Department of Transport and Main Roads

Queensland Good jobs Better services Great lifestyle

Future Licensing Review Part 3 – Impact Analysis

Presentation written version

August 2024

Queensland Government

Market impact analysis results

This section will look at the market analysis of the potential impacts of each option. As previously outlined, it's important to note that the market analysis is only one component TMR has drawn from to evaluate the options. This assessment has supplemented other analysis TMR has conducted internally.

The project modelled future scenarios to help assess the impact that each option could have against the relevant statutory criteria.

Table 1 Market impact analysis criteria, indicators and measures

Criteria, indicators and measures					
Level of Service		**Access**		**Social objectives**	
1. Trip levels	Annual demand for taxi trips	1. Taxi to customer ratio	Ratio of taxis to overall population	1. WAT to senior population	Ratio of WATs to 65+ population
2. Vehicle utilisation	% of taxis used to provide passenger trips	2. Fare affordability	Hours worked at avg. weekly wage to pay for avg. taxi fare	2. WAT to disability population	Ratio of WATs to disability population
3. Dead running	Amount of driving outside taxi service area boundary	3. Customer wait times	Average wait time for booked trips	3. Trips not provided	% of booked trips requested but not provided
Level of change					
Substantial changes		Improvement or Decline		Limited change	
20% + positive or negative		5% to 20% positive or negative		Within 5% of baseline	
Positive change			**Negative change**		

Criteria, indicators and measures

Table 1 outlines how the market analysis was undertaken. For the three statutory criteria — level of service, access and social objectives – indicators and measures were developed. The indicators are listed under each criteria and the measure for each indicator is provided.

Level of service

For level of service, there were three measures used to assess this criteria — taxi trip levels, vehicle utilisation and dead running. Taxi trips levels account for the annual demand for taxi trips. Vehicle utilisation is the percentage of taxis utilised to provide passenger trips. Dead running is the amount of driving taxis do outside their taxi service area boundary.

Access

Access also considered three indicators — the taxi to customer ratio, fare affordability and customer wait times. The ratios were determined by looking at the number of taxi licences issued for each area compared to the overall population in the area. Fare affordability was based on the number of hours worked, considering the average weekly wage, required to pay the average taxi fare. Customer wait times are the average wait time for booked trips in each area.

The three criteria used to assess this were taxi to customer ratios, fare affordability and customer wait times.

Social objectives

For the social objectives criteria, three indicators were used to assess this — WATs to senior population, WATs to disability population and cancellations and rejections.

WATs to senior population is the ratio of WATs to the population aged over 65, using population data from the Queensland Government Statistician Office.

WATs to disability population is the ratio of WATs to the population with a disability, using population data from the Queensland Government Statistician Office.

Trips not provided reflects the percentage of booked trips that are cancelled or otherwise requested by a passenger but not provided.

Level of change

There were three levels of change identified that could occur under future scenarios:

- Substantial changes are changes of 20% in either a positive or negative direction compared to the current baseline measure

- Improvement or Decline are changes between 5% and 20%, and
- Limited change is where the change is within 5% of the current baseline measure.

The following section will provide results for each option, positive changes are coloured green and negative changes are coloured red. Darker green and red colours are used to show results with greater levels of change.

Impact analysis: level of service

Table 2 provides the impact analysis of the first criteria, level of service.

Table 2 Expected impacts across the options: level of service

	Option A	Option B1/B2	Option C	Option D
Taxi trip levels	Limited change	Limited change	Limited change	Limited change
Vehicle utilisation	Limited change	Limited change	Limited change	Limited change
Dead running	No change	Limited change	Limited change	Improvement

Taxi trip levels

Limited change was forecast across all options. Under both options A and B1/B2 — the status quo and modest changes — modest growth in demand is forecast in line with estimated future population growth. Limited change was also forecast under options C and D. However, there would be more scope for larger increases in taxi demand under these options if operators passed on some or all of their reduced licensing costs to passengers through reduced fares. The larger the reduction in fares, the larger the increase in demand is likely to be.

Vehicle utilisation

Limited change in vehicle utilisation was forecast across all options. Currently, utilisation is higher in smaller regional centres and remote communities and in peak times in regional centres. Under options A and B1/B2, the continued cap on the number of issued licences would see an increase in vehicle utilisation as population

levels increase. Coupled with the increase in trip demand from the growing population, there is likely to be some unmet customer demand across a mix of metro, regional and rural service areas from 2026-27, which will require TMR to issue new taxi licences.

Under options C and D, limited change was also forecast despite the removal of licence supply caps. With modest growth in passenger demand under these options and with taxis still being dedicated vehicles that are difficult to use for other purposes, there is unlikely to be significant increases or decreases in their utilisation rate. It's important to note that under these options it is likely that more taxi vehicles will be on the road but spread throughout the day. This is also in line with the trend which has seen taxis shift from being double shifted 24 hours a day to a single driver shift of 10 to 14 hours a day.

Dead running

There are currently higher rates of dead running in particular areas such as Cairns, Rockhampton, and Southeast Queensland. Under option A, there is likely to be little or no change over time with the retention of the current approach to taxi service areas. Under options B1/2 and C, there is likely to be some reduction in the amount of dead running as particular service areas are merged. There is likely to be improvement under option D as all service area restrictions are removed.

Based on this assessment, modelling suggests overall improvement in the level of service is seen most under option D.

Impact analysis: access

The second criteria analysed was Access. Table 3 below outlines the results.

Table 3 Expected impacts across the options: access

	Option A	Option B1/B2	Option C	Option D
Taxi to customer ratios	Decline	Decline	Limited change	Limited change
Fare affordability	No change	No change	Limited change	Limited change
Customer wait times	Limited change	Limited change	Limited change	Limited change

Taxi to customer ratios

Analysis shows that currently larger population centres have higher taxi to population ratios. This reflects the maturity of taxi markets in these areas and the higher levels of supply. In future, the retention of the licencing supply cap under options A and B1 and B2 will lead to a general decline in the ratio, especially in areas of high population growth. The decline will require the release of new licences in some areas in the short to medium term. The process for issuing new licences is unlikely to be responsive to market needs and mean that the number of issued licences will always lag behind growing populations.

Under options C and D, limited improvements were forecast with the removal of the licence cap seeing a potential increase in licence supply. The process for issuing new licences under these options is likely to be more responsive to local need.

Fare affordability

Analysis provides that currently average taxi fares are higher than average rideshare fares for equivalent journeys in peak and non-peak periods. Under options A and B1 and B2, there is forecast to be no change to affordability as licence costs remain the same and fares increase as wages also rise.

Under options C and D the extent of the change will depend on the extent to which operators pass on some or all of their reduced licensing costs to passengers through reduced fares. There is potential for improvements to be seen most under option D.

Customer wait times

The analysis of current wait times and utilisation rates identified that generally wait times increase when levels of vehicle utilisation are lower and become relatively stable at higher levels of utilisation. Limited change is forecast under all options.

Under options A, B1 and B2, slight reductions are forecast in some areas as utilisation rates increase. While large changes in utilisation rates are not expected under options C and D, reductions in wait times are likely, due to an increase in taxi supply.

Based on this assessment, the modelling suggests that the largest improvements in access to services are seen under options C and D.

Impact analysis: social objectives

Table 4 outlines results for the last criteria, Social Objectives.

Table 4 Expected impacts across the options: social objectives

	Option A	Option B1/B2	Option C	Option D
WAT to senior population	Decline	Decline	Limited change	Limited change
WAT to disability population	Decline	Decline	Limited change	Limited change
Trips not provided	No change	No change	Limited change	Limited change

WAT to senior population

Analysis shows that currently areas with higher populations such as greater Brisbane, the SEQ coasts and regional centres, have higher ratios. The level of WAT provision will fall significantly in the future relative to the increasing senior population.

Under options A, B1 and B2, the continuing licence supply cap will see the ratio decline. The decline will be steepest in greater Brisbane, with decline also seen in smaller regional centres and remote communities that have lower levels of relative provision and potential supply limitations. Areas will require additional WAT licences in future years to mitigate this. The process for issuing new licences is unlikely to be responsive to market needs and mean that the number of issued licences will always lag behind the ageing population.

Under options C and D, there is forecast to be limited change with the removal of the licence supply cap.

WAT to disability population

Similar forecasts are shown for the WAT to disability population ratios. Analysis shows that greater Brisbane and SEQ coasts currently have the highest ratios, with the lowest ratio in smaller regional centres. Under options A, B1 and B2, the ratio of WATs to disabled persons is estimated to decline in the short to medium term, albeit at a slower rate than the WATs to senior population. More WAT licences will be

required to improve the ratios and again there is likely to be some lag in these being issued.

Under options C and D, there is forecast to be limited change with the removal of the licence supply cap. The higher vehicle and operating costs for WATs are likely to limit the improvement in either ratio under these two options. However, the process for issuing new licences under these options is likely to be more responsive to local needs.

Trips not provided

For trips requested but not provided, analysis shows rates are generally consistent across many metro, regional and rural service areas with a lower level of trips not provided in greater Brisbane, SEQ coasts and regional centres. The level of trips not provided does increase for less populated areas and for WAT trips in all areas.

Under options A, B1 and B2, the rate is generally static, with slight reductions in greater Brisbane and SEQ coasts as utilisation increases.

Under options C and D, limited improvements are forecast due to the removal of the supply cap and the removal of operating area restrictions.

Based on this assessment, the modelling suggests that the largest improvements in meeting social objectives occurs under options C and D.

As a whole, the market analysis suggests that while only limited improvements are forecast across the five options, the current restrictions applying to taxi services are not leading to greater service outcomes than would be achieved without them.