 March 2015

**New road safety commissioner for WA** (Western Australian Government Ministerial Media Release, Australia)

As part of its response to the recommendations of the Review of Road Safety Governance in Western Australia, the State Government will appoint a new Commissioner of Road Safety and a new Road Safety Advisory Council.

[View item](#)

Thursday 19 March 2015

**New group centre speed limits to improve safety across Canberra** (ACT Government Ministerial Media Statement, Australia)

The ACT Government will roll out new 40 km/h speed limit zones in selected local shopping centres in Canberra.

[View item](#)

## Traffic management

Tuesday 17 March 2015

**VicRoads gets electronic curfew signs underway** (Australasian Transport News (ATN), Australia)

VicRoads has installed what it claims are Australia's first electronic 'no trucks' signs, which operate during programmed curfew periods.

[View item](#)

## Transport management

Thursday 19 March 2015

**Creating a stronger, safer taxi and hire car industry** (Victorian Government Ministerial Media Statement, Australia)

The Victorian Government has created a Taxi and Hire Car Industry Ministerial Forum made up of industry stakeholders including Uber.

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**Katherine Rawlinson**  
Librarian  
National Interest Services

**ARRB Group Ltd**  
Vermont South VIC 3133  
Australia

P: +61 3 9881 1568

[katherine.rawlinson@arrb.com.au](mailto:katherine.rawlinson@arrb.com.au)  
[www.arrb.com.au](http://www.arrb.com.au)

ARRB Group, in conjunction with our co-hosts SAFER, is pleased to announce the **4th International Conference on Driver Distraction and Inattention** will be held in Sydney, Australia from the 9 -11 November 2015. This is the first time this event will be held outside Europe. **Call for abstracts are now open** - [Click here to submit and abstract or for further information](#)

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**From:** Katherine Rawlinson <katherine.rawlinson@arrb.com.au>  
**Sent:** Friday, 27 March 2015 11:40 AM  
**To:** Katherine Rawlinson  
**Subject:** Making News in Transport - Alert 412

## Making News in Transport – Alert 412

Selected land transport-related news items from Australia and overseas 27/03/2015, produced by ARRB Group under the National Interest Services (NIS) program

### Automotive technology

Thursday 26 March 2015

**Ford cars slow when they see speed-limit signs (BBC News, United Kingdom)**

Ford is to install speed-limiting technology in its new S-Max car to be launched later this year in Europe.

[View item](#)

[Click here for Ford news item](#)

### Environment

Friday 20 March 2015

**Paris briefly tops world charts for air pollution (France 24, France)**

Recent high levels of air pollution in Paris are the result of the number of diesel cars on the roads, according to experts.

[View item](#)

Wednesday 25 March 2015

**Obama: half of federal fleets must be PHEV or ZEV by 2025 (Hybrid Cars, Canada)**

US President Obama has signed an Executive Order requiring half of federal government fleet vehicles to be zero emission vehicles (ZEVs) or plug-in hybrid vehicles (PHEVs) by 2025.

[View item](#)

[Click here for Executive Order](#)

Thursday 26 March 2015

**Mayor confirms world's first Ultra Low Emission Zone, and welcomes more money for cleaner taxis (Mayor of London press release, United Kingdom)**

An Ultra Low Emission Zone will be introduced in London in 2020, requiring vehicles to meet new emissions standards or pay a daily charge.



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## Innovation

Wednesday 25 March 2015

**The importance of advanced physical and mathematical sciences to the Australian economy** (Office of the Chief Scientist media release, Australia)

A report commissioned by the Office of the Chief Scientist and the Australian Academy of Science calculates the direct contribution made to the Australian economy by the advanced physical and mathematical sciences in industries including road and rail transport.

[View item](#)

[Click here for full report](#)

## Pedestrians and Cyclists

Sunday 22 March 2015

**Bristol secures world first thanks to bus technology** (Business Leader, United Kingdom)

Bristol City Council in the UK will install CycleEye, a cyclist sensor alerting system, on a number of buses in the city.

[View item](#)

Thursday 26 March 2015

**New Active Transport Office to promote walking and cycling in Canberra** (ACT Government Ministerial Media Statement, Australia)

The ACT Government will establish an Active Transport Office and an Active Transport Coordinator to focus on walking and cycling infrastructure and planning.

[View item](#)

## Planning and Infrastructure

Monday 23 March 2015

**Older drivers at peak levels, new data show** (Federal Highway Administration, United States)

The US Department of Transportation Secretary has highlighted the need for infrastructure investment and research to support the growing number of older drivers on the roads.

[View item](#)

Thursday 26 March 2015

**Report: achieving the 20-minute city** (The Fifth Estate, Australia)

The Bus Industry Confederation has released a policy paper examining how the '20-minute city' concept can be put into practice.

[View item](#)

[Click here for full report](#)

Thursday 26 March 2015

**Australia world leader - in population growth (The Australia Institute, Australia)**

The Australia Institute has released a report which analyses Australia's population growth and the implications for infrastructure planning and spending.

[View item](#)

## Rail

Wednesday 25 March 2015

**Consistency in rail specific training to save industry millions (Australasian Railway Association media release, Australia)**

Common courseware for all rail specific training could save the rail industry over \$AU39 million, according to the Australasian Railway Association.

[View item](#)

## Road safety

Wednesday 25 March 2015

**Distractions a problem for teen drivers, AAA study finds (ABC News, United States)**

According to an analysis of in-vehicle videos of crashes involving teenage drivers in the US, driver distraction was a factor in more than half the crashes.

[View item](#)

[Click here for full report](#)

Thursday 26 March 2015

**Constituency road safety dashboard goes live (Parliamentary Advisory Council for Transport Safety, United Kingdom)**

The UK's Parliamentary Advisory Council for Transport Safety has launched a road safety 'dashboard' which presents information on casualty rates for residents of each parliamentary constituency, with the aim of informing MPs and residents of the situation in their local area.

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[Click here for report and dashboard](#)

## Transport economics

Thursday 26 March 2015

**Transport funding reform the key to liveable cities : CEO** (Transurban media release, Australia)

Transurban has announced that it will conduct a year-long study into different road pricing models to be conducted on Melbourne's road network.

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---

**Katherine Rawlinson**  
Librarian  
National Interest Services

**ARRB Group Ltd**  
Vermont South VIC 3133  
Australia

P: +61 3 9881 1568

[katherine.rawlinson@arrb.com.au](mailto:katherine.rawlinson@arrb.com.au)  
[www.arrb.com.au](http://www.arrb.com.au)

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**From:** Katherine Rawlinson <katherine.rawlinson@arrb.com.au>  
**Sent:** Friday, 10 April 2015 12:41 PM  
**To:** Katherine Rawlinson  
**Subject:** Making News in Transport - Alert 413

## Making News in Transport – Alert 413

Selected land transport-related news items from Australia and overseas 10/04/2015, produced by ARRB Group under the National Interest Services (NIS) program

### Environment

Thursday 26 March 2015

**China's hydrogen-powered future starts in trams, not cars (Bloomberg, United States)**

A tram powered entirely by hydrogen fuel cells has been launched in Qingdao, China.

[View item](#)

Monday 30 March 2015

**Report shows transport energy has a significant role to play in delivering GHG reductions (Low Carbon Vehicle Partnership, United Kingdom)**

The UK's Transport Energy Task Force has released a report discussing the role of greenhouse gas reduction in the transport sector and the use of biofuels.

[View item](#)

Wednesday 1 April 2015

**Report names top renewable investments to make cities 'smarter' (Transport Network, United Kingdom)**

Infrastructure investments such as electric vehicle charging stations and low emissions public transport are among the top strategies that could realise immediate environmental, economic and social benefits for UK cities, according to a report from the Green Investment Bank.

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[Click here for full report](#)

Monday 6 April 2015

**Study of vehicle emissions will aid urban sustainability efforts (Boston University, United States)**

Researchers at Boston University have created an online inventory of road transport emissions in the United States, containing over 33 years of data for CO2 emissions from roads across the country.

[View item](#)

Wednesday 8 April 2015

**Climate change ignored in energy white paper that lets market rule future policy** (The Guardian, Australia)  
The Federal Government has outlined its policy approach to transport fuel generation and use in its Energy White Paper.

[View item](#)

[Click here for Energy White Paper](#)

## Freight transport and Logistics

Wednesday 8 April 2015

**Andrews government considering freight industry's proposal for heavier trucks on Victoria's roads** (The Age, Australia)

The Victorian Government is considering proposals from the freight industry to allow heavy vehicles to carry loads almost 20 per cent heavier than currently allowed.

[View item](#)

## Innovation

Friday 27 March 2015

**To find a bus stop, just hold up your smartphone** (Atlantic CityLab, United States)

A smartphone app that shows users bus stops in their vicinity and provides real-time arrival information has won the grand prize in New York City's Metropolitan Transportation Authority's App Quest 3.0 in the consumer/transit rider app category.

[View item](#)

Wednesday 8 April 2015

**Deans announce new Institute for Data, Systems, and Society** (MIT News, United States)

The Massachusetts Institute of Technology has created a new Institute for Data, Systems and Society, which will focus on data analysis to solve problems in fields including transport.

[View item](#)

Thursday 9 April 2015

**New signs acknowledge traditional owners of the land** (Victorian Government Ministerial Media Statement, Australia)

'Welcome to Country' signs have been installed on 22 roads across south-western Victoria to recognise the traditional owners of the land.

[View item](#)

## ITS

Wednesday 11 March 2015

### **Report warns of UK skills shortage in IM sector (Transport Systems Catapult, United Kingdom)**

The Transport Systems Catapult - the UK's innovation centre for intelligent mobility - has released a report examining a skills shortage and 'data gaps' which are preventing the UK from realising its potential in the area of intelligent mobility.

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## **Pedestrians and Cyclists**

Saturday 28 March 2015

### **'Look bike' stickers set to adorn Melbourne taxis in bid to reduce cyclist doorings (The Age, Australia)**

Taxis operating in greater Melbourne will display stickers inside their rear right-hand windows warning passengers to look out for cyclists when opening the door.

[View item](#)

## **Planning and Infrastructure**

Thursday 26 March 2015

### **Highways England unveils detailed delivery plan for £11bn of roads spending (Infrastructure Intelligence, United Kingdom)**

Government-owned company Highways England has released a 5-year plan outlining how it will upgrade England's major road infrastructure.

[View item](#)

[Click here for Delivery Plan](#)

Monday 30 March 2015

### **Secretary Foxx sends six-year transportation bill to Congress (Department of Transportation, United States)**

The Obama administration has released a \$US478 billion infrastructure spending bill to increase investment in surface transport by 45 per cent.

[View item](#)

## **Public transport**

Wednesday 1 April 2015

### **Find your way on the apps you use every day (Victorian Government Ministerial Media Statement, Australia)**

The Victorian Government has released public transport timetable data in General Transit Feed Specification (GTFS) format, enabling passengers to use Google Maps and other apps to access public transport information.

[View item](#)

[Click here for article on use of public transport app 'Moovit' in Australia](#)

Wednesday 1 April 2015

**Competition review calls for removing restrictions on taxi industry** (Sydney Morning Herald, Australia)

The Australian Government's competition policy review has recommended reform of the taxi and ride-sharing industry.

[View item](#)

[Click here for the full review](#)

[And here for section including reform of taxi industry](#)

## Road safety

Thursday 2 April 2015

**Victorians urged to share the road and travel happy** (Victorian Government Ministerial Media Statement, Australia)

The Victorian Government has launched a new road safety campaign that highlights the effect of mood on driver behaviour.

[View item](#)

[Click here for campaign material](#)

Wednesday 8 April 2015

**Positive behaviour to shape young drivers** (Transport Accident Commission media release, Australia)

Victoria's Transport Accident Commission has launched a new campaign which focuses on the role of parental driving behaviour in influencing the way their children drive.

[View item](#)

[Click here for campaign material including video](#)

## Traffic management

Friday 3 April 2015

**How Microsoft's using big data to predict traffic jams up to an hour in advance** (VentureBeat, United States)

The Traffic Prediction Project - a collaboration between Microsoft and one of Brazil's largest universities - aims to predict traffic jams in advance by using all current and historical traffic data available.

[View item](#)

[Click here for Microsoft news item](#)

## Transport management

Wednesday 1 April 2015

**A fresh team for rebuilding NSW (New South Wales Government Ministerial Media Release, Australia)**  
Andrew Constance has been named the new Minister for Transport and Infrastructure in the NSW Government.

[View item](#)

## **National Interest Services supporting an informed land transport community**

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**Katherine Rawlinson**  
Librarian  
National Interest Services

**ARRB Group Ltd**  
Vermont South VIC 3133  
Australia

**P: +61 3 9881 1568**

[katherine.rawlinson@arrb.com.au](mailto:katherine.rawlinson@arrb.com.au)  
[www.arrb.com.au](http://www.arrb.com.au)

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## Bradley Rogers

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**From:** Malcolm Roberts <malcolm.roberts@qca.org.au>  
**Sent:** Monday, 27 October 2014 11:21 AM  
**To:** Bradley Rogers  
**Subject:** presentation  
**Attachments:** 781309\_1.pptx

Hi Bradley

Trust this helps. See you soon.

Kind regards

Malcolm

---

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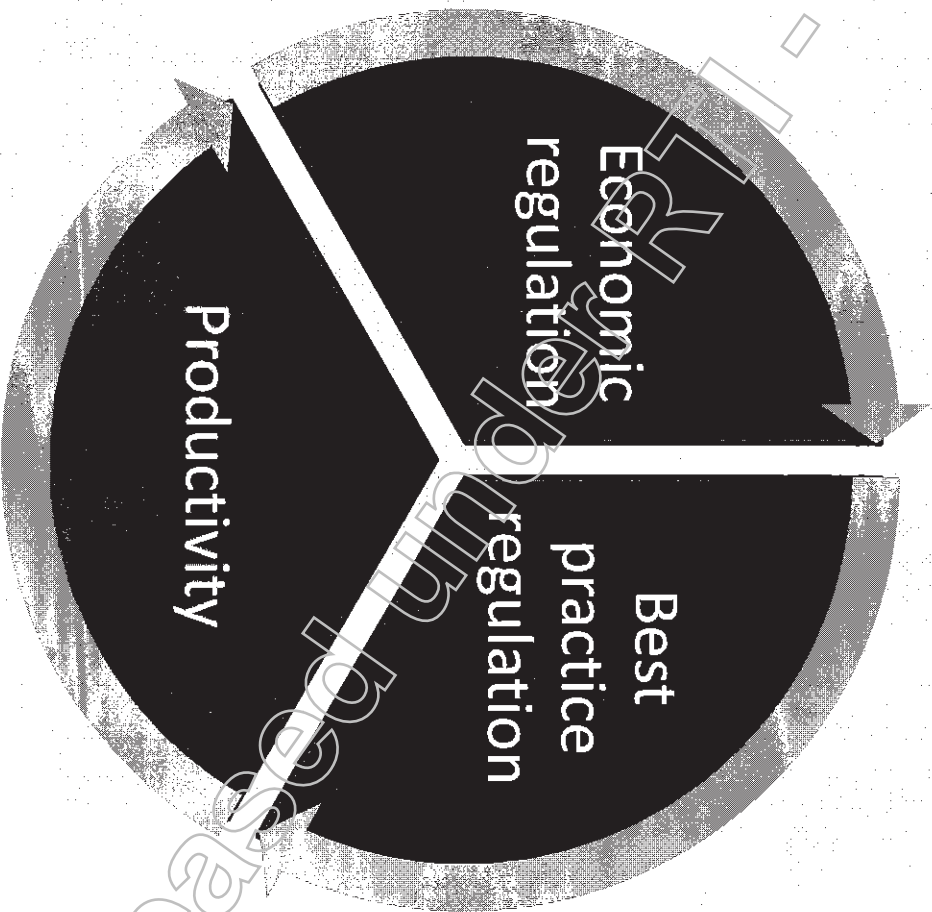
Released under RIA - DPC

# Queensland Competition Authority

## Brown bag lunch

Malcolm Roberts and John Hindmarsh

# QCA ? QIPPA ?



# Economic regulation

## Electricity

- Regional prices
- PV tariffs regional Qld
- Consumer protection

## Water

- SE Qld retail
- Bulk water

## Rail

- Aurizon
- SUFA
- QR

## Best practice regulation

Red tape target 7.9% reduction (30 June 2014)

1.6% increase in page count

20% target  compliance culture

QCA aim  culture change & capacity building

new streamlined guidelines—e.g. self assessment

## **Productivity**

### ***Completed***

- **Coal seam gas**
- **Disability and medical aids**
- **Aquaculture**

### ***Underway***

- **Industry assistance**

- The next competition policy agenda
- enhancing competition in services
- esp. gov't services
- institutional changes
- new access & pricing regulator (!)
  - replace NCC
- legislation review (again)
- revised competition principles

## Promoting competitive markets

### Market development:

contestability  barriers to entry, competitive neutrality

user choice  information & access

split policy/purchaser/provider/regulator roles



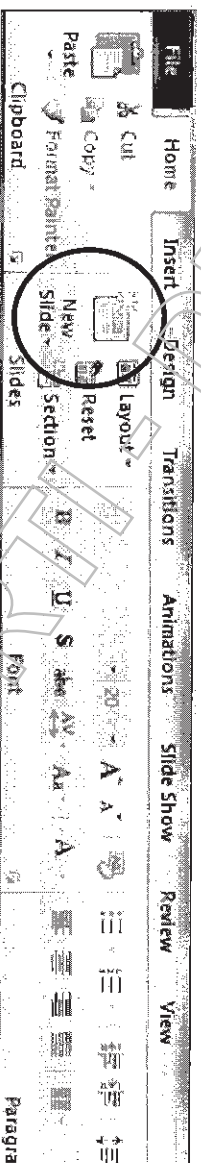
Usual suspects  
retail trading hours  
taxis  
pharmacies  
infrastructure monopolies  
IP restrictions (e.g. parallel imports)  
licensing

## Slides in this template

The following slides are instructions for use. Delete once you have read and begin compiling your presentation.

# New slides

- Choose **New Slide** from the Home tab on the ribbon

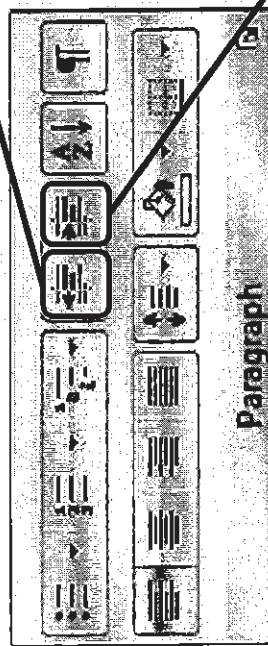


- Select the desired layout from the thumbnails in the dropdown or after the slide has been chosen by choosing the **Layout** button (next to **New Slide**)
- There are options for different text and content layouts.

## Title and content slide layout

Content text is entered here.

The layouts have 4 options for text set up in a list level system. To change the text to the next level, press Tab at the start of the line (or use the **Increase List Level** button if text is not a bullet).



Pressing **Shift+Tab** (or the **Decrease List Level** button) will take you back through the text list levels.

## Text levels

There are four levels of text in the content slides, they are:

### Level 1 (Heading 2)

#### Level 2 (Body Text)

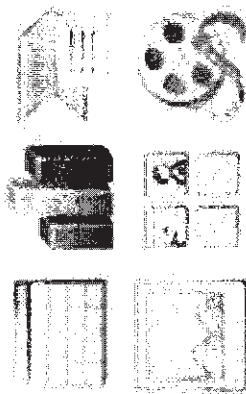
- Level 3 (Bullets, first indent)
  - Level 4 (Bullets, second indent)

#### Level 5 (Footnotes)

## Content areas

In any of the slides, the text area can also contain other content.

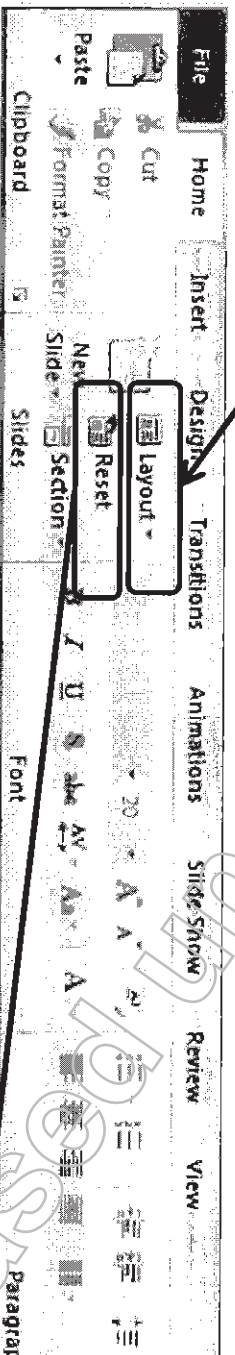
You will notice under the “Click to enter text” line are icons displaying options to insert graphs, pictures, Excel tables etc.



## Formatting existing presentations

You can easily re-format slides from existing presentations:

- Select the slides in the existing presentation via the slide thumbnails panel to the left of the program
- Copy, then paste into the template presentation slide thumbnails panel
- Choose the **Layout** for each slide as appropriate
- Make sure to select the Slides once more and **choose Reset**. This will ensure all items within the slide are forced to adopt the new layout.



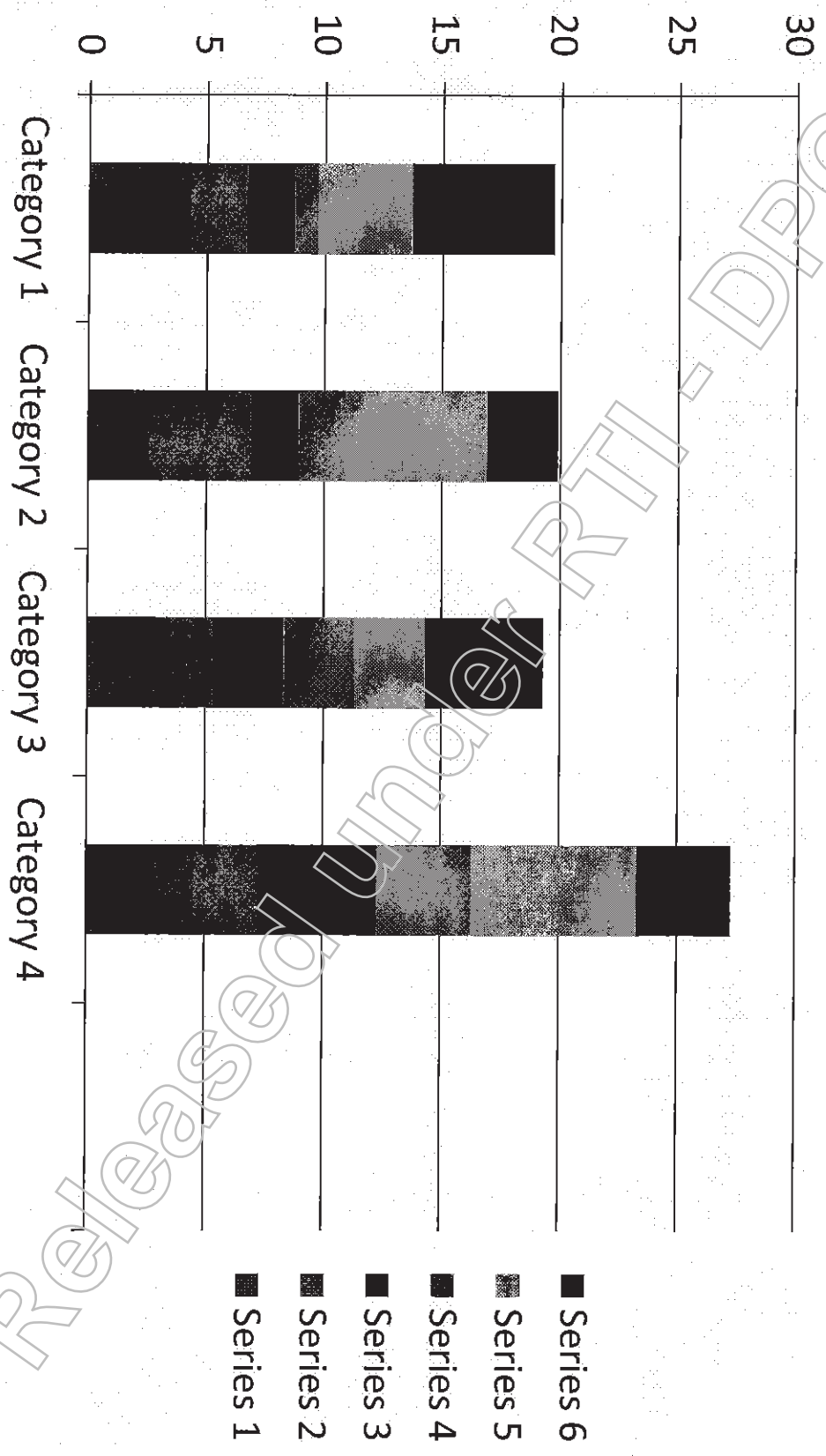
## Inserting a footer

How to place content in the footer:

- Go to the **Insert** tab
- Select **Header & Footer**
- Ensure the footer and/or page numbers checkboxes are selected
- Type text in the footer section (if required)
- Click **Apply to All** (the title and section slides have been set up to not show numbers and footers).



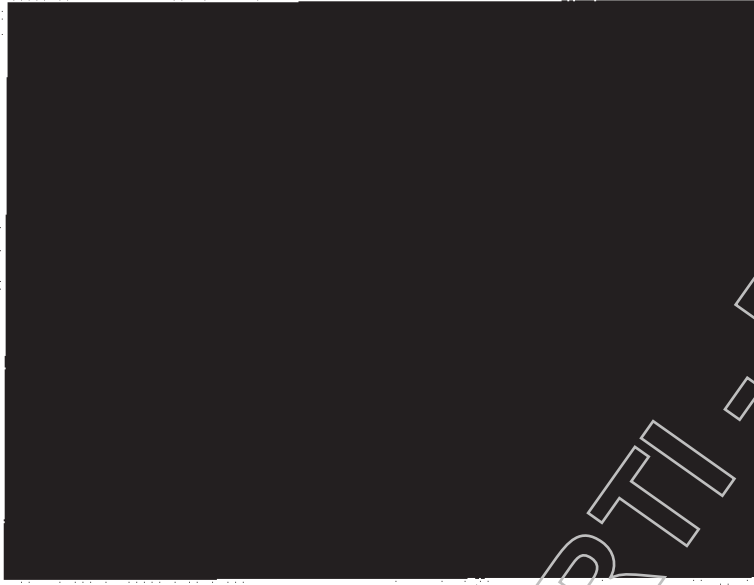
# Chart example



Released under RTI - DPIC

## Coloured promotional box

More coloured boxes  
available under <New Slide>



Coloured promotional box  
More coloured boxes  
available under <New Slides>



Released under RTI

# SmartArt example – single colour



# SmartArt example – multi colour



Released under RTI - DPC

# QCA colours

## Main colours used in this template:

R 0  
G 161  
B 228

R 0  
G 113  
B 166

R 156  
G 189  
B 60

## Additional colours available for use:

R 2  
G 126  
B 64

R 227  
G 127  
B 28

R 88  
G 89  
B 91

R 111  
G 81  
B 126

R 139  
G 193  
B 156

R 252  
G 182  
B 33

R 128  
G 130  
B 133

R 212  
G 47  
B 41

## Questions?

Level 27, 145 Ann Street,  
Brisbane Q 4000  
GPO Box 2257,  
Brisbane Q 4001  
Tel (07) 3222 0555  
[www.qca.org.au](http://www.qca.org.au)

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