

Kate Carlson

From: Kate Carlson
Sent: Monday, 23 March 2015 3:39 PM
To: 'Nicholas A Marsden'
Cc: Rachel Lunnon; Kellie M Hammond
Subject: RE: DPC Job Shadowing

Fantastic – thanks Nick.

Cheers,
Kate.

From: Nicholas A Marsden [mailto:Nicholas.A.Marsden@tmr.qld.gov.au]
Sent: Monday, 23 March 2015 3:30 PM
To: Kate Carlson
Cc: Rachel Lunnon; Kellie M Hammond
Subject: RE: DPC Job Shadowing

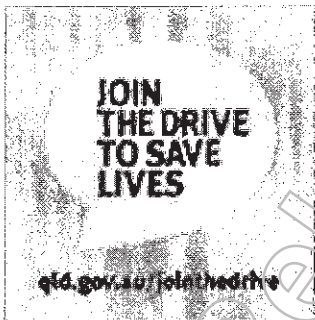
Hi Kate,

Happy to assist. Kellie Hammond is the Regional Director and Kelli Ready is the Manager Compliance (SEQ North) at Carseldine. Kelli will give Rachel a call to arrange everything if that is okay?

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: 07 49311749
E: nicholas.a.marsden@tmr.qld.gov.au
W: www.tmr.qld.gov.au



From: Kate Carlson [mailto:kate.carlson@premiers.qld.gov.au]
Sent: Monday, 23 March 2015 11:59 AM
To: Nicholas A Marsden
Cc: Rachel Lunnon
Subject: DPC Job Shadowing

Hi Nick

Thanks very much for being keen to support DPC's Job Shadowing program. I have attached a short outline of the program's objectives FYI.

As discussed, we are trying to organise a 1-2 day shadowing opportunity for Rachel alongside Translink Regional Operations and TMR Compliance staff to gain a firsthand understanding of taxi regulation and compliance activities. This may involve discussions with teams about their operations, processes, key challenges and opportunities, as well as time in the field watching staff in action.

The Regional Operations team are getting back to us this week with an outline of what job shadowing we could undertake alongside their staff. I'll ask Rachel to follow up with you about how we could integrate time with Compliance into this program.

Many thanks,

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



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Kate Carlson

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

<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. 07 300 73 Personal Information | e-mail: craig.wilson@premiers.qld.gov.au



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Kate Carlson

From: Kate Carlson
Sent: Wednesday, 18 March 2015 1:38 PM
To: Glenn Case
Subject: RE: Economic Analysis in EPG

Hi Glenn

Some initial thoughts specific to the transport space include:

- Analysis on the elasticity of public transport fares – how does Brisbane compare with other cities?
- Analysis of the impact on taxi patronage/licence values of increased use of ride sharing apps (e.g. Uber)
- Economic cost of congestion in SEQ
- Productivity benefits of increased public transport use

In addition, regular updates on economic indicators would be valuable and I think there's value in the work Brad has commenced around a Qld Govt Economic Strategy.

Cheers,
Kate.

From: Glenn Case
Sent: Wednesday, 18 March 2015 1:31 PM
To: @EP Directors
Cc: Craig Wilson
Subject: Economic Analysis in EPG

Dear Directors,

As you may already know, Evelyn Leow, will be joining Economic Policy tomorrow. Evelyn was formerly of the Renewal team and will be setting up an enhanced economic analytical capability for EPG (working with Brad Rogers).

Craig has asked Directors to contribute their ideas for a potential economic analysis work program.

Can you please put forward 2 or 3 ideas of what this new unit might work on.

For example, Bernadette and Danielle prepared some analysis on northern Australia / Queensland development – could this be furthered at all?

Can I please have your suggestions by 3pm today as Craig wants to have this ready to go tomorrow when he meets with Evelyn.

Thanks for your help

Glenn

Glenn Case
Executive Officer



Economic Policy
Department of the Premier and Cabinet
Phone: 3003 9319
Level 14 Executive Building | 100 George Street | Brisbane | Queensland 4002

Kate Carlson

From: Jim Groves <Jim.Groves@ministerial.qld.gov.au>
Sent: Monday, 9 March 2015 2:11 PM
To: Katie Carlson
Subject: RE: Uber and taxi regulation



Queensland
Government

All I have on Friday is my catch-up with you and with Jeanette (at 11) – so that would be fine by me.

Jim Groves
Principal Policy Advisor
Office of the Hon. Anastacia Palaszczuk MP
Premier of Queensland and Minister for the Arts

P 07 3719 7066 M s.73 Personal Information
Executive Building 100 George St Brisbane QLD 4000
PO Box 15185 City East QLD 4002

From: Katie Carlson [mailto:kate.carlson@premiers.qld.gov.au]
Sent: Monday, 9 March 2015 1:03 PM
To: Jim Groves
Subject: RE: Uber and taxi regulation

Hi Jim

I'm sorry but I'm unavailable to catch up now on Wednesday to talk Uber. Would you consider postponing until Friday? Alternatively, happy for you to go ahead with the meeting on Wednesday with Craig Wilson and Rachel Lunnon in my absence.

Thanks,
Kate.

From: Jim Groves [mailto:Jim.Groves@ministerial.qld.gov.au]
Sent: Friday, 6 March 2015 12:51 PM
To: Katie Carlson
Subject: RE: Uber and taxi regulation

I'm flexible Tuesday afternoon or Wednesday.
Jim

From: Katie Carlson [mailto:kate.carlson@premiers.qld.gov.au]
Sent: Friday, 6 March 2015 12:42 PM
To: Jim Groves
Subject: Uber and taxi regulation

Hi Jim

Thanks for dropping off a copy of the government's commitment to the Taxi Council.

Please see attached a background paper that DPC has put together on apps such as Uber and taxi regulation in Queensland. When is a good time for you to catch up next week to discuss these issues? Tuesday or Wednesday would work best for us, but happy to be flexible.

Kind regards,

Kate Carlson

A/Director | Economic Policy | Department of the Premier and Cabinet
Level 14 | 100 George Street, Brisbane.
Phone: 07 300 39343 | Mobile: 6.73 Personal Information
e-mail: kate.carlson@premiers.qld.gov.au



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Kate Carlson

From: Katie Carlson
Sent: Friday, 6 March 2015 12:53 PM
To: Rachel Lunnon; Nicholas Dowie
Subject: FW: Uber discussion with Prem's office

FYI – I've sent our Uber paper on to Jim Groves and setting up a time next Tues or Wed to discuss further.

Cheers,
Kate.

From: Craig Wilson
Sent: Friday, 6 March 2015 11:49 AM
To: Katie Carlson
Cc: Nicholas Dowie
Subject: RE: Uber discussion with Prem's office

Yep, sure, let's pls tee up a time for next week, pdf the doc before sending

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: s.73 Personal Information | e-mail: craig.wilson@premiers.qld.gov.au



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



Kate Carlson

From: Katie Carlson
Sent: Friday, 6 March 2015 12:42 PM
To: 'jim.groves@ministerial.qld.gov.au'
Subject: Uber and taxi regulation
Attachments: Queensland Taxi Regulation in an Era of Disruptive Technology.pdf

Hi Jim

Thanks for dropping off a copy of the government's commitment to the Taxi Council.

Please see attached a background paper that DPC has put together on apps such as Uber and taxi regulation in Queensland. When is a good time for you to catch up next week to discuss these issues? Tuesday or Wednesday would work best for us, but happy to be flexible.

Kind regards,

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



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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.

CTPI - Deliberative Process

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Pages 12 through 15 redacted for the following reasons:

CTPI - Deliberative Process

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Kate Carlson

From: Katie Carlson
Sent: Monday, 2 March 2015 12:15 PM
To: Craig Wilson; Nicholas Dowie
Cc: Rachel Lunnon
Subject: HP TRIM Internal : DOC/15/23039 : DTMR - DIRECTOR'S REPORT
Attachments: DTMR - DIRECTOR S REPORT.XLSX; DTMR - DIRECTOR S REPORT.tr5

Hi Craig and Nick

Please find attached for your information my Director's Report for February.

Cheers,
Kate.

-----< HP TRIM Record Information >-----

Record Number: DOC/15/23039
Title : DTMR - DIRECTOR'S REPORT

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Director's Report - DTMR

PRODUCT	#	DETAILS
Cabinet briefs	0	
CBRC briefs / Estimates Committee briefs	0	
Cabinet Committee briefs	0	
Parliamentary Statements	0	
Intergovernmental relations	0	
Reporting (eg, election commitments)	1	Election commitment monitoring and implementation planning
PBNs	0	
Policy packets / ideas paper	2	Taxi regulation options paper Public transport patronage trend analysis
Correspondence	45	
Agency Advice (eg, discussion papers)	4	Next Generation Ticketing Business Case Rail Management Framework project plan Reviewed 2 proposed regulatory amendments Bus Reform (DPC & TMR) meeting
Agency Meetings / Committees	9	Real Time Public Transport Information meetings Next Generation Ticketing Taxi regulation TMR Forward Cabinet Program (TMR CLLO & DPC) TMR Correspondence process improvement
Training (number of days)	2	Kate: Shared and Divided Power - Intergovernmental Relations (EMPA subject)
Other (eg, IGBs)	3	IGB - Economic Reform (public transport) IGB - Bus and Train (BaT) tunnel DGBN - Defence's contribution to the Samford Road / Wardell Street upgrade

Kate Carlson

From: Christine Tozer
Sent: Friday, 20 February 2015 11:43 AM
To: Katie Carlson; Rachel Lunnon; Paul Kamppi
Subject: The three regulatory challenges for the sharing economy

Hi team – a good article on the Uber etc regulatory challenge

<https://theconversation.com/the-three-regulatory-challenges-for-the-sharing-economy-37808>

Christine Tozer

Senior Policy Officer | Economic Policy | Department of the Premier and Cabinet
Level 14 | 100 George Street, Brisbane.
Phone: 07 300 39014 | e-mail: christine.tozer@premiers.qld.gov.au



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Kate Carlson

From: Rachel Lunnon
Sent: Thursday, 19 February 2015 3:49 PM
To: Katie Carlson
Subject: FW: Compliance data numbers

Hi Kate,
Just FYI, I have included these figure in the taxi paper, a significant increase from \$250K on 18 Jan.

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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From: Tanya L Menadue [mailto: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

61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001
t 07 3338 4744 | m  s.73 Personal Information
e Tanya.Menadue@translink.com.au
w www.translink.com.au w www.tmr.qld.gov.au



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Kate Carlson

From: Katie Carlson
Sent: Thursday, 12 February 2015 10:34 AM
To: Rachel Lunnon
Subject: RE: Taxi Options paper

Thanks Rachel. Appreciate all your work on this over the last couple of weeks. We'll park this version of the paper now pending the announcement of the new government and an opportunity to raise this issue with the new Premier. I'll save it in GF38170 and raise with Nick the changes we've made and why.

Thanks again,
Kate.

From: Rachel Lunnon
Sent: Thursday, 12 February 2015 10:16 AM
To: Katie Carlson
Subject: Taxi Options paper

Hi Kate,
I have made some track changes to the taxi options paper. Happy to discuss.
Thanks
Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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Kate Carlson

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

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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?

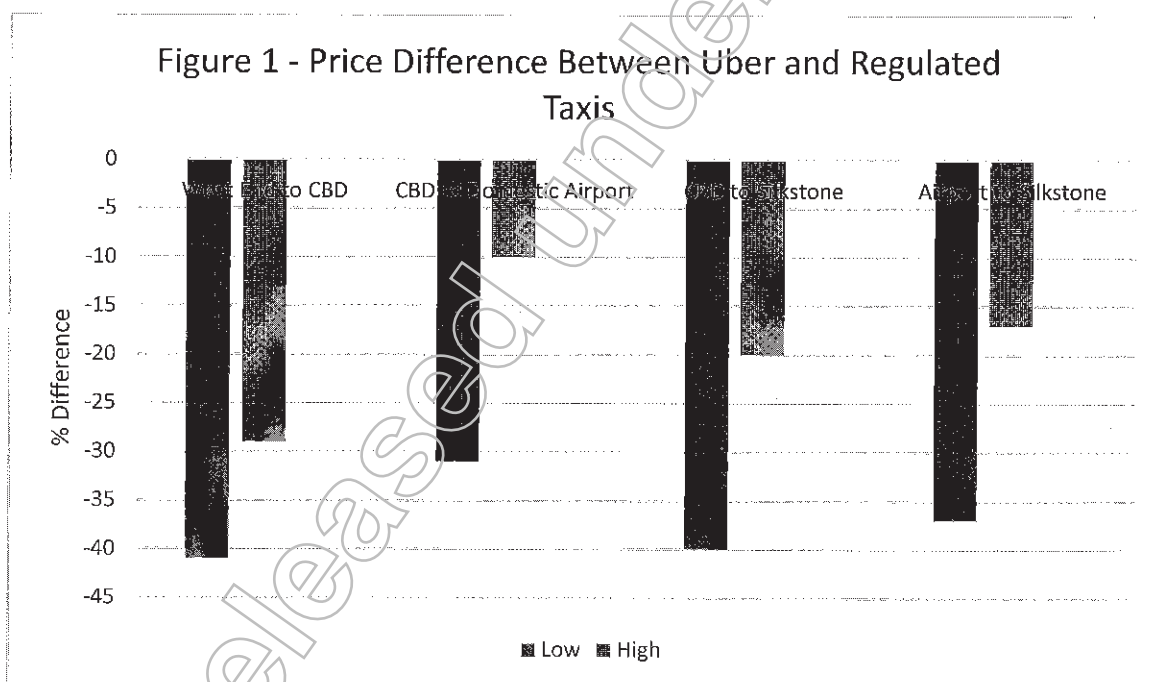
- The current system benefits those who live in poorly serviced public transport areas and need to travel short distances or travel at times when public transport is unavailable.
- In the absence of regulation these users would likely pay higher prices to more closely reflect the cost of providing these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

Figure 1 - Price Difference Between Uber and Regulated Taxis



- 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

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Pages 26 through 29 redacted for the following reasons:

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Kate Carlson

From: Rachel Lunnon
Sent: Friday, 6 February 2015 2:34 PM
To: Kate Carlson
Subject: Taxi options paper V3
Attachments: Taxi regulation options paper.docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi Kate, please find attached the latest version of the taxi options paper. Happy to discuss.
Thanks
Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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Options for taxi regulation in Queensland

What is the problem?

Uber launched in Queensland in April 2014. The company is currently operating outside of the existing public passenger regulatory framework and Uber drivers are failing to comply with the relevant *Transport Operations (Passenger Transport) Act 1994* (TOPTA) requirements.

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?

Uber is currently offering uberX services (a ridesharing service that connects passengers directly with drivers of private vehicles) in Brisbane and on the Gold Coast. Uber's operations are captured under the current definition of a taxi service and therefore the regulatory requirements for taxi operations should apply.

While the Department of Transport and Main Roads' (TMR) has continued to investigate Uber drivers and take compliance action against drivers that are not meeting regulatory requirements, this compliance action has not been effective in stopping Uber's operations.

Why are taxis regulated?

The Queensland industry is regulated under the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) with the objective of ensuring a responsive and safe service that provides a reasonable level of community access and mobility. Key elements of the regulatory framework include: operator accreditation (OA) and driver authorisation (DA); market entry restrictions; taxi licences; taxi service contracts; and maximum fares.

Service contracts (held by booking companies) specify the standards and services that must be delivered for phone-booked taxi services and hold taxi booking companies accountable for their performance against those standards and services through key performance indicators. This ensures that minimum service levels are maintained in low demand areas and the availability of wheelchair accessible taxis (WAT).

What is the impact of Uber continuing to operate in Queensland?

Despite operating outside of the regulatory framework, Uber has increased competition in the Queensland taxi market, providing customers with the ability to choose an alternative to regular taxis. There is strong public support for Uber, with supporters claiming that Uber services are more efficient, cost effective and safer (due to availability of driver information and cashless payment) than regular taxi services.

Uber's launch has however created inequity in the passenger transport market with Uber drivers able to compete with regular taxis for business without meeting the regulatory requirements (and associated costs) that apply to the existing industry. For example, obtaining a taxi licence, meeting vehicle standards and providing service during non-peak times.

While passenger safety has been cited as a key reason for regulating ridesharing applications, the safety risks associated with using Uber are potentially minimal. Uber currently requires drivers to obtain a general DA (which includes a criminal background, driver history and medical check) and passengers are covered under

compulsory third party (CTP) insurance arrangements. Uber also claims that all trips are also covered by a US\$5M contingent liability insurance policy.

CTPI - Deliberative Process

Released under RTI - DPC

¹ Uber receives 20% 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 33 through 37 redacted for the following reasons:

CTPI - Deliberative Process

Released under RTI - DPC

Options for taxi regulation in Queensland

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Pages 40 through 44 redacted for the following reasons:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

From: Bradley Rogers
Sent: Wednesday, 4 February 2015 10:09 AM
To: Kate Carlson; Rachel Lunnon
Subject: Taxi
Attachments: Economics of Taxi Deregulation in Queensland v3.docx

Hi Team

Please see attached an updated paper.

I adjusted the numbers a bit and added some new found information about Uber insurance.

“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.”

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

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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 5am¹. 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

¹ 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 \$2,000² 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 \$11.5³ 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.

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

³ 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 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 \$29.17⁴) and the doctors in completing the test (\$25.00 to 37.50⁵). The drivers direct cost of paying for the test would be about \$93.50⁶.

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

⁵ Assume appointment time of 10 to 15 minutes at \$150 per hour

⁶ Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers⁷

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

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 28⁸ working weeks⁹ 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 agencies¹⁰. 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.

⁷ 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%

⁸ Allowing 10 to 15 minutes per test

⁹ Assume a 5 day working week

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

Cost to each driver for completing the form and gaining legal advice is estimated at \$800¹¹, the cost to the taxi company is about \$150¹² and the cost to DTMR is estimated at \$200¹³ 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 million¹⁴.

Driver authorisation conclusion

CTPI - Deliberative Process



¹¹ 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.

¹² Assume one hour to fill in form, two hours to submit form

¹³ Assume two hours of time managing and accessing the form and the cost of storage and review

¹⁴ Assume a discount rate of 9.5%

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

Vehicle safety requirements

The Queensland Transport Operations Regulation 2005¹⁶ 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 2010¹⁷. 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

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

¹⁷ 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 points¹⁸ 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.au¹⁹

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

¹⁹ <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 life²⁰

	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.

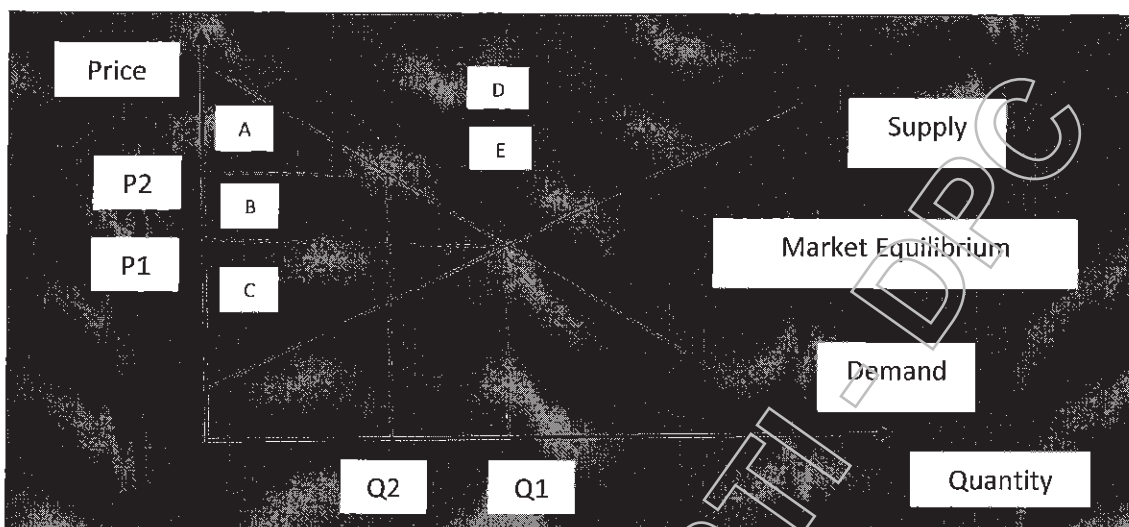
Theory of the cost of supply constraints

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 loss²¹, consumers will have reduced wealth and producers will have an increase in wealth.

²⁰ Straight line depreciation assumed, the PV discount rate is 9.5%

²¹ 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% (\$76,500) 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 areas²². 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.

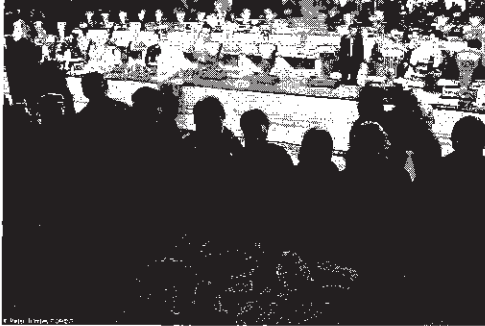
There are many other related costs through lost economic activity that are difficult to prove or measure but are evident to an economist. The evidence of the negative effects of government restrictions on supply of goods and services can be seen in past market constraints. Russia is a clear example of 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



²² 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 60 redacted for the following reason:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

From: Bradley Rogers
Sent: Tuesday, 3 February 2015 5:43 PM
To: Rachel Lunnon; Kate Carlson
Subject: Taxi
Attachments: Calculation .docx

Hi Team

Just did a bit more explanation about the savings related to removing the limit on the number of taxi licences. Also, I did an audit on the model which will alter the numbers a bit. I will update the full paper tomorrow.

Thanks
Brad

Regards
Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |
Phone: 07 3003 9336 | Mobile  E-mail: 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

Calculation of reduced costs due to removal of limits of taxi licences

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 average 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 \$247.9 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.

Assumptions

The main assumption that will affect the modelling of the required returns on a taxi licence is the value of the licence and the weighted average cost of capital (WACC). The WACC is a standard financial measure for an investors required return on an asset (Return on Capital (RoC)) given the estimated risk associated with the asset or its returns. Table 1 below is an estimate of the required revenue for a taxi license owner in Queensland. The return of capital is an estimate of depreciation expenses and the "Opex & Maint" is an estimate of the operational and maintenance expenses of a Queensland taxi business.

Table 1. Required annual revenue for a taxi in Queensland

Revenue Required	1	2	3	4	5	6
Return on Capital	\$ 84,877	\$ 84,877	\$ 84,877	\$ 84,877	\$ 84,877	\$ 84,877
Return of Capital	\$ 9,308	\$ 9,540	\$ 9,779	\$ 10,023	\$ 10,274	\$ 10,531
Opex & Maint	\$ 172,100	\$ 176,403	\$ 180,813	\$ 185,333	\$ 189,966	\$ 194,715
<i>Per Lic Total</i>	<i>\$ 266,284</i>	<i>\$ 270,819</i>	<i>\$ 275,468</i>	<i>\$ 280,233</i>	<i>\$ 285,117</i>	<i>\$ 290,123</i>

Source: Premiers, 2015.

Table 2 below provides a list of the assumed inputs for a Queensland taxi business as advised by the Black & White Cabs website.

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Official Information Act

Table 2. Capital costs of a Queensland taxi business

ESTABLISHMENT COSTS	
Licence Purchase	\$ 510,000
Basic Installation	\$ 2,500
Hail light	\$ 175
Hail Light shelf	\$ 150
Decals – supply and fit	\$ 2,500
Meter	\$ 520
Car	\$ 50,000
Total	\$ 565,845

Source: Black & White Cabs

Below table 3 shows the calculation of a high and low estimate of a Queensland taxi businesses annual required RoC on its licence when the licence cost is \$510,000. The WACC of 10% and 15% were used as this is a reasonable measure of risk relative to Australian regulated companies regulated RoC. The Queensland Competition Authority (QCA) and other Australian regulators publish estimates of WACC each year on the websites².

Table 3. Estimated RoC required annual revenue for Queensland taxi licenses

	WACC	RoC Per Lic	RoC All Lic
Low	10%	\$ 51,000	\$ 166,362,000
High	15%	\$ 76,500	\$ 249,543,000

Source: Premiers, 2015.

¹ <http://www.blackandwhitecabs.com.au/?q=perth/buying-a-licence>

² <http://www.qca.org.au/Rail/Aurizon/Intro-to-Aurizon/2013-Draft-Access-Undertaking/Ti/In-Progress/Cost-of-Capital>

Table 4 below provides some more detailed examples of the RoC requirements for different taxi licence holders in Queensland. The model assumed the annual RoC of a taxi licence was \$76,500 per annum which gives an estimate of the total value of all licences in Queensland of \$1.66 billion.

Table 4. Model estimates of Queensland taxi licence holders RoC and values

	Est Value	WACC 10%	WACC 15%
Brisbane	\$ 523,000	\$ 52,300	\$ 78,450
Sunshine Coast	\$ 435,600	\$ 43,560	\$ 65,340
Gladstone	\$ 246,900	\$ 24,690	\$ 37,035
Gold Coast	\$ 581,936	\$ 58,194	\$ 87,290
Total	\$ 1,150,000,000	\$ 115,000,000	\$ 172,500,000
Brad's Total	\$ 1,663,620,000		\$ 249,543,000

Source: Premiers, 2015.

CTPI - Deliberative Process



Released under RTI - DPC

Kate Carlson

From: Rachel Lunnon
Sent: Tuesday, 3 February 2015 12:52 PM
To: Christine Tozer; Kate Carlson
Subject: More Uber news

<http://www.theage.com.au/business/world-business/google-uber-going-to-war-over-taxis-20150203-134lt2.html>

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

♻️ Please consider the environment before printing this email

Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Friday, 30 January 2015 3:03 PM
To: Jozef Latten; John Gebbett; Ashleigh McMahon; Matthew Geck
Cc: 'patrick.wildie@treasury.qld.gov.au'; Rachel Lunnon
Subject: Taxi regulation options
Attachments: Options for taxi regulation (2).docx

Hi all

Thanks for the opportunity to meet this morning and discuss DPC's and Treasury's research and policy analysis around taxi regulation. Attached FYI is our draft options paper. Please advise if you have any comments or analysis that might be useful to include in this paper. As I mentioned this morning, we'll have some internal discussions around this paper next week and come back to you when we have a clearer idea of whether (and how) this might progress. Thanks for your offer to assist with this analysis – we're keen to continue working with Treasury on this issue.

Kind regards,

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



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Options for regulating the taxi industry in Queensland

The traditional taxi services is a key part of the transport system, providing the community with flexible and out-of-hours services. The taxi industry in Queensland is a fully commercial industry that moves 80 to 90 million passengers each year using both demand responsive (hail and rank) and pre-booked services. There are approximately 3262 taxis in Queensland including 644 (19.7%) wheelchair accessible taxis (WAT) with the majority of these operating in South East Queensland (SEQ) (2329 taxi licences in SEQ taxi contract service areas).

The Queensland industry is regulated under the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) with the objective of ensuring a responsive and safe service that provides a reasonable level of community access and mobility. Key elements of the regulatory framework include: operator accreditation (OA) and driver authorisation (DA), market entry restrictions; taxi licences; taxi service contracts; and maximum fares.

In April 2014, Uber launched in Queensland and the company is currently offering uberX services (a ridesharing service that connects passengers directly with drivers of private vehicles) in Brisbane and on the Gold Coast. Uber is currently operating outside of the existing public passenger regulatory framework and Uber drivers are failing to comply with the relevant TOPTA requirements.

The fact that Uber has been able to continue to operate in Queensland has demonstrated the inability of the current regulatory framework to respond to new technologies and innovation in the public passenger market. This will be an ongoing concern with technological change likely to continue to disrupt the taxi industry.

Uber's launch has also created inequity in the passenger transport market with Uber drivers able to compete with regular taxis for business without meeting the regulatory requirements (and associated costs) that apply to the existing industry. For example, obtaining a taxi licence, meeting vehicle standards and providing service during non-peak times.

There is however strong public support for Uber, with supporters claiming that Uber services are more efficient, cost effective and safer (due to availability of driver information and cashless payment) than regular taxi services. Passengers value the ability to choose an alternative to regular taxi services and support increased competition in the taxi market.

While passenger safety has been cited as a key reason for regulating ridesharing applications, the safety risks associated with using Uber are potentially minimal. Uber currently requires drivers to obtain a general DA (which includes a criminal background, driver history and medical check) and passengers are covered under compulsory third party (CTP) insurance arrangements. Uber also claims that all trips are also covered by a US\$5M contingent liability insurance policy.

Options to address these challenges are outline below.

Pages 68 through 71 redacted for the following reasons:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Friday, 30 January 2015 2:48 PM
To: Rachel Lunnon; Nicholas Dowie
Subject: FW: taxi options 2
Attachments: Options for taxi regulation.docx

Thanks Rachel – much appreciated.

Nick – for your consideration, the draft options paper on taxi regulation is attached.

Note Rachel's comment below that ideally we would like to be able to include reference in this paper to the potential quantum of benefits that could flow to the Queensland economy from regulatory reform in this area. Brad has done some preliminary analysis in this area for us but based on data that isn't accurate. We'll see if Brad can rework the figures so an estimate can be included.

I've also undertaken to provide this draft paper to Treasury for their info. They may be able to provide estimates on potential economic benefits from their previous work in this area too.

Happy to discuss.

Kind regards,
Kate.

From: Rachel Lunnon
Sent: Friday, 30 January 2015 2:34 PM
To: Kate Carlson
Subject: taxi options 2

Hi Kate,
Please find attached the latest version of the options paper. I will talk to Brad next week about quantifying the potential benefits of removing entry restrictions in Queensland.
Thanks
Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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Options for regulating the taxi industry in Queensland

The traditional taxi services is a key part of the transport system, providing the community with flexible and out-of-hours services. The taxi industry in Queensland is a fully commercial industry that moves 80 to 90 million passengers each year using both demand responsive (hail and rank) and pre-booked services. There are approximately 3262 taxis in Queensland including 644 (19.7%) wheelchair accessible taxis (WAT) with the majority of these operating in South East Queensland (SEQ) (2329 taxi licences in SEQ taxi contract service areas).

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Uber's launch has also created inequity in the passenger transport market with Uber drivers able to compete with regular taxis for business without meeting the regulatory requirements (and associated costs) that apply to the existing industry. For example, obtaining a taxi licence, meeting vehicle standards and providing service during non-peak times.

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Options to address these challenges are outline below.

CTPI - Deliberative Process

Pages 74 through 77 redacted for the following reasons:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

From: Christina McConville
Sent: Friday, 30 January 2015 11:51 AM
To: Kate Carlson
Subject: Welcome Pack for Paul
Attachments: DRAFT Transport Welcome Pack for Paul Kamppi.docx

Hi Kate,

Just following up from this morning's meeting I thought I'd send you a copy of the Grad welcome pack I've put together.

Rach has kindly offered to rewrite the port pilotage issues and Christine is going to give me details regarding rail reform.

Happy to take on board any comments you might have or include anything else you might feel is particularly useful!

Christina McConville

Policy Officer | Economic Policy | Department of the Premier and Cabinet Level 14 | 100 George Street, Brisbane.

Phone: 07 300 39018 | e-mail: christina.mcconville@premiers.qld.gov.au

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2015

Guide to Economic Policy: Transport Portfolio

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Current issues

Bus and Train Project (BaT)

The BaT (Bus and Train) project is a proposed new north-south tunnel that would deliver bus and rail together. It combines a railway and a busway in a single, double-decked, 15m-wide tunnel beneath the Brisbane River and Brisbane's CBD.

The project includes 3 new underground stations at Woolloongabba, George Street and Roma Street and an upgrade of Dutton Park Station.

The project proposes to solve Brisbane's major public transport capacity challenges—the inner city rail network, the Merivale Bridge, the Cultural Centre bus precinct, Central Station and the Captain Cook Bridge.

Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

For more information see:

- CBRC submissions 14/SUB/2582 *Cabinet in Confidence*
- CBRC Matter to Note 14/SDOC/328631 *Cabinet in Confidence*

Port Pilotage

A pilot is a mariner who manoeuvres ships through dangerous or congested waters, such as harbors or river mouths, and completes the berthing / unberthing operation of the ships by controlling the ship's manoeuvrability.

Due to the risk and expert knowledge required to manoeuvre a vessel, pilotage areas are prescribed under the *Transport Operations (Marine Safety) Regulation 2004*.

The Transport Legislation (Port Pilotage and Document Verification) Amendment Act 2013 makes legislative amendments to transfer the responsibility for pilotage services from Maritime Safety Queensland to port authorities, effective from 02 November 2013.

Maritime Safety Queensland will retain responsibility for pilotage services in the compulsory pilotage areas of Brisbane, Southport and Abbot Point. Maritime Safety Queensland will enter into an agreement with Port of Townsville Limited to deliver pilotage services in Abbot Point. The port of Brisbane pilotage services will still be provided under contract by Brisbane Marine Pilots Pty Ltd. Responsibility in other areas for pilotage services will be devolved to port authorities. The below table outlines the entities responsible for which compulsory pilotage areas.

Compulsory pilotage area	Responsible pilotage area
Southport pilotage area	Maritime Safety Queensland
Brisbane pilotage area	Maritime Safety Queensland
Bundaberg pilotage area	Gladstone Ports Corporation
Gladstone pilotage area	Gladstone Ports Corporation
Rockhampton pilotage area	Gladstone Ports Corporation
Hay Point pilotage area	North Queensland Bulk Ports Corporation
Mackay pilotage area	North Queensland Bulk Ports Corporation
Abbot Point pilotage area	Maritime Safety Queensland
Townsville pilotage area	Port of Townsville Limited
Lucinda pilotage area	Port of Townsville Limited
Mourilyan pilotage area	Far North Queensland Ports Corporation
Cairns pilotage area	Far North Queensland Ports Corporation
Cape Flattery pilotage area	Far North Queensland Ports Corporation
Skardon River pilotage area	Far North Queensland Ports Corporation
Thursday Island pilotage area	Far North Queensland Ports Corporation
Weipa pilotage area	Far North Queensland Ports Corporation
Karumba pilotage area	Far North Queensland Ports Corporation

Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

For more information see:

- TF/14/21597

Any briefs relevant or other documentation? *speak to Rachel*

Freight Contracts/Rail Reform

to be added

Real Time

Translink is currently rolling out Real time information across the SEQ network. Real time allows passengers to view the expected arrival time of their next service based on the vehicles current location. Rollout will be in stages, with the Sunshine Coast currently trialling the new technology. The information is currently available via the My Translink app and is refreshed every 10 seconds. Rollout is scheduled for completion across the network by April 2015.

For more information see:

- TF/14/17557
- <http://translink.com.au/travel-information/service-notices/31671/details>

Uber

The Queensland Government regulates the taxi industry through the *Transport Operations (Passenger Transport) Act 1994*. A taxi service licence authorises the holder to provide a taxi service in a specific area subject to certain conditions.

A taxi service licence may be leased, sold or otherwise transferred, but only to an appropriately accredited operator.

Uber, which commenced operation in early 2014, operates outside the regulatory guidelines as Uber vehicles do not hold a taxi licence. Uber was issued with a cease and desist order in May 2014

For further information see:

- **Attachment 1:** Discussion Paper/title *Rachel*

Background documents

Election commitment log

Details all the transport related election commitments made.

For further information see:

- DOC/15/2388

Government response to findings of Commission of Audit

The Commission was established in 2012 to review the Queensland Government's financial position, and to make recommendations on:

- strengthening the Queensland economy
- improving the State's financial position including regaining a AAA credit rating
- ensuring value for money in the delivery of frontline services.

Premier Campbell Newman MP and Treasurer and Minister for Trade Tim Nicholls MP appointed three independent Commissioners to the Commission of Audit: the Honourable Peter Costello AC (Chairman), Dr Doug McTaggart and Professor Sandra Harding.

The Commission of Audit delivered its final report on the State's finances to the Queensland Government on 28 February 2013.

The Queensland Government's response to the recommendations of the Queensland Commission of Audit was tabled by Treasurer and Minister for Trade Tim Nicholls MP on 30 April 2013.

The Government's response, A Plan: Better services for Queenslanders, provides details of how the Government will deal with the Commission of Audits recommendations.

Sections relating to the transport portfolio include;

- B3 Public Transport
- B4 Ports
- C2 Asset Management
- E8 Government Procurement

For more information see:

- **Attachment 2:** A Plan: Better Services for Queenslanders

QTRIP

The *Queensland Transport and Roads Investment Program 2014–15 to 2017–18* (QTRIP) details the current transport and road projects that the Queensland Government plans to deliver over the next 4 years to meet future infrastructure needs.

QTRIP is updated every financial year and is a good reference guide for future project queries.

For more information see:

- [QTRIP 2014 - 2017](#)

DTMR organisational structure

For more information see:

- **Attachment 3: Transport and Main Roads Org Structure**
- [DTMR Organisational Structure effective 6 January 2015](#)

Correspondence and submissions

Draft workflow for correspondence advice

Some correspondence and briefing notes will require advice from DTMR either in the form of formal written advice, or discussions with an appropriate contact.

All advice is requested via Mary Weaver, Director (Executive Services) in DTMR.

Requests are to be made via email copying in the Economic Transport Policy and doctrak email addresses. Advice requests are to include details of the type of information required, copy of incoming letter (if appropriate) and date advice is to be returned. Examples of previous advice requests are available in the Economic Transport Policy inbox.

For more information see:

- **Attachment 4:** Correspondence and Briefing Note Process - DRAFT

Guidelines for writing correspondence and briefing notes

For more information see:

- **Attachment 5:** Guidelines for writing correspondence and briefing notes

Additional guidance is also available on the DPC intranet

- [Writing briefing notes](#)
- [Writing correspondence](#)

Cabinet Handbook

The handbook outlines the procedures and conventions for the operation of the Queensland Cabinet. The handbook details the entire Cabinet process from preparation, lodgement and consideration of Cabinet business to maintenance of Cabinet records.

For more information see:

- [Cabinet Handbook](#)
- **Attachment 6:** CBRC and Cabinet Briefing Note Process

Everyday correspondence examples

Roads/congestion	Speeding	Cost of living	Bicycles
TF/14/19770	TF/14/18574	TF/14/18199	TF/14/21382
TF/14/18309	TF/14/19155	TF/14/21476	TF/14/20983
TF/14/20449	TF/14/18980	TF/14/17343	TF/14/21854

Examples of briefing notes

Premiers BN	DG BN
TF/14/16394	TF/14/18452
TF/14/17557	TF/14/21842
TF/14/22421	TF/14/17645

Examples of CBRC/Cabinet yellows *Cabinet in Confidence*

CBRC	Cabinet
DOC/14/171163	DOC/14/184505
DOC/14/159559	DOC/14/151710
DOC/14/164620	DOC/14/140624

Useful Contacts

Name	Org	Position	Phone No	Email
Mary Weaver	TMR	Director (Executive Services)	(07) 3066 7047	mary.z.weaver@tmr.qld.gov.au
Rob Hillier	TMR	Director (CLIO)	(07) 3066 7044	rob.d.hillier@tmr.qld.gov.au
Cindy Male	TMR	Parliamentary liaison officer	(07) 3066 7040	cindy.j.male@tmr.qld.gov.au
John Gebbett	QTT	Principal Treasury Analyst	(07) 3035 1486	John.gebbett@treasury.qld.gov.au
Helen James	QTT	Treasury Analyst	(07) 3035 1424	Helen.James@treasury.qld.gov.au
Trevor Dann	QTT	Senior Director	(07) 3035 1453	trevor.dann@treasury.qld.gov.au
Karen Cowell	DPC	Manager ECU	(07) 3003 9262	Karen.Cowell@premiers.qld.gov.au
Glenys Jenkin	DPC	Departmental Liaison Officer	(07) 3719 7047	glenys.jenkin@premiers.qld.gov.au
Ronald Ryan	DPC	Cabinet support Officer	(07) 3003 9308	Ronald.Ryan@premiers.qld.gov.au

Attachment 1 (Uber discussion paper)

Released under RTI - DPC

Attachment 2 (A Plan – Better Services for Queenslanders)

Released under RTI - DPC

Attachment 3 (Transport and Main Roads Org Structure)

Released under RTI - DPC

Attachment 4 (Correspondence & Briefing Note process- DRAFT)

Released under RTI - DPC

Attachment 5 (Guidelines for writing correspondence and briefing notes)

Released under RTI - DPC

Attachment 6 (CBRC and Cabinet Briefing Note Process)

Released under RTI - DPC

Kate Carlson

From: Christine Tozer
Sent: Thursday, 29 January 2015 7:57 AM
To: Kate Carlson; Rachel Lunnon; Christina McConville
Subject: Uber news - Canberra to review

<http://www.abc.net.au/news/2015-01-28/act-examines-taxi-industry-as-uber-looks-to-canberra/6052996>

Christine Tozer

Senior Policy Officer | Economic Policy | Department of the Premier and Cabinet
Level 14 | 100 George Street, Brisbane.
Phone: 07 300 39014 | e-mail: christine.tozer@premiers.qld.gov.au



Released under RTI - DPC

Kate Carlson

From: Bradley Rogers
Sent: Wednesday, 28 January 2015 5:08 PM
To: Kate Carlson; Rachel Lunnon
Subject: Taxi
Attachments: Economics of Taxi Deregulation in Queensland v2.docx

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

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



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

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 5am¹. 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

¹ 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 \$2,000² 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 \$11.5³ 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.

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

³ 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 \$29.17⁴) and the doctors in completing the test (\$25.00 to 37.50⁵). The drivers direct cost of paying for the test would be about \$93.50⁶.

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

⁵ Assume appointment time of 10 to 15 minutes at \$150 per hour

⁶ Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers⁷

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

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 28⁸ working weeks⁹ 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 agencies¹⁰. 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.

⁷ 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%

⁸ Allowing 10 to 15 minutes per test

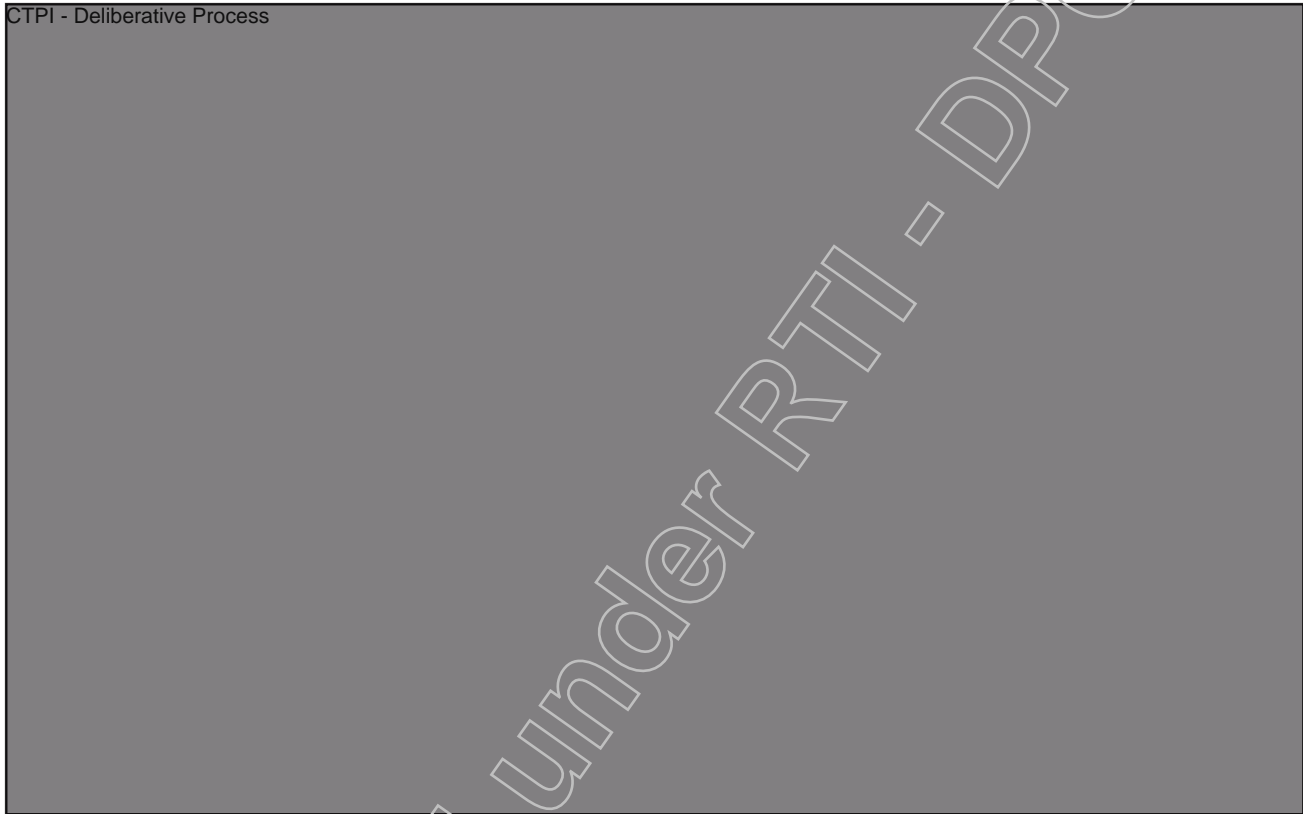
⁹ Assume a 5 day working week

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

Cost to each driver for completing the form and gaining legal advice is estimated at \$800¹¹, the cost to the taxi company is about \$150¹² and the cost to DTMR is estimated at \$200¹³ 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 million¹⁴.

Driver authorisation conclusion

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¹¹ 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.

¹² Assume one hour to fill in form, two hours to submit form

¹³ Assume two hours of time managing and accessing the form and the cost of storage and review

¹⁴ Assume a discount rate of 9.5%

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

Vehicle safety requirements

The Queensland Transport Operations Regulation 2005¹⁶ 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 2010¹⁷. 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

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

¹⁷ 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 points¹⁸ 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.au¹⁹

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

¹⁹ <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 life²⁰

	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.

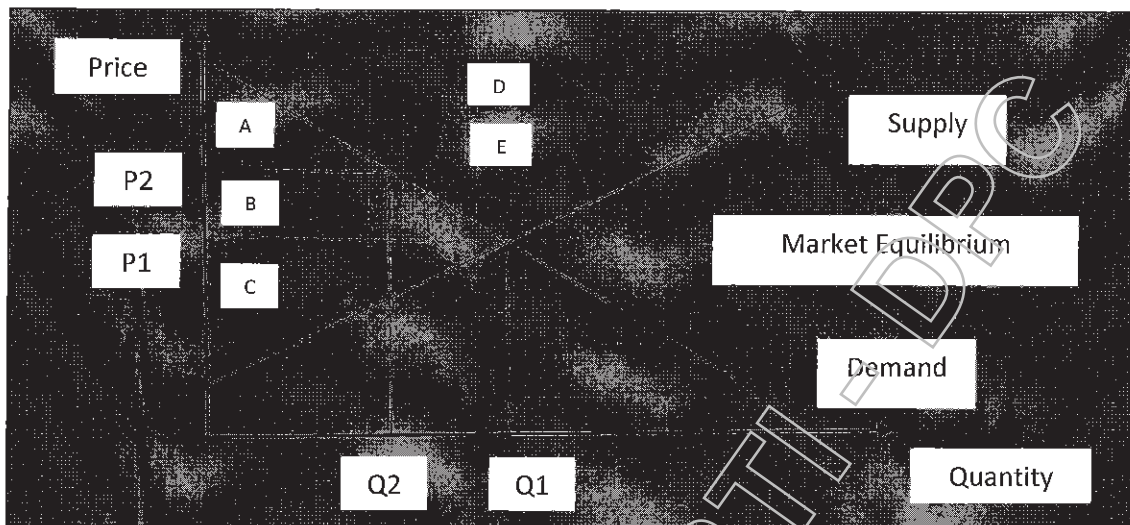
Theory of the cost of supply constraints

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 loss²¹, consumers will have reduced wealth and producers will have an increase in wealth.

²⁰ Straight line depreciation assumed, the PV discount rate is 9.5%

²¹ 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 areas²². 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



²² 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 111 redacted for the following reason:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Tuesday, 27 January 2015 8:07 PM
To: Bradley Rogers
Subject: Re: Taxi

Ok. Let me check with Rachel about what data they can provide. I know some of the things we asked for, TMR didn't have (eg km travelled) as this sat with taxi operators. Will try to extract more useful info for you.

Kate

Sent from my iPhone

On 27 Jan 2015, at 6:53 pm, Bradley Rogers <Bradley.Rogers@premiers.qld.gov.au> wrote:

Thanks Kate.

I don't have much data at all. Only data provided was the number of licences which is not the same as reported in the Department annual report.

I will do my best to get the report to you tomorrow.

Thanks Brad

Sent on the go with Vodafone

----- Original message -----

From: Kate Carlson
Date: 27/01/2015 18:02 (GMT+10:00)
To: Bradley Rogers
Subject: RE: Taxi

Thanks Brad –much appreciated. I popped down to see you today re this but missed you... have you got enough data for your analysis or is there still information you're waiting on? Thanks for this analysis – really helpful in helping us understand some of the broader economic benefits of reform. We're putting together a very brief options paper for Craig which will draw on these broader economic benefits plus work being done by TMR. Will talk you through it when we've pulled it together.

Cheers,
Kate.

From: Bradley Rogers
Sent: Tuesday, 27 January 2015 4:16 PM
To: Kate Carlson
Cc: Rachel Lunnonis
Subject: RE: Taxi

Sorry wrong doc.

From: Bradley Rogers
Sent: Tuesday, 27 January 2015 4:11 PM
To: Kate Carlson

Cc: Rachel Lunnon

Subject: Taxi

Hi Team

Please see attached a further update on my taxi assessment.

I aim to finish it tomorrow.

Thanks

Brad

Regards

Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |
Phone: 07 3003 9336 | Mobile CTPI - Deliberative Process | E-mail: Bradley.Rogers@premiers.qld.gov.au

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

<image001.jpg>

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

Released under RTI - OPC

Kate Carlson

From: Bradley Rogers
Sent: Tuesday, 27 January 2015 4:16 PM
To: Kate Carlson
Cc: Rachel Lunnon
Subject: RE: Taxi
Attachments: Economics of Taxi Deregulation in Queensland v1.docx

Sorry wrong doc.

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Cc: Rachel Lunnon
Subject: Taxi

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Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |
Phone: 07 3003 9336 | Mobile: 6.73 Personal Information | E-mail: 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

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.

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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 5am¹. 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

¹ 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 \$244,575 to \$456,540 per year or a PV of \$2.6 million to \$4.8 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 \$489,150 to \$684,810 or PV of \$5.1 million to \$7.2 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 \$2,000² 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 \$4.2 to \$5.8³ million per year or \$43.8 to \$61.3 million NPV.

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.

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

³ 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 \$29.17⁴) and the doctors in completing the test (\$25.00 to 37.50⁵). The drivers direct cost of paying for the test would be about \$93.50⁶.

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

⁵ Assume appointment time of 10 to 15 minutes at \$150 per hour

⁶ Provided by Fiveways Medical Centre in Graceville

Table 1. Costs of a required medical test for taxi drivers⁷

	Low	High
Cost to Doctor	\$ 40,763	\$ 85,601
Cost to Drivers	\$ 186,421	\$ 280,011
Total Annual Cost	\$ 227,183	\$ 365,612
NPV	\$ 2,391,400	\$ 3,848,552

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 54 to 114⁸ working weeks⁹ 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 agencies¹⁰. 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.

Cost to each driver for completing the form and gaining legal advice is estimated at \$800¹¹, the cost to the taxi company is about \$150¹² and the cost to DTMR is estimated at \$200¹³ per application. The

⁷ Assume new drivers are 25% (1,631) to 35% (2,283) of total drivers per year, there are two drivers per taxi licence and the discount rate is 9.5%

⁸ Allowing 10 to 15 minutes per test

⁹ Assume a 5 day working week

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

¹¹ 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.

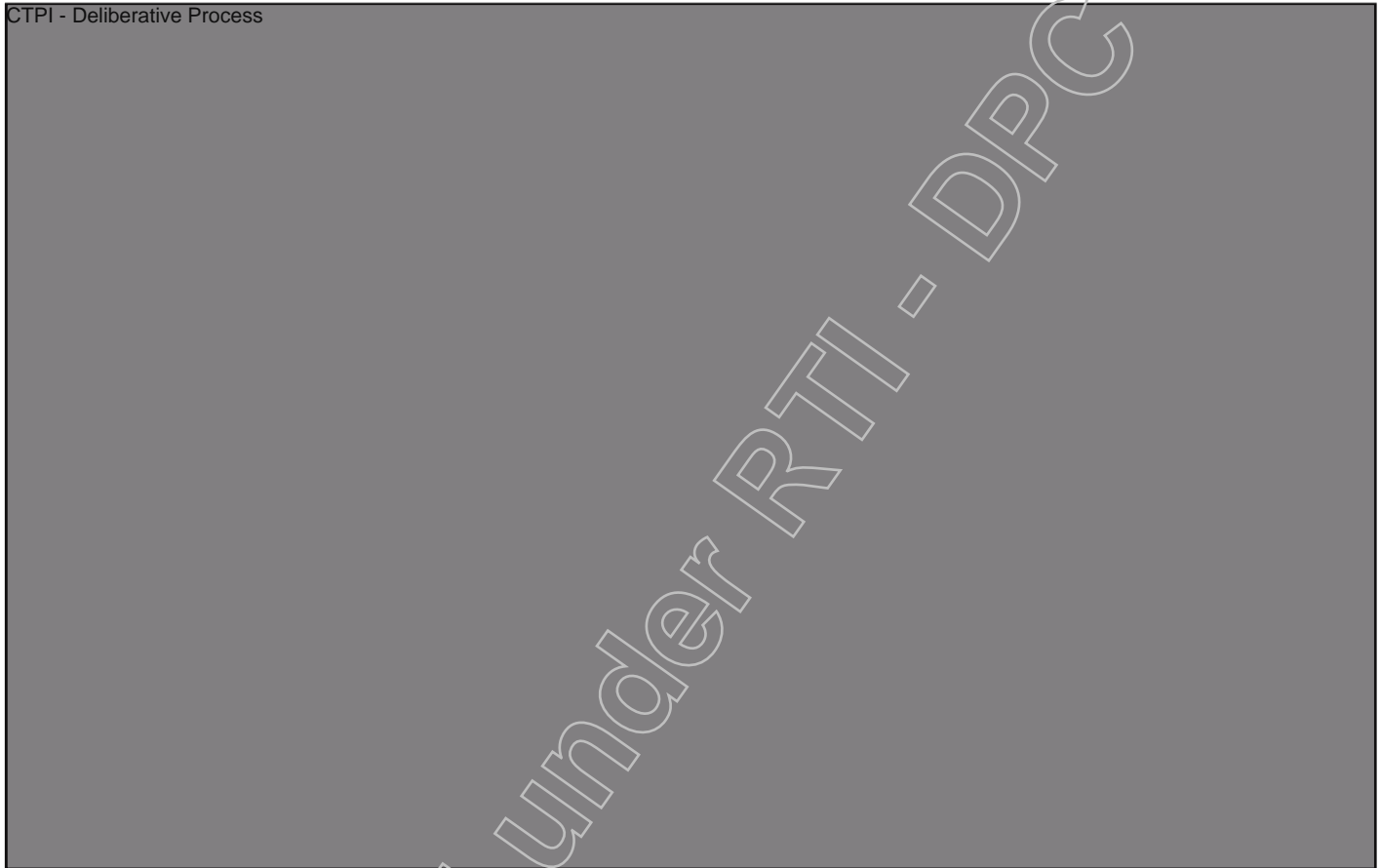
¹² Assume one hour to fill in form, two hours to submit form

¹³ Assume two hours of time managing and accessing the form and the cost of storage and review

total cost per application is estimated at \$1,150 which is a total of \$2 million per year or NPV of \$21 million¹⁴.

Driver authorisation conclusion

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¹⁴ Assume a discount rate of 9.5%

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

CTPI - Deliberative Process



Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Friday, 23 January 2015 10:43 AM
To: Rachel Lunnon
Subject: RE: Options for taxi regulation

Thanks Rachel – really appreciate all your work on getting to the bottom of the current regulatory system and the implications of the different options. This is a great paper to dispel some of the myths that circulate around Uber and identifying alternative ways of regulating...

I've got some thoughts on how we can take this forward to influence the policy direction – will discuss at 11am...

Cheers,
Kate.

From: Rachel Lunnon
Sent: Friday, 23 January 2015 10:05 AM
To: Kate Carlson
Subject: Options for taxi regulation

Hi Kate,
Please find attached a first draft of the taxi options paper.
Happy to discuss
Rachel.

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | 📧
rachel.lunnon@premiers.qld.gov.au |

🌱 Please consider the environment before printing this email

Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Friday, 23 January 2015 10:32 AM
To: Nicholas Dowie
Cc: Rachel Lunnon
Subject: FW: Options for taxi regulation
Attachments: Options for taxi regulation.docx

Hi Nick

Please find attached draft options paper to inform our discussion at 11am.

Cheers,
Kate.

From: Rachel Lunnon
Sent: Friday, 23 January 2015 10:05 AM
To: Kate Carlson
Subject: Options for taxi regulation

Hi Kate,
Please find attached a first draft of the taxi options paper.
Happy to discuss
Rachel.

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | 📧
rachel.lunnon@premiers.qld.gov.au |

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Regulation of the Taxi Industry in Queensland

Current taxi industry

- The traditional taxi services is a key part of the transport system, providing the community with flexible and out-of-hours services.
- The taxi industry in Queensland is a fully commercial industry that moves 80 to 90 million passengers each year using demand responsive (hail and rank) and pre-booked services.
- There are approximately 3263 taxis in Queensland including 643 (19.7%) wheelchair accessible taxis (WAT). There are 2329 taxi licenses in South East Queensland (SEQ) taxis contract service areas and 765 for provincial contract city taxi service areas.
- These figures do not include other public passenger sectors including hire cars or limousines.

Current regulatory environment

- The taxi industry is heavily regulated in most Australian jurisdictions with regulations covering the number of taxis, industry structure, service quality and prices.
- The Queensland industry is regulated under the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) with the objective of ensuring a safe, reliable and geographically dispersed taxi service. Key elements of the regulatory framework include: Operator Accreditation and Driver Authorisation (DA); market entry restrictions; taxi licences, booking company contracts; and maximum fares.
- Entry into the Queensland taxi industry is primarily restricted through the requirement to hold a Taxi Service License (taxi licence). The number of taxi licences in an area is fixed. To ensure that sufficient licences are available in an area the Department of Transport and Main Roads (TMR) undertakes periodic reviews of taxi service areas to determine whether there is a need for any additional licences. New 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. Taxi licences also can be leased or sold.
- The estimated value of an individual taxi license in Brisbane is \$523 000 and \$581 936 on the Gold Coast. Licences in regional areas generally have a lower estimated value, for example, \$435 600 on the Sunshine Coast and \$246 900 in Gladstone. TMR estimate that the total value of taxi licences in Queensland is approximately \$1.6 billion (\$1.2 billion in SEQ).
- There are approximately 3280 taxi licence holders, 41% of licence holders are individuals and 59% are organisations including partnerships.
- Under the requirements of TOPTA, all taxi drivers must obtain and hold a taxi Driver Authorisation (DA) with daily criminal history checks conducted on all taxi DA holders. Operators of public passenger services, including taxi services must also attain and maintain Operator Accreditation. There are approximately 2800 holders of Operator Accreditation and 13000 holders of taxi DA.
- Taxi booking companies are required in 18 of Queensland's 40 metered taxi service areas. In areas where a taxi booking company is required, taxi operators and drivers must be affiliated with a taxi booking company (i.e. Black and White or Yellow Cabs in Brisbane) in order to work in the industry.
- Taxi booking companies must hold a service contract with TMR in order to provide a service for the administration of taxis in certain service areas. 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.

- The maximum taxi fares that can be charged are determined by the TMR chief executive, reviewed every six months to take into account costs of operations and declared by gazette notice. The 2014 mid-year review resulted in an increase to taxi fares of 1.34% which took effect on 1 September 2014. Prior to that, the last increase took effect in September 2013 (2.07%).
- In Queensland there are requirements on vehicle age, equipment, safe condition and operation. Vehicles are also subject to Certificate of Inspection twice a year, each year if the vehicle is over 12 months old.

Productivity

- Taxi services are one of the few industries in Australia where the price, quantity and the quality of the service are all regulated and multiple reviews have highlighted the potential productivity gains of deregulation.
- The 1999 Productivity Commission review of the regulation of the taxi industry found a minimum level of regulation is warranted to ensure safety and quality in the taxi industry. However, deregulating entry is likely to lead to significant benefits being transferred from licence holders to consumers, and significant efficiency gains for both industry and consumers.
- The commission noted that restrictions on market entry and competition reduce the incentive for taxi operators to be innovative and explore new ways of cutting costs and providing services to better meet users' needs. The review also noted that as entry restrictions underpin the value of taxi licences their removal may result in holders incurring substantial losses.
- As taxi licences comprise a significant proportion of total taxi costs, eliminating the license value has the potential to result in a reduction in fares. For example, modelling conducted by the Victorian taxi inquiry found that Melbourne taxi users alone pay around \$120 million each year to maintain the value of taxi licence plates. The NSW Independent Pricing and Regulatory Tribunal (IPART) estimates that in NSW 15 to 20 per cent of the taxi fare arises as a result of restrictions on the number of licenses.
- While increasing competition and innovation within the taxi industry should be supported. It is important to note that moves to deregulate market entry may have significant impacts on the quality and geographic distribution of service and on government revenue.

Uber

- Uber is a platform for ridesharing services that connects passengers directly with drivers through a smartphone application. Uber currently has drivers in 250 cities worldwide.
- Uber offers a range of services including uberX (ride sharing service that uses private vehicles) and UberBLACK (a high end service using accredited and licenced vehicles).
- In Australia Uber is operating in New South Wales (NSW), Victoria, Western Australia, South Australia (SA) and Queensland.
- Uber launched in Queensland in April 2014 and is currently offering uberX services in Brisbane and on the Gold Coast. While Uber has indicated plans to expand to additional areas in the future it is not clear whether their business model would be effective in other areas.
- Uber states that all drivers are required to obtain a DA which includes a criminal background, driver history and medical check (this is a general DA not a specific taxi DA). Uber has also advised that all vehicles operating in Queensland are inspected by a third party accredited vehicle inspection company and must be a four door model no older than nine years.
- Uber states that all drivers must obtain and retain comprehensive insurance. In addition every trip is covered by a US\$5M contingent liability insurance policy.

Stakeholder views

- The taxi industry is strongly opposed to the operation of Uber in Queensland and members have continued to lobby for increased compliance effort and penalties. The key complaint from industry is that Uber drivers are taking business from the existing taxis without meeting the regulatory requirements and associated costs applying to regular taxis. For example, obtaining a taxi licence, meeting vehicle standards and providing service during non-peak times.
- There has also been strong support from the general public for the continuing of Uber services in Queensland and the Premier has received over 500 campaign emails supporting Uber. Supporters claim that Uber services are more efficient, cost effective and safer (due to availability of driver information and cashless payment) than regular taxi services.

Current compliance effort

- TMR issued Uber with a cease and desist notice on 21 May 2014 and TMR transport inspectors are continuing to take compliance action against uberX drivers. Uber drivers have been issued with penalty infringement notices (PIN) for:
 - having no DA or the incorrect DA (i.e. a general DA as opposed to a taxi DA) (107 PINs)
 - providing a taxi service without a taxi service licence (192 PINs)
 - offering a public passenger service by an operator without appropriate licence (34 PINs); and
 - having incorrect CTP insurance (i.e. for a taxi or limousine) (3 PINs).
- As at 18 January 2014, TMR had issued a total of 337 infringement notices to Uber drivers with a total value of \$250 632 with TMR Transport inspectors having spent 4819.75 hours investigating Uber.
- To date no Australian jurisdiction has authorised the operation of uberX. Examples of the response to uberX are provided below.
- In September 2014, the NSW Government passed amendments to the *Passenger Transport Act 1990* that bring taxi apps into the regulatory framework. The reforms allow customers to choose from a range of booking providers including apps that connect them directly with drivers. The amendments also require apps to meet certain safety standards - including guaranteeing drivers hold a current DA and the vehicle is a licensed taxi. Despite moving to regulate ridesharing apps NSW is continuing to pursue Uber for operation of uberX as these vehicles are not licensed taxis.
- In October 2014, the Victorian Taxi Commission issued Uber with a cease and desist letter stating that the uberX product is illegal in Victoria in its current format. The Commission has also commenced prosecuting Uber drivers in criminal court rather than issuing infringement notices, increasing the fine that drivers face from around \$1700 up to \$7500.
- Prior to Uber's launch in SA the government made it clear that their operations would be considered illegal. The Government has since allowed Uber to operate UberBLACK in SA and Uber has agreed not to launch uberX.

Options for regulation in Queensland

CTPI - Deliberative Process

Pages 129 through 130 redacted for the following reasons:

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

Subject: Taxi regulation discussion
Location: 14.20 (Sky Lounge)

Start: Fri 30/01/2015 10:30 AM
End: Fri 30/01/2015 11:30 AM

Recurrence: (none)

Meeting Status: Meeting organizer

Organizer: Kate Carlson
Required Attendees: Melanie Hall; Matthew Geck; patrick.wildie@treasury.qld.gov.au; Jozef Latten; John Gebbett; Ashleigh McMahon; Rachel Lunnon

Released under RTI - DPC

Kate Carlson

From: Bradley Rogers
Sent: Thursday, 22 January 2015 6:16 PM
To: Nicholas Dowie; Kate Carlson; Rachel Lunnon
Subject: Taxi
Attachments: Economics of Taxi Deregulation in Queensland v1.docx

Follow Up Flag: Follow up
Flag Status: Completed

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

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



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

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 5am¹. 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

¹ 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 \$2,000² 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>

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

CTPI - Deliberative Process

Released under RTI - DPC

Kate Carlson

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:

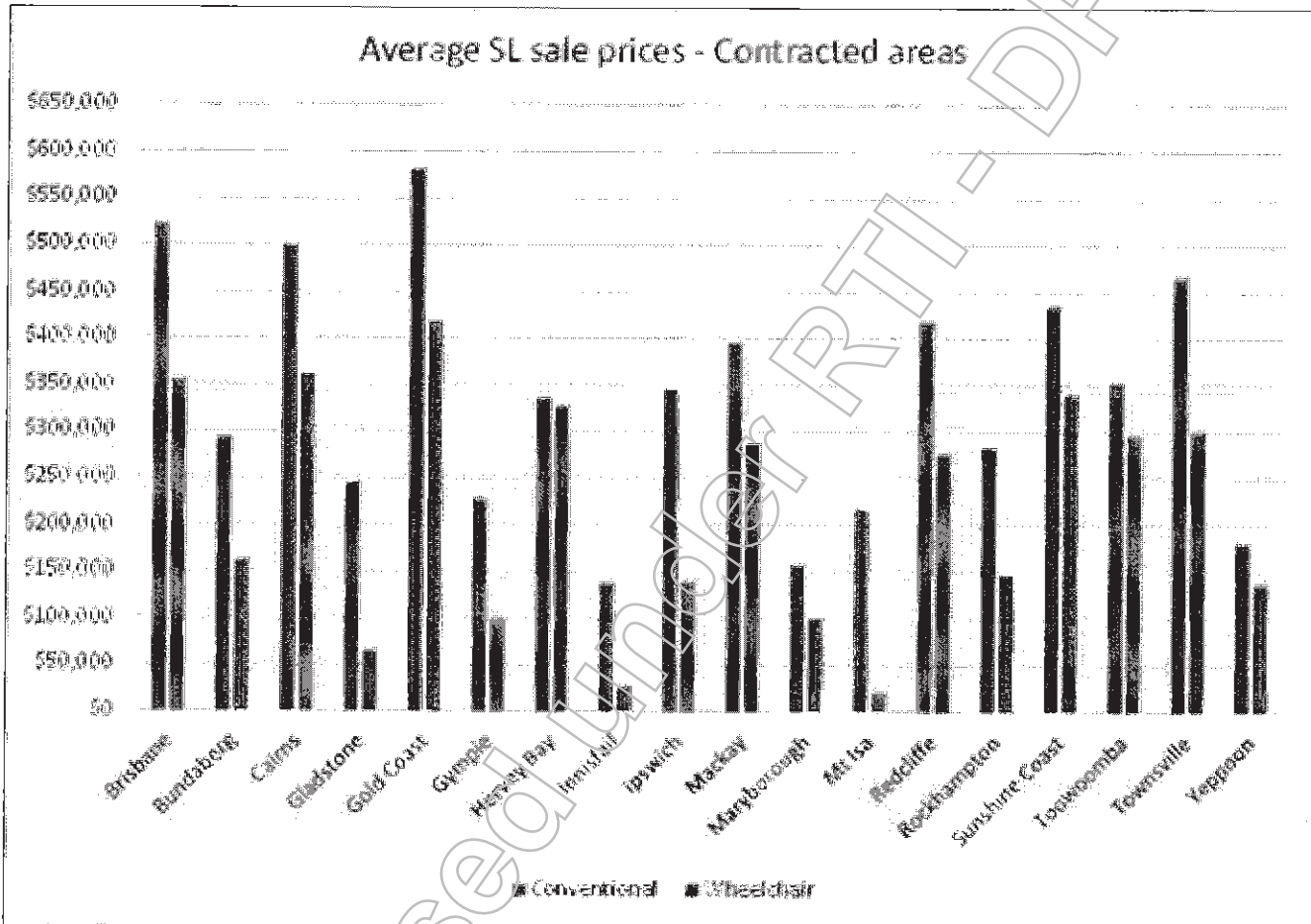
- 3263 taxis in Queensland.
- 19.7% of fleet is wheelchair accessible
- Approximately 2,800 holders of Operator Accreditation
- 13,200 holders of Driver Authorisation

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
 w www.translink.com.au w www.tmr.qld.gov.au



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Page 142 redacted for the following reason:

Exempt Sch.3(6)(c)(i) Infringe the privileges of Parliament

Released under RTI - DPC

Kate Carlson

From: Patrick Wildie <Patrick.Wildie@treasury.qld.gov.au>
Sent: Thursday, 22 January 2015 2:07 PM
To: Kate Carlson
Cc: Jozef Latten; Melanie Hall; Ashleigh McMahon; Matthew Geck; John Gebbett
Subject: Meeting re Taxis

Kate, if possible, could we have the meeting on Tuesday (anytime but between 2 and 4pm).

Otherwise, if that doesn't suit, anytime Friday (except from 2 to 3pm).

Please invite all people I have cc'd this email too.

Cheers

Patrick

Patrick Wildie
Director, Economic Analysis
Economics Division
Queensland Treasury and Trade
Level 7, 100 George Street
Phone: 07 303 51489 (dial full number)
Mobile: s.73 Personal Information
Email: Patrick.wildie@treasury.qld.gov.au
Web: www.treasury.qld.gov.au

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**Queensland
Government**

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Kate Carlson

From: Patrick Wildie <Patrick.Wildie@treasury.qld.gov.au>
Sent: Thursday, 22 January 2015 10:01 AM
To: Helen James; Jozef Latten; Kate Carlson
Cc: Alistair Baird; Gerry Foley; Jeanette Miller; John Gebbett; Lynda Cooper; Trevor Dann
Subject: RE: Taxis

Kate,

Can we please arrange to have a meeting about this early next week?

Taxi deregulation is something that has been given thought over a long period of time by various bits of QTT and would be good to understand and work with you on whatever DPC is working up in this space.

Cheers

Patrick

Patrick Wildie
Director, Economic Analysis
Economics Division
Queensland Treasury and Trade
Level 7, 100 George Street
Phone: 07 303 51489 (dial full number)
Mobile: §.73 Personal Information
Email: Patrick.wildie@treasury.qld.gov.au
Web: www.treasury.qld.gov.au

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**Queensland
Government**

From: Helen James
Sent: Thursday, 22 January 2015 9:28 AM
To: Patrick Wildie; Jozef Latten
Cc: Alistair Baird; Gerald Foley; Jeanette Miller; John Gebbett; Lynda Cooper; Trevor Dann
Subject: FW: Taxis

FYI

Kind regards,

Helen James
Treasury Analyst
Budget Portfolios Division
Queensland Treasury and Trade

Level 10, 100 George Street
Phone: 07-30351424
Email: helen.james@treasury.qld.gov.au
Web: www.treasury.qld.gov.au

Great state.
Great opportunity.
And a plan for the future.



**Queensland
Government**

From: Kate Carlson [<mailto:kate.carlson@premiers.qld.gov.au>]
Sent: Thursday, 22 January 2015 9:10 AM
To: Helen James
Cc: Rachel Lunnon
Subject: Taxis

Hi Helen

Thanks for the heads up re taxi regulation work happening in Treasury by Patrick Wilde and his team. We've touched base with them and it turns out they haven't done any analysis/policy work in this space yet – just identified it as a possible reform area.

As our policy work is refined over the next couple of weeks, we'll be in touch to talk through where we're headed.

Cheers,

Kate Carlson

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



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Kate Carlson

From: Bradley Rogers
Sent: Wednesday, 21 January 2015 3:29 PM
To: Kate Carlson; Rachel Lunnon
Subject: Uber

<http://www.nydailynews.com/news/world/uber-create-50-000-jobs-replace-400-000-cars-europe-article-1.2083205>

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

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



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

Released under RTI & DPIC

Kate Carlson

From: Kate Carlson
Sent: Wednesday, 21 January 2015 12:21 PM
To: Bradley Rogers
Cc: Rachel Lunnon
Subject: Taxis

Hi Brad,

As discussed this morning, I would appreciate your assistance with analysis/modelling in relation to taxi regulation. Specifically:

- Potential benefits to operators, users and the economy more broadly of reducing regulatory requirements on taxi drivers / licence holders for example:
 - driver authorisations,
 - vehicle safety requirements,
 - taxi licences
- Projected value of taxi licences and possible compensation scenarios

Rachel's tracking down the data we identified that may be useful in undertaking this analysis and will pass this on as soon as possible. Happy to chat further on assumptions and parameters for this analysis...

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



Released under RTI - DPC

Kate Carlson

From: Bradley Rogers
Sent: Tuesday, 20 January 2015 8:33 AM
To: Rachel Lunnon
Cc: Kate Carlson
Subject: Taxi
Attachments: Taxi Operating Costs.xlsx

Hi Rachel

Please see attached a model supporting this estimate.

My estimate of just reduced costs to consumers is about \$250 million per year.

There are a lot of assumptions here and I will need a lot of data from Depart Transport to make it more accurate. But sufficient to say significant gains.

There are other benefits but I have not tried to quantify them here.

Cheers
Brad

CTPI - Deliberative Process

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

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



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ESTABLISHMENT COSTS	
Licence Purchase	\$ 510,000
Basic Installation	\$ 2,500
Hail light	\$ 175
Hail Light shelf	\$ 150
Decals – supply and fit	\$ 2,500
Meter	\$ 520
Car	\$ 50,000
Total	\$ 565,845

Operating Costs	
Service Fees	
Registration	
Insurance	
Vehicle repairs & maintenance (will vary with age of car)	
Driver Pay	
Fuel	
Total	

Revenue Required	1	2	3
Return on Capital	\$ 84,877	\$ 84,877	\$ 84,877
Return of Capital	\$ 4,308	\$ 4,415	\$ 4,526
Opex & Maint	\$ 172,100	\$ 176,403	\$ 180,813
Sub Total	\$ 261,284	\$ 265,694	\$ 270,215
Required Income Per Shift	\$ 1,089	\$ 1,107	\$ 1,126
Required Income Per Trip			
	\$ 22.00	\$ 22.52	\$ 23.06
	\$ 9.11	\$ 9.11	\$ 9.11
	29%	29%	28%

Expected Income			
Low	\$ 261,284	\$ 267,816	\$ 274,512
High	\$ 339,670	\$ 348,161	\$ 356,865
Expected Income Per Shift			
Low	\$ 1,089	\$ 1,116	\$ 1,144
High	\$ 1,415	\$ 1,451	\$ 1,487
Expected Income Per Trip			
Low	\$ 31	\$ 32	\$ 33
High	\$ 40	\$ 41	\$ 42

Net Income			
Low	\$ -	\$ 2,122	\$ 4,297
High	\$ 78,385	\$ 82,467	\$ 86,650

Income per shift			
Low	\$ 1,089	\$ 1,116	\$ 1,144
High	\$ 1,415	\$ 1,451	\$ 1,487

Net Income per shift			
Low	\$ -	\$ 9	\$ 18
High	\$ 327	\$ 344	\$ 361

Net Income per week			
Low	\$ -	\$ 44	\$ 90

High	\$ 1,633	\$ 1,718	\$ 1,805
Net Income per Year			
Low	\$ -	\$ 2,299	\$ 4,655
High	\$ 84,917	\$ 89,339	\$ 93,871

CTPI - Deliberative Process



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\$ 9,400
\$ 1,100
\$ 10,000
\$ 10,000
\$ 100,000
\$ 41,600
\$ 172,100

	Life	Asset Value	Annual Depreciation
Licence		\$ 510,000	
Car	15	\$ 50,000	\$ 3,333
Other Assets	6	\$ 5,845	\$ 974
Total		\$ 565,845	\$ 4,308

4	5	6
\$ 84,877	\$ 84,877	\$ 84,877
\$ 4,639	\$ 4,755	\$ 4,874
\$ 185,333	\$ 189,966	\$ 194,715
\$ 274,848	\$ 279,598	\$ 284,466
\$ 1,145	\$ 1,165	\$ 1,185
\$ 23.61	\$ 24.18	\$ 24.76
\$ 9.11	\$ 9.11	\$ 9.11
28%	27%	27%

\$ 281,375	\$ 288,409	\$ 295,619
\$ 365,787	\$ 374,932	\$ 384,305

\$ 1,172	\$ 1,202	\$ 1,232
\$ 1,524	\$ 1,562	\$ 1,601

\$ 33	\$ 34	\$ 35
\$ 44	\$ 45	\$ 46

\$ 6,526	\$ 8,811	\$ 11,154
\$ 90,939	\$ 95,334	\$ 99,839

\$ 1,172	\$ 1,202	\$ 1,232
\$ 1,524	\$ 1,562	\$ 1,601

\$ 27	\$ 37	\$ 46
\$ 379	\$ 397	\$ 416

\$ 136	\$ 184	\$ 232
--------	--------	--------

		1993	2013
\$ 190,000	\$	20.67	\$ 55.48
2.7	\$	9.55	\$ 25.63
			\$ 81.12
	\$ 100,000		
	240		
	8		1920

\$ 1,895	\$ 1,986	\$ 2,080
----------	----------	----------

\$ 7,070	\$ 9,546	\$ 12,083
----------	----------	-----------

\$ 98,517	\$ 103,278	\$ 108,159
-----------	------------	------------

CTPI - Deliberative Process



Released under RTI - DPC

Fuel Costs	
Cost of a Tank	\$ 80.00
Number of Tanks per shift	2
Cost per shift	\$ 160
Cost per week	\$ 800
Cost per year	\$ 41,600

Assumptions	
Cars Life	15
WACC	15.0%
Inflation	2.5%
Resale Value	\$ 22,485
Number of Shifts Per Year	240
Number of Shifts Per week	5
Number of Trips per Shift	35
Hours Per Shift	8
Number of Trips per Hour	4.4
Weeks per year	48

B&W Cab
Expectatio
n

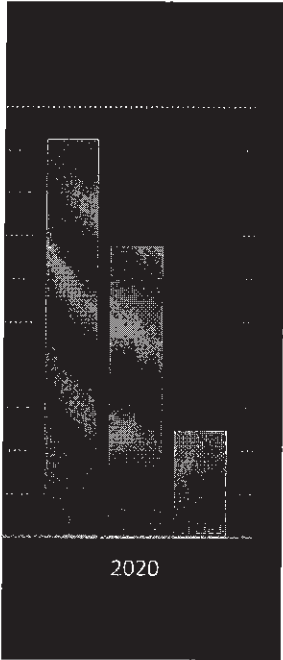
\$182,000
\$234,000

\$ 648.93

\$ 50,000,000

\$ 52.08

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Years

Released under RTI - DPC

whitecabs.com.au/?q=perth/buying-a-licence

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Pages 158 through 162 redacted for the following reasons:

Exempt Sch.3(4) Briefing for incoming Minister

Released under RTI - DPC

Kate Carlson

From: John Gebbett <John.Gebbett@treasury.qld.gov.au>
Sent: Thursday, 15 January 2015 10:20 AM
To: Peter Johnson (Treasury); Patrick Wildie; Jozef Latten; Sean Moroney; Alex Griffin; Melanie Hall; Anton Lane; Wendy Freedman; Trevor Dann; Gerry Foley; Alistair Baird; Lynda Cooper; Helen James; j.lassen@synergies.com.au; m.clark@synergies.com.au; Rachel Lunnon; Kate Carlson; Gerald Schmidt; Christine Tozer; Christine Crain; Clarissa Lynch
Subject: FW: Uber is winning the fight

<http://iview.abc.net.au/programs/7-30/NC1481H018S00#playing>

(first few minutes only relates to Uber)

From: Alex Griffin
Sent: Thursday, 15 January 2015 8:48 AM
To: John Gebbett
Subject: Uber is winning the fight

<http://www.abc.net.au/news/2015-01-14/uberx-outsmarts-taxi-inspectors-by-blocking-mobile-phones/6016940>

Alex Griffin
Statistician
Projections Team
Queensland Treasury and Trade
Level 8, 100 George Street
Phone: 3035 1403 (dial full number)
Email: alex.griffin@treasury.qld.gov.au
Web: www.qgso.qld.gov.au

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Kate Carlson

From: Kate Carlson
Sent: Thursday, 15 January 2015 10:19 AM
To: Rachel Lunnon
Subject: Fw: TRIM: updated figures

FYI

From: Tanya L Menadue <Tanya.MENADUE@translink.com.au>
Sent: Thursday, 8 January 2015 9:45 AM
To: Kate Carlson
Cc: Keith D Boyer
Subject: TRIM: updated figures

Hi Kate

The updated figures as at 6/1 are

Total infringements: 203
Value of infringements issued: \$261 102.00
No of investigations outstanding: 32
Total hours of effort: 4309.75 hours

Any queries please let me know.

Tanya Menadue
A/ Director (Taxi and Limousine Services)
TransLink Division | Department of Transport and Main Roads

61 Mary Street Brisbane Qld 4000 | GPO Box 50 Brisbane Qld 4001
t 07 3338 4744 | m s.73 Personal Information
e Tanya.Menadue@translink.com.au
w www.translink.com.au w www.tmr.qld.gov.au

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Page 165 redacted for the following reason:

Exempt Sch.3(4) Briefing for incoming Minister

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Kate Carlson

From: Kate Carlson
Sent: Tuesday, 6 January 2015 1:56 PM
To: Craig Wilson; Nicholas Dowie
Cc: Chris McKenna
Subject: Monthly report - Transport
Attachments: Transport Team Activities_December 2014.docx

Hi Craig and Nick

Please find attached the December Monthly Report for the Transport Team. This is still in the old template pending advice on the new format.

Cheers,
Kate.

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



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Transport Team Activities – December 2014

Parliament

0 Parliamentary Statements
0 Parliamentary Briefing Notes (PBNs)
0 Questions on Notice (QoNs)

COAG

Nil

Discussion Papers and Policy Advice

- Direct debit
- Port pilotage pricing
- Review of SDS measures
- Development of Rail Management Framework

Executive Council matters

1 Proposed Regulatory Amendments
1 Executive Council Minute
0 Remuneration Reviews

Proactive Work Areas

- Registration and Licensing reforms – TRAILS upgrade
- Jurisdictional comparison of transport agencies / statutory authority costs and structure
- Public Transport patronage growth/decline
- Taxi regulation and response to Uber

Committees

1 Toowoomba Second Range Crossing (TSRC) Project Board meeting
2 Bus Reform Steering Committee and Project Control Group meetings
1 Bus Reform DPC & DTMR meeting
0 Rail Renewal Board, control group and central agency meetings
2 Real Time Public Transport information meetings – Board and Implementation Group
2 Next Generation Ticketing meeting
1 New Queensland Rail TSC meeting
1 Project 33 Board and Project Control Group meeting
0 Rail Executive Committee
0 Inland Rail IDC

Regular Catch-ups

DPC DTMR Parliament and CLLO
DPC DTMR Correspondence Catch-up
DPC & Premier's Transport Advisor

Correspondence

68 pieces of transport correspondence
0 pieces of overdue correspondence
5 Review Premiers Briefs and Correspondence for Community Cabinet
0 Review Premiers Briefs and Correspondence for electoral visits

Cabinet and CBRC submissions

• Rail TSC – new funding arrangements
1 Briefs for PIC
0 Briefs for Infrastructure CEOs Committee

Briefing notes and issues management

- Preparation of 3 x policy packets for CBRC consideration
- Electronic Train Control Systems
- Transport Infrastructure Asset Management System (TIAMS)
- EcoSciences precinct and BaT project impacts/opportunities
- Heavy Vehicle Access Permits
- ARTC proposal
- Aurizon Draft Undertaking
- Transport Renewal monthly report
- BaT Business Case

1 Review Premiers Briefs for Trade Mission

Training

Christina – shadowing on Bruce Highway and Rockhampton Regional Office

Christina – Emotional Intelligence course

Kate – DPC Speaker Series

Department, Division and Branch activities

Directors meetings

Divisional meetings

Brown Bag lunch

Team meetings

Released under RTI - DPC

Kate Carlson

From: John Gebbett <John.Gebbett@treasury.qld.gov.au>
Sent: Friday, 12 December 2014 4:48 PM
To: Peter Johnson (Treasury); Patrick Wildie; Katherine Galang; Melanie Hall; Ashleigh McMahon; Wendy Freedman; Anton Lane; Gerald Schmidt; Gregory Tonks (Treasury); Christine Tozer; Kate Carlson; Rachel Lunnon; mclark@synergies.com.au; jlassen@synergies.com.au; Alex Griffin; Alistair Baird; Gerry Foley; Helen James; Jeanette Miller; Lynda Cooper; Trevor Dann
Subject: Uber news

A Merry Christmas and a happy new year to all our readers.

<http://www.theguardian.com/commentisfree/2014/dec/01/ubers-screw-you-strategy-in-australia-relies-on-regulators-too-timid-to-enforce-the-law>

<http://blogs.abc.net.au/queensland/2014/11/the-pros-and-cons-of-ridesharing-app-uber-.html>

<http://www.brisbanetimes.com.au/comment/blunt-instrument/uber-vs-the-cab-industry--theyre-taking-us-all-for-a-ride-20141201-11xn1m.html>

<https://au.news.yahoo.com/thewest/business/a/25759211/uber-just-getting-started-in-australia/>

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Kate Carlson

From: Christine Tozer
Sent: Monday, 8 December 2014 8:27 AM
To: Kate Carlson; Rachel Lunnon; Christina McConville
Subject: RE: Uber wars: Queensland taxi driver attempts citizen's arrest | The Courier-Mail

The uber driver he wanted to arrest was a moonlighting taxi driver

Christine Tozer

Senior Policy Officer | Economic Policy | Department of the Premier and Cabinet
Level 14 | 100 George Street, Brisbane.
Phone: 07 300 39014 | e-mail: christine.tozer@premiers.qld.gov.au



From: Christine Tozer [mailto:ctozer7@gmail.com]
Sent: Saturday, 6 December 2014 8:30 AM
To: Christine Tozer
Subject: Uber wars: Queensland taxi driver attempts citizen's arrest | The Courier-Mail

http://www.couriermail.com.au/news/queensland/cabbie-attempts-citizens-arrest-in-war-with-uber-drivers/story-fnn8dlfs-1227146566836?from=public_rss

Cabbie attempts citizen's arrest in war with Uber drivers



Taxi driver Damien Norberry says he tried to perform a citizen's arrest on an Uber driver.

A CABBIE has tried to make a dramatic citizen's arrest of an illegal Uber driver as a street war over passenger fares heats up.

The taxi industry says the attempted arrest is a sign of frustrations boiling over as Uber flouts a ban on operating in Queensland.

ROAD WAR: Governments urged to act

BANNED: Uber opens Gold Coast office

Uber drivers roam the streets in private cars, waiting for people to book them through a mobile phone app. They are increasingly popular because they undercut cabs on price – but the Government warns they are unauthorised and unsafe.

Tensions between cab and Uber drivers spilled over with the attempted citizen's arrest at a service station at Coorparoo earlier this week.

The incident was sparked when a passenger asked Yellow Cabs driver Damian Norberry (inset) for a quote on a fare – then said it was too expensive and booked an Uber car in front of him.

Amanda Bynes' Parents Tracking Her via GPS

Released under RTI - DPC



Mr Norberry, 43, followed the car for an hour until it stopped at the service station.

“I said to him ‘you’re out here conducting an illegal activity as an Uber driver and I am arresting you and am going to call the police’,” Mr Norberry said.

But the Uber driver called police first, and phoned for backup from other drivers.

The police let the Uber drivers go but told Mr Norberry he could have been charged with deprivation of liberty and assault. It emerged that the Uber drivers were moonlighting cabbies.

Yellow Cabs general manager Bill Parker revealed police were called to a confrontation between drivers when a Uber car parked in a CBD taxi rank.

“Uber thinks they can act with impunity because the Government isn’t doing enough,” Mr Parker said.

The State Government sent Uber a cease and desist notice earlier this year and has issued more than \$200,000 in fines to 76 drivers for driving without an authorisation or providing a taxi service without a licence.

Transport Minister Scott Emerson said “passenger safety is always our first priority” and the Government would continue to crack down on Uber drivers breaking laws designed to protect safety.

But Taxi Council Queensland chief executive Benjamin Walsh said the Government needed to step up enforcement.

“While Taxi Council Queensland does not condone drivers taking the law into their own hands and would never encourage such action as ‘citizen’s arrests’, we understand the level of frustration they feel when they see illegal ride share services openly operating,” he said.

A Uber spokeswoman said taxi drivers were switching to the private car service because they made more money and worked fewer hours.

Released under RTI - DPC

Kate Carlson

From: Kate Carlson
Sent: Thursday, 4 December 2014 8:41 AM
To: Bradley Rogers
Subject: RE: Economics of Congestion and Density

Thanks Brad – really appreciate you sending these through and for the catch-up yesterday. Always enlightening to pick your brain on these topics!

A short paper on congestion would be great if you have capacity, but only if you have time.

Thanks,
Kate.

From: Bradley Rogers
Sent: Thursday, 4 December 2014 8:25 AM
To: Kate Carlson
Subject: Economics of Congestion and Density

Hi Kate
Please see attached some reports you may be interested in.
Would you like me to do a short paper on the economics of congestion and density?

See taxi deregulation paper by the Productivity Commission page 17 talks about Brisbane.

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

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



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

Kate Carlson

From: Rachel Lunnon
Sent: Tuesday, 23 September 2014 2:49 PM
To: Davinia Pearkes
Cc: Katie Carlson
Subject: URGENT: Advice Sought on Competition Policy Review Draft Report

Hi Davinia,
Please see some points re the recommendations relevant to transport below.

Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

CTPI - Deliberative Process

Thanks
Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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From: Davinia Pearkes [mailto:Davinia.Pearkes@premiers.qld.gov.au]
Sent: Monday, September 22, 2014 05:29 PM
To: Bruce Stewart <Bruce.Stewart@premiers.qld.gov.au>; Bruce A-Izzeddin <Bruce.A-Izzeddin@premiers.qld.gov.au>; Bernadette Zerba <Bernadette.Zerba@premiers.qld.gov.au>; Kate L Carlson; Kyla Hayden <Kyla.Hayden@premiers.qld.gov.au>; Korrily Booker <Korrily.Booker@premiers.qld.gov.au>; Ann Dalton <Ann.Dalton@premiers.qld.gov.au>; Sandra Eyre <Sandra.Eyre@premiers.qld.gov.au>; Emma Ogilvie <Emma.Ogilvie@premiers.qld.gov.au>; Nancy Spencer <Nancy.Spencer@premiers.qld.gov.au>
Cc: craig.wilson@premiers.qld.gov.au; Christine Castley <Christine.Castley@premiers.qld.gov.au>; Anthony Crack <Anthony.Crack@premiers.qld.gov.au>; Rachel Welch <Rachel.Welch@premiers.qld.gov.au>; Clinton De Bruyn <Clinton.DeBruyn@premiers.qld.gov.au>; Admin Economic (DPC) <Admin.Economic@premiers.qld.gov.au>; Admin Social (DPC) <Admin.Social@premiers.qld.gov.au>
Subject: URGENT: Advice Sought on Competition Policy Review Draft Report

On 4 December 2013 the Prime Minister and the Minister for Small Business announced a review of competition policy. On 27 March 2014, the Minister for Small Business released the final Terms of Reference following consultation with the States and Territories and announced the Review Panel. The Terms of Reference ask the Review Panel to release an Issues Paper and a Draft Report before finalising their Report to the Federal Government within 12 months.

The Issues Paper was released on 14 April 2014 and was open for submissions until 10 June 2014. All non-confidential submissions are available to be viewed. Queensland did not make a submission.

The Draft Report was released today, with submissions invited by 17 November 2014. The draft report examines issues related to five key areas:

- Competition policy: presenting draft recommendations for priority areas of reform in competition policy.
- Competition laws: outlining draft recommendations for changes to the *Competition and Consumer Act 2010*
- Institutions and governance: outlining draft recommendations on the institutional structure considered most likely to sustain enduring reform.
- Small business: outlining draft recommendations related to the concerns raised by small business (including recommendations on competitive neutrality and regulations restricting the way small business operate).
- Retail markets: presenting draft recommendations on retail markets, in particular supermarkets and pharmacies (with restrictions on trading hours also discussed)

Queensland Treasury and Trade has been tasked with preparing Queensland's submission, in consultation with agencies - expected to be considered in late October 2014.

Can you please review the draft report and, in the first instance, alert me to draft recommendations likely to cause concern for Queensland and why. If you could provide me with this advice (or alternatively a 'no concerns' response if applicable) by **COB on Friday 26 September 2014** that would be much appreciated.

A draft of Queensland's proposed submission will be distributed for you to review and comment on in due course.

If you have any queries please feel free to give me a call.

Many thanks.

Regards

Davinia Pearkes

Principal Policy Officer

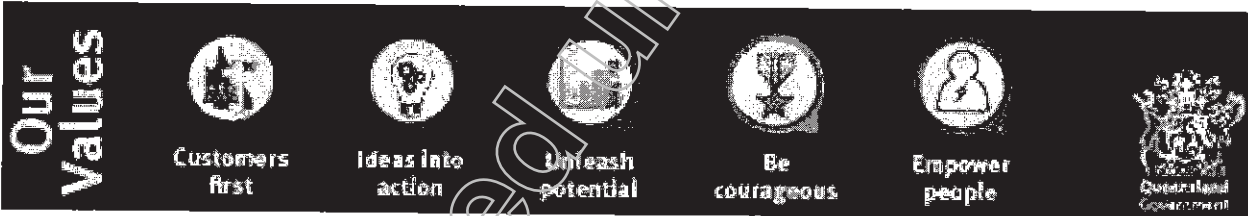
Economic Policy | Department of the Premier and Cabinet

Level 14, 100 George Street, Brisbane QLD 4000

Phone: (07) 3003 9331

Personal Information

e-mail: davinia.pearkes@premiers.qld.gov.au



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Kate Carlson

From: Bradley Rogers
Sent: Tuesday, 23 September 2014 9:55 AM
To: Katie Carlson
Subject: Taxi Blog

Hi Kate

Please see the link below to my blog about taxi issues some time ago.
The connection to drunken violence was just to make it topical.

Cheers
Brad

<http://bjreconomics.wordpress.com/2014/03/09/queensland-taxi-licenses-and-drunken-violence/>

Bradley Rogers

Principal Economic Analyst | Economic Policy | Department of the Premier and Cabinet |
Level 14 | 100 George Street, Brisbane 4000.

Phone: 07 3003 9336 | mob: s.73 Personal Information e-mail: Bradley.Rogers@premiers.qld.gov.au



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Kate Carlson

From: Phil Richardson
Sent: Tuesday, 14 October 2014 8:43 AM
To: Patrick Wildie
Cc: Ben Christiansen; Kyla Hayden; Kate Carlson; Bruce A-Izzeddin; Michael Martindale
Subject: RE: DPC input on regulatory issues - NCP review
Attachments: QTT edits_State Regulatory Reforms.docx

Hi Patrick

Fine with the change to liquor wording.

On trading hours, we're mindful of more recent statements from the A-G on this issue in response to the NCP recommendation:

<http://www.brisbanetimes.com.au/queensland/open-all-hours-not-so-fast-says-bleijie-20140924-10118n.html>

On that basis, we probably need to be fairly definitive in the response, although I have softened the words a touch (see attached).

thanks
Phil

Phil Richardson

Director, Economic Policy

Department of the Premier and Cabinet

Ph: (07) 3003 9393 Mob s.73 Personal Information

Email: phil.richardson@premiers.qld.gov.au

From: Patrick Wildie [mailto:Patrick.Wildie@treasury.qld.gov.au]

Sent: Monday, 13 October 2014 4:21 PM

To: Phil Richardson

Cc: Ben Christiansen; Kyla Hayden; Kate Carlson; Bruce A-Izzeddin; Michael Martindale

Subject: RE: DPC input on regulatory issues - NCP review

Hi Phil,

Having reviewed the proposed wording, we would like to propose some minor changes (in tracked changes in the attachment to this email) to the wording DPC has proposed.

In particular, we have proposed some changes to the Trading Hours wording to ensure more consistency with other public statements made and the contents of the Premier's letter to the AG on this issue. We have also suggested a minor change re the wording on liquor sales to ensure it is not misconstrued that the potential competition issues here relate only to ownership of bottler shops.

Can you please consider and advise if DPC has any concerns with QTT's proposed edits?

Regards

Patrick

Patrick Wildie
Director (Economic Analysis)
Economics Division
Treasury and Trade
Phone: (07) 303 51489

E: Patrick.Wildie@treasury.qld.gov.au

From: Phil Richardson [<mailto:Phil.Richardson@premiers.qld.gov.au>]
Sent: Friday, 10 October 2014 5:23 PM
To: Patrick Wildie
Cc: Ben Christiansen; Kyla Hayden; Kate Carlson; Bruce A-Izzeddin; Michael Martindale
Subject: DPC input on regulatory issues - NCP review

Hi Patrick

Below is some suggested wording for the Government's response to the NCP review. Note this has not been approved at SED level so may change later when the draft submission is circulated.

In relation to the taxi issue, I understand TMR is providing some separate advice to QTT which you may want to consider in the response.

I'm told DSDIP has also provided information to Michael Martindale on the planning/zoning issues.

Taxis

The Queensland Government remains committed to ensuring the community has access to safe, reliable, and cost effective taxi services. The Government is continuing to monitor the regulatory environment to ensure it is appropriate, striking the right balance between ensuring the safety of passengers and drivers while allowing sufficient flexibility for customer-focused innovation in service delivery. Red tape reduction also remains a key focus of taxi regulatory reform in Queensland.

The current *Queensland Taxi Strategic Plan*, which sets the strategic direction for the industry, expires in January 2016. The Queensland Government will be working with industry representatives and the community over the next 12 months to develop a vision for taxi service provision through to 2021, including consideration of whether the current regulatory framework supports the agreed vision.

Trading hours

The Queensland Government recognises that the regulation of retail trading hours is an issue where there are many competing views within the community and the retail industry. Queensland regulates its trading hours through the *Trading (Allowable Hours) Act 1990* and through orders made by an independent tribunal, the Queensland Industrial Relations Commission (QIRC).

The Queensland Government does not currently have any plans to amend the arrangements governing trading hours. The Government remains concerned that deregulation of trading hours could harm small businesses struggling to compete in a very challenging economic environment. The ability for retailers to obtain orders through the QIRC ensures there is an independent process whereby the interests of consumers, businesses and local communities are taken into account when setting the allowable trading hours.

Liquor

The Queensland Government recently sought advice from a Liquor and Gaming Red Tape Reduction Expert Panel, which considered a number of issues, including supermarket sales of alcohol. The Queensland Government's view is that the current arrangements associated with restrictions on the ownership of bottle shops are appropriate, taking into account the harm minimisation and probity objectives of the legislation.

Thanks
Phil

Phil Richardson

Director, Economic Policy

Department of the Premier and Cabinet

Ph: (07) 3003 9393 Mob s.73 Personal Information

Email: phil.richardson@premiers.qld.gov.au

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State Regulatory Reforms

Taxis

The Queensland Government remains committed to ensuring the community has access to safe, reliable, and cost effective taxi services. The Government is continuing to monitor the regulatory environment to ensure it is appropriate, striking the right balance between ensuring the safety of passengers and drivers while allowing sufficient flexibility for customer-focused innovation in service delivery. Red tape reduction also remains a key focus of taxi regulatory reform in Queensland.

The current *Queensland Taxi Strategic Plan*, which sets the strategic direction for the industry, expires in January 2016. The Queensland Government will be working with industry representatives and the community over the next 12 months to develop a vision for taxi service provision through to 2021, including consideration of whether the current regulatory framework supports the agreed vision.

Trading hours

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The Queensland Government does not currently have any plans to amend the arrangements governing trading hours. The Government remains concerned that full deregulation of trading hours may adversely affect small business. ~~could harm small businesses struggling to compete in a very challenging economic environment.~~ The ability for retailers to obtain orders through the QIRC ensures there is an independent ~~provides a~~ process whereby the interests of consumers, businesses and local communities are taken into account when setting the allowable trading hours. ~~may adversely affect small business.~~

Formatted: Highlight

Liquor

The Queensland Government recently sought advice from a Liquor and Gaming Red Tape Reduction Expert Panel, which considered a number of issues, including supermarket sales of alcohol. The Queensland Government's view is that the current arrangements ~~associated with restrictions on the ownership of bottle shops~~ are appropriate, taking into account the harm minimisation and probity objectives of the legislation.

Kate Carlson

From: Bradley Rogers
Sent: Tuesday, 27 January 2015 4:11 PM
To: Kate Carlson
Cc: Rachel Lunnon
Subject: Taxi
Attachments: Queensland Taxi Deregulation.docx

Hi Team

Please see attached a further update on my taxi assessment.
I aim to finish it tomorrow.

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

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Pages 184 through 186 redacted for the following reasons:

CTPI - Deliberative Process

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Kate Carlson

From: Rachel Lunnon
Sent: Monday, 9 February 2015 9:44 AM
To: Nicholas Dowie
Cc: Kate Carlson
Subject: Taxi options paper
Attachments: Taxi regulation options paper.docx

Hi Nick,
Please find attached the latest version of the taxi options paper. Happy to discuss any changes you would like.
Thanks
Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | 📧
rachel.lunnon@premiers.qld.gov.au |

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Options for taxi regulation in Queensland

What is the problem?

Uber launched in Queensland in April 2014. The company is currently operating outside of the existing public passenger regulatory framework and Uber drivers are failing to comply with the relevant *Transport Operations (Passenger Transport) Act 1994* (TOPTA) requirements.

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?

Uber is currently offering uberX services (a ridesharing service that connects passengers directly with drivers of private vehicles) in Brisbane and on the Gold Coast. Uber's operations are captured under the current definition of a taxi service and therefore the regulatory requirements for taxi operations should apply.

While the Department of Transport and Main Roads' (TMR) has continued to investigate Uber drivers and take compliance action against drivers that are not meeting regulatory requirements, this compliance action has not been effective in stopping Uber's operations.

Why are taxis regulated?

The Queensland industry is regulated under the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) with the objective of ensuring a responsive and safe service that provides a reasonable level of community access and mobility. Key elements of the regulatory framework include: operator accreditation (OA) and driver authorisation (DA); market entry restrictions; taxi licences; taxi service contracts; and maximum fares.

Service contracts (held by booking companies) specify the standards and services that must be delivered for phone-booked taxi services and hold taxi booking companies accountable for their performance against those standards and services through key performance indicators. This ensures that minimum service levels are maintained in low demand areas and the availability of wheelchair accessible taxis (WAT).

What is the impact of Uber continuing to operate in Queensland?

Despite operating outside of the regulatory framework, Uber has increased competition in the Queensland taxi market, providing customers with the ability to choose an alternative to regular taxis. There is strong public support for Uber, with supporters claiming that Uber services are more efficient, cost effective and safer (due to availability of driver information and cashless payment) than regular taxi services.

Uber's launch has however created inequity in the passenger transport market with Uber drivers able to compete with regular taxis for business without meeting the regulatory requirements (and associated costs) that apply to the existing industry. For example, obtaining a taxi licence, meeting vehicle standards and providing service during non-peak times.

While passenger safety has been cited as a key reason for regulating ridesharing applications, the safety risks associated with using Uber are potentially minimal. Uber currently requires drivers to obtain a general DA (which includes a criminal background, driver history and medical check) and passengers are covered under

compulsory third party (CTP) insurance arrangements. Uber also claims that all trips are also covered by a US\$5M contingent liability insurance policy.

What is the state interest in resolving this issue?

CTPI - Deliberative Process



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Pages 190 through 194 redacted for the following reasons:

CTPI - Deliberative Process

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Kate Carlson

From: Jim Groves <Jim.Groves@ministerial.qld.gov.au>
Sent: Tuesday, 10 March 2015 1:16 PM
To: Katie Carlson
Subject: FW: Reconciled list of election commitments for review by the Premier's Office
Attachments: s.73 Personal Information

There was another stakeholder letter sent out prior to the election on the Uber issue – attached fyi. Note that it implies demerit points, so consideration of this will be on the election commitments list.



**Queensland
Government**

Jim Groves

Principal Policy Advisor

Office of the Hon. Anastacia Palaszczuk MP

Premier of Queensland and Minister for the Arts

P 07 3719 7066 M [REDACTED]

Executive Building 100 George St Brisbane QLD 4000

PO Box 15185 City East QLD 4002

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Tim **Mulherin**

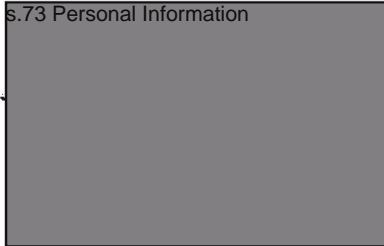
Labor for Queensland

telephone: 3844 8101 address: 16 Peel St South Brisbane Qld 4101
web: abetterwayforqld.com.au twitter: @timmulherinmp

C/15/7758

28 JAN 2015

s.73 Personal Information



Thank you for your recent correspondence regarding the operations of Uber in Queensland. I can appreciate that this is an issue of great concern in the taxi industry.

As requested I have included below a response to your questions. I hope this assists you in sharing this information with other Queenslanders concerned about the future of this important industry.

Do you support the Queensland Taxi Industry and the 60,000 small business people and employees who rely on a viable industry for their income?

Absolutely. The taxi industry has been a vital part of the transport sector in this state over many years and plays a critical role in connecting people as part of our broader transport network.

I know the importance the Queensland taxi industry places on high standards of service, particularly when it comes to providing services to segments of the population which Uber does not service.

Will you commit to immediately stop Uber and rideshare apps from operating after the election?

Labor believes that any entrants to the passenger transport market should comply with all applicable laws and regulations; our commitment to public safety is paramount in this respect.

If so, what exactly will you do to achieve this?

Where laws are being deliberately flouted, appropriate enforcement and penalties are necessary. If this means that demerit points need to be imposed then that is something that we would pursue if elected.

A better way for Queensland **Labor**

Queensland

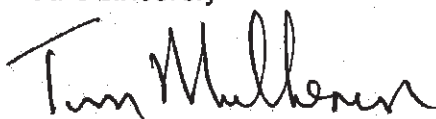


Authorised A Chisholm 16 Peel Street South Brisbane Qld 4101 for the Australian Labor Party.

Labor has a strong record of working cooperatively with the industry to achieve better outcomes for everyone. A future Labor Government will seek to work with all participants in the industry to ensure that laws are upheld, competition is fair, and the needs of customers are put first.

The taxi industry has made great strides in recent years to improve all facets of service delivery. It would be disappointing to see those gains sacrificed so quickly because of a failure by Government to respond appropriately to the challenge posed by ride sharing apps. Unfortunately, the Newman LNP Government's response to Uber has been slow, weak, and demonstrated a clear lack of will to tackle this important issue.

Yours sincerely



Tim Mulherin MP

Deputy Leader of the Opposition

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Kate Carlson

From: Rachel Lunnon
Sent: Tuesday, 10 March 2015 2:31 PM
To: Katie Carlson
Subject: FW: latest taxi compliance figures
Attachments: Naspa Weekly Update 08032015.docx

Just FYI

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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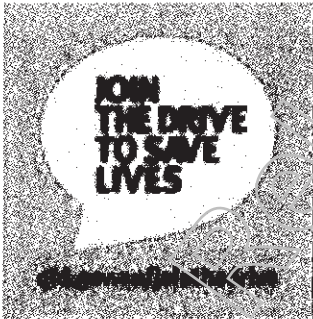
From: Nicholas A Marsden [mailto:Nicholas.A.Marsden@tmr.qld.gov.au]
Sent: Tuesday, 10 March 2015 2:29 PM
To: Rachel Lunnon
Subject: RE: latest taxi compliance figures

Hi Rachel,

Please find latest data attached.

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: s.73 Personal Information
E: nicholas.a.marsden@tmr.qld.gov.au
W: www.tmr.qld.gov.au



From: Rachel Lunnon [mailto:Rachel.Lunnon@premiers.qld.gov.au]
Sent: Tuesday, 10 March 2015 2:27 PM
To: Nicholas A Marsden
Subject: latest taxi compliance figures

Hi Nick,

Could I please get a copy of the latest Uber compliance figures when you get a chance?

Thanks

Rachel

Rachel Lunnon | Economic Policy | Department of Premier and Cabinet | ☎ 07 3003 9323 | ✉
rachel.lunnon@premiers.qld.gov.au |

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Compliance Operation NASPA

Weekly Summary

Dates: 2/03/2015 to 8/03/2015 (Monday to Sunday)

Total number of infringements issued 165

48

Total value of infringements issued \$168,431.00

Total compliance actions as at 8/03/2015

Overall details

Infringement break down

Total number of infringements issued 905

303

Total value of infringements issued \$1,028,568.00

468

Total number of infringements paid 454

3

Total value of infringements paid \$538,632.00

119

Number of drivers fined* 338

79

Number of drivers repeatedly fined# 270

20

Total hours of effort (compliance and compliance support staff) 6725.75 hours

826

*Some drivers have been fined on multiple occasions which reflects the discrepancy in numbers between drivers and infringements above.

158

#This is the number of drivers who have had infringements issued from more than one covert/overt operation

Infringements issued for no or incorrect DA (General)

303

Infringements issued for providing a taxi service without a taxi service licence

468

Infringements issued for incorrect CTP

3

Infringements issued for offering a PPS by operator without appropriate licence

119

Infringements issued on the Gold Coast

79

Number of infringements issued to Taxi driver authorisation holders on the Gold Coast

20

Infringements issued in Brisbane and Logan

826

Number of infringements issued to Taxi driver authorisation holders in Brisbane and Logan

158

Description of this week's action:

Covert and Overt activities were undertaken in line with current strategy.

Description of next week's action

Continuation of current strategy.

Additional Information

There was an instance where a driver would not produce his mobile phone for inspection. QPS officers were called and provided the required assistance.

Uber drivers/ Uber have not paid any fines in the last week, this has occurred previously but is worth noting in the light of social media comments from drivers which imply Uber are intending to challenge some of the PINS. This has not yet occurred and there is no record of any driver electing to go to court.

The DP met with the TCQ on Wednesday last week leading to a new brief being requested to cover off a decision on

- a) Demerit point application to some offences
- b) Additional compliance activity which would require a new communications strategy to accompany it.
- c) Commentary on the experience nationally and internationally to inform our activities and,
- d) Commentary on the end states for illegal ridesharing and medium term opportunities.

This brief is being collated by TransLink division and includes significant input from Compliance, CSSR regulations and standards and Prosecutions. It is due this week.

A new draft of the standard Uber response letter is with the minister's staff for consideration. The new draft directly states that uber drivers in Queensland are committing offenses.

It should be noted that while correspondence has been limited, this is unlikely to continue. New timelines for responses will be challenging and timeliness of correspondence will be monitored. It is expected that all correspondence will continue to be completed by TransLink Division.

This week there were several PINS issued that do not fall within the standard reporting scope.

These PINs are:-

- 1/ Drive a defective vehicle x 2
- 2/ Give information in a document to an official that is false, misleading or incomplete in a material particular
- 3/ State anything to Official that is false or misleading
- 4/ Fail to comply with a requirement of an authorised officer to do or not to do anything concerning safe exercise of powers or safety of the officer or person (Private Vehicle)