

# Transport Operations (Passenger Transport) Amendment Regulation 2020

Explanatory notes for SL 2020 No. 55

made under the

*Transport Operations (Passenger Transport) Act 1994*

## General Outline

### Short title

*Transport Operations (Passenger Transport) Amendment Regulation 2020*

### Authorising law

Sections 51 and 155 of the *Transport Operations (Passenger Transport) Act 1994*

### Policy objectives and the reasons for them

An Integrated Regional Transport Agreement (IRTA) is a proposed new type of standard service contract, which aims to streamline the administration of service contracts by consolidating multiple service contracts into an IRTA for particular service contract areas or routes across Queensland.

Section 51 of the *Transport Operations (Passenger Transport) Act 1994* (TOPTA) provides that if a standard service contract requires the service contract holder to provide a concession fare to a class of person that is not prescribed in the regulation, the State must reimburse the service contract holder for the concession fare.

Reimbursing the holder of an IRTA for a concession fare is inconsistent with the IRTA payment model because the holder estimates their revenue as part of the bidding process and the revenue estimate includes an estimate of persons travelling on concession fares. The policy objective of the *Transport Operations (Passenger Transport) Amendment Regulation 2020* (the amendment regulation) is to remove the requirement to provide a direct reimbursement for concession fares for IRTAs as revenues and costs are otherwise accounted for within the payment mechanism.

## **Achievement of policy objectives**

The amendment regulation achieves the policy objective by prescribing the classes of persons stated in the 'IRTA Bus Fares and Concessions Policy' made by the chief executive and published on the Department of Transport and Main Roads' (TMR) website, for an IRTA. The amendment has no effect on standard service contracts that are not IRTAs.

## **Consistency with policy objectives of authorising law**

The amendment regulation is consistent with the main objects of TOPTA, particularly in relation to the objective of achieving the best possible public passenger transport at reasonable cost to the community and government.

## **Inconsistency with policy objectives of other legislation**

The amendment regulation is not inconsistent with the policy objectives of other legislation.

## **Benefits and costs of implementation**

The process of reimbursing service contract holders for concession fares requires monthly reporting and manual checking and processing of claims. This is administratively burdensome for both operators and the State. The amendment regulation will remove this requirement for IRTAs.

The State will incur minor one-off costs associated with implementing the new IRTAs to help operators transition to the new contractual framework. The State is not expected to incur any additional ongoing costs specifically related to removal of concessional reimbursements for IRTAs.

## **Consistency with fundamental legislative principles**

The amendment regulation may breach the fundamental legislative principle about the delegation of legislative power only in appropriate cases and to appropriate persons (see section 4(4)(a) of the *Legislative Standards Act 1992*) to the extent that a provision references a document called 'IRTA Bus Fares and Concessions Policy' approved by the chief executive and published on TMR's website. The chief executive may change the scope of the provision by changing the document. However, the potential breach is justified because it is limited in its effect to IRTAs only and the proposed IRTA framework will be entered into by existing service contract holders voluntarily. Further, the document must be published on TMR's website ensuring transparency.

## **Consultation**

The development of IRTAs was in response to industry concerns about the current contractual framework being too burdensome. Throughout 2018 and 2019, extensive consultation on IRTAs occurred with the affected operators. Consultation included industry forums, in-person meetings, written feedback on commercial principles, and invitation to offer and contract departure briefings. No issues have been raised regarding the proposed regulatory change. The

relevant operators support the simplification of contracts, including a single payment mechanism without direct concessional reimbursements.

The Office of Best Practice Regulation (OBPR) reviewed a Preliminary Impact Assessment about the proposed amendments. OBPR advised that because the proposal is unlikely to result in significant adverse impacts, no further regulatory analysis was required under the *Queensland Government Guide to Better Regulation*.