The future of Queensland's personalised transport industry

A Green Paper for consultation

OPPORTUNITIES FOR PERSONALISED TRANSPORT

MAY 2016

Opportunities for Personalised Transport

The nine icons in our cover logo represent the ideas and concepts we see as critical factors in a sustainable and successful future industry. Each icon represents a number of ideas and concepts, including the review's five guiding principles. Some of these are outlined below.

Central to the review is the customer, the heart of the personalised transport industry. Meeting the needs and expectations of the customer must be the focus for the industry into the future, and ensuring this can and will happen is critical in our decision-making.

Customer focused
Customer service
Public interest
Community

Sustainable
Growth
Improvement
Business viability
Solution

Accountable
Regulated
Fair
Compliance
Customer satisfaction
Reporting

Affordable
Value for money
Savings
Revenue

Innovative
Technology
Ideas

Accessible
Community
Disability services
Mobility

Future focused
Movement
Direction

Safe
Secure

Collaborative
Competition
Connecting people
Inclusive
Sharing

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Chair's foreword

Innovation has become a major priority for governments as they try to keep pace with changes in technology impacting on every aspect of modern life.

New delivery platforms have enabled the growth of sharing economy business models which are redefining the traditional relationships and processes between businesses and their customers. To provide clarity for the purposes of this review, the accepted definition of the sharing economy is: *in order to be considered part of the sharing economy, the platform should operate and be owned separate to the services exchanged.*[1]

In the sharing economy, individuals who may not previously have considered starting up a small business are being empowered to generate income by sharing assets/resources they are not using.

It is challenging for governments to determine the appropriate regulation for these new models of service delivery, to protect customers, provide a level playing field for all industry participants and encourage innovation.

In some respects, regulators are following customers who have already adapted to the new service and product platforms, and have evolved in their behaviours and expectations. This can be seen in the way that customers have adapted their use of personalised transport, seeking more seamless, efficient and cost effective ways to get around.

In determining its response to these changes, the Queensland Government established the Opportunities for Personalised Transport (OPT) Review – to explore reform options that would create a flexible legislative framework that supports business sustainability and enables effective enforcement and compliance in the sharing economy.

This paper has been designed to capture the key elements of the personalised transport industry in Queensland and to envisage what the industry might look like if the state adopted a range of reform scenarios.

The scenarios are the result of research and industry input, including social and economic perspectives, and are designed to generate conversation and strengthen the taskforce's understanding of the potential impacts of each model. I would like to acknowledge the input of KPMG and Professor John Mangan in providing this economic perspective.

The taskforce has also identified a number of reform initiatives that would improve accessibility, integration, and efficiency of the existing personalised transport industry.

Further to this process is the establishment of an industry oversight body responsible for implementing the future regulatory framework and ensuring the improved efficiency, effectiveness and productivity for the industry. This body would regularly undertake productivity reviews using evidence-based analysis of the industry to inform any future regulatory changes.

The discussion generated through this paper will be essential to informing the final recommendations presented in the White Paper.

I am appreciative of the time and effort stakeholders have invested to prepare information for the taskforce's consideration and to meet with taskforce members. In particular, the contributions from stakeholders in providing data and preparing detailed evidence-based submissions has been invaluable in broadening the taskforce's knowledge of the existing industry and our appreciation of the wide range of views about the industry's future.

The participation of all stakeholders in online discussions, surveys and forums focused on the future of the industry has been encouraging and I expect this will continue following the release of this paper.

In developing the options detailed in our Green Paper, the input from stakeholders has been valuable in assisting the taskforce to identify and explore the potential future for the personalised transport industry - one which is forward-looking with opportunity, but not without risk.

[1] Deloitte Access Economics, 2015, The sharing economy and the Competition and Consumer Act, p. 2

The streamlined consultation process in the coming weeks will help the taskforce focus on our preferred recommendations to put to government. Our aim is that these recommendations will enable the government to make appropriate decisions that eliminate business uncertainty and usher in a new era of better integrated personalised transport services and innovation.

I invite all interested parties, business and community, to consider this consultation paper and submit your views.

I look forward to a comprehensive dialogue and welcome the opportunity to present an independent perspective and recommendations to the Queensland Government in July.

Jim Varghese AM
Chair
OPT Review Taskforce

HOW TO MAKE A SUBMISSION

Submissions to this paper are welcome from:

12pm, Friday 20 May 2016 until 5pm,
Sunday 12 June 2016

Submissions can be made:

- Online
  Using the 'Make a submission' form on the Engagement Hub page of the OPT Review website: www.optreviewqld.com.au.
- By email (PDF or Word)
  Email address: info.optreview@qld.gov.au
- By post
  Green Paper submissions
  OPT Review Taskforce
  GPO Box 50
  Brisbane Qld 4001

You can download a copy of the paper from the OPT Review website, request a copy by calling **1800 639 884** or emailing **info.optreview@qld.gov.au**.

Confidentiality

All submissions will be treated as public documents, unless the author clearly indicates the submission as 'confidential' or 'anonymous'.

Submissions may be published in full on the OPT Review website, with personal information removed.

Cover sheet

A cover sheet must be attached to any formal submission made to this Green Paper (at Appendix F). This ensures the taskforce is aware the submission needs to be considered. The cover sheet is available as Appendix F in this paper, can be downloaded from the OPT Review website, or the OPT Review Secretariat can email or post a copy to you.

Definitions

BAILMENT AGREEMENT	The basis of the business relationship between an accredited taxi operator (operator) and an authorised taxi driver (driver). It is an agreement between an operator and a driver for the bailment of a taxi and covers what payment will be given by the driver to the operator for the right to bail their vehicle for a period of time as well as any other entitlements or obligations created and agreed to under the agreement.
BOOKED SERVICE	The provision of a personalised transport service, when the customer has requested the service via the use of a device (eg. by phone, email, software app, website or other technology) either in advance or for immediate pick-up.
CONTRACT AREA	Contract taxi service areas have the following primary characteristics: • population of 10,000 or more • ten or more taxi service licences issued to operate in the area • the demand for taxi services is comparable to other like areas • the technology used is comparable to other like areas. Taxis in these areas must have access to a continuously operating dispatch service for the purpose of receiving bookings.
DRIVER AUTHORISATION	A qualification that a driver of a motor vehicle providing a public passenger service must attain and maintain to operate the vehicle. The 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.
FIRST AND LAST MILE	The distance an individual must travel in order to access public transport.
LIMOUSINE	An unscheduled public passenger service provided by a luxury motor vehicle or special purpose limousine where the fare for a journey is decided before the journey begins.
LIMOUSINE SERVICE LICENCE	A licence, issued by the chief executive of the government department administering the *Transport Operations (Passenger Transport) Act 1994* under which the holder is required to provide a limousine service in an area in a way that meets or exceeds specified performance levels.
MINIMUM SERVICE LEVELS	Minimum service levels are prescribed timeframes that are to be met by taxi booking companies when collecting passengers from booked jobs. There are separate minimum service levels for peak and off-peak times. Peak times and off-peak times vary between taxi service contract areas.
OPERATOR ACCREDITATION	Operator accreditation is required for all operators of public passenger services unless specifically exempted. The purpose of operator accreditation is to encourage the high quality operation of public passenger services by: • raising standards and awareness in the areas of safety, service delivery and business acumen • ensuring operators are held accountable for complying with appropriate standards.
PERSONALISED TRANSPORT	As per the review's Terms of Reference, personalised transport services include taxi and limousine services and other services provided for a fare where the passenger determines the destination.

PUBLIC PASSENGER SERVICE	A service for the carriage of passengers if— (a) the service is provided for a fare or other consideration; or (b) the service is provided in the course of a trade or business (but not if it is provided by an employer solely for employees); or (c) the service is a courtesy or community transport service; and includes a driver service and a service for the administration of taxi services but does not include a service excluded from this Act by a regulation.[2]
RANK	A designated area where taxis park while waiting for customers.
RIDE-SOURCING	A situation in which: 1. '[a driver makes] a car available for public hire' 2. 'a passenger uses, for example, a website or smart phone app provided by a third party (facilitator) to request a ride, and 3. the driver uses 'the car to transport the passenger for payment (a fare) with a view to profit.[3]
SPECIAL PURPOSE LIMOUSINE LICENCE	Special Purpose Limousines are restricted to providing wedding, formal and tourist services. There are two classes of vehicles that can operate as Special Purpose Limousines: 1. vehicles more than 30 years old 2. stretched vehicles that are too old to operate as a standard limousine.
TAXI BOOKING COMPANY	A person administers a taxi service if the person carries on a business in the course of which— (a) bookings for taxi services are accepted, and (b) taxis are assigned to customers whether or not the person operates all or some of the taxis used to provide the services.
TAXI LICENCE	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.
TAXI SERVICE	A public passenger service, other than an excluded public passenger service, provided by a motor vehicle under which the vehicle— (a) is able, when not hired, to be hailed for hire by members of the public (b) provides a demand responsive service under which members of the public are able to hire the vehicle through electronic communication (c) plies or stands for hire on a road.
TAXI SERVICE AREA	There are three types of areas: • Contract areas (such as Brisbane) – larger areas where taxis must be affiliated with a taxi booking company, and must comply with the maximum fares notice. • Metered taxi service areas – metered taxi service licences require the taxi operator to have a fare meter and provide a 24 hour service using a vehicle of not more than six years of age (eight years for a wheelchair accessible vehicle). The fares for metered areas are less than for exempted taxi service areas reflecting the increased viability of taxi services in these areas. • Exempt (non-metered) areas – taxi service areas have been declared exempt to enable the establishment of a taxi service, which would not be viable if metered taxi licence conditions were to be met. The existence of these taxi services, albeit at differing levels of provision compared to metropolitan areas, is considered to be a valuable transport means in communities where transport options are limited.

[2] Transport Operations (Passenger Transport) Act 1994, Schedule 3 Dictionary

[3] Australian Taxation Office, 2015, Providing taxi travel services through ride-sourcing and your tax obligations, available at https://www.ato.gov.au/business/gst/in-detail/managing-gst-in-your-business/general-guides/providing-taxi-travel-services-through-ride-sourcing-and-your-tax-obligations/, accessed 11 May 2016

Acronyms

ACT	Australian Capital Territory
ALV	Annual licence vehicles
ANCAP	Australasian New Car Assessment Program
BAC	Blood alcohol content
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CTP	Compulsory third party insurance
DA	Driver authorisation
DVA	Department of Veterans' Affairs
LRC	Large regional centre
MAIC	Motor Accident Insurance Commission
MSL	Minimum service levels
NDIS	National Disability Insurance Scheme
NSW	New South Wales
OA	Operator accreditation
OECD	Organisation for Economic Co-operation and Development
OPT	Opportunities for Personalised Transport
SA	South Australia
SEQ	South East Queensland
TBC	Taxi booking company
TBS	Transport booking service
TMR	Department of Transport and Main Roads (Queensland)
TOPTA	*Transport Operations (Passenger Transport) Act 1994*
TOPTR	Transport Operations (Passenger Transport) Regulation 2005
TSA	Taxi service areas
TSS	Taxi Subsidy Scheme
WA	Western Australia
WAT	Wheelchair accessible taxi

Section 1
Introduction

1.1 EXECUTIVE SUMMARY

Ours is an ever-changing world, with technological advances continuing to transform our lives and businesses. Digital disruption is now a common term for the dramatic innovations that are enabled by technology and, in turn, enable alternative models for business and service delivery.

Innovation has allowed existing businesses to improve and streamline their operations and has also created openings for new products and services. Customers are more empowered than ever before to quickly seek out the services and products that best suit their needs and are generally adapting to a constantly increasing range of choices.

Changes to technology present new opportunities and many companies have embraced the efficiencies of booking apps and online services. Globally, governments have been challenged to respond to new technologies, and the new service models. The emergence of sharing economies, for example, has facilitated peer-to-peer commercial transactions, radically changing the business/customer relationship.

In Australia, many jurisdictions have recently changed legislation to accommodate ride-sourcing models. These states have adjusted their governance of the personalised transport service industry to recognise the opportunities for innovation, provide a level playing field for providers, and to benefit the community at large.

The government responded to the changing environment in Queensland by announcing an independent Opportunities for Personalised Transport (OPT) Review on 7 October 2015 (the government's Terms of References for the review are at Appendix A).

The timing of this review was compelled by the expiration of the Queensland Taxi Industry Strategic Plan 2010–2015, challenges to current regulatory models posed by new technologies, and changes in customer expectations and behaviours already at play.

It also reflects the Commonwealth Government's Harper Review recommendations[4] that industry reform is long overdue and the current regulatory framework could be improved. That review recommended that governments embrace the many economic and social benefits offered by innovation platforms:

> *The use of technology to foster new markets provides more consumers with access to what they want and need, potentially including lower-income consumers. The pervasive presence of knowledge networks and the power of innovation to lift living standards require Australia's competition policy, laws and institutions to be fit for purpose for the digital age.*

The OPT Review Taskforce (a list of taskforce membership is at Appendix B) was asked to comprehensively examine the current industry, the issues it now faces, and the issues it will likely face moving forward – in other words, to identify what a potential future market situation could look like.

During the first stage of the review, the taskforce undertook extensive consultation with stakeholders across industry, government, business and community, and surveyed the public to determine what Queenslanders consider most important in the operation of personalised transport services.

A number of values were identified through this stage of consultation, which were grouped into the five guiding principles:

- accessible
- accountable
- customer focused
- innovative
- safe.

These guiding principles are being used to underpin all of the considerations of the taskforce and will be at the centre of any recommendations at the conclusion of the review.

[4] Harper Review, Competition Policy Review March 2015, p. 22, available at http://competitionpolicyreview.gov.au/files/2015/03/Competition-policy-review-report_online.pdf, accessed 10 May 2016

The development of an Innovation Paper - and subsequent face-to-face panels and online forums in March and April - established the patterns of disruption experienced across other industries and provided insights into the way personalised transport is likely to be affected in the future.

The taskforce also took time to understand how the current industry operates, including ownership and distribution of licences, and the cost of regulatory burden for government and industry, including the existing compliance and enforcement role of the regulator. Interestingly, revenue from the personalised transport industry to the Queensland Government is estimated to be between $2.7 million and $3.9 million per annum. This figure is based on revenue generated between 2010 and 2015.

With respect to compliance and enforcement, the estimated cost to the regulator in 2015 was $1.5 million. The taskforce recognises that regardless of which reform scenario is recommended, there is an opportunity to transform the compliance and enforcement program to ensure it is both responsive and adaptive; by making use of the latest technology and adopting a risk-based approach to identify and address areas of concern.

As detailed in this Green Paper, the taskforce has assessed the possible net benefits to be gained from changes to how Queensland's personalised transport industry is regulated, prioritising matters of public interest, particularly in the key areas of economic and quality regulation.

In order to easily and succinctly present potential futures for the industry, four scenarios have been developed and presented in this paper. The potential market implications, including the social and economic perspectives, were considered when developing these scenarios. These scenarios package possible items of reform together, depending on the adopted approach to regulation.

Briefly, the scenarios are characterised as follows:

Scenario 1: Existing industry maintained

This is the baseline of activity under the existing legislative framework, against which other reform scenarios are assessed.

Scenario 2: Reform of booked market in South East Queensland (SEQ)*

In this scenario, ride-sourcing is legalised for the booked market in SEQ but the existing market entry restrictions are maintained for rank and hail. In addition, affiliation with a taxi booking company (TBC) is not required within SEQ. The existing taxi licensing arrangements remain for the booked and rank and hail markets in regional Queensland. All vehicles are required to comply with existing safety requirements and to have signage or branding. Limousines also have their prescriptive requirements removed.

*SEQ is defined as existing taxi service areas (TSAs) in Brisbane, Gold Coast, Sunshine Coast, Redcliffe and Ipswich.

Scenario 3: Reform of booked market across Queensland

Similar to scenario 2 but extending across Queensland, this scenario removes entry restrictions and maximum fares for the booked market, while maintaining entry restrictions and maximum fares for the rank and hail market across the state.

Scenario 4: Reform of industry across Queensland

Building on scenario 3, market entry restrictions and maximum fares are removed for the rank and hail market across the state. Specific licences are no longer required, however a safety focused accreditation scheme is retained with an associated administration fee.

The taskforce anticipates these scenarios will help stakeholders in their deliberation and enable effective public discussion and feedback. The individual reform options which are mapped in this document have each been aligned with the scenario that best matches its basic reform approach. Each scenario has also then been assessed for its performance against the review's five guiding principles.

In July, the taskforce will make a series of recommendations to the government. Regardless of the nature of the recommendations in that paper, it will be critical to include a process for industry transition. As set out in the government's Terms of Reference for the review (see Appendix A), reforms and transition arrangements should support a 'flexible legislative framework that accommodates future progression and supports innovation'.

For example, oversight of the future regulatory framework could be undertaken through the establishment of an independent commission or body that would have authority to administer the framework, promote efficiency, effectiveness and improve productivity for the industry. It could have responsibility to undertake productivity reviews that provide for evidence-based analysis of the industry and to inform any future regulatory changes.

All considerations in this review should have the broadest community interest at heart – while there are complexities to be worked through, there are also opportunities to improve the availability and quality of services to Queenslanders.

There is also an opportunity to place Queensland in the best possible position to embrace the values of innovation and flexibility as the basis for all future industry reform.

The next stage of the review takes this discussion to the Queensland public, to measure the response of stakeholders and customers to the various options that have been proposed.

A number of public forums will be held across the state over the coming weeks, along with online discussions.

Information about how you can add your voice to the conversation is available on the OPT Review website at www.optreviewqld.com.au.

1.2 GUIDING PRINCIPLES

Developing the guiding principles

Extensive consultation with stakeholders across industry, government, business and community, and surveying the public, has helped inform the taskforce's understanding of what Queenslanders consider most important in the operation of personalised transport services.

Through this engagement process, the taskforce identified a number of values that were shared across stakeholder groups. These values were grouped into the five guiding principles. To ensure the principles accurately reflected the viewpoints of key stakeholders, a draft version was released for stakeholder feedback in December 2015.

After considering the feedback, the final guiding principles were released in February 2016.

Purpose of the guiding principles

The principles were designed to act as the lens through which the taskforce will look at issues, opportunities and recommendations during the review.

The principles will be used as the taskforce considers feedback on this Green Paper and prepares recommendations for the White Paper, to determine which reform scenario provides the best balance across all the guiding principles.

Accessible

An agile and personalised integrated transport system will supply service demand 24/7. Everyone will have access to a form of personalised transport, including regional areas.

Accountable

The personalised transport industry will operate within an effective and responsible regulatory framework. The regulatory burden will be less, and there will be greater value for customers.

The industry will be held accountable for the services provided, including environmental impacts.

Customer focused

Queensland's personalised transport industry will be shaped by the expectations of customers and the public benefit for Queensland.

Innovative

The personalised transport industry will have the freedom and flexibility to take advantage of innovation and opportunities, including benefits from emerging technologies.

Safe

The personalised transport industry and government will be dedicated to driver, vehicle, customer and public safety.

1.3 HOW WE GOT HERE

On 7 October 2015, the Queensland Government announced an independent review of Queensland's taxi, limousine and ride-sourcing services.

Stakeholders and consultation

The OPT Review Taskforce has invested time learning about the industry, the issues and opportunities it currently faces and may face in the future, and has met with many industry, government, business and community stakeholders. It has also received many emails from interested stakeholders and community members raising their concerns and providing their feedback and submissions to the review.

The final guiding principles were released in February 2016.

During March, the taskforce undertook a customer use survey through its website. The survey was open to all Queensland personalised transport customers and was aimed at helping the taskforce better understand how and why people use these services.

The top three reasons respondents provided for using taxis were:

- 'The service is regulated'
- 'I feel safe using these services'
- 'They're available when I need them'.

The top three reasons customers identified for choosing ride-sourcing providers were:

- 'Competitive pricing'
- 'I have a more enjoyable experience compared to other personalised transport services'
- 'I don't need to have cash/cards on me to pay for the services'.

While this information is based on results from the survey conducted on the OPT Review website and is not a representative sample, it provides an indication of some of the areas of interest and value for personalised transport users.

Innovation Paper

The taskforce released its Innovation Paper on 11 March 2016. The Innovation Paper included a number of individual academic papers to provide information about digital disruption and technological changes that will shape the long-term future of the transport system and the personalised transport industry.

A number of online and face-to-face engagement opportunities were hosted by the taskforce to encourage discussion between stakeholders about possible opportunities and challenges identified in the papers. These discussions helped inform the taskforce's understanding of innovation in the current industry and opportunities to provide a regulatory framework where innovation can contribute to better customer outcomes.

Green Paper

Throughout this process, key issues and areas of interest have emerged. This Green Paper presents a range of possible options and four scenarios to illustrate potential approaches to reforming the industry. These have been developed in response to stakeholder feedback and analysis of the current industry and reforms that have been adopted in other jurisdictions, nationally and internationally.

This Green Paper is designed to inform and assist stakeholder discussions and feedback in the next round of consultation and in the lead up to the release of the taskforce's White Paper that will contain recommendations to government.

1.4 NEXT STEPS

This Green Paper proposes a number of possible reform options and will be supported by a consultation program to engage with and gather feedback from stakeholders across Queensland.

Consultation program

A consultation program will commence on 20 May 2016.

This will consist of public and online discussion forums in response to options presented in the paper.

Details about these events are available on the OPT Review website (www.optreviewqld.com.au).

Taskforce deliberation

Following consultation, the taskforce will use information and feedback gathered to refine its options and prepare final recommendations.

Decision Paper (White Paper): Final reform options and recommendations

In July 2016, the taskforce will deliver its final report and recommendations to the Queensland Government.

Section 2
The current industry

2.1 CONTEXT

In a rapidly changing world, advances in technology continue to transform the way we live and work. With the global nature of such changes, it is virtually impossible for any individual, region, or industry to be unaffected. How governments respond to changes in technology and their impacts on people and business models, is an issue worldwide. The emergence of sharing economies, for example, has called for a completely different approach to how some businesses are regulated.

In Australia, a number of states have moved to change legislation to enable sharing economy models, in particular, relating to the personalised transport industry (examples of this are in Appendix C). As a consequence, these states have adjusted their governance of the personalised transport industry to allow the entry of new operators. The taskforce has been asked to consider the rise of the sharing economy and the work undertaken in other states to explore how this might apply within the Queensland context.

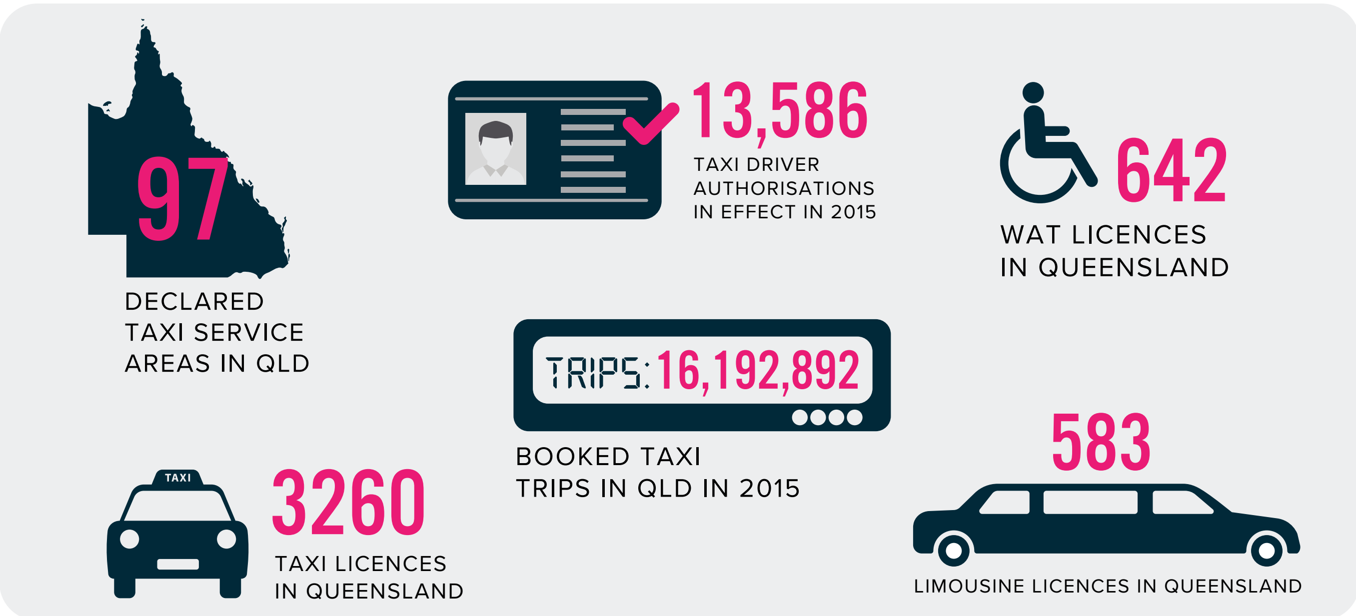
Queensland's personalised transport industry has historically provided an important service across this large state. With a population distributed widely across its regions, Queensland has relied on taxis and limousines both in highly populated centres and areas that are poorly serviced by public and community transport. The taxi industry has also played a critical role in serving people who cannot readily access private or public transport, such as the elderly or those with reduced mobility.

Currently highly regulated, the taxi industry has been bound by restrictions on the numbers of licences available, geographic service areas for each licence, the maximum age of vehicles, and measures aimed to protect passengers including in-vehicle cameras and maximum fares.

In reviewing the current personalised transport industry, it is important to recognise the complexities associated with the exisiting regulatory framework as well as the unique conditions associated with operating these services in regional areas, as compared with South East Queensland (SEQ).

The existing industry and regulatory framework and the concept of public interest as it relates to the personalised transport industry in Queensland and the various stakeholders in the industry, is explored in the remainder of this section.

Figure 2.1
Highlights of Queensland's personalised transport industry



2.2 CURRENT INDUSTRY AND REGULATORY FRAMEWORK

Following is a snapshot of how the existing taxi and limousine industries in Queensland are structured, and the relationships between key parties. An understanding of how these industries operate and are regulated provides background for later discussion in this paper regarding possible reform scenarios.

When the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) was introduced in 1994 the Explanatory Notes outlined the following objectives for the Act:

- to provide a system of public passenger transport in Queensland that achieves an appropriate balance between:
    - enabling the effectiveness and efficiency of public passenger transport to be further developed; and
    - regulating the provision of public passenger transport to ensure public safety.[5]

The particular legislative framework includes the:

- *Transport Operations (Passenger Transport) Act 1994* (the Act)
- Transport Operations (Passenger Transport) Regulation 2005 (the Regulation)
- Transport Operations (Passenger Transport) Standard 2010 (the Standard).

Taxis

The structure of Queensland's current taxi industry is complex, with many interlinked relationships between participants. This is best explained visually in **Figure 2.2**.

The regulator

Queensland's Department of Transport and Main Roads (TMR) is the regulator of the personalised transport industry, including conducting audits, compliance and reviewing fares and service levels.

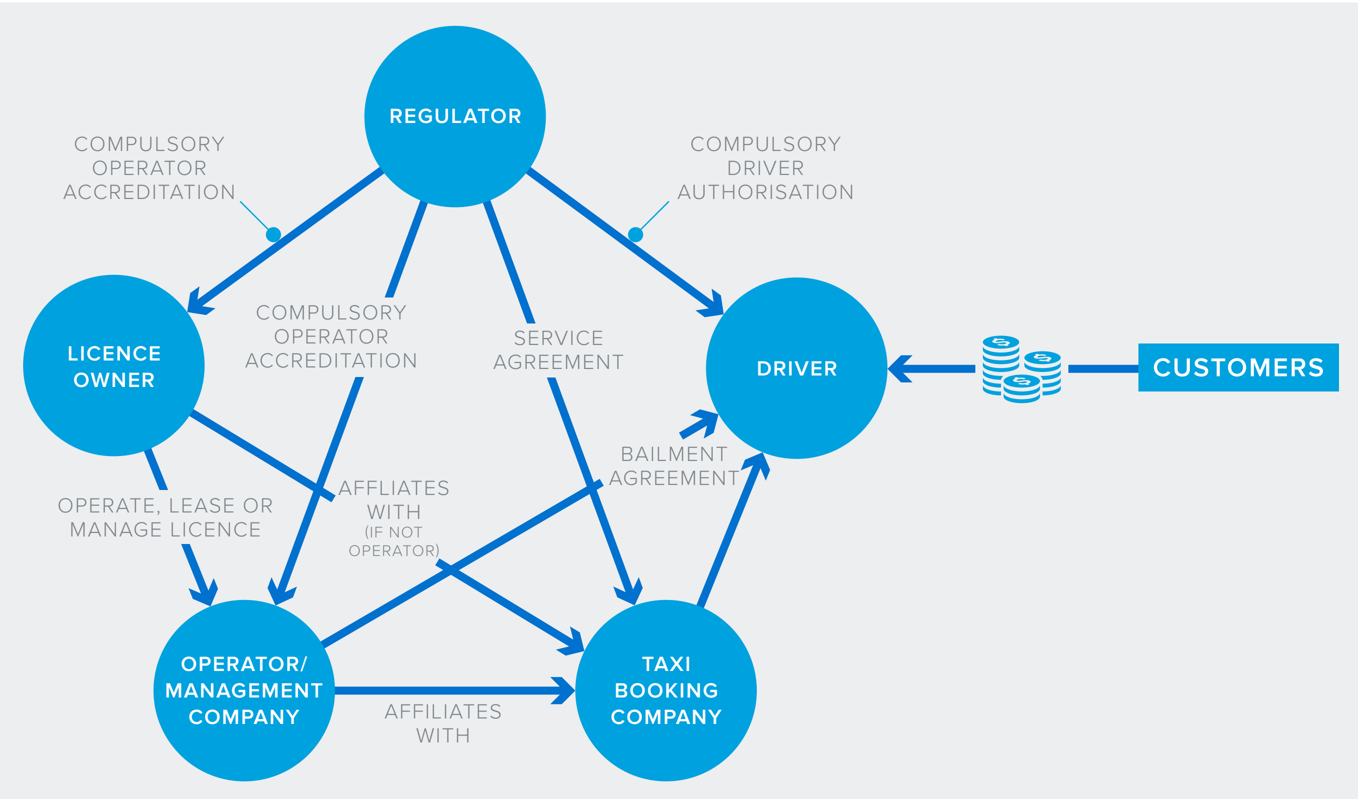
TMR releases taxi licences to operate a taxi vehicle depending on demand. Demand takes into account a number of variables including population growth, projected population growth, performance of existing fleet against minimum service levels (MSLs), and the views of operators and customers.

Licences may be either conventional licences (for sedan taxis) or wheelchair accessible taxi (WAT) licences.

A licence holder does not have to operate the licence themselves; it may be operated by one of many other industry stakeholders, including:

- a management company (who may lease licences from owners, or own and operate licences themselves)
- a taxi operator (who runs a taxi vehicle attached to the licence that is leased from an owner) or
- an operator-driver (who may run a taxi vehicle that is leased from an owner and drive the vehicle themselves).

Figure 2.2 Industry relationships



[5] Transport Operations (Passenger Transport) Bill 1994 Explanatory Notes, https://www.legislation.qld.gov.au/Bills/47PDF/1994 TransOpsPassTransB94E.pdf, accessed 10 May 2016

A taxi vehicle must be attached to a taxi licence.

Taxi licences are automatically renewed every five years if all licence requirements are met. These are called 'perpetual licences'. Licences are issued for specific taxi service areas (TSAs) throughout the state.

As at 1 March 2016 there were 3260 taxi licences current in Queensland. Of these, 2618 were for conventional taxis and 642 were for WATs. Currently, a taxi licence is allocated in a specified TSA. While there are 97 declared taxi service areas (TSAs) across the state, licences are broadly distributed as follows:

- SEQ (contract areas) – 2439 (18% WAT)
- regional (contract areas) – 655 (19% WAT)
- regional (non-contract areas) – 166 (40% WAT)[6].

Ownership of taxi licences

The breakdown of taxi licence ownership in Queensland is shown below:

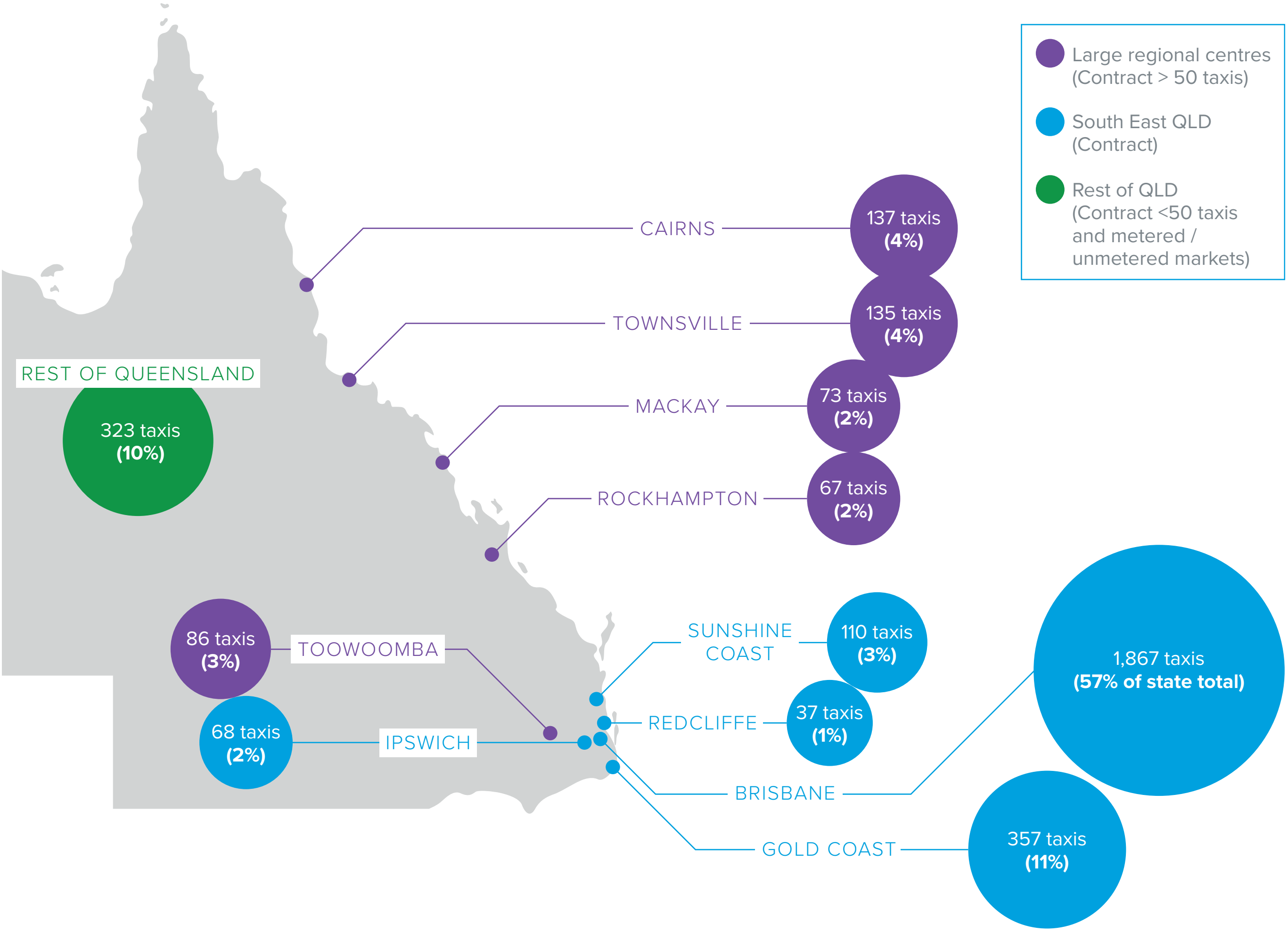
- individuals (68%)
- companies (15%)
- trust funds (11%)
- superannuation funds (5%)[7].

Companies, trusts and superannuation funds account for 1023 Queensland licences (approximately 31.4 per cent). Significantly, 583 of these licences have been acquired since 2010 (57 per cent).

Companies that have a significant number of taxi licences are generally taxi-ownership companies, taxi booking companies (TBCs) and companies that have a pre-existing role in the Queensland taxi market. Superannuation funds appear to be mainly self-managed superannuation funds, while the majority of trusts are listed as family trust funds.

Individuals hold 2208 licences with approximately 61.3 per cent of these licences purchased prior to 2006. Individuals in general hold single licences, although there are a number of individuals holding multiple licences (approximately 210). Around 115 Queensland taxi licences (3.5 per cent) have been held by the same owner for over 20 years (since 1996) and 1082 licences (33.2 per cent) have been held for over 10 years (since 2006)[8,9].

Figure 2.3 Distribution of licences across Queensland



[6] KPMG TMR 2016
[7] Rounded
[8] There are a small number of licences where ownership data has not been able to be determined
[9] KPMG TMR 2016

Figure 2.4 Brisbane conventional taxi licence - Quarterly average sales value (2011 Q1 2016 Q1)

Source KPMG TMR 2016

Licences have historically been more valuable in Brisbane and other highly populated areas than in regional and remote Queensland.

Figure 2.4 shows average quarterly taxi licence sales values for Brisbane.

In contract areas (cities and major regional centres), all taxis must be affiliated with a TBC. By affiliating with a TBC, the licence holder (and the relevant operator and drivers) must agree to abide by the TBC's code of conduct. The TBC can then take action against operators and drivers who breach these rules.

Taxi service contracts hold TBCs responsible for delivering a minimum level of service and standard for booked taxis to the community.

The taxi vehicle must be operated by an entity that holds operator accreditation – this can include a management company, an operator (who engages drivers), or a driver-operator. The operator is responsible for the vehicle under legislation, as well as many aspects of the driver's performance (such as fatigue management and arranging bailment agreements).

All operators must hold operator accreditation. This is to encourage the high quality operation of public passenger services by raising standards and awareness of operators in the areas of safety, service delivery and business acumen, and ensuring public passenger service operators are held accountable for complying with appropriate standards.

Taxi drivers are required to hold driver authorisation (DA). A taxi DA process requires criminal history and driving history checks. As part of the DA process, daily monitoring occurs. As at 1 July 2015, there were 13,586 individuals authorised to drive a taxi in Queensland.

Other aspects of the DA approval process includes:

- driver training for all new taxi drivers in Queensland. This includes a requirement for road rule knowledge and English assessment.
- medical clearance (fitness to drive).

All taxi drivers (who are not owner-drivers) must enter into a written bailment agreement with the operator, which details the commercial arrangement between the operator and the driver.

Limousines

There are two types of limousine service licences available:

- a *Limousine Service Licence* authorises the holder to provide services in a luxury motor vehicle for a specific area (whole of Queensland, rest of Queensland and regional Queensland), subject to certain conditions.
- a *Special Purpose Limousine Service Licence* can be used to provide restricted services (e.g. weddings, tourist services and student events) anywhere in Queensland.

Regulations for limousine services differ from taxis in the following ways:

- limousines must be pre-booked – they cannot accept rank and hail fares or ply for business on the road side.
- the fare, covering the full cost of the service provided, must be agreed prior to the journey commencing.

- the specific areas they are allowed to operate in.
- there is no limit to the number of limousine licences a person may hold.
- there is no cap on the number of limousine licences.
- limousines must be luxury vehicles or special purpose vehicles.

There are 583[10] limousine licences on issue in Queensland with the majority of licences (534 licences) free to operate anywhere in the state. The other areas, with 49 limousine licences between them, are:

- Capricornia region only (based around Rockhampton)
- North Queensland region only (as far north as Mission Beach and as far south as Sarina)
- Far North Queensland only (as far north as Cooktown and as far south as Cardwell)
- 'rest of Queensland' (excludes SEQ, Capricornia, North Queensland and Far North Queensland zones).

Market structure

In Queensland there are two ways customers can access personalised transport services:

- booking services via a website, telephone or a smartphone app, for immediate pick up or for some time in advance of the service being required
- rank and hail.

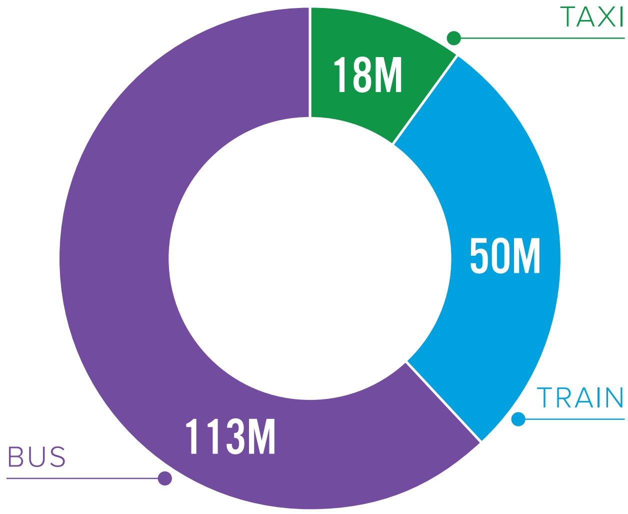
There are several important differences between these two methods. Accessing personalised transport via a rank and hail means the customer has no electronic record of the trip. While safety regulations, such as identification of vehicles and maximum fares, are in place to protect customers, an information asymmetry[11] remains.

In contrast, when accessing personalised transport via the booked market, customers have more information before the service is provided and potentially the ability to be advised of the price prior to the service.

The taskforce acknowledges that future technology may have implications for the rank and hail market. For example, future technology solutions such as Bluetooth beacons[12] may address the current information imbalance between passengers and drivers, and further change how hail services are sourced.

The total number of taxi trips taken in SEQ during 2015 was 18.14 million. **Figure 2.5** shows the number of passengers transported by trains and buses in SEQ compared to the number of taxi trips taken in 2015[13].

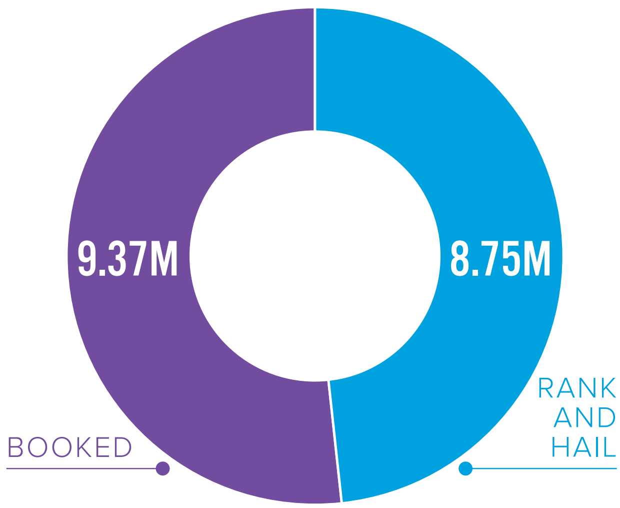
Figure 2.5 Taxi trips undertaken compared to bus and train passengers carried in SEQ, 2015



* Data is not collected for how many passengers are carried for each taxi trip so this data must be interpreted with that in mind (that is, more than one passenger would be carried on average per trip).

Figure 2.6 shows that the number of booked trips in SEQ exceeded the number of rank and hail trips (representing 52 per cent and 48 per cent respectively).

Figure 2.6 Number of booked vs rank and hail taxi trips in SEQ, 2015



Ride-sourcing service providers do not operate in the rank and hail market, hence the booked market is of particular interest to this review.

A pre-booked market also exists for limousine services. It is a key characteristic of the limousine market and regulation in Queensland that customers book in advance, based on an agreed price.

[10] As at 7 May 2015.
[11] The term *information asymmetry* describes a circumstance in which the parties involved in a situation—typically a transaction, as the term originates in economics—include one party who has more information or more accurate information than the other party or parties. Such asymmetries lead to imbalances of power, which can harm the least-informed party as they are at risk of being taken advantage of. See: Bill Kte'pi, 'Information Asymmetry' in K. Bradley Penuel, Matt Statler and Ryan Hagen (eds) *Encyclopaedia of Crisis Management* (2013: Sage) 524.
[12] https://en.wikipedia.org/wiki/Bluetooth_low_energy_beacons
[13] Estimates based on annual financial year data from the Department of Transport and Main Roads annual report 2014-2015 and TransLink Tracker quarterly reports Q1 2015 and Q2 2015.

Safety

Vehicle safety is regulated through vehicle inspection standards and regular inspection timeframes (six-monthly), as well as vehicle age restrictions. The maximum age for conventional taxis in Queensland is six years from the date of compliance, and eight years for WAT vehicles. For limousines, the age requirement varies depending on the class of limousines.

Safety equipment in taxis includes taxi security cameras and silent duress alarms. The current specifications for taxi security cameras include system construction, environmental and operating requirements, power, interface, fitting and installation, operation, recording capabilities and quality, and data retrieval and storage.

Secure taxi ranks are an initiative funded from a levy on licence holders. These ranks have marshals present to direct patrons and are patrolled by security officers on Friday and Saturday nights (peak risk times) as they are located in areas with a potential high risk for violence. Twenty-four secure ranks exist in Queensland, with most located in Brisbane and the Gold Coast.

In its deliberations, the taskforce will take into consideration the role that the existing industry plays in getting Queenslanders where they need to go.

2.3 THE PUBLIC INTEREST

The public interest covers the issues at the core of public policy, often balancing conflicting views and priorities, and is the primary purpose of government intervention (legislation).

The taskforce has been considering differing views and priorities to determine the best form of government intervention to ensure customers and industry participants have confidence and trust in the way the industry operates - the public interest.

To understand the public interest in the context of the personalised transport industry, the taskforce has:

- reviewed the objectives of the current regulatory framework to understand the original policy intention and how well it addresses the needs of industry and customers
- developed the guiding principles to measure the relevance and effectiveness of reform options
- considered how well customer and industry expectations align with cultural shifts, emerging innovations and technologies.

This work identified three categories of public interest which are shared equally across customers, industry and government – access, choice, and safety.

Figure 2.7 Categories of public interest

Of particular interest to the taskforce is assessing the effectiveness of the current regulatory framework in achieving the public interest, and if it is found to be ineffective, to determine what reforms would best uphold public interest.

Specifically, the taskforce seeks to identify how best the government can achieve the following points of public interest:

- identify opportunities that enable improved access for customers and industry
- lift regulatory and commercial barriers to improve cost effectiveness for industry, customers and government, resulting in greater choice
- ensure safety quality is upheld.

Some business activities may adversely impact the public interest, requiring some form of regulatory intervention. In the case of personalised transport services, the taskforce has identified matters of public interest and how they are aligned with the review's guiding principles. This is described in **table 2.1**.

Table 2.1 Alignment of public interest matters with the guiding principles

PUBLIC INTEREST	GUIDING PRINCIPLES
GENERAL ACCESS	**ACCESSIBLE**
The personalised transport industry provides services that help Queenslanders move around the state. This includes tourists, people who are unable to drive, those needing help connecting with public transport, and those living in areas not well serviced by other transport options.	An agile and personalised integrated transport system will supply continuous service (24/7) to meet demand.
MEETING SPECIAL NEEDS	**ACCESSIBLE**
The industry currently meets special needs of mobility impaired people via WATs, the Queensland Government funded Taxi Subsidy Scheme (TSS), and through arrangements such as the Department of Veterans' Affairs (DVA).	Everyone will have access to a form of personalised transport, including regional areas.
SAFETY	**SAFE**
Passenger, driver and broader community safety includes: • suitability of drivers • monitoring of in-vehicle conduct • vehicle standards and road safety • insurance requirements.	The personalised transport industry will be dedicated to driver, vehicle, customer and public safety.
ROAD USE MANAGEMENT (SAFETY)	**SAFE**
Road use management issues include the impact of ranks, roadside hailing and immediate and pre-booking responses of drivers, crowding of roads at special events, and specially zoned roadside areas for taxi use only.	The government will be dedicated to driver, customer and public safety.
ACCOUNTABILITY (SAFETY)	**ACCOUNTABLE**
Responsible parties (all industry in the supply chain, customers and regulators) are accountable for their behaviours and actions, and for ensuring that an appropriate compliance and enforcement regime is in place.	The personalised transport industry will operate within an effective and responsible regulatory framework. The regulatory burden will be less, and there will be greater value for customers.
SERVICE QUALITY (CHOICE)	**CUSTOMER FOCUSED**
Minimum acceptable community standards currently include: • driver knowledge and conduct • vehicle cleanliness • permissible vehicles.	Queensland's personalised transport industry will be shaped by the expectations of customers and the public benefit for Queensland.
INDUSTRY STABILITY (CHOICE)	**INNOVATIVE**
Taxis are currently an integral element of community transport, an important adjunct to public transport, and have a role in improving social inclusion and addressing economic disadvantage.	The personalised transport industry will have the freedom and flexibility to take advantage of innovation and opportunities, including benefits from emerging technologies.
TRANSITION (CHOICE)	**ALL GUIDING PRINCIPLES**
A transition strategy will be considered that balances the needs of the community with the stability of the industry.	The transition strategy to the taskforce's preferred regulatory framework will comprise fit-for-purpose tools and mechanisms that support the effective and seamless implementation of reforms by government. The strategy will need to uphold each guiding principle, and consider the impacts on industry, customer and government stakeholders.

Defining the problem

The current regulatory framework involves significant government intervention, intended to ensure that services are provided in alignment with the various and often competing public interests.

The industry has experienced significant change since the introduction of the Act in 1994.

There has been a seismic shift in customer expectations, substantial advances in technology, and more recently entry into the market of large numbers of unregulated participants.

There has been the emergence of entirely new ways to access, maintain and explore data. Customers now have online access to products, services and information unimaginable at the time the current legislation was introduced. Smartphones and other mobile devices have become commonplace and are now widely used to access information and deliver services ‘on the go’. New business opportunities have been created, and work and lifestyle have been impacted.

In its current form, the regulatory framework has not been able to reflect these changes, restricting industry’s ability to respond to competition and adopt new ways of doing business.

Section 3
The possible future state

3.1 THE CHALLENGES AHEAD

Changing technologies and business models present new challenges for governments. The opportunities flowing out of these innovations, however, to improve lifestyles, streamline services, invigorate business, and create efficiencies are enormous.

This section examines the various dynamics at play in the context of the sharing economy and its role in a changing Queensland.

While it may be tempting for regulators to think they have some control over which innovations they will support, the reality is that customers are always changing their behaviours and expectations in pace with the most current trends, products and services.

The onus is, therefore, on government to ensure the regulatory framework is flexible and future-focused, to embrace innovation for the public benefit.

Some current industry regulations may be redundant in the new operating environment and there will need to be a discussion about which new activities now require government intervention.

The discussion will question current accountabilities and responsibilities, and the cultural shift which has occurred in the traditional customer/business and employer/employee relationships.

There are many individual areas of regulation in the personalised transport industry which need to be assessed for their relevance and value in the current and possible future market. Options for detailed industry reforms are offered in section 4.

In an effort to support the taskforce's analysis of the various individual reform options, four scenarios have been developed and are presented in this section. Each scenario represents a high level description of the current or potential future regulatory framework for the industry.

Ultimately the value of each scenario will be judged for its performance in delivering improvements in the interest of the public – for the greater good – and they have been assessed against the review's guiding principles.

Customers have already demonstrated that they will seek out new ways of getting around, and are likely to be increasingly fluid in their behaviours. This section suggests that any reform of the industry should include consideration of an integrated transport network where customers could access seamless and efficient services transferring between different transport modes and providers.

It also suggests potential transition strategies for the industry to adapt to any chosen reforms, and the possibility of an independent body charged with overseeing the new regulatory framework and ensuring it remains fit-for-purpose into the future.

Queensland customers

Geographically, Queensland is the second largest state in Australia and home to nearly five million people. In contrast to other states, the population is almost evenly divided between the densely populated south-east and the more dispersed rural and regional areas.

Queensland's personalised transport industry caters to a broad range of customers – from commuters in highly urbanised centres, to customers in sparsely populated regions; from tourists and travellers, to people with reduced mobility and wheelchairs; and from those who cannot drive, to those who occasionally choose not to.

Even where public transport services are available, some Queenslanders will still require a taxi to get to or from their destination - often known as the 'first and last mile'.

Changing demographics will have a significant impact on demand for taxi services. For example, the ageing population will lead to an increasing reliance on taxis to maintain mobility and access health services. The changing nature of the Queensland economy – moving out of the resources boom – will also redistribute population to new centres of employment growth, bringing changes in demand.

But perhaps even more of an influence than changing demographics, are changing customer expectations and behaviours already at play. Customers will continue to place ever more value on experiences and social relationships than products[14].

There will also be an expectation for better, faster and more personalised services meeting customers' unique needs. Customers are already displaying a flexibility in their selection of services and platforms, adapting quickly to new trends and incorporating these into their lifestyles.

These changes will impact all retail and service delivery in Queensland, as government and businesses adapt to satisfy public demand.

Technological change

Changes to technology have provided triggers for business and service innovation in the past. The current rate of technological change provides many new opportunities for the personalised transport industry.

It is worth noting that the changing environment for the delivery of personalised transport services to customers in Queensland is part of a much broader global change. The Commonwealth Scientific and Industrial Research Organisation (CSIRO), in its report *Our Future World Global Megatrends that will change the way we live*[15], highlighted the following six megatrends that will impact Australia over the next 20 years:

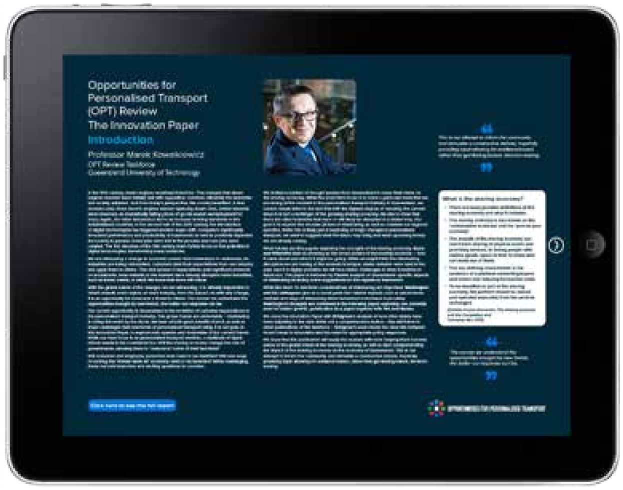
1. **More from less** — The earth has limited supplies of natural mineral, energy, water and food resources essential for human survival and maintaining lifestyles.
2. **Going, going ... gone?** — Many of the world's natural habitats, plant species and animal species are in decline or at risk of extinction.
3. **The silk highway** — Coming decades will see the world economy shift from west to east and north to south.
4. **Forever young** — The ageing population is an asset. Australia and many other countries that make up the Organisation for Economic Cooperation and Development (OECD) have an ageing population.
5. **Virtually here** — This megatrend explores what might happen in a world of increased connectivity where individuals, communities, governments and businesses are immersed into the virtual world to a much greater extent than ever before.
6. **Great expectations** — This is a consumer, societal, demographic and cultural megatrend. It explores the rising demand for experiences over products and the rising importance of social relationships.

Of particular interest to the taskforce are opportunities arising from the 'forever young', 'virtually here' and 'great expectations' trends. The report states:

> ***People, businesses and governments are increasingly moving into the virtual world to deliver and access services, obtain information, perform transactions, shop, work and interact with each other[16].***

The taskforce's Innovation Paper was released to promote a broader consideration of some of the factors that may shape the future of the personalised transport industry in Queensland. In his introduction to the paper, taskforce member Professor Marek Kowalkiewicz wrote:

> ***We are witnessing a change in economic power: from businesses to customers. As industries are being remodelled, customers take their expectations from one industry and apply them to others. This viral spread of expectations puts significant pressure on incumbents. New entrants to the markets have already disrupted some industries, such as travel, media, or retail. We know that more will follow.***
>
> ***With the global nature of the changes we are witnessing, it is virtually impossible to shield oneself, one's region, or one's industry, from the impact. As with any change, it is an opportunity for some and a threat to others. The sooner we understand the opportunities brought by new trends, the better our response can be.***



[14] CSIRO, 2012, *Our Future World*, available at http://csiro.au/en/Do-business/Services/CSIRO-Futures/Futures-reports/Our-Future-World, p. 3, accessed 10 May 2016

[15] CSIRO, 2012, *Our Future World*, available at http://csiro.au/en/Do-business/Services/CSIRO-Futures/Futures-reports/Our-Future-World, pp. 2-3, accessed 10 May 2016

[16] CSIRO, 2012, *Our Future World*, available at http://csiro.au/en/Do-business/Services/CSIRO-Futures/Futures-reports/Our-Future-World, p.17, accessed 10 May 2016

The Innovation Paper highlighted a number of key points, including:

- The pattern of disruption is similar regardless of the industry being impacted. While the initial phases of disruption are transformational for many (e.g. lost jobs), the industries often end up stronger than they were before the disruption.
- Due to differences in setting, upholding and enforcing standards, it is hard to assess the regulatory trade-offs. Safety, labour relations and social fairness are important factors to consider across industry.
- The sharing economy unlocks a previously unused value of goods and labour, and causes disruption in established industries.
- Connected or automated vehicles will likely follow ride-sourcing in redefining established transport services.
- Automated vehicles in Australia, if implemented carefully, can help keep road infrastructure operating efficiently for growing populations.
- It is critical that transportation industries ensure their own sustainability, forward-focus and innovativeness when considering future trends.

Q

What are the implications of technological change for the personalised transport industry in Queensland, and for government?

TALKING POINT

What is the 'sharing economy'?

In producing 'The sharing economy and the Competition and Consumer Act for the Australian Competition and Consumer Commission', Deloitte Access Economics found that:

'To be classified as part of the sharing economy, the platform should be owned and operated separately from the services exchanged.'[17]

The taskforce considers the existing taxi regulatory framework links TBCs to the ownership of licences through the service contract. This ownership structure differentiates it from the sharing economy where asset ownership and platform are separated.

Regulation of the sharing economy

While there may be uncertainty about what the next wave of technology will look like, we can be certain it will impact on the relationships between government, business and customers. This is currently being experienced through the rise of the sharing economy.

While there have been numerous attempts to define the sharing economy, the taskforce has identified four key elements:

Sharing

(a) At the centre of the sharing economy is an underlying dynamic of need and capacity – there is a demand in the market for a good or service, and a capacity to deliver it that is underutilised. The sharing economy effectively matches the capacity to the demand.

New opportunities are created to connect demand (customers) with surplus personal assets (goods or property), or personalised or business services (providers). The relationship between the customer and provider is enabled via a separate third party (facilitators).

The internet and mobile data has enabled this to be achieved at a mass market level, in real-time, transforming the way that underutilised capacity is shared to those with unmet need. As new technologies emerge, it is likely this sharing will both broaden (reach more communities and cohorts or customers and providers) and deepen (reach into more aspects of everyday life and commerce).

(b) Sharing is content specific — relating to surplus goods, property or services, and their use.

This element raises specific questions about the public interest:

- is this a problem or issue for government at all?
- what is government's concern with the transaction?
- how is that interest expressed?
- what might government do in order to protect the public interest?

Many public interest issues are addressed by laws that protect customers. These laws require honest conduct in trade and commerce, including protecting customers against fraud and discrimination, and meeting work health and safety obligations.

All business enterprises, sharing or traditional, are bound by these general laws. If the emerging practices are non-compliant, governments' interest may lie in educating participants in their obligations and encouraging compliant conduct in the public interest.

However, not every public interest question will be resolved by those general laws, particularly where the sharing economy encroaches on long established rights and obligations of established business, or where the activity itself is against the public interest.

The sharing economy has the effect of disrupting established industry as participants seek to exploit new opportunities.

Q

How might new business models in the sharing economy impact on the public interest and what form of government intervention is appropriate, if any?

[17] Deloitte Access Economics, 2015, *The sharing economy and the Competition and Consumer Act*, p. 2

Economy

In a sharing economy, the economic or business element is critical. Generally this occurs with a provider aiming to profit by sharing their underused capacity (personal assets or time and skills to provide a service). A second economic driver is the desire of the facilitator to be rewarded for its role, the intellectual property in building the databases of providers and customers, and the resources of matching them.

The sharing economy allows individuals to earn income from their personal assets or services, when they would otherwise not have considered starting a business. This business model adds a new level of competition to existing industries, and may deliver benefits for both customers (more choice of products and services or lower prices) and providers (additional income).

TALKING POINT

What constitutes a business activity (as opposed to providing a community service)?

According to the Australian Taxation Office, a person may be earning assessable income from providing sharing economy services, and may be operating a business if the activity is repeated (not a one-off), planned, organised and 'intending to make a profit'[18].

Cutting established connections

The sharing economy will sometimes disrupt established business activities by cutting existing connections in the industry/supply chain, and with customers. Generally, the disruptor may aim to replace the established industry and become the new provider.

The business model put forward by prominent providers does not feature any asset ownership. For example, Uber provides personalised transport services but does not own any vehicles. The company has been valued at US$62.5 billion[19]. Airbnb is valued at US$25.5 billion,[20] owns no hotels or resorts, yet advertises over 2 million short-term accommodation listings globally.[21]

This disruption gives rise to an important public interest issue – the question of 'fairness' for sharing economy providers and traditional businesses.

Absence of employment relationship

The sharing economy also disrupts a traditional high-cost business input – the employment of people to make goods or deliver services. The facilitator claims to not have an employment relationship and responsibilities to the providers, although this is currently the subject of legal challenges around the world.[22] Providers are viewed and treated as independent contractors or entrepreneurs using their assets, skills and time to create business for themselves.

Some key issues of public interest challenged by this type of business model include:

- social fairness
- the financial and emotional impacts of potential isolation on the provider
- broader organisational management issues that would otherwise benefit from an employer/employee relationship, liability and insurance for defective product or negligent acts, and availability of traditional employment benefits (e.g. leave, support, training).

An example of this is ride-sourcing, where drivers are responsible for their own expenses including vehicles, running costs and maintenance, and other additional value-adds such as refreshments for customers. The peer-to-peer rating system aims to replace both customer standards and performance management.

Q

Should the sharing economy be regulated by government, and if so, how?

3.2 OPTIONS FOR THE FUTURE

Four possible scenarios

The taskforce was asked to explore the options for reform that could potentially reduce the current burden of regulation and encourage innovation in the market.

To envisage the potential impacts of reform options identified in this paper, the taskforce has developed a number of scenarios that feature combinations of reform options. These scenarios have been informed by economic and social analysis of the personalised transport industry.

[18] Australian Taxation Office, *The Sharing Economy and Tax*, available at https://www.ato.gov.au/Business/GST/In-detail/Managing-GST-in-your-business/General-guides/The-sharing-economy-and-tax/, accessed 27 April 2016
[19] Sydney Morning Herald, *Uber fund raising values ride-sharing company at $85b, sources say*, available at http://www.smh.com.au/business/world-business/uber-funding-round-values-it-at-us62b-sources-20151203-glf535.html, accessed 3 May 2016
[20] Business Insider UK, *Airbnb just confirmed a massive $1.5 billion round that makes it the third-highest valued startup in the world*, available at http://uk.businessinsider.com/airbnb-15-billion-round-2015-12?r=US&IR=T
[21] http://www.airnb.com/about/about-us, accessed 9 May 2016
[22] Wall Street Journal, *Uber drivers settle with ride-hailing company in labor dispute*, available at http://www.wsj.com/articles/uber-drivers-settle-with-ride-hailing-company-in-labor-dispute-1461292153, accessed 10 May 2016

Table 3.1 Reform scenarios

SCENARIO 1: EXISTING INDUSTRY MAINTAINED	SCENARIO 2: REFORM OF BOOKED MARKET IN SEQ*	SCENARIO 3: REFORM OF BOOKED MARKET ACROSS QUEENSLAND	SCENARIO 4: REFORM OF INDUSTRY ACROSS QUEENSLAND
LICENCES			
Number of issued taxi licences are government controlled. Licences are perpetual.	New licence category for ride-sourcing, renewed annually enabling access to the booked market in SEQ.** No limit on ride-sourcing licence numbers. Taxi licence review and tender process revised in SEQ. Remove prescriptive requirements for limousines (i.e. wheelbase and luxury car tax threshold).	Limousine and ride-sourcing licences grouped in new category for booked services. Renewed periodically. No limit on ride-sourcing licence numbers. Entry restrictions maintained for rank and hail. Remove prescriptive requirements for limousines (i.e. wheelbase and luxury car tax threshold).	Remove all licence categories and introduce a nominal annual administration fee enabling all operators access to booked and rank and hail markets. No limit on the number of operators, but all must be accredited.
FARES			
Maximum fares and additional fees are determined for taxis.	Allow for the application of fees for extra services (i.e. lift fees for WATs).	Deregulate fares for the booked market but retain maximum fare regulation for rank and hail market. Allow for the application of fees for extra services (i.e. lift fees for WATs).	Deregulate fares for the booked and rank and hail markets.
BOOKING COMPANY AFFILIATION REQUIREMENT			
Taxi operator in a contracted service area must be affiliated with a TBC.	Remove affiliation for SEQ.	Remove affiliation state-wide.	Remove affiliation state-wide.
GEOGRAPHIC SERVICE AREAS			
Taxi licences aligned with specific TSAs.	Merge TSAs in SEQ.	Allow all services for the booked market to operate without limitations. Rank and hail markets within existing TSAs maintained.	Allow all services to operate without limitations.
VEHICLE SAFETY			
Current legislation covers a variety of vehicle safety concerns.	All market participants subject to the current certificate of inspection, and vehicle age and safety feature requirements.	More focus on co-regulation between government and industry. Must comply with a recognised safety rating (such as ANCAP) and meet a minimum rating.	Greater degree of industry self-regulation. Must comply with a recognised safety rating (such as ANCAP) and meet a minimum rating.
DRIVER SAFETY			
Current legislation covers a variety of driver safety concerns.	All market participants subject to the current requirements (i.e. fatigue management, blood alcohol content). Revise prescriptive in-vehicle safety requirements for service providers.	All market participants subject to the same driver requirements under the current model (i.e. fatigue management, blood alcohol content). Remove prescriptive in-vehicle safety requirements for all service providers but adopt an outcomes-based framework.	All market participants subject to current requirements (i.e. fatigue management, blood alcohol content). Greater degree of industry self-regulation.
CUSTOMER SAFETY			
Current legislation covers a wide variety of customer safety concerns.	All market participants must have DA and be easily identifiable through vehicle signage/branding.	More focus on co-regulation between government and industry.	Greater degree of industry self-regulation.

*SEQ is defined as existing taxi service areas in Brisbane, Gold Coast, Sunshine Coast, Redcliffe and Ipswich.
**In regional Queensland where there is currently no taxi service operating, the introduction of ride-sourcing services could be considered.

In addition to the scenarios, the taskforce has outlined other reforms to better integrate the personalised transport industry with the public transport network. These reforms are described in section 3.3 and, in combination with the scenarios, will create opportunities to improve the efficiency of the industry and enhance the overall transport system.

Simplifying the existing regulatory framework would deliver significant benefits, as long as any proposed changes align with broader public interest concerns. In this context, there is potential to lower prices and widen customers' choice of service providers.

Reforms which present a move to a market-driven framework would provide incentives for operators to innovate in order to satisfy customer expectations. Removing barriers (and costs) to enter the market could boost activity where it is needed, providing greater access to services where there is an increase in demand.

Placing greater responsibility on operators to meet quality standards would also reduce the regulatory burden on government.

The taskforce is also considering whether different approaches to reform may be required for South East Queensland (SEQ) and the rest of Queensland.

Scenario 1: Existing industry maintained

Potential market implications – social and economic perspectives

This scenario is the baseline of activity under the existing regulatory framework. This will also be the default against which other reform scenarios are assessed. This scenario assumes that enforcement of penalties against unregulated ride-sourcing operations is successful, although it is noted that it has not significantly deterred operators to date.

While this scenario is the least disruptive to existing taxi service providers, the taskforce acknowledges that the current regulatory environment is no longer fit-for-purpose in the digital age.

Many of the public interest concerns that underpin the existing regulation may now be met by technology and market-driven solutions. In particular, technology has enabled customers to be better informed than ever before, somewhat addressing concerns that taxi providers have superior bargaining power in the transaction between service providers and customers.

It is also acknowledged that the existing regime imposes significant barriers to entry and regulatory burden on service providers, while limiting scope for innovation in the personalised transport market.

By not introducing greater choice into the market, this scenario prevents the gain in customer welfare that we have observed in other jurisdictions.

Market entry restrictions create scarcity in the market for personalised transport which results in customers facing higher prices and longer wait times than would be the case in an environment where supply is not constrained.

In addition, this approach is likely to result in the government continuing to face significant enforcement burden as some ride-sourcing operators have demonstrated a willingness to operate outside the existing regulations.

The taskforce has reviewed this scenario against the guiding principles. This scenario satisfactorily meets all of the principles, with a higher level of satisfaction against the safe principle. A better balance against the guiding principles would be achieved with more emphasis and commitment to customer service and innovation.

Scenario 2: Reform of the booked market in SEQ

Potential market implications – social and economic perspectives

This scenario maintains existing market entry restrictions for rank and hail in SEQ. It also maintains existing taxi licensing arrangements for regional Queensland, in the booked and rank and hail markets.

Ride-sourcing is legalised in SEQ for the booked market and prescriptive requirements for limousines are removed.

It removes the requirement to be affiliated with a TBC in SEQ, and also merges the existing Brisbane, Gold Coast, Sunshine Coast, Redcliffe and Ipswich TSAs into one area known as SEQ.

Taxi licence renewals will move from perpetual to periodic. The transition to periodic renewal will be considered in more detail as part of the implementation strategy if this scenario is recommended to government in July.

This scenario introduces more competition and delivers greater choice for customers in the booked market. It retains a level of regulatory intervention that is not appropriate for the long-term as it is unlikely to be flexible enough to adapt to future challenges and opportunities.

All market participants are subject to the same vehicle and driver safety requirements, while some reform to prescriptive vehicle safety requirements is implemented to reduce the regulatory burden. Ride-sourcing vehicles must be easily identifiable through the use of vehicle signage or branding.

Customer interests and needs are somewhat addressed through increased competition, but there is more scope for simplification of the regulatory environment, to the benefit of both service providers and customers.

Experience in other jurisdictions suggest that the legalisation of ride-sourcing has led to increased demand for personalised transport services. Specifically, the introduction of these services overseas has resulted in overall growth in the market. While it is expected that competition in the booked market would rebalance the share of the market held by existing operators, ultimately customers would benefit from greater choice.

However, an indirect consequence of introducing competition in the booked market is that demand for rank and hail services may be diverted toward the booked market.

Given that taxis and ride-sourcing will be direct competitors for the booked market, the introduction of a new licence category for ride-sourcing will encourage industry to become competitive and provide additional flexible employment opportunities.

The taskforce has reviewed this scenario against the guiding principles. This scenario strongly meets all of the principles. It allows for greater customer choice and opportunity for industry innovation, both of which will promote economic growth and efficiency in the transport market.

Scenario 3: Reform of the booked market across Queensland

Potential market implications – social and economic perspectives

This scenario differs from scenario 2 in that it removes entry restrictions and maximum fares for the booked market for all of Queensland, while maintaining entry restrictions and maximum fares for the rank and hail market.

It removes the requirement to be affiliated with a TBC. It allows all services for the booked market to operate without limitations. Rank and hail markets within existing TSAs will be maintained.

A new operating licence category is established to accommodate ride-sourcing for booked services and also removes the prescriptive requirements for limousines and allows them to compete in the on-demand booked market.

This provides greater flexibility to enter and exit the booked market according to demand for these services, as well as encouraging competition and providing incentives for operators to innovate as the market evolves with changing technologies and customer demands.

Fares in the booked market will be set by the market, as customers can reject fares they consider unreasonable, while maximum fare regulation would be maintained for rank and hail work to provide confidence for customers that they will not be unknowingly exposed to unreasonable fares.

In addition, the reduced cost of entry, fare competition and greater flexibility in supply will benefit customers through greater choice, lower fare prices and shorter wait times.

A number of prescriptive safety requirements (e.g. in-vehicle safety cameras) are removed and an outcomes-based regulatory framework is adopted to encourage operators to use the equipment. This provides greater choice and flexibility to operators in how they address safety issues, and reduces their regulatory burden. In addition, vehicle age restrictions are removed, with a greater focus on the vehicle meeting various industry safety standards (i.e. the ANCAP safety rating).

It is in each provider's interest to deliver good quality customer service to retain business in a more competitive market.

While this approach takes into consideration the long-term interests of the customer, it is likely that there would be a period of adjustment in the short-term, as the market transitions to the new framework.

By removing market entry restrictions and deregulating fares in the booked market, this scenario reduces many of the inefficiencies the current regulatory framework creates with customers being the main beneficiary.

While the existing industry is likely to place value on retaining exclusive access to the rank and hail market, the deregulation of the booked market will encourage industry to be more competitive.

Similar to scenario 2, there is potential for the introduction of ride-sourcing to result in additional demand for personalised transport services, growing the market overall. In addition, more flexible employment opportunities may result from deregulation of the booked market.

The taskforce has reviewed this scenario against the guiding principles. This scenario strongly meets all of the principles. It allows for greater customer choice and opportunity for industry innovation. It fosters investment in vehicles rather than licences and provides opportunity for innovation in the regions.

Scenario 4: Reform of the industry across Queensland

Potential market implications – social and economic perspectives

This scenario builds on scenario 3 by removing market entry restrictions and deregulating fares for the rank and hail market. The aim of this scenario is to provide a totally 'level playing field' for all service providers in the future.

In this scenario, demand is met by market forces, giving customers greater choice in what they want to pay for services. The deregulation of fares enables a range of pricing options for customers.

This scenario creates a highly flexible regulatory environment and regulates the sharing economy only as much as required to ensure safety and accessibility for the public. Greater responsibility is placed on the industry for maintaining and enforcing safety standards, adopting a greater market-led approach to regulation.

No specific licences are required to operate a personalised transport service, however a safety-focused accreditation scheme is retained with an associated administration fee.

The removal of entry restrictions creates a highly competitive environment with more diversity and choice for customers. Competition drives a reduction in wait times and fares as a result of market driven supply-demand matching and reduced regulatory burden on service providers.

This open market approach provides significant flexibility for personalised transport providers to innovate, and there is potential for market segmentation to occur based on price and levels of service.

There are a number of risks associated with this approach. Given the market-driven nature of service supply, there is a risk that less profitable areas may see a reduction in services and greater wait times. The government could chose to address the risks with direct forms of intervention, e.g. specific measures to ensure equal access for all Queenslanders.

Deregulation of fares in the rank and hail market may upset the balance of information between the customer and service provider. There is a risk that customer bargaining power is weakened in the transaction for these services.

Customers and the overall efficiency of personalised transport services are the main beneficiaries of this reform. This is because inefficiencies due to market entry restrictions and fare regulations are removed industry-wide, allowing the market the flexibility to differentiate and meet the demands of customers in innovative ways.

As identified in scenarios 2 and 3, deregulation has the potential for overall growth in the market for personalised transport while also providing flexible employment opportunities.

The taskforce has reviewed this scenario against the guiding principles. This scenario strongly meets all of the principles. It allows for greater customer choice and opportunity for industry innovation. It fosters opportunity for new business, removes prescriptive fares and pricing and increases competition.

Summary

The scenarios presented above provide some examples of reform packages.

Deliberation over these scenarios will include assessment of individual reform options as identified in section 4, in order to identify the appropriate mix of reforms which could deliver the greatest benefits.

Recommendations for reform will be put forward where there is strong potential for changes to deliver significant overall benefits to society. The relevant costs and benefits of these scenarios for individual stakeholder groups will also be considered in more detail and will inform strategies for transitional arrangements.

Q

Which of the four scenarios do you think is best for Queensland's future personalised transport industry? Why?

Q

Considering the range of reform options in section 4 would you make any changes to your preferred scenario? What would they be and why?

3.3 OTHER REFORM INITIATIVES

There are a number of reform initiatives that could be considered independently of the reforms outlined in the scenarios. These reforms could contribute to improved accessibility and better integrate personalised transport services with the passenger transport network.

Integrated passenger transport network

Integrating personalised transport into the larger passenger transport network could bring previously unforeseen efficiencies and opportunities for industry.

Infrastructure access

A number of stakeholders have raised concerns about access to WATs from ranks, including the limited number of ranks that are wheelchair accessible. Consideration could be given to providing guidance on standards or subsidies to support upgrades to this infrastructure.

In addition to access for wheelchairs it is suggested that consideration is given to traffic management around late night entertainment precincts and at major events to ensure more efficient use of personalised transport and available infrastructure (e.g. pick up and drop off points) to move people quickly and safely into and out of these zones.

First and last mile

The first and last mile refers to the distance an individual must travel in order to access public transport. First and last mile issues must also be considered in an integrated passenger transport network, as it highlights that most commuter journeys do not begin at the train or bus stop.

The use of feeder personalised transport services is one solution to the first and last mile issue. By bridging the gap between public transport and the points where journeys start and end, combined with the use of a seamless payment option, it would improve integration across passenger transport modes.

Special events

Special events, such as major sporting events, music concerts and festivals, and other cultural events attract a large number of people to one location. Managing demand during special events is primarily the role of event organisers or the venue management. For some venues, management bodies are established, comprising key local stakeholders including residents, business and government, to address issues arising from the transport needs of many people within a short period of time.

Under the *Major Events Act 2014* a taxi may be driven in a major event lane if authorised by the relevant authority[23]. If more transport options were introduced to support existing event transport strategies, there may be opportunities to introduce more personalised transport services such as rank and hail at specific locations, or shuttle services to other local destinations.

Partnerships

Personalised transport services could supplement public transport by utilising the following models:

- combining personalised transport vehicles with current extended public transport service hours to provide improved late night/weekend services
- contracting out these services to taxi operators.

Such strategies have been operating in areas of Brisbane, Ipswich and the Sunshine Coast, and could be expanded to low patronised public transport routes.

Payments

Surcharge

Cabcharge currently imposes a 10 per cent surcharge on electronic payments in Queensland taxi services. Most jurisdictions across Australia have reviewed, or are reviewing, the maximum surcharge that can apply to electronic payments in taxis. Electronic payment surcharges are capped (or will be capped) at:

- Tasmania – 10%
- South Australia (SA) – 5%
- New South Wales (NSW) – 5%
- Australian Capital Territory (ACT) – 5%
- Western Australia (WA) – 5%
- Northern Territory – 5%.

The taskforce has the scope to follow suit and reform should be considered in the interests of the customer.

Smart technology based payment systems

A core strategy for an integrated transport network would be having one integrated ticket, electronic ticket (such as a TransLink *go* card) or replacement technology available on all public transport and personalised transport services.

The fares payable would be aligned to the various public transport fare structures across the state. Importantly, these fares would need to be set at a level that did not undermine the current public transport network in order to provide greater choice for customers and opportunities for increased use of taxi services.

Detailed consideration and modelling would be required to determine eligibility to use such a payment system and access the fare structure, to optimise the use of all passenger transport services.

Consideration may also be given to establishing an integrated platform to support mobility across transport modes, which would see government facilitate the development of a technology platform that integrates all passenger transport services, potentially expanding it to include booking and payments systems.

Reform of taxi service areas

The taskforce has identified potential benefits in redefining the existing TSAs to align with other administrative boundaries, such as local government boundaries. This will better align service provision with community need.

Each of these reform options will help improve accessibility and better integrate personalised transport services with the public transport network, as well as providing opportunities for better use of taxis.

3.4 SHAPING THE MARKET OF THE FUTURE

The taskforce was asked to consider the impacts of reform on existing industry participants. The previous sections outlined some possible reform scenarios and opportunities to improve integration with the broader public transport network. However, any changes to the existing framework will require careful consideration in terms of the public interest for a fair and orderly transition.

Several contributing factors have already started the process of structural change in Queensland's personalised transport industry. While changes to the existing regulatory environment are being pursued in the interest of removing unnecessary regulatory burden on industry, and in the interests of competition and innovation, the taskforce acknowledges reform in this space is likely to accelerate the speed of these changes.

[23] *Major Events Act 2014*, s39

With this in mind, the taskforce was also asked to consider options to enable a seamless transition for the personalised transport industry and the Queensland economy. The scale of this impact, and subsequent policy considerations for transition, will depend on the nature of the changes recommended.

In its consideration of potential transition strategies, the taskforce will take into account public interest objectives associated with facilitating an efficient and sustainable market for personalised transport – specifically, each option's performance across the review's guiding principles.

In a broad sense, strategies for facilitating market transition will be assessed against the relative costs and benefits of reform under a number of scenarios that consider the level of government intervention, the timing of transition, and the relative financial implications of reform options.

Options to be considered may include:

- Reliance on market forces

  Under this option, government intervention in the transition process would be kept to the minimum that is required to maintain the public interest. The speed and scope of the adjustment would be determined by the market.

- Enabling orderly adjustment

  This option may be appropriate where it is determined to be in the public interest for the government to play an active role in enabling market adjustment, by implementing a staged approach to reform. This approach would be aimed at stabilising the transitional impacts of reform on stakeholders. The mechanisms through which these impacts will be managed will depend on the final recommendations made by the taskforce.

Other jurisdictions have taken various approaches to manage the transition to a new regulatory environment (more information is provided at Appendix C):

NSW

Ride-sourcing has been regulated. Taxis retain sole access to the rank and hail market and no new taxi licences released in Sydney for at least four years. A $250 million industry adjustment package funded through a $1 levy on trips. Perpetual licences will transition to annual licences, renewable up to nine times[24].

ACT

Ride-sourcing has been regulated. Taxis retain sole access to the rank and hail market. Annual taxi licence fees will be reduced by 75 per cent overall ($20,000 to $5000), while hire car fees will be reduced from $4600 to $100 per annum. No adjustment package[25].

WA

A new omnibus licence category has been created to encourage new drivers and vehicle owners to comply with essential requirements. Taxis retain sole access to the rank and hail market. Introduction of a cost recovery model for all licence categories, significantly reducing metropolitan government-leased taxi plate fees and increasing omnibus and regional taxi-car licence plate fees. A transition assistance program and hardship fund will be developed in consultation with industry[26].

SA

Ride-sourcing has been regulated. Taxis retain sole access to the rank and hail market. There will be no release of new taxi licences for at least five years. The industry review recommended that government should give consideration to hardship assistance. The government has since offered an industry assistance package for licence holders and lease holders, funded by a levy on all metropolitan journeys[27].

While recognising that Queensland's personalised transport industry is different to other jurisdictions, the taskforce will consider various approaches to manage any potential transitional impacts. Ultimately, the recommended market transition strategy will balance the needs of the community with stability of the industry.

[24] Point to Point Transport Taskforce, November 2015, *Report to the Minister for Transport and Infrastructure*
[25] *ACT Taxi Industry Innovation Reforms*, 2015
[26] Western Australia Government, 18 December 2015, *Green light for on-demand transport industry reform*, available at https://www.mediastatements.wa.gov.au/Pages/Barnett/2015/12/Green-light-for-on-demand-transport-industry-reform.aspx, accessed 9 May 2016
[27] South Australia Government, 12 April 2016, *State Government to reform the taxi and chauffeur vehicle industry*, available at http://www.premier.sa.gov.au/index.php/jay-weatherill-news-releases/381-state-government-to-reform-the-taxi-and-chauffeur-vehicle-industry, accessed 10 May 2016

3.5 GOVERNANCE

Future regulatory framework

Technology will continue to develop at an accelerating rate and be unpredictable, and it seems certain that industry and the broader community will continue to embrace opportunities enabled through emerging technologies.

These technologies may bring opportunities that change the public interest, and regulatory frameworks need to be adaptable to keep pace with this change.

The spectrum of regulatory alternatives that can be applied to different situations to achieve various regulatory outcomes, includes prescriptive regulation, performance based regulation, co-regulation and codes of practice (see Appendix D). The taskforce accepts that it is preferable to use as little intervention as possible to allow flexibility for industry to achieve public interest goals.

There is also an opportunity to adopt a more sophisticated model of risk-based enforcement and compliance, harnessing the efficiencies offered by technology and data, regardless of which reforms are adopted.

Q **What other alternatives to regulation could help maintain the public interest?**

Appropriate regulatory mechanisms

When analysing the scenarios and individual reform options, the taskforce will consider the best regulatory mechanisms to deliver optimal benefits to industry, customers and government, in terms of:

- cost effectiveness for industry, customers and government
- best practice customer service
- flexibility and ongoing relevance regardless of an uncertain future
- the least amount of government intervention while still protecting the public interest
- collecting relevant and accurate data to support quality decision making and policy development
- minimising the cost of regulation and enforcement (government) and compliance (industry), so that it does not outweigh the economic benefits of reforms to industry, customers, government and the broader Queensland economy.

TALKING POINT

Some public interest considerations for government may include, for example:

- *can driver, passenger and community safety be upheld without the use of prescriptive regulation?*
- *could best practice customer service standards be realised through prescriptive regulation, co-regulation, an industry code of conduct or peer-to peer rating systems? Should government intervene or allow industry to implement service differentiation for customer experiences?*
- *what aspects of the current regulatory framework cause anti-competitive behaviour?*
- *what aspects of the current regulation hinder the integration of personalised transport with the broader passenger transport network?*
- *what other initiatives can government implement to better integrate personalised transport services with the broader passenger transport network? How will these initiatives enhance existing social inclusion services for people with reduced mobility and the ageing population?*

A number of options exist to ensure a future regulatory framework allows for innovation, promotes competition and choice for customers and is dynamic enough to be able to adapt as new opportunities arise.

Chain of responsibility

A chain of responsibility could be introduced that comprises clear descriptions of the functions and accountabilities of all parties, and ensures that parties are held accountable for any breaches. This would give greater assurance that accountability is spread throughout the supply chain, and that enforcement does not just target one party. Reforms in both WA and NSW have included a chain of responsibility approach.

In the current environment, some new market entrants place responsibility on the driver for a large part of the service they provide. This has repercussions for ride-sourcing services where the majority of the legal responsibility is placed on the driver and the facilitator cannot be held accountable. A chain of responsibility, for example, would share these responsibilities across all parties with a role in the function being regulated.

The taskforce notes the current DA is complex and is the mechanism used to ensure compliance with the relevant standards.

Q **Which party in the supply chain should be responsible for complying with the relevant standards?**

Future industry oversight

In order to ensure that the future regulatory framework can adapt to changing market conditions, support future competition in the industry and promote innovation, the taskforce has identified the potential role for an independent industry commission.

This industry commission, as the regulator, would have authority to administer the new regulatory framework and promote efficiency, effectiveness and improved productivity. The commission would be responsible for maximising the use of technology and ensuring there is a risk-based compliance and enforcement strategy.

The commission would be accountable for:

- undertaking an efficiency audit of implementation on a regular basis
- undertaking productivity reviews, as required
- administering the regulatory framework, including effective compliance and enforcement, with the authority to take appropriate corrective action as required (legislative amendment and enforcement action)
- developing sequential five year industry strategic plans.

The commission would be led by a commissioner and report directly to the Queensland Minister for Transport. The commissioner would be supported by an advisory board of key stakeholders, comprising government agencies and industry representatives, responsible for providing strategic advice on the industry.

The ability to undertake productivity reviews would allow the commission to conduct an evidence based analysis of the industry and adapt the regulatory framework if required.

Q **Does the industry require an oversight body? If so, what functions should it perform?**

The taskforce will consider the above matters as they relate to the guiding principles in order to ensure a potential future regulatory framework supports a competitive and innovative industry that enhances customer choice and accessibility.

3.6 WHAT DO YOU THINK?

In order to start discussions with stakeholders, and guide submissions to this paper, a number of questions have been posed throughout the paper. A full list of these is below.

These questions relate to topics raised throughout the paper, such as regulating the sharing economy, public interest, and future industry oversight.

- What are the implications of technological change for the personalised transport industry in Queensland, and for government? (page 23)
- How might new business models in the sharing economy impact on the public interest and what form of government intervention is appropriate (if any)? (page 23)
- Should the sharing economy be regulated by government and, if so, how? (page 24)
- Which of the four scenarios do you think is best for Queensland's future personalised transport industry? Why? (page 28)
- Considering the range of reform options in section 4 would you make any changes to your preferred scenario? What would they be and why? (page 28)
- What other alternatives to regulation could help maintain the public interest? (page 31)
- Which party in the supply chain should be responsible for complying with the relevant standards? (page 32)
- Does the industry require an oversight body? If so, what functions should it perform? (page 32)

Section 4
Implications of future options

In section 3, the taskforce presented four possible reform scenarios, from maintaining the existing regulatory framework to the adoption of reform options that would simplify and reduce regulatory burden for industry, and lead to increased competition and customer choice.

In developing these scenarios, the taskforce was mindful that elements within each scenario are interlinked, and the impact of each element depends on whether the reform options are partially or fully applied.

To help readers in their deliberation of the scenarios, these options are explored in more detail in this section, looking at those that exist in the current regulatory framework, as well as options that would take effect in a deregulated market.

4.1 LICENCING

Reform options: Licence categories

1 INTRODUCE RIDE-SOURCING LICENCE CATEGORY	2 NEW LICENCE CATEGORY FOR RIDE-SOURCING AND LIMOUSINES	3 NO LICENCES REQUIRED
An additional licence category is created for ride-sourcing market entrants that is separate and unique to the existing licence categories. A benefit would be the increased availability of personalised transport services providing more customer choice.	Licences for limousines and ride-source market entrants are grouped. Taxi licences for the 'rank and hail' market are retained. This new category of licence would reduce the regulatory burden for the existing limousine industry by removing prescriptive requirements for these vehicles. Limousines would become a market segment for the on-demand, booked market. Taxi licences would be retained.	Licences for all categories of personalised transport are removed. A safety-focused accreditation scheme is retained with an associated administration fee. This would see significantly less involvement of the government in the market. A benefit of this option is that reforming quantity restrictions would make the market more contestable. Market segmentation may also occur, offering customers greater choice.

Reform options: Licence duration

If participants continue to need a specific licence to operate in the personalised transport industry, reform options in this area could include:

1 ANNUAL RIDE-SOURCING LICENCES	2 PERIODIC LICENCE RENEWAL	3 ANNUAL TAXI LICENCES
All ride-sourcing providers are required to renew their licence annually and these are non-transferrable. If limousines are grouped with ride-sourcing, then limousines also hold annual licences. A benefit is that licences would not hold any particular value in the market and thus, would not hold any investment value.	Licences granted subject to a periodic renewal process at the completion of a fixed term (longer than 12 months).	All existing taxi licences are converted to annual and all new taxi licences are issued annually.

Reform options: Number of licences

The regulator currently determines the number of available taxi licences. There are currently no number restrictions for limousine licences.

1 TAXI LICENCES ARE CAPPED BUT REVIEW PROCESS IS REVISED. NO LIMIT ON RIDE-SOURCING LICENCES	2 PERSONALISED TRANSPORT LICENCES AVAILABLE FOR PURCHASE AT ANY TIME
Taxi licence numbers remain capped with current review process in place revised. No limit on the number of ride-sourcing licences.	Transition required but would ultimately limit the value of a licence and subsequent investment.

4.2 FARES AND PRICING

Reform options: Fares

There is scope for reform of the regulatory approach to maximum fares.

1 ALLOW PERSONALISED TRANSPORT SERVICES TO APPLY FEES FOR EXTRA SERVICES	2 ALLOW BOOKED SERVICES TO SET THEIR OWN FARES, WHILE RETAINING MAXIMUM FARES FOR RANK AND HAIL	3 DEREGULATE FARES FOR BOOKED AND RANK AND HAIL MARKETS
For example, lift fees could be introduced for WATs. This would be consistent with reform in other Australian jurisdictions.	Removing maximum fare regulations for the booked market encouraging competition. Certainty would remain regarding rank and hail fares.	Remove all fare regulation. Rank and hail customers may be unknowingly exposed to high pricing as they have less opportunity to shop for the best price (as occurs in the booked market).

Reform options: Taximeters

Reform regarding taximeters, in combination with other fare and payment reform options, could deliver innovative approaches to improving accountability and accessibility for both customers and industry. This approach could see the development of cross-platform virtual meters.

1 TAXIMETER REQUIREMENTS REMAIN PRESCRIPTIVE WITH HARDWARE INTEGRATED INTO VEHICLES	2 PRESCRIPTIVE REQUIREMENTS REGARDING TAXIMETERS REMOVED	3 INDUSTRY SELF-REGULATES FARE CALCULATIONS
Customers accessing personalised transport via rank and hail benefit from the taximeter being hardwired into the vehicle. Any change to regulations would need to consider safety aspects.	Depending on fare reform, maximum fares may have to remain programmed. Less prescriptive requirements could allow the established industry to adapt and be innovative in response to competition, including the development of virtual meters. Reform has the potential to remove a cost burden for industry.	The regulator may require associated reform to ensure transparency.

Reform options: Fare information

Reform should address information imbalances between service providers and customers. While fare information is currently regulated, it is likely that there are more clear and accessible approaches to providing information to customers. These options could also address surge pricing concerns.

1 CURRENT FARE INFORMATION REQUIREMENTS REMAIN	2 PERSONALISED TRANSPORT PROVIDERS REQUIRED TO PROVIDE CUSTOMERS WITH A FARE QUOTE
Fare information is regulated by government.	Fare quote would be provided before the journey and must be accepted by the customer. While surge price capping would remain unregulated for ride-source services, pricing information disclosure requirements would be regulated to ensure transparency for customers across all personalised transport services.

Reform options: Electronic payment surcharge

All other Australian jurisdictions (with the exception of Tasmania) have reduced, or announced their intention to reduce, the maximum surcharge on electronic payments. Reform in this area would be consistent with this approach and in the best interests of customers.

1 5% ELECTRONIC PAYMENT SURCHARGE CAP	2 2.5% ELECTRONIC PAYMENT SURCHARGE CAP	3 ELECTRONIC PAYMENT SURCHARGE ELIMINATED
Surcharge capped at 5% of the value of the transaction. This would provide the potential to standardise a rate in line with other Australian jurisdictions and would benefit customers.	Surcharge capped at 2.5% of the value of the transaction.	Surcharge eliminated on all transactions.

4.3 BOOKING COMPANY AFFILIATION

Reform options: Booking company affiliation

Options for reform in this area would look to provide greater choice for customers and increase competition between providers within the sector, also allowing for market segmentation to occur where specialised providers may cater to a particular market sector.

The nature of reform in this area limits the choice of reform options.

1 AFFILIATION WITH A BOOKING COMPANY NO LONGER REQUIRED IN SEQ	2 NO REQUIREMENT TO BE AFFILIATED WITH A BOOKING COMPANY IN QUEENSLAND
This would allow greater competition in Queensland's biggest market, while acknowledging the different market environments and community needs throughout Queensland. An advantage is drivers could register with more than one booking service promoting choice and competition.	This reform would be consistent with other Australian jurisdictions and allow operators to affiliate with more than one booking company. An advantage is drivers could register with more than one booking service promoting choice and competition.

4.4 GEOGRAPHIC SERVICE AREAS

Reform options: Geography

When considering geographic segmentation reform options, it is important to note the challenges faced in rural and regional Queensland are different from those in SEQ. These challenges should be considered in their own context to ensure accessible services for all customers. Reform to geographic service areas should consider arrangements that would optimise the delivery of services for customers.

1 CONSIDER SEQ AS A SEPARATE MARKET TO THE REST OF QUEENSLAND	2 REMOVE GEOGRAPHIC RESTRICTIONS
This would allow regulated competition in Queensland's biggest market, while also providing some security in regional and rural Queensland, where taxis play an important community role. SEQ to be re-defined to include Brisbane, Gold Coast, Redcliffe, Ipswich and Sunshine Coast TSAs.	Allow all licences to operate in all services areas, without limitations.

4.5 VEHICLES

Safety has traditionally been a priority for regulators to ensure that passengers, drivers and the general public are not harmed. Safe vehicles are critical to minimising potential risk in personalised transport.

Vehicle inspections

In Queensland, taxis are inspected every six months, and must be made available for inspection by the regulator upon written notice. It is the taxi operator's obligation to ensure the vehicle is maintained in a safe condition. When a vehicle is audited, there must be evidence of repair summaries and daily pre-trip inspection records.

Limousines are also inspected every six months.

The existing requirements for taxi inspections are regulated in terms of the frequency of scheduled inspections and also the inclusion of periodic compliance audits. If ride-sourcing is legalised in Queensland, consideration could be given to aligning vehicle inspection requirements for taxis, limousines and ride-sourcing vehicles.

Reform options: Certificate of inspection requirements

1 EXISTING TAXI REQUIREMENTS APPLIED ACROSS ALL PROVIDERS	2 PRIVATE VEHICLE INSPECTION REQUIREMENTS APPLIED ACROSS ALL PROVIDERS
All ride-sourcing vehicles would be subject to the existing taxi certificate of inspection (COI) requirements, including six monthly inspections and audits as required. A benefit is that the public could be assured that taxis and ride-sourcing vehicles all meet the same stringent requirements.	Ride-sourcing vehicles are currently only held to safety certificate requirements for private vehicles, which are only required when vehicles are registered or registration is transferred. Under this option, all personalised transport vehicles would be subject to these requirements on a six-monthly basis. A benefit is that the public could be assured that all personalised transport vehicles meet the same requirements.

Reform options: Inspection responsibility

1 QUEENSLAND GOVERNMENT REGULATES VEHICLE INSPECTIONS ACROSS ALL PROVIDERS	2 QUEENSLAND GOVERNMENT AND INDUSTRY CO-REGULATE	3 INDUSTRY SELF REGULATES VEHICLE INSPECTION
Inspection regulations set and enforced by the government for taxis are extended to ride-sourcing operators. The benefit of this option is that the public can be assured that taxis and ride-sourcing vehicles all meet the minimum vehicle inspection standards and that the process is managed by the government.	Government provides high level regulatory guidance on the standard and systems (this could include electronic monitoring systems) for vehicle safety and the personalised transport industry implements the detail of those systems. Compliance with the implementation of systems and standards are performed by the government. The benefit of this option is a reduced 'hands on' compliance and enforcement burden for government.	The industry self regulates, imposing its own vehicle inspection standards and monitors them. There would be no vehicle inspection regulation by government. The benefit is a reduced 'hands on' compliance and enforcement burden for government. The disadvantage of this option is that there is potential for compliance to deteriorate under self-regulation, increasing public risk.

Reform options: Vehicle age and safety features*

1 QUEENSLAND GOVERNMENT REGULATES VEHICLE AGE	2 PERSONALISED TRANSPORT VEHICLES HAVE NO AGE LIMIT RESTRICTION BUT MUST MEET MINIMUM SAFETY STANDARDS
Vehicle age is regulated for all personalised transport vehicles, with no reporting requirement for the vehicle safety rating or safety features. Vehicle age limits that are set and enforced by government for taxis and limousines are extended to ride-sourcing operators. The benefit of this option is that ride-sourcing vehicles are assured to be of the same maximum age as taxis and/or limousines. The disadvantage is a likely increase in vehicle fleet size which is likely to increase the compliance burden for government.	There is no regulation on the age limit of personalised transport vehicles however they must comply with an recognised safety rating (such as ANCAP) and meet a minimum rating prescribed by the regulator. The safety features of the vehicle must be maintained.* The benefits of this option are there is less regulatory burden for government and there is the assuredness that high ANCAP ratings should provide safety for passengers, drivers and pedestrians.

* These options would not be applicable to special purpose limousines manufactured prior to ANCAP.

TALKING POINT

The Australasian New Car Assessment Program (ANCAP) is an independent vehicle safety advocate. ANCAP safety ratings take into account the level of occupant and pedestrian protection in new cars. To achieve the maximum 5 star ANCAP safety rating, a vehicle must achieve the highest standards install crash tests and advanced safety assist technologies.[28]

4.6 DRIVER SAFETY

Driver safety

Taxi and limousine drivers are at high risk of assault and/or robbery in certain areas without suitable safety measures. In-vehicle devices such as cameras and silent duress alarms are the main measures used to mitigate attacks on drivers.[29,30]

Figure 4.1 shows the number of safety incidents caught on camera each year in taxis in Queensland for the past 10 years. Notably, assaults on drivers are of particular concern.

Figure 4.1 The number of taxi safety incidents caught on camera, 2006–2015.

Source: KPMG analysis, TMR

[28] Department of Transport and Main Roads. 2015. *Australiasian New Car Assessment Program*. Available at http://tmr.qld.gov.au/Safety/Vehicle-standards-and-modifications/Vehicle-standards/Australasian-New-Car-Assessment-Program.aspx. Accessed 11 May 2016

[29] Workplace Health and Safety Queensland, Department of Justice and Attorney-General, 2012, *Work health and safety for taxi drivers and operators*

[30] Barton, G. 1996, *Taxicab driver safety*, pp. 1–9, available at http://taxi-library.org/gord28.htm, accessed 10 May 2016

The safety of drivers can also be affected by their own driving behaviour such as speeding, not wearing a seatbelt, aggressive driving, using a mobile phone while driving, or driving while fatigued. Each of these can be addressed through education, or through feedback from vehicle telematic devices that can report data such as driving times, maximum speed, harsh acceleration and harsh braking to the TBC (if in a contracted area). TBCs can act on such data to address driver performance and safety, and workplace health and safety regulations can help ensure that unsafe driver actions are reduced[31]. These issues also have implications for the safety of passengers and the broader public.

The general road safety requirement for all drivers to wear seat belts is contentious in regard to taxi driver safety. On one hand, seatbelts are a well-established safety feature in vehicles to reduce injury severity and save lives. In contrast, there is an argument that seat belts pose a risk of strangulation to drivers if attacked. This argument then becomes one of whether seat belt wearing by drivers is on the whole safer than not wearing one. Currently taxi drivers are exempt from having to wear seatbelts.

Drink driving by professional drivers has a zero tolerance in Queensland. No alcohol is allowed in a driver's system when in control of a truck, bus, or taxi. However, ride-sourcing drivers are not currently under this obligation and would be held accountable only to the general drink driving standards, e.g. a blood alcohol content (BAC) of 0.05 per cent.

Fatigue management is currently managed by TBCs. TBCs are accountable for ensuring shift lengths are not excessive and drivers are not already fatigued when they start a shift. Shift workers do not get the same amount or quality of sleep on average compared to other workers[32]. While subjective assessments of one's own fatigue-state are not entirely reliable, the driver has a responsibility not to drive in an unsafe manner or undertake any work that may represent a workplace health and safety risk.

Reform options: Driver safety

There are a number of individual reforms that will enhance driver safety and flow onto increase the safety of the broader community.

1 FATIGUE MANAGEMENT ACCOUNTABILITY FOLLOWS THE INDUSTRY'S CHAIN OF RESPONSIBILITY	2 PROFESSIONAL DRIVER STANDARDS FOR ALCOHOL ARE IMPLEMENTED	3 SEATBELTS ARE A REQUIREMENT FOR PERSONALISED TRANSPORT DRIVERS
Accountability for fatigue management sits with all parties in the supply chain for the personalised transport industry and follows the industry's chain of responsibility. The benefit of this option is increased industry responsibility for ensuring that drivers are trained sufficiently in fatigue management and that organisational procedures are in place to monitor and manage fatigue.	Professional driver standards for alcohol use (zero BAC) is required for all personalised transport drivers. A benefit of this option is increased risk management that may reduce the likelihood of harm to drivers and others.	All personalised transport drivers are required to wear a seatbelt. A benefit of this option is decreased severity of injury for drivers in the event of a crash.

[31] European Agency for Health and Safety at Work, 2010, *Taxi Drivers' Safety And Health – A European Review of Good Practice Guidelines*
[32] UCLA Sleep Disorders Center, *Coping with shift work*, available at http://sleepcenter.ucla.edu/body.cfm?id=54, accessed 11 May 2016

In-vehicle safety equipment

In-vehicle cameras and silent duress alarms are used in taxis to reduce the risk of assault to drivers, customers, theft, and other unsafe behaviour. Security camera systems have been mandated in taxis in all metered areas of Queensland since 2005. These areas include most cities and major regional centres. As a result, at least 95 per cent of all taxis in Queensland are fitted with compliant camera systems. Upon first mandating the introduction of cameras the government contributed $8.4 million to their installation.

The use of technology to assist with safety is applicable across the personalised transport industry. However, the lack of hardwired in-vehicle equipment by ride-sourcing companies is not as robust as the current regulatory requirements imposed on taxis.

Reform options: In-vehicle safety equipment

The highly specific nature of the current regulatory requirements could be characterised as stifling innovation. It is arguable that an outcome based system, rather than a highly prescriptive one, could allow for more innovation through the more rapid adoption of technology.

1 REVISE PRESCRIPTIVE IN-VEHICLE SAFETY REQUIREMENTS FOR ALL PERSONALISED TRANSPORT SERVICE PROVIDERS	2 PRESCRIPTIVE IN-VEHICLE SAFETY REQUIREMENTS ARE REMOVED AND AN OUTCOMES-BASED REGULATORY FRAMEWORK IS ADOPTED	3 THE INDUSTRY REGULATES IN-VEHICLE SAFETY REQUIREMENTS
The state regulates and enforces prescribed in-vehicle safety equipment. These will be revised for all personalised transport service providers. The benefit of this option is that safety incidents are recorded for evidence and equipment may act to reduce the risk of assaults or other undesirable behavior. Another benefit of this option is the reduced regulatory cost and extra burden.	There are no prescriptive regulatory requirements to have in-vehicle cameras in personalised transport vehicles, instead outcomes-based requirements are included in the framework. The benefit of this option is reduced regulatory burden and increased opportunity for innovation. The disadvantage is that there will be variable approaches that may make it more difficult without appropriate transparency for customers to have a high level of confidence in in-vehicle safety equipment.	The accountability to ensure safety is upheld, through the use of in-vehicle safety equipment, is shifted from government to industry. A further element to this could be the requirement to display notification if a vehicle is fitted with a camera. The benefit of this option is reduced regulatory burden. The industry should also be motivated to ensure safety meets existing workplace health and safety requirements. The disadvantage of this option is that one layer of scrutiny is removed from this important area of public good.

4.7 CUSTOMER SAFETY

A primary concern for all regulators of personalised transport is the safety of the people who use these services.

The taskforce notes the public interest may require a different approach to safety regulation for customers who access services through rank and hail compared to the booked market.

Reform options: Driver screening

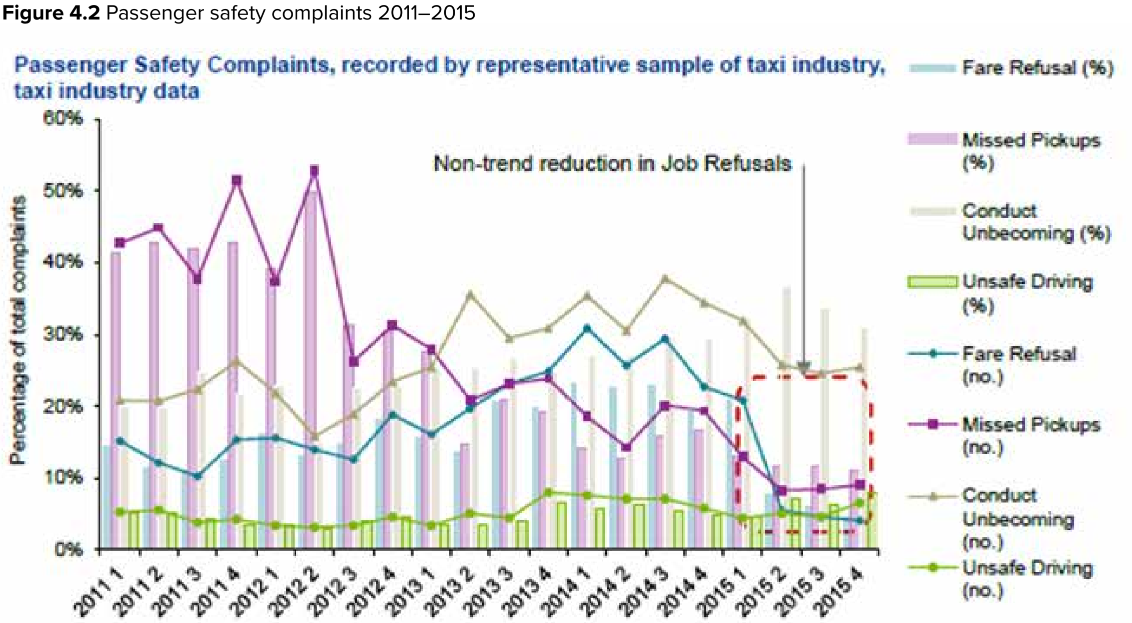
Taxi drivers are required to hold a DA. The taxi DA process requires criminal history and driving history checks.

1 CURRENT DA REQUIREMENTS ARE APPLIED TO RIDE-SOURCING DRIVERS	2 THE INDUSTRY ENFORCES MINIMUM DRIVER STANDARDS SET BY THE GOVERNMENT	3 THE INDUSTRY SELF-REGULATES THE DRIVER SCREENING PROCESS AND ENFORCES ITS OWN STANDARDS
The government regulates and issues DA for all personalised transport service providers. Current DA requirements for taxi and limousine drivers are applied to ride-sourcing drivers. The benefit of this option is that the public can be assured that all drivers are appropriately authorised.	Accountability to ensure that all drivers meet authorisation standards is shifted from government to industry. The government sets minimum driver standards by regulations and industry enforces those standards. To ensure industry meets accountabilities, this requirement could form part of industry contracts with government. The benefit of this option is reduced regulatory burden.	Personalised transport industry self-regulates and enforces its own standards. Accountability for driver screening sits solely with industry, which develops driver standards to ensure safety and ensures standards are complied with. The benefit of this option is reduced regulatory burden. A disadvantage of this option, despite its cost advantages, is that it removes one layer of scrutiny for this important area of public interest.

Figure 4.2 shows the number of complaints by passengers each year under key categories as well as the percentage of complaints that each category comprises. Notably, an increasing trend for ‘conduct unbecoming’ by drivers is evident up until recently.

Compulsory third party (CTP) insurance is administered by the Motor Accident Insurance Commission in Queensland (MAIC) for all registered vehicles and provides a financial safety net for drivers, passengers or members of the public if injured in a road crash. Taxis and limousines have prescribed annual CTP rates under the scheme (currently $6302.80[33] for taxis and $641.20 for limousines)[34].

Figure 4.2 Passenger safety complaints 2011–2015



Source: KPMG analysis, taxi industry data

[33] As at 10 May 2016.

[34] Motor Accident Insurance Commission, CTP premium calculator, Queensland Treasury.

The aim of CTP is to ensure that anyone injured in a road crash can be compensated based on the impact of their injury. As taxis travel far greater distances than private vehicles on average, they are deemed to be more exposed to potential crash involvement and, therefore, have higher premiums.

Notably, ride-sourcing vehicles currently operate with private vehicle CTP only ($336.60 annually). This is somewhat of a point of contention in that they carry passengers for a charge, however do not fall within the current regulatory framework and therefore do not technically align with any existing CTP category in Queensland.

If ride-sourcing is legalised in Queensland then the CTP category would be automatically matched to the registration class of the vehicle. A new CTP category could be introduced for ride-sourcing. If a flat CTP premium were introduced for ride-sourcing then this may not be equitable as drivers vary in the amount of time they are active in providing ride-sourcing services and their car is otherwise used for private purposes in many cases. If a 'floating' (variable) CTP premium could be introduced based on the proportion of active business purpose use or the distance travelled for business purposes, then this may be more appropriate.

Additionally, if a personalised transport vehicle was fitted with a telematics device that monitored driver behaviour and reported such data to the insurer or MAIC, then 'floating' CTP premiums established on an individual risk basis could be scoped for feasibility.

The safety features such as air bags, electronic stability control and anti-lock braking systems (ABS) could perhaps also assist in creating a risk profile. It must be noted, however, that these new categories do not align with the current vehicle class filing model and community rating principle used for CTP in Queensland.

Reform options: CTP insurance

1 IMPLEMENT A NEW CTP INSURANCE CATEGORY FOR RIDE-SOURCING VEHICLES	2 IMPLEMENT A SINGLE CTP INSURANCE CATEGORY FOR TAXI AND RIDE-SOURCING VEHICLES
A new class of CTP solely for ride-sourcing vehicles. The benefit of this option is that ride-sourcing vehicles are appropriately covered for CTP. A disadvantage is that it does not distinguish between ride-sourcing vehicles used mainly for business from those mainly used privately.	A single class of CTP captures taxis and ride-sourcing vehicles equally. The benefit of this option is that a larger 'pool' of eligible vehicles may result in lower CTP premiums for taxis. A disadvantage is that it does not allow for vehicles that are also used privately.
3 IMPLEMENT A SINGLE CTP INSURANCE CATEGORY FOR LIMOUSINE AND RIDE-SOURCING VEHICLES	**4 CTP INSURANCE FOR PERSONALISED TRANSPORT VEHICLES IS CALCULATED BASED ON INDIVIDUAL RISK**
A single class of CTP captures limousines and ride-sourcing equally. The benefit of this option is that ride-sourcing vehicles are aligned with other vehicles which are not on the road as frequently as taxis.	CTP insurance is calculated based on business use hours or distance travelled. Telematics devices and car safety features could help assess the level of risk. The benefit of this option is that individual risk profiles may make CTP premiums more affordable for drivers.

Crashes involving taxi, limousine and ride-sourcing services present a considerable risk of injury to the broader public. Road crashes involving taxis may be single-vehicle or may involve another vehicle, bicycle, or pedestrian, with either party at fault. Taxi crashes have in the past been found to be related to taxi driver anger and risk-taking behaviour[35].

While crash data for taxis is collected by police, nothing is currently known about crash rates for ride-sourcing as this data is not collected by authorities. If legalised, ride-sourcing vehicles would need some specific identifier for police to code their crash data. Such data would be important to monitor safety over coming years. Taxi 'most-at fault' injury crashes (by severity of injury) are shown in **Figure 4.3**. As very few fatal most-at-fault taxi crashes occurred, only other categories of injury have been shown. The most fatal injury crashes in any year was two in 2007 and again in 2011.

Reform option: Vehicle identification

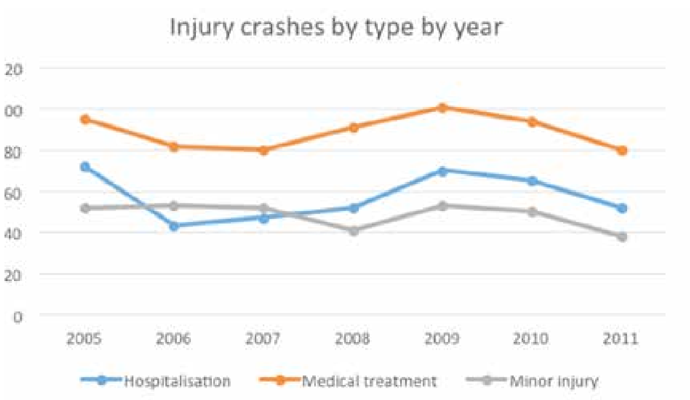
1

PERSONALISED TRANSPORT TO BE IDENTIFIABLE

Personalised transport vehicles must be easily identifiable through the use of non-perscriptive signage or branding.

This would be of benefit to the customer and compliance officers and assist with police with crash data collection.

Figure 4.3 Most-at-fault taxi injury crashes by severity, 2005–2011



Source: TMR

[35] Dalziel & Job 2011, *Taxi drivers and road safety*, Available at http://www.brake.org.au/Pages/Details/tabid/206/ArticleID/43/Taxi-Drivers-and-Road-Safety.aspx, accessed 10 May 2016

4.8 CUSTOMER EXPERIENCE

There is an opportunity to harness new technologies to improve customer experience and reduce regulation. Currently some aspects of customer service are regulated through service contracts between the government and TBCs. There are also rules pertaining to customer experience in both the regulation and the standard. Key requirements for customer experience include:

- universal service obligations for full-time coverage
- MSLs for wait times
- language and geographic knowledge of drivers.

> *Choice is often cited as one of the reasons that customer expectations of personalised transport has changed in Queensland.*

Peer-to-peer reviews

The growth of peer-to-peer reviews and ratings has been enabled through modern technology and is an obligatory part of using some services. There are both positives and negatives with this approach to rating — while a service provider is incentivised to provide a high level of customer service, there arises unintended issues regarding the ratings process, and appeals. For example, there is a risk that some customers could be unfairly refused service. Like any feedback or rating system, peer-to-peer rating can be subject to abuse through malicious or fictitious complaints.

Regardless, the use of peer-to-peer rating systems is an area for managing customer service quality in the future. Peer-to-peer rating systems could allow for self-regulation through third-party platforms that have powers to maintain standards. These rating systems rely on building and maintaining a brand's reputation for delivering and ensuring a positive customer experience.

Customer insight survey

Figure 4.4 shows results for taxi service from the government's customer insights survey. The categories align with some of the current regulations, such as providing safe, comfortable, and affordable on-demand service. Notably, the affordability of taxis has been rated poorly over recent years. Ease of use, safety and security, and comfort have all been rated reasonably high, however a slight downturn in these ratings is evident during the last year.

Figure 4.4 Customer opinions of taxi service, SEQ 2012–2016 (2nd quarter)

Source: TMR

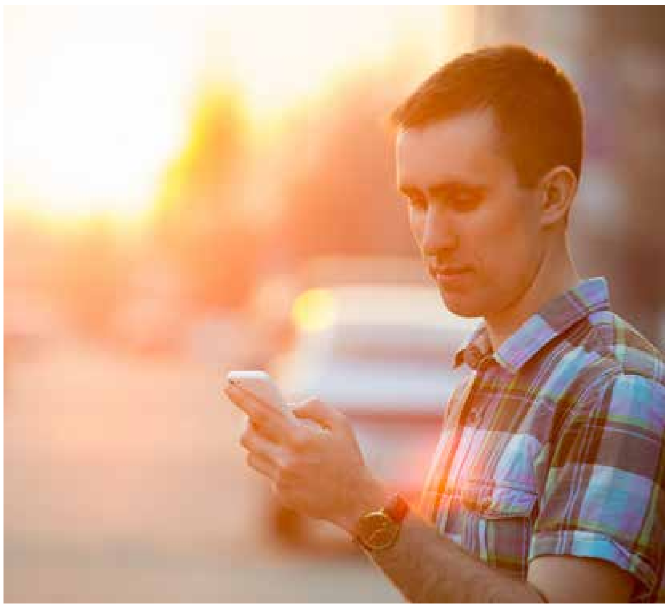
Universal service obligations – full-time coverage

In NSW, the recommendation was put forward in the government's Point-to-Point Review to remove the requirement to provide a continuously operating booking service. This came with the approval for ridesharing (ride-sourcing) providers to operate in NSW.

Minimum service levels

MSLs specify the minimum dispatch and waiting times to be provided by a TBC.[36] They are a part of any public passenger transport service that is provided under a service contract. Whether these MSLs are needed is a matter for consideration, as technology can facilitate greater transparency around service provision. TBCs are required to have a plan to service peak demand.[37]

Table 4.1 shows the degree to which wait time MSLs have been met recently for conventional taxis. **Table 4.2** shows how they have been met for WATs. If entry restrictions were lessened, demand should theoretically be easier to meet.



[36] *Service contract*, s5.1, Schedule 3
[37] *Transport Operations (Passenger Transport) Act 1994*, s67A; *Service contract*, s17.1

Table 4.1 Wait times for conventional taxi booked services in SEQ and large regional centres (LRCs) for 2015

QLD CONVENTIONAL TAXIS MINIMUM SERVICE LEVEL PERFORMANCE 2015						
	PEAK			OFF-PEAK		
	LESS THAN 18 MINS	LESS THAN 30 MINS	OVER 30 MINS	LESS THAN 10 MINS	LESS THAN 20 MINS	OVER 20 MINS
MSL TARGETS	85%	95%		85%	95%	
SEQ	**96.5%**	**99.2%**	**0.8%**	**87.9%**	**98.3%**	**1.7%**
Brisbane	96.8%	99.2%	0.8%	88.0%	98.4%	1.6%
Gold Coast	97.4%	99.4%	0.6%	89.2%	98.3%	1.7%
Ipswich	94.2%	98.3%	1.7%	84.4%	97.8%	2.2%
Redcliffe	91.5%	97.6%	2.4%	78.5%	94.9%	5.1%
LARGE REGIONAL CENTRES	**97.5%**	**99.2%**	**0.8%**	**92.8%**	**99.0%**	**1.0%**
Cairns	99.1%	99.9%	0.1%	94.5%	99.4%	0.6%
Sunshine Coast	98.7%	99.6%	0.4%	96.2%	99.0%	1.0%
Toowoomba	98.7%	99.7%	0.3%	93.7%	99.1%	0.9%
Rockhampton	93.7%	97.4%	2.6%	84.8%	97.4%	2.6%
Mackay	98.1%	99.6%	0.4%	91.2%	98.8%	1.2%
Townsville	98.1%	99.5%	0.5%	93.7%	99.2%	0.8%
REST OF QUEENSLAND	**96.6%**	**99.1%**	**0.9%**	**89.5%**	**98.0%**	**2.0%**

Source: KPMG

Not meeting MSL requirements

Table 4.2 Wait times for WAT booked services in SEQ and LRCs for 2015

QLD WAT MINIMUM SERVICE LEVEL PERFORMANCE 2015						
	PEAK			OFF-PEAK		
	LESS THAN 18 MINS	LESS THAN 30 MINS	OVER 30 MINS	LESS THAN 10 MINS	LESS THAN 20 MINS	OVER 20 MINS
MSL TARGETS	85%	95%		85%	95%	
SEQ	**84.6%**	**94.4%**	**5.6%**	**65.6%**	**88.3%**	**11.7%**
Brisbane	85.5%	94.8%	5.2%	65.9%	90.1%	9.9%
Gold Coast	81.2%	93.3%	6.7%	66.2%	85.9%	14.1%
Ipswich	78.9%	92.0%	8.0%	61.6%	87.8%	12.2%
Redcliffe	80.0%	92.2%	7.8%	63.1%	84.8%	15.2%
LARGE REGIONAL CENTRES	**91.7%**	**97.9%**	**2.1%**	**77.6%**	**94.6%**	**5.4%**
Cairns	92.8%	98.9%	1.1%	77.8%	95.4%	4.6%
Sunshine Coast	95.0%	98.9%	1.1%	93.5%	97.1%	2.9%
Toowoomba	94.0%	98.7%	1.3%	78.9%	95.9%	4.1%
Rockhampton	92.8%	97.8%	2.2%	78.4%	93.7%	6.3%
Mackay	87.3%	96.3%	3.7%	70.8%	93.0%	7.0%
Townsville	91.3%	98.1%	1.9%	73.4%	93.4%	6.6%
REST OF QUEENSLAND	**94.2%**	**98.6%**	**1.4%**	**75.7%**	**93.6%**	**6.4%**

Source: KPMG

Not meeting MSL requirements

Reform options: Universal service obligations

1 CURRENT MSLs ARE MAINTAINED AND EXTENDED TO RIDE-SOURCE SERVICES	2 A MSL CODE OF PRACTICE IS DEVELOPED AND IS ENFORCED BY THE INDUSTRY
Extend and enforce minimum service standards across all personalised transport providers. A benefit is that personalised transport services are held accountable for a minimum level of service provision. A disadvantage is that service providers are not empowered to innovate without government oversight.	An industry code of practice containing MSL requirements to ensure sufficient service is provided to the public. Industry would be accountable for enforcing the code. A benefit is less regulatory burden. A disadvantage is that there may no longer be a guarantee that services will be available any day and at any time, meaning accessibility may be reduced.
3 SERVICE STANDARDS ARE REMOVED AND THE INDUSTRY SELF-REGULATES	**4 THE INDUSTRY SELF-REGULATES SERVICE STANDARDS, PROVIDES DATA AND PUBLISHES SERVICES STANDARDS**
The government removes all service standard requirements allowing for the personal transport industry to self-regulate. Each industry operator stipulates their own service levels, for example, hours of service and wait times. In a self-regulated market, it would be expected that passengers will align with operators that suit their individual service needs. A benefit is more flexibility for industry and more efficient use of assets. A disadvantage is that there may no longer be a guarantee that services will be available any day and at any time, meaning accessibility may be reduced.	Remove all prescriptive service quality requirements but impose mandatory data reporting and publishing of service standards by all personalised transport providers. Publishing of performance standards by providers is required to allow informed customer choice. A benefit of this option is that customers can view each provider's performance results regarding wait times and other service measures, before making an informed choice.

Customer service, passenger comfort and choice

The uptake globally of the shared economy has provided customers with greater choice.

In a competitive market customers are free to choose the services that they consider are most suitable for their needs and preferred level of service or standard. Deregulation of customer service standards may also reduce the compliance burden.

A potential major benefit of increased competition is a reduction in wait times for customers as well as market segmentation. Some customers may prefer a lower priced 'no frills' service while others may prefer a more inclusive higher-priced alternative[38]. Targeted segmentation for specific populations such as female passengers and drivers, or the elderly has occurred in other jurisdictions.

Customer loyalty discounts and points programs (such as frequent flyer) are incentives that operators and drivers may implement to attract customers in commercially competitive markets. Loyalty programs and other business partnerships could also be considered if customer service standards are deregulated.

[38] Western Australia Economic Regulation Authority, *Inquiry into Microeconomic Reform in Western Australia: Final Report*

Reform options: Customer service, comfort and choice

1 EXISTING CUSTOMER SERVICE STANDARDS ARE MAINTAINED AND APPLIED TO ALL PROVIDERS	2 THE INDUSTRY IS SELF-REGULATED AND PROVIDERS SET INDIVIDUAL CUSTOMER SERVICE STANDARDS
Existing customer service standards are maintained for all providers. The disadvantage is increased regulatory burden.	Removal of all customer service requirements, allowing the personalised transport industry to self-regulate customer service and comfort. The benefit is that industry decides the level of service it will provide. It could be expected that various market segments would arise based on the level of service offered by different providers. The disadvantage of this option is by providing cheaper services to the public, customer service may be compromised.

Language and geographic knowledge

The 2011 census revealed that 24.6 per cent of Australia's population was born overseas,[39] with over 200 languages spoken in Australia.[40] Almost 10 per cent of Queensland's population is from a non-English speaking background with the highest concentration present in Brisbane.[41]

Taxi drivers need to interact with all people, and therefore accommodate a variety of cultural differences and English speaking skills. Currently in Queensland, English language competency is required,[42] and drivers must 'have a knowledge of common destinations and major connecting roads within the taxi service area where the applicant intends to drive the taxi'.[43] Whether English language competency and geographic knowledge needs to be regulated is a matter for consideration.

Tourism is a significant contributor to the Queensland economy, and the personalised transport industry provides a key service for these visitors to access and explore the many attractions Queensland has to offer. As such meeting the expectations and needs of the growing number of visitors to Queensland is an important consideration for the taskforce. In particular, while growth in visitation from Asian markets presents significant opportunities for Queensland and the personalised transport industry, communicating with customers with language differences may present a growing challenge for the industry.

Most states of Australia require drivers to possess a certain level of English language competency, with some, like Queensland, requiring mandatory testing. NSW recommended the removal of mandatory testing; however, recommended that the minimum standard be kept for rank and hail work. It was recommended that taxi organisations have flexibility in determining whether a driver meets this standard or not.[44]

[39] Australian Bureau of Statistics, 2012, 2011 *Census reveals one in four Australians is born overseas*, available at http://abs.gov.au/websitedbs/censushome.nsf/home/CO-59, accessed 10 May 2016

[40] New South Wales Government, Department of Education, 2015, *Australia's Cultural Diversity, Racism no way,* available at: http://www.racismnoway.com.au/about-racism/population/, accessed 10 May 2016

[41] Queensland Government, Queensland Treasury and Trade: Government Statistician, 2013, *Labour market analysis of persons from non-English speaking backgrounds in Queensland: 2011 Census of Population and Housing,* pp. 1, 4

[42] Transport Operations (Passenger Transport) Regulation 2005, s 20C(1)(b).

[43] Transport Operations (Passenger Transport) Regulation 2005, s 20C(1)(c); Transport Operations (Passenger Transport) Standard 2010, ss8, 13(4).

[44] New South Wales Government, Transport for New South Wales, *Point to Point Transport Taskforce: Report to the Minister for Transport and Infrastructure, November 2015*, recommendation 18.

4.9 ACCESSIBILITY

Accessibility to transport is a major factor that impacts on the quality of life of many individuals. Reduced mobility can result in people not gaining adequate access to health services and employment, and also limits opportunity for social interaction.

Equality of access for people with reduced mobility

To ensure equitable access is provided to all customers, a principle of no-refusal is enshrined in both legislation and in taxi service contracts.[45] A provider of personalised transport must not refuse service under anti-discrimination legislation. Service standards currently exist within taxi service contracts in Queensland for wait times for wheelchair accessible vehicles, however these standards have not been consistently met.

Currently, pricing is regulated however, if pricing were deregulated it could have implications for the transport-disadvantaged.

> TALKING POINT
>
> ***Transport disadvantage and social exclusion***
>
> *Transport disadvantage represents a lack of access to both transport (mobility) and opportunities (accessibility). Those who experience transport disadvantage also risk social exclusion. Research has shown that transport disadvantage and social exclusion are proportionately related. Transport disadvantage can be further exacerbated by the urban structure, meaning that transport options are fewer than in other areas.*[46]

In a changing environment, equality of access is considered an element of the public interest which may require regulation in order to reduce the risks of social exclusion.

Currently, together with community transport, taxis are contracted by various local governments to provide subsidised, shared services for those who have reduced mobility. Examples of these are Brisbane City Council's Council Cabs program and the City of Ipswich's Ipswich City Heart Cabs.[47] Taxis are also contracted by the Department of Veterans' Affairs through its booked car scheme.[48] Where changes to the regulatory framework are considered, service quality for the transport-disadvantaged and people with reduced mobility should not be compromised.

Taxi Subsidy Scheme

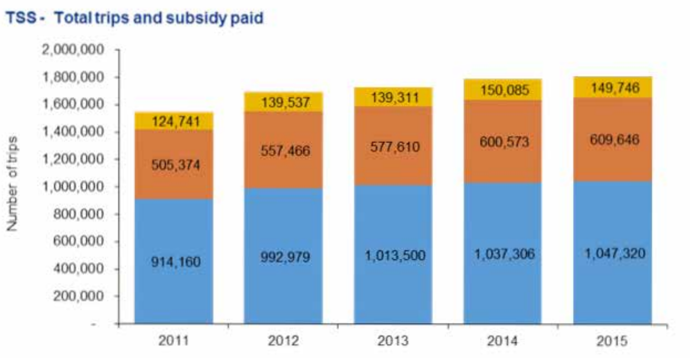
For some Queenslanders, taxis are the only suitable form of transport that caters for their travel needs due to a reduced mobility which makes public transport an unsuitable option. Eligible customers have access to financial assistance from the Queensland Government in the form of up to a 50 per cent subsidy of fares, to a maximum of $25 per trip through the Taxi Subsidy Scheme (TSS).[49]

Currently, the TSS only applies to taxis and is not available through ride-sourcing or limousines.

Since 2011, the number of total trips taken under the TSS have grown by 17 per cent to 1.8 million annual trips in 2015 as shown in **Figure 4.5**. Over the same period, the total costs of the TSS have grown by 25 per cent to $15.5m in 2015. The majority of this growth in trips and costs has occurred in SEQ (15 per cent increase in trips and a 24 per cent increase in associated costs since 2011). LRCs have experienced a 21 per cent increase in trips and 29 per cent increase in associated costs since 2011.[50]

The TSS is a significant contributor of booked trips — an equivalent of 11.2 per cent of all booked taxi trips in Queensland during 2015. The majority of these trips use WATs, particularly for wheelchair reliant and ambulatory passengers.[51]

Figure 4.5 Taxi Subsidy Scheme trips and cost for SEQ, LRCs and the rest of Queensland, 2011–2015



Source: TMR

[45] Transport Operations (Passenger Transport) Regulation 2005, s62; *Service contract*, s12.2.

[46] Jago Dodson; Neil Sipe, 2015, *Differentiating metropolitan transport disadvantage by mode: Household expenditure on private vehicle fuel and public transport fares in Brisbane, Australia*, Journal of Transport Geography, 49 pp. 16–25

[47] Brisbane City Council, 2015, Council Cabs, available at http://www.brisbane.qld.gov.au/traffic-transport/public-transport/special-taxi-services/council-cabs, accessed 10 May 2016; City of Ipswich, 2016, Seniors, available at: http://www.ipswich.qld.gov.au/community/seniors, accessed 10 May 2016

[48] Australian Government, Department of Veterans' Affairs, 2014, *Travel for Treatment*, available at http://www.dva.gov.au/health-and-wellbeing/home-and-care/travel-treatment, accessed 11 May 2016

[49] Queensland Government, TransLink, 2016, *Taxi Subsidy Scheme*, available at http://translink.com.au/tickets-and-fares/concessions/taxi-subsidy-scheme,.accessed 11 May 2016

[50] KPMG TMR 2016

[51] KPMG TMR 2016

The National Disability Insurance Scheme (NDIS) will be progressively rolled out across Queensland over the next three years[52]. There are potential implications for customers eligible for NDIS who will in the future be able to choose their transport provider as funding will be accommodated according to the package provided to each individual. This means that some individuals currently eligible for TSS may choose an alternative option to taxis for their travel if they prefer to do so.

Other legislation

Equality of access is currently regulated through Queensland's passenger transport legislation; it is also guaranteed by other state and commonwealth legislation. For example, in terms of the provisions of goods and services, it is unlawful to discriminate.[53] Existing legislation permits the provision of age-based concessions[54] and also guarantees access to guide, assistance and hearing dogs.[55] Any future changes to the personalised transport industry regulatory framework will need to comply with commonwealth legislation that prohibits discriminatory practices and therefore, additional state-based legislation may not necessarily add value.

Reform options: Accessibility for customers with reduced mobility

1 CURRENT MSLs FOR WAT VEHICLES ARE MAINTAINED AND AVAILABLE TO ALL PERSONALISED TRANSPORT PROVIDERS	2 TSS SUBSIDIES ARE EXTENDED AND APPLIED TO ALL PERSONALISED TRANSPORT PROVIDERS WHO CAN MEET THE NEEDS OF THE CUSTOMER	3 A SUBSIDY IS OFFERED FOR ALL SERVICES PROVIDED TO PEOPLE WITH REDUCED MOBILITY
Extend and enforce MSLs for WAT vehicles for customers with reduced mobility. The benefit is increased accessibility to services and a possible reduction in wait times.	Extend the provision of TSS to all personalised transport providers who can meet the requirements of the customer. The benefit is greater choice in services for customers with reduced mobility.	Introduce a small levy on taxi and ride-sourcing trips to subsidise specialist operators. This has been done in some international jurisdictions (e.g. a US10 cent levy per trip).[56] The benefit is an incentive for operators to provide personalised transport to people with reduced mobility. This may see the creation of specialised services. The levy could subsidise such services.

[52] Department of Communities, Child Safety and Disability Services, 2016, *NDIS rollout in Queensland*, available at https://www.communities.qld.gov.au/gateway/reform-and-renewal/disability-services/national-disability-insurance-scheme-in-queensland/ndis-rollout-in-queensland, accessed 11 May 2016

[53] *Anti-Discrimination Act 1991*, s46; *Disability Discrimination Act 1992 (Cwlth)*, s24

[54] *Anti-Discrimination Act 1991*, s49

[55] *Guide, Assistance and Hearing Dogs Act 2009*, s13

[56] City of Seattle, 2016, *Business Regulations: Taxi Associations*, available at http://www.seattle.gov/business-regulations/taxis-for-hires-and-tncs/taxis/taxi-associations, accessed 3 May 2016

Access across regional Queensland

Access to taxi services areas across the state is an important issue, particularly when it relates to accessing health services[57]. Due to Queensland's vast land mass, which is sparsely populated throughout much of the regional and remote areas, the task of ensuring equality of access presents the following challenges:

- taxi fares in remote areas of Queensland (which are exempt) are currently slightly more expensive than in metered areas of the state
- where towns only have one taxi there can be higher waiting times for passengers at peak demand times (e.g. when events are held)
- some designated TSAs in remote Queensland have no taxis currently operating in them.

The taskforce notes that access to personalised transport services in indigenous communities is very limited.

These challenges reflect a current inequality in remote areas compared to more populated (metered) areas. However, it is not only remote area populations that can be disadvantaged. The Australian Institute of Family Studies notes that outer-urban populations suffer considerably from transport disadvantage in that they generally have further to travel to work and lower incomes[58]. To this end, policies that bring about less regulatory burden and lower fares through increased market competition may improve accessibility.

Reform option: Ride-sourcing in non-serviced areas

1

RIDE-SOURCING IN REGIONAL QUEENSLAND WHERE NO TAXI SERVICES EXIST

In regional Queensland where there is currently no taxi service operating, the introduction of ride-sourcing services could be considered.

[57] Bragg, R., & Reedy, L, 2001, *Transport to Access Health Services in Rural and Remote NSW: A Community Perspective*, Presentation at the 6th National Rural Health Conference Canberra, Australian Capital Territory.

[58] Australian Institute of Family Studies, 2011, *The relationship between transport and disadvantage in Australia,* available at https://aifs.gov.au/cfca/publications/relationship-between-transport-and-disadvantage-austr, accessed 23 December 2015

HOW TO MAKE A SUBMISSION

Submissions to this paper are welcome from:

12pm, Friday 20 May 2016 until 5pm,
Sunday 12 June 2016

Submissions can be made:

- Online
  Using the 'Make a submission' form on the Engagement Hub page of the OPT Review website: www.optreviewqld.com.au.
- By email (PDF or Word)
  Email address: info.optreview@qld.gov.au
- By post
  Green Paper submissions
  OPT Review Taskforce
  GPO Box 50
  Brisbane Qld 4001

You can download a copy of the paper from the OPT Review website, request a copy by calling **1800 639 884** or emailing **info.optreview@qld.gov.au**.

Confidentiality

All submissions will be treated as public documents, unless the author clearly indicates the submission as 'confidential' or 'anonymous'.

Submissions may be published in full on the OPT Review website, with personal information removed.

Cover sheet

A cover sheet must be attached to any formal submission made to this Green Paper (at Appendix F). This ensures the taskforce is aware the submission needs to be considered. The cover sheet is available as Appendix F in this paper, can be downloaded from the OPT Review website, or the OPT Review Secretariat can email or post a copy to you.

Appendices

Appendix A
Terms of Reference

BACKGROUND

An independent Review of personalised transport services in Queensland will be conducted to ensure that the regulatory framework supports the delivery of a service that meets the needs and expectations of the Queensland community.

This sector provides direct and indirect employment to thousands of workers. These services provide necessary transportation services to the business, leisure and tourist sectors, local communities, and essential transport to health services, including tailored services for people with a disability or mobility issues.

The Queensland Government regulates the provision of taxi and limousine services through the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) and the Transport Operations (Passenger Transport) Regulation 2005 (TOPTR). The current legislation regulates the following:

- Driver and operator entry requirements (criminal history, medical checks, driver training and so on);
- Vehicle requirements (vehicle types, ongoing inspections, age limits);
- Fare structures, including the setting of maximum taxi fares;
- Driver conditions such as taxi driver bailment agreements;
- Security measures such as taxi security camera systems;
- Minimum service levels for taxi booking companies operating under contract with TMR;
- Taxi Subsidy Scheme; and
- Market entry restrictions (taxi licences and contracts for the administration of taxi services).

The Queensland taxi industry operates within a protected marketplace, with little fundamental change made to the structural framework in recent decades.

There are currently 3260 taxi licences in Queensland (with a combined value of approximately $1.4 billion) operating in 97 declared taxi service areas and 580 limousines in Queensland, one of which is wheelchair accessible.

The need for the Review is driven by:

- The upcoming expiration of the Queensland Taxi Industry Strategic Plan 2010-2015;
- The emergence of new technology-based innovations that are challenging the current regulatory model;
- A visible change in the needs and expectations of consumers using taxi, limousine and rideshare services and the wider community; and
- Recommendations in the Commonwealth's Competition Policy Review (March 2015) that industry reform is long overdue and the current regulatory framework could be improved.

Scope of the Review

The Review will investigate opportunities to uphold safety standards, meet customer needs, increase competition and foster innovation in the delivery of personalised transport services to Queenslanders, by considering the current economic, social and regulatory environment.

Personalised transport services include taxi and limousine services and other services provided for a fare where the passenger determines the destination.

Matters for consideration as part of the Review include:

- The safety of the community and drivers;
- The delivery of a flexible legislative framework that supports competition and innovation for all participants;
- Customer opinions of rideshare services;
- Steps undertaken by the taxi industry in adapting to changing customer needs and expectations;
- Supporting a sustainable industry that is forward-looking and fosters innovation;
- Competition in the sector, including vertical integration, anti-competitive practices and incentives for innovation;

- The provision of affordable and customer-focused services;
- The needs of the community across Queensland, including those with disabilities or reduced mobility;
- The current and potential role of taxis, limousines and rideshare services in an integrated transport system, with a focus on the role of these services to foster social inclusion;
- Transitional arrangements from the current regulatory and service arrangements to the recommended model;
- Other models and new approaches to delivering personalised transport services both in Australia and overseas;
- Potential use of personalised transport services by participants of the National Disability Insurance Scheme;
- Operational procedures and practices within the sector; and
- Any other related matters.

The Review must identify what a potential future market state could look like. This may include, but is not limited to:

- An appropriate long term regulatory framework, focused on service outcomes, where costs do not exceed the public benefits;
- Recommendations that will identify pathways and strategies for implementation;
- Providing affordable and consumer-focused services;
- Addressing the needs of the community across Queensland, including those with disabilities or reduced mobility;
- The safety of the community and drivers;
- Delivering a flexible legislative framework that accommodates future progression and supports innovation for all operators in the market;
- Appropriate compliance strategies and enforcement measures which can adapt in line with industry progression; and
- Supporting an economically sustainable industry that is forward-looking and fosters innovation.

There are a number of other personalised transport services regulated by the Queensland Government that may be considered alternatives/substitutes for taxi and limousine services, for example community transport and courtesy transport. While the role of these services, and how they relate to the personalised transport sector, should be considered during the Review, particularly regarding a flexible regulatory framework, recommendations to reform these services are not within scope of this Review.

Roles and Responsibilities

The Review will be undertaken by an independent Taskforce comprising a Chair, Deputy Chair and one other member. At any meeting of the Taskforce, the majority of members will constitute a quorum, though the Chair or Deputy Chair must be one of the majority.

The independent Taskforce will be supported by a Review Secretariat which will report to the Chair of the Taskforce. The independent Taskforce will be responsible for the following key activities:

- Engagement and consultation with stakeholders and the wider community;
- Development of shared set of guiding principles to shape the reform options and recommendations for Government consideration;
- Development of a Consultation Paper to support public discussion on reform options
- Reporting on progress to the Deputy Premier; and
- Development of a Final Report that presents recommendations and reform options, and details a preferred option, for Queensland Government consideration.

A Reference Committee will be formed comprising senior officers from key Queensland Government agencies, including the Department of the Premier and Cabinet, Queensland Treasury, Queensland Health, the Department of Justice and Attorney-General, the Queensland Police and Ambulance Services, the Department of Transport of Main Roads, the Department of Communities, Child Safety and Disability Services, and the Department of Tourism, Major Events, Small Business and the Commonwealth Games. Other agencies may be invited to attend during the Review process where necessary/relevant.

The Reference Committee will provide advice to the Taskforce regarding any key matters relating to the respective agency. As the regulator TMR will provide input through the Reference Committee.

Appendix B
Taskforce membership

JIM VARGHESE AM
CHAIR

Jim Varghese AM is Chairman and owner of The Leadership Company Qld Pty Ltd, and Director and former CEO of the Springfield Land Corporation. Jim holds a Bachelor of Arts with Honours in contemporary Australian History and Bachelor of Divinity from the University of Queensland. He also holds a Master of Business Administration and a Diploma in Education from Melbourne University. Jim is a fellow of the CPA, Australian Institute of Management and Australian Marketing Institute, and is the Executive Director (Business Development) of the Australia India Institute. Jim's distinguished public sector career includes tenure as the CEO of the South East Queensland Transit Authority, and various appointments as the Director-General for the Main Roads, Education, Employment and Training, and Primary Industries and Fisheries departments. Jim has been involved in a number of policy reforms, including the introduction of the Prep year, the 'New Basics' framework, and water management in Queensland. He has also played a key role in commercialising forestry, water, road construction and aviation, and was Chairman of Aviation Australia Ltd. Jim was also involved in managing crises such as citrus canker, the Gladstone oil spill, Cyclone Larry and equine influenza. He has also served on the senate of the University of Queensland, Council of Queensland University of Technology and is current on the Council of the University of Southern Queensland. Jim Varghese was awarded the Order of Australia and Centenary Medal for services to the public sector and wider community.

JULIE-ANNE SCHAFER
DEPUTY-CHAIR

Julie-Anne Schafer is a non-executive director for CS Energy, AvSuper, Aviation Australia Pty Ltd and Catholic Church Insurance Limited. In late December, she was appointed as President of the National Competition Council. Julie-Anne is an accomplished director, a Fellow of the Australian Institute of Company Directors, and holds an Honours degree in Law. She has diverse experience across highly regulated sectors including financial services, member service and transport.

She has Australian Stock Exchange, unlisted public company, government and advisory experience, and the governance, risk management, strategy and stakeholder engagement experience that is associated with each. Julie-Anne has led the Royal Automobile Club of Queensland (RACQ), the Queensland Law Society and the Solicitors' Board of Queensland. She has been a National Transport Commissioner, a director of Queensland Rail and a director of the Australian Automobile Association. She was Deputy Chancellor of the Queensland University of Technology (QUT), an Adjunct Professor in law at The University of Queensland (UQ) and a member of Law Faculty Advisory Committees at Griffith and Bond Universities, QUT and UQ. Julie-Anne was previously a partner in professional legal service firms for 25 years, specialising in commercial and insurance matters. Julie-Anne facilitates for the Australian Institute of Company Directors in the areas of risk, strategy and governance and is also a former Queensland Telstra Business Women's Award winner.

MAREK KOWALKIEWICZ
TASKFORCE MEMBER

Professor Marek Kowalkiewicz is an academic and industry leader with extensive experience in conducting academically sound research, co-innovating with industry and university partners, and delivering innovative products to the market. Currently, as Professor and PwC Chair in Digital Economy, he leads Queensland University of Technology's research agenda to inform and influence a robust digital economy in Brisbane and Queensland. Marek manages a contemporary research portfolio and converts industry-driven opportunities into research outcomes of global relevance. He is an invited government expert, university lecturer and project lead, as well as an inventor (13 patents granted) and author. Marek is recognised as a top quality manager and excellent public speaker, and has an interest in working with stakeholders in developing innovative ideas, ground-breaking business applications and high-impact new technologies.

Appendix C
Other jurisdictions

Reviews of various state and territory personalised transport industries have taken place throughout Australia over the last several years, beginning with Victoria in 2012. Below are some of the recommendations and outcomes that have been made and/or implemented that are relevant to the reform options that have been developed by the OPT Review and put forward in this Green Paper.

Taxi licences

Collectively, recent reforms in other Australian jurisdictions reflect a shift to less regulation of taxi markets with the legalisation of ride-sourcing services. Licence numbers for ride-sourcing operators have not been restricted in either NSW, the ACT or WA. However, no new taxi licences will be released for a period of time in both NSW (two years) and SA (five years).

The ACT recommended that significant reduction in costs for operators and owners of taxis was required including, the reduction of taxi licence fees by 75 per cent overall. Licence fees were reduced from $20,000 to $10,000 on 30 October 2015, with a further drop to $5000 one year after the new laws take effect. Hire car licence fees were also reduced from $4600 to $100 per annum.

The WA reform proposed a new licensing structure, with one category for annual licence vehicles (ALVs) which includes taxis, on-demand and charter, regular passenger transport, and supplementary.[59]

Limousine reform in SA has been recommended as a means to introduce competition.

In a number of international jurisdictions[60], excessive entry has been a short-term consequence of a deregulated market[61], as the market adjusted to the implemented reforms.

Geographic service areas

Reform in NSW saw geographically based restrictions on the operation of booked services removed. The existing operating boundaries for rank and hail services will be reviewed during the next four years as the new regulatory arrangements are implemented.The Victorian reforms established new and existing taxi licences to operate in, with corresponding prices for new licences for each zone. An overlapping boundary zone of no less than five kilometres on either side of the actual boundary between the metropolitan and urban zones was also implemented, allowing for improved deliver of taxi services across these zones.

Booking company affiliation

Reform in the ACT saw companies providing booking services to taxi and ride-sourcing drivers regulated as transport booking services (TBS). As such, there is no longer a taxi 'network' anymore and ride-sourcing companies will need to become TBSs. This reform was designed to see all business models regulated similarly and allow drivers the potential to accept bookings from more than one TBS.

Victorian reform required the establishment of a central booking service for the metropolitan zone to provide a more efficient and customer responsive booking service for customers requiring a wheelchair accessible vehicle.

In 2016, the Northern Territory regulated mandatory taxi communications and dispatch network membership.

More recently, in SA reform will see bookings managed by range of new entities also known as a TBS. These will replace the centralised booking service system, and taxi drivers will be able to accept bookings from multiple booking services.

[59] Western Australia Government, On-demand Transport: A discussion paper for future innovation 2015, p. 25
[60] Ireland (1999); New Zealand (1989); Sweden (1990); Norway (2000); Netherlands (2000)
[61] OECD, 2007, Taxi Services: Competition and Regulation, p. 37

Market structure

Within the ACT, it was decided that due to considerations regarding public confidence and convenience, taxis will retain sole access to the rank and hail market.

Similarly, in NSW, reform meant there would be no restrictions on the supply of booked-only service providers and vehicles, with the only distinction between point to point transport services delivered in small passenger vehicles being whether they are booked by the customer, or they are hailed or hired from a rank.

Reforms in both WA and SA have also retained taxis as the sole providers of rank and hail work.

Fares

The ACT has stated that surge pricing may not occur during a formally declared emergency.[62]

In contrast, the NSW review panel considered reputational risk enough to stop companies from charging inappropriate rates during formally declared emergencies.[63] NSW also recommended that fares for booked taxi services should be substantially deregulated to bring them into line with other booked services. It was also recommended that NSW continue to determine the maximum fare components (flagfall, distance rate and waiting time rate) and other charges for rank and hail taxi journeys, while allowing taxi organisations to set (and be required to display) fares and charges that are at or below the regulated maximum. Additional recommendations included the removal of prescriptive requirements for the equipment used to calculate the applicable fares and charges, with any regulation of this equipment to be flexible and outcome-focused.

In WA regulation for metered fares for rank and hail remains in place, while customers are able to negotiate fares for booked and pre-paid services.

Recent fare reform in SA saw continuation of a metered fare for rank and hail while pre-booked taxi work can apply a booking fee to allow new TBS models to operate. Further, a recommendation was made to increase taxi fares on the running and waiting time components, along with the introduction of lift fees for WATs and a higher night time tariff (between midnight and 6am) for weekends and public holidays.

Safety

In general, other Australia jurisdictions have continued to regulate safety standards across the personalised transport industry, particularly with respect to driver background checks and vehicle insurance.

However, following the industry review in NSW, it was determined that the specifications for security equipment in taxis be revised as a matter of priority, with a view to making them outcome-focused and flexible. Further, mandated inspections by entities nominated by regulation (Authorised Taxi Inspection Station examiners), and certification that security equipment has been checked, is to be removed, with obligations to ensure that vehicles are roadworthy and secure placed on the booking service, taxi organisation and vehicle owner. It was also recommended that maximum age limits for vehicles used to deliver taxi services be removed.

In the ACT, responsibility for in-vehicle cameras resides with the TBS, rather than being regulated.

[62] Australian Capital Territory Government, 2015, Taxi Industry Innovation Review, Supporting Analysis, p. 10
[63] New South Wales Government, 2015, Point to Point Transport Taskforce, Report to the Minister for Transport and Infrastructure, p. 67

Appendix D
Forms of regulation

Regulations are instruments which either impose mandatory requirements upon, or seek voluntary change of behaviour from, business and the community to improve economic, environmental or social outcomes.

There are a range of alternatives that government may adopt to achieve its policy objectives. This attachment describes the range of regulatory responses available.

REGULATORY ALTERNATIVES	ADVANTAGES	DISADVANTAGES
Prescriptive regulation Prescribes conduct or processes Detailed regulation	Requirements are very clear Consistency Suitable for high risk/high impact activities	Requires intensive enforcement Prevents innovation High compliance costs
Performance based regulation Performance or outcomes based Industry develops its own approaches to achieving outcomes Efficient design of processes to meet outcomes	Greater flexibility Encourage innovation Able to use industry approaches to achieve outcomes Greater flexibility results in cost reductions Outcomes and targets are easier to communicate to industry	Can add additional costs to small business (limited resources to address flexible approaches) Must be maintained and updated regularly Monitoring costs may be greater
Co-regulation Cooperation between industry and government Administered and enforcement by industry	Industry ownership Effective solution where the impacts are limited to a single industry	Potential for anticompetitive provisions Concerns about accountability
Codes of conduct Set of agreed principles or guidelines outlining responsibilities and expectations May be voluntary or mandatory	Effective in encouraging wanted or discouraging unwanted behaviours Industry participation in development More informed, less costly Addresses consumer requirements – quality, price, choice, environment, health, safety More efficient than black letter regulation Improves industry standards and promotes best practice Improves the public image of industry and promotes public confidence Prescribes minimum standards of performance Easy to update and revise	Potential for poor design to cause additional cost and frustration Poor design can cause negative publicity Poor design may not achieve outcomes Codes can be anticompetitive If not transparent, will not achieve support Not effective if the Code does not address the risk or market failure problem
Standards Use existing or new measures to document outcomes Controls on processes or performance	Ability to quantify performance outcomes Industry understands standards and process controls Convenient measures which can be monitored	Australian Standards are optimal versus minimum standards required Constant monitoring required Requires strong industry involvement and understanding

REGULATORY ALTERNATIVES	ADVANTAGES	DISADVANTAGES
Regulatory tiering Different industry segments treated differently Aims to provide equity across different sectors	Able to recognise different sector experiences/ imbalances Cater for small business issues Preserve flexibility and outcomes without disadvantaging some sectors	Unforeseen impacts Risk of being misunderstood if complex Can create a threshold effect (deter business activity, employment, etc.)
Tradeable permits Tradeable rights and permits manage access to a resource or a market (to conserve or preserve the resource; attach values and performance standards to permits or rights)	Tradeable licences and permits allow effective use of resources Able to embed performance expectations in permits	Can restrict market entry Market failures can prevent the system from operating successfully and may lead to constant monitoring by government
Negative licensing Excludes unsuitable individuals or organisations from participating in a market or industry function	Excludes unsuitable individuals or companies Fewer costs to industry Avoids the need for positive licensing	May not be proactive in encouraging high standards of performance Difficult to detect breaches without ongoing screening Applies to past experience rather than current capabilities.
Third party certification A third party body (industry or industry/ government) to monitor performance and compliance	Independence of certification process Can link education, information and support to certification Efficient and cost effective enforcement More market responsive, industry involved Supports industry – government partnership	Can add additional costs The organisation selected can be inappropriate
Risk-based insurance Government-based insurance cover against risks associated with particular activities to lower costs involved Government encouragement to take out insurance cover	Provides adequate compensation for affected individuals and businesses May reduce need for other forms of regulation May reduce monitoring and enforcement by government	May encourage more insurance cover than necessary May restrict market freedom
Rewarding good behaviour Financial incentives and disincentives to influence behaviour	Efficient and respond to industry values Financial incentives encourage appropriate behaviour Market acceptance of rewards for outcomes	Requires monitoring and enforcement Financial incentives/ disincentives may be inappropriate Poor outcomes if industry is not involved

Source: Queensland Productivity Commission, Regulatory Impact Statement System Guidelines, pp. 60-61, available at http://www.qpc.qld.gov.au/files/uploads/2015/06/RIS-System-Guidelines.pdf, accessed 28 April 2016

Appendix E

Stakeholders consulted (as at 3 May 2016)

1. ACT Government
2. Advanced Management Services
3. Anti-Discrimination Commission Queensland
4. Australian Taxi Industry Association
5. Black and White Cabs
6. Brisbane Airport Corporation PTY LTD
7. Brisbane City Council
8. Cairns Taxis
9. Carers Australia (QLD)
10. Centre for Internet Safety, University of Canberra
11. Cerebral Palsy League
12. Chauffeured Vehicle Association (SA)
13. ComLink Limited
14. Complete Taxi Management
15. COTA Queensland
16. Deloitte
17. Department of Communities, Child Safety and Disability Services (QLD)
18. Department of Education and Training (QLD)
19. Department of Justice and Attorney-General (QLD)
20. Department of Local Government, Infrastructure and Planning (QLD)
21. Department of Planning, Transport and Infrastructure (SA)
22. Department of Science, Information Technology and Innovation (QLD)
23. Department of the Premier and Cabinet (QLD)
24. Department of Tourism, Major Events, Small Business and the Commonwealth Games (QLD)
25. Department of Transport (WA)
26. Department of Transport and Main Roads (QLD)
27. Department of Veterans' Affairs
28. Ernst and Young
29. Garden City Cabs
30. GoCatch
31. Gold Coast Cabs
32. GovStrat
33. Ipswich City Council
34. Katter Party Australia(QLD)
35. Liberal National Party (QLD)
36. Limousine Association of Queensland
37. Mandurah Taxis Pty Ltd
38. MRCagney
39. NetCabs Pty Ltd
40. Point to Point Transport Taskforce (NSW)
41. Nine Squared
42. Noel Whittaker
43. Department of Transport (NT)
44. Price Waterhouse Cooper
45. Prime Taxi Management
46. Queensland Aged and Disability Advocacy
47. Queensland Disability Advisory Council
48. Queensland Health
49. Queensland Police Service
50. Queensland Productivity Commission
51. Queensland Taxi Owners and Drivers Welfare Association
52. Queensland Tourism Industry Council
53. Queensland Treasury
54. Queensland United Hire Drivers Association
55. Queensland University of Technology
56. Queenslanders with Disability Network
57. RACQ
58. Ride Share Drivers Association of Australia
59. Sapere Research Group Limited
60. Spinal Injuries Association
61. Spinal Life Australia
62. Standard White Cabs Townsville
63. Sterling Taxi Management
64. Taxi Council of Queensland
65. Taxi Council of South Australia
66. Taxi Industry Forum of Western Australia
67. Trade and Investment Queensland
68. Transport for New South Wales
69. Uber
70. University of Queensland Business School
71. Victorian industry review representative
72. Vision Australia
73. Yellow Cabs

Appendix F

Make a submission to the OPT Review Green Paper

If you are making a formal submission via email or post, please complete and attach this form.

Submissions should be made by 12 June 2016 and sent by:

- email to info.optreview@qld.gov.au, **or**
- post to:

  Green Paper submission
  OPT Review Taskforce
  GPO Box 50
  Brisbane Qld 4001

If you make your submission via the OPT Review website, a cover sheet is not required.

PUBLICATION OF SUBMISSIONS

All submissions will be treated as public documents, unless the author clearly indicates the submission is confidential (using the check boxes below).

Submissions may be published on the OPT Review website. Names and organisations will be published if relevant however any specific contact details will be removed.

All personal information will be managed in line with the *Information Privacy Act 2009*.

At the OPT Review Taskforce's discretion, it may not publish certain submission (or parts of submissions) due to assessment of length, content, appropriateness or confidentiality.

This submission will be subject to the *Right to Information Act 2009*, which in practice, means that information will be released to applicants unless, on balance, its release is contrary to public interest. More information about the Queensland Government RTI process can be found at www.rti.qld.gov.au.

Your details

First and last name (required)

Suburb (required)

Which group do you represent? (choose all that apply) (required)

- ☐ Taxi or limousine driver
- ☐ Taxi or limousine licence holder
- ☐ Taxi or limousine booking company
- ☐ Taxi or limousine operator
- ☐ Rideshare driver
- ☐ Smartphone application booking company
- ☐ Industry advocate group
- ☐ Business with an interest in/affilitation with the industry
- ☐ Government agency
- ☐ Community, advocacy or support services
- ☐ Carer
- ☐ User of personalised transport services
- ☐ Non-user

Postition and organisation (if relevant)

Telephone

Please provide your preferred contact (at least one required)

Email

Postal address

Declaration of formal submission (required)

- ☐ I declare this to be a formal submission to the OPT Review Green Paper

Confidentiality (required)

Please select one

Confidentiality of submission
(choose any one option) (required)

- ☐ My submission in not confidential
- ☐ My submission is completely confidential
- ☐ My submission is confidential in part (please highlight)