

Transport Operations (Passenger Transport) Amendment Regulation (No. 1) 2014

Explanatory notes for SL 2014 No. 287

made under the

Transport Operations (Passenger Transport) Act 1994

General Outline

Short title

Transport Operations (Passenger Transport) Amendment Regulation (No. 1) 2014

Authorising law

Sections 36 and 155 of the *Transport Operations (Passenger Transport) Act 1994*

Policy objectives and the reasons for them

In 2013, the Department of Transport and Main Roads (TMR) conducted the *Review of long distance passenger services* (the Review) to determine the appropriate role of the government in facilitating the delivery of long distance passenger services, through regulation, subsidies or both. The Review determined that the continued regulation of the air service routes of Cairns to Horn Island, Cairns to Weipa and Townsville to Mount Isa via Cloncurry was not in the public interest and recommended that the routes be deregulated on expiry of the existing service contracts.

The main policy objective of the amendments is to remove scope for the chief executive to impose market entry restrictions on routes serving Cloncurry, Horn Island and Weipa (the relevant places). This will provide certainty about the State's intention not to continue to regulate routes serving the relevant places and, as a result, give prospective operators greater confidence to invest in additional services for the relevant places.

The amendments also aim to clarify that the air service route of Toowoomba direct to, or from, Roma is not, and cannot be, subject to market entry restrictions.

Achievement of policy objectives

The policy objective of removing scope for the chief executive to impose market entry restrictions on routes serving the relevant places will be achieved by removing Cloncurry, Horn Island and Weipa as places that may be subject to market entry restrictions for air services under Schedule 1 of the *Transport Operations (Passenger Transport) Regulation 2005*.

Clarifying that the air service route of Toowoomba direct to, or from, Roma is not, and cannot be, subject to market entry restrictions will be achieved by specifying that the route is an 'excluded route' under Schedule 11 of the *Transport Operations (Passenger Transport) Regulation 2005*.

Consistency with policy objectives of authorising law

The amendments are consistent with the objectives in section 2 of the *Transport Operations (Passenger Transport) Act 1994* about achieving the provision of the best possible public passenger transport at reasonable cost to the community and government, keeping government regulation to a minimum.

Inconsistency with policy objectives of other legislation

The regulation is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

The amendments will not result in additional costs to government.

By giving multiple airlines an opportunity to service the relevant places, the amendments may also benefit local communities and passengers (for example, through a greater choice of services and possibly lower fares).

The changes should reduce contract administration costs to government and contract compliance and reporting costs to industry.

Consistency with fundamental legislative principles

The amendments are consistent with the fundamental legislative principles.

Consultation

The Review involved extensive consultation with airlines, local governments and the public.

In general, most airlines supported the removal of market entry restrictions from the routes serving the relevant places. However, some airlines did not support deregulation of particular routes.

The Weipa Town Authority expressed concerns about the possible social, health and economic impacts on the community of Weipa and the surrounding areas if the Cairns to Weipa air service route was deregulated.

Passengers who were surveyed were generally satisfied with the existing services, however, some passengers supported increased competition to reduce fares.

Despite some of the concerns raised about deregulation, it was determined that deregulation of the routes serving the relevant places was in the public interest.

TMR consulted with the Department of the Premier and Cabinet, Queensland Treasury and Trade and the Office of Best Practice Regulation, Queensland Competition Authority on the proposed amendments.

All agencies consulted agree with the proposed amendments.