

# TRANSCRIPT

## STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

### Subcommittee

### Inquiry into ride sourcing services

Melbourne — 8 September 2016

#### Members

Mr Joshua Morris — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

Mr Nazih Elasmar

Mr Bernie Finn

Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

#### Participating member

Ms Samantha Dunn

#### Staff

Secretary: Ms Lilian Topic

#### Witness

Dr Ian Minifie, director, productivity growth program, Grattan Institute.

**The CHAIR** — I declare reopen the Standing Committee on the Economy and Infrastructure public hearing and welcome everyone who is present here this morning. Today the committee is hearing evidence in relation to the inquiry into ride sourcing. The evidence today is being recorded. All evidence taken today is protected by parliamentary privilege, and therefore you are protected for what you say in here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege. Thank you, Dr Minifie, for coming along this morning and providing some testimony to the committee. At this juncture I will hand over to your good self. You might like to state your name and your role within your organisation and then move into any introductory comments, and then we will follow with some questions from the committee.

**Dr MINIFIE** — Thank you. My name is Jim Minifie. I run the productivity growth program at the Grattan Institute. In that capacity I am responsible inside Grattan for identifying policy reforms that will improve living standards for Australians, particularly by driving productivity, essentially by improving the allocation of resources and getting more valuable services and goods for the same cost.

In that capacity, the emergence of a whole set of new peer-to-peer platforms caught our attention because they do provide the prospect of improving productivity in the sectors in which they operate by reducing transaction costs and permitting strangers to provide services in a more decentralised way than we have had in the past. It has got implications for policymakers because it does change the kind of regulation that you need, and ride sourcing is really the biggest of those near-term opportunities.

You would have seen the letter that I put in front of our report — the cover letter — which served as a summary of the recommendations in respect of ridesharing that were included in the report, so let me at a very high level run through them. First, our analysis suggests that there is a sufficient benefit to the Victorian community that the government should legalise ridesharing in some form. What we recommended was that a new transport booking service category be created rather than a kind of overarching category that includes taxis. I am happy to discuss some of the issues around that separation.

With respect to some of the details, it was clear to us that the anonymous rank and hail part of the taxi market requires a more involved regulator than in the effectively prebooked and less anonymous ridesharing part of the market. We are not experts on the safety performance of ridesharing versus taxis — clearly there is work to be done to evaluate what kind of prescreening and whether in-car cameras and so forth are required — but broadly it struck us that retention of the safety regime for taxis was appropriate given the anonymous part of that rank and hail part of the market, which is the majority of the market.

The third observation we made was that the disability access regime will probably need to be adjusted over time, and the reason for that is that the way the system works today effectively provides operators of, for example, wheelchair-accessible taxis with a discounted licence. They can access non-wheelchair-related work essentially at a discount, and that permits them to provide coverage across the city for people who do need those wheelchair services. As licences drop in value, essentially the value of that, if you like, cross-subsidy diminishes, and so the government will need to develop a new protocol to support disability access.

Our next observation was around cutting the price of taxi licences and deregulating fares. I think it is important to recognise that the interests of different participants in today's taxi industry are not fully aligned. For example, fully deregulating entry into taxi operation could well benefit operators while reducing the value of licences and therefore impacting on licence owners. We felt that going forward the right set of policies is the one that maximises the size of the pie — and I will come to compensation in a moment — and maximising the size of pie really means reducing entry barriers to the industry, and that means essentially permitting people to operate taxis without paying significant rent streams to licence owners. There are a number of ways to achieve that, and the way that the government has put forward in its architecture that was put forward a couple of weeks ago achieves something close to that.

Our fourth point, around compensation, was essentially to say that if there is a case for compensation, it is probably best to focus compensation for hardship purposes. People bear all kinds of risks in the community, and the risk that regulators might change a restricted-entry market in response to technology change is really no different from many of those other risks. We have got a social security system which provides for the management, to an extent, of some of those risks. In some respects the quantum of compensation is really a kind of ethical or political issue. We are policy analysts — we do not have special insight into the quantum there — but I would note that Victoria's compensation package is much larger than many of the other states for the first

taxi licence certainly, so it is just worth considering whether you are in line with community standards with the quantum of that compensation.

The final point that I observed is that there will be some budgetary impacts, ongoing impacts, if you move to a model that involves zero licence sales. You are not going to get relatively small sums — perhaps \$15 million in revenue — and the disability service funding increase could be bigger than that, from a base of approximately \$50 million. Of course both of those numbers are small with respect to their impact on the current budget compared to the size of the proposed compensation package, which, all up, is in the order of \$450 million.

Overall those were our recommendations. Those recommendations are largely drawn from chapter 2 of the report that we included as an attachment to our submission, which goes into some of those issues in more detail. I am happy to discuss with you any aspect of the submission or that chapter.

**The CHAIR** — Fabulous. Thank you very much, Dr Minifie, for that. Obviously it is a very comprehensive submission that you have provided to us, and we are very thankful for that. Since this inquiry began the government have announced what they see as the way forward to deregulate the industry and also to provide compensation to those currently involved in the industry. Part of that is the \$2 levy on every Uber trip, taxi trip, hire car trip et cetera. I am keen to get an understanding of your opinion of that \$2 levy and the likely impacts of it — you know, the collecting of it and the like.

**Dr MINIFIE** — Obviously any government expenditure needs to be funded, and a general principle of public finance, of course, is trying to raise the money in the least distorting way, potentially with a fairness overview as well. In a sense the government has got a choice about whether to fund from general revenue or to fund from a kind of a per-trip impost of this type. Both of them are associated with efficiency losses, so a \$2 charge is just a bit under 10 per cent of the average taxi fare today — let us say from 2014 anyway. I think it was about \$23.50 in metropolitan Melbourne. It is a bit more than 10 per cent of the average ridesharing trip as it has operated, essentially illegally, up until the present. My understanding of the average rideshare fare is that it is in the order of \$15 or so. So a 10 per cent increase in the price will have an effect on who uses both of those services.

It is important to recognise that the price of these point-to-point services is particularly important for lower income consumers. It does not matter much to a business user in many instances, but for somebody who is looking to fill a last mile from public transport or who is juggling multiple jobs and so forth, one of the real promises, I guess, of ridesharing is the average fare reduction, so having a charge of this type would tend to offset that. Having said that, if you have got to make the \$500 million or \$450 million, then you have got to raise it somehow, and there are associated fairness and other distortions from general revenue. Victoria certainly does not have a particularly efficient tax base. It is highly reliant on property transfer charges and stamp duties, which are inefficient in many respects. We have not done analysis to evaluate whether the efficiency and potentially equity implications of funding the compensation and the rest of the package in this way is worse than doing it out of general revenue. It is the case, though, that the more compensation you pay for licence-holders, the bigger the imposts are going to be, regardless of how it is funded, and Victoria's package is certainly bigger than what we have seen in some of the other states. That is sort of on the quantum, I guess, of the amount.

In terms of the administration, I do not have deep insight into how easy it is to implement these things. I would have thought that in the world of electronic transactions it is not hugely complex. I am sure that there is some additional complexity, but I do not know how to evaluate that so that operators would be better positioned. I cannot really shed much light on that.

**The CHAIR** — I suppose it is difficult to understand, without knowing how this tax or levy is going to be collected, how efficient it will be as a tax. As you stated earlier, we do not necessarily have a very efficient tax system model here in Victoria, and I for one certainly would not want to see an additional inefficient tax introduced on top of all of that.

**Ms DUNN** — Thank you, Dr Minifie, for your presentation. When you were speaking about the compensation issue, you mentioned the fact that licences were around a restricted entry to the market, and, you know, that there is a risk that people take in participating in that. I expect that a constant theme of this inquiry will be of justifying why that compensation is appropriate, because of the restricted entry. It is something I have grappled with because what I am trying to find is whether there is another industry or area of trade that is similar

in that you need to buy a licence from government in order to participate. I cannot think of one yet, so I thought I would ask you.

**Dr MINIFIE** — What is quite striking is that around the world you quite often see taxi medallions or licences in operation in different cities. It is not an uncommon phenomenon. I guess the two explanations of that would be, well, there is something intrinsic to that particular market that makes it, if you like, a good solution from the point of view of the consumer to limit the number of providers, and the other one is that there is a kind of political economy explanation that, you know, you have got a group with a degree of market power and so forth. I tend to think that the explanation is the latter.

One of the peculiarities, I guess, of the taxi market, as opposed to some other markets where providers might be exercising market power, is that the rents that are earned by the incumbents do get capitalised into a tradable asset. So there are many, many markets in which incumbents earn a flow of rents associated with a restriction on entry of one kind or another, but I do think it is quite uncommon. You have to look at things like fishing licences and so forth, where there is essentially a common property resource which is being managed partly through restricted entry, and in those industries you do see a similar outcome.

In our research we did try to investigate the similarities and differences between taxi operations and something like fisheries. All markets are complex, but I think it is fair to say that in the case of those scarce natural resources, there is a very clear efficiency rationale to collectively manage the total haul, the total take, in order to get sustainable and maximum value for the community from those licences, and that will be associated with a licence price.

But it is much more difficult to make the case in the instance of taxis. There is some theoretical literature that suggests that market entry restriction is appropriate, but it seems to us, reading the literature, that that case is really not well substantiated and that really when push comes to shove, like other markets, free entry and exit into point-to-point transport will result in a reasonably efficient outcome and that restricting entry will tend to be to the detriment of consumers.

**Ms DUNN** — Thank you for that. I am wondering whether you looked at, at all, the issues around insurance, workers compensation and those sorts of matters in comparing these point-to-point services and taxis?

**Dr MINIFIE** — Yes, we did. There is a chapter in the report on the implications of peer-to-peer platforms more generally, but including ridesharing for the labour market and for people's working lives.

**Ms DUNN** — Yes.

**Dr MINIFIE** — One of the things that we observe is that over time the labour market or industrial relations systems have developed in line with community norms and so forth, and it is quite striking that in some instances independent contractors are deemed to be employees from the point of view of one or other part of the social insurance package. Typically taxidrivors, even if they are clearly independent contractors, will be deemed to be employees for the purposes of eligibility for workers compensation and so forth. So we think there is quite a strong case, should it be that ride-sourcing or ridesharing drivers are found by the normal employment tests to be independent contractors. We think there is still quite a strong case to consider essentially a deeming process whereby premiums would be extracted from the revenue stream associated with the service and that those would cover some risk sharing, much in the way that taxidrivors are today. Now, with respect to insurance the discussions we had with the industry suggested that there are plenty of products available and as soon as the service is legalised on a state-by-state basis it is possible to get the appropriate third-party and other compensation.

**Ms DUNN** — The market will respond.

**Dr MINIFIE** — Yes. It did not seem to us that there was a big policy challenge around ensuring that you had an appropriate insurance.

**Ms DUNN** — That is great. Thank you.

**Mr LEANE** — Thanks for assisting our inquiry. You mentioned that the Victorian government's compensation scheme is more generous than other jurisdictions. Could you tell us what the figures were in other jurisdictions as far as the licence compensation or buyback goes?

**Dr MINIFIE** — No, I do not have them all at my fingertips. The ACT had no compensation. New South Wales offered \$20 000 for the first licence for a sum of, I think it was, a \$250 million package — obviously it is a bigger economy — and a \$1 surcharge on each ridesharing and taxi trip for five years. Sorry, compensation of \$20 000 for each licence-holder for up to two licences for a total of \$98 million. And then a larger one, a \$152 million hardship fund, and there was also a buyback of perpetual hire car licences. The quantum of the arrangements in South Australia and Queensland are on the same order of magnitude. I think it was \$20 000 in Queensland, and it was either \$20 000 or \$30 000 in — —

**Mr LEANE** — For the first licence — well, for both licenses. For up to two?

**Dr MINIFIE** — Yes. So Victoria's compensation package is about twice as big as New South Wales on a pro rata basis, or a bit more. It is quite substantially bigger.

**Mr LEANE** — Yeah. On a pro rata basis. That is the only question I have got. Thank you.

**Mr BOURMAN** — Thank you, Dr Minifie. You mentioned that the anonymous taxi hail and ride requires more regulation, given the anonymity — I think I got that out all right. Uber has actually announced their intention to do a similar thing further down the track. Do you have any comments about any regulation to ride sourcing? I am just using Uber an example, but would they need more regulation to cover that eventuality?

**Dr MINIFIE** — The essence of peer-to-peer platforms in general is, no. 1, that participants can see some information about the background of the person with whom they are transacting, and no. 2, that they are also aware that the platform has got some tracking and observation capability. And of course you could implement those things in a taxi environment as well. So those things apply regardless of how long in advance you make the booking, and in that respect, hailing a ride-sourcing trip off the kerb, if you like — a hail trip — is significant less anonymous than just putting up your hand and grabbing a cab. In some respects you could say the platform operator has got a kind of system manager responsibility; they perform some of those functions. So the case for having in-car cameras and so forth is somewhat weaker, but we were not able to evaluate, for example, with respect to cameras, if they should be in place in ridesharing. We were not able to evaluate that.

It struck us that the community would expect the same level of background checks for riders. Again, that is a judgement call, but our, I guess, sense of community values was that people would prefer that ongoing criminal background checking is implemented through the ride-sourcing system as well, because that is something which people appear to support in taxis, and it is relatively low-cost to do that more generally. So I am not seeing a requirement for rideshare to have, if you like, a two-tier model depending on how they pick up. Essentially if you are doing something very close to rank and hail, you have still got all of the same features, whether they are strong or weak, as somebody doing an in-advance pick-up.

What that means to me is — and I am not sure whether this is where you were going with the question — the Victorian government has proposed that essentially in time there will be no distinction between taxi operation and ride-source operation with respect to rank-and-hail business. I think the devil is going to be in the details there, because in practice I show up at a cab rank and pick the first cab off the rank and I do not check or book through my phone — and in that case then clearly the same safety overlay that applies to today's rank-and-hail business would have to apply to any operator — whereas if I am booking via my phone I have got those additional set of functionalities. And so, to my mind, it is not really immediately clear to me that the government will be able in practice — —

I guess what I am saying is, I believe in practice it may turn out that you need a different regulatory regime for rank and hail business than business that is booked through a phone app. In that respect you might say, 'Well, okay, that's going to be the province of cabs going forward', or you will say, 'It's going to be the province of entities which are regulated much like cabs are in important respects and with respect to safety going forward'.

**Mr BOURMAN** — I guess the way I see it is it is either a level playing field or it is not.

**Dr MINIFIE** — Yes.

**Mr BOURMAN** — That is a comment, not a question, if you know what I mean. But the only thing about the ride-sourcing thing is that it is possible to set up a bogus account with a prepaid Visa card or something like

that. Probability and possibility and all that sort of thing are a different thing, but it is quite possible to anonymously get into a car.

**Dr MINIFIE** — Yes, as a consumer, as a rider.

**Mr BOURMAN** — As a consumer, right. If I was a criminal, it is exactly the same problem that taxis have, except obviously they have got to go to a little more effort. They put a couple of bucks on a prepaid Visa and jump in the car, and if they are intending on ripping you off or doing worse, then there is real no real tracking of them. That is the issue I see; it is possible to circumvent what the majority would use as a point of safety.

**Dr MINIFIE** — Yes, I think that is right. The question is: quantitatively, is that a big enough threat to warrant additional regulation? And we do not know the answer to that. One of the things we proposed in the report was that the government should feel quite comfortable in insisting that all operators provide incident reporting — comprehensive incident reporting — whether or not they are taxi or ridesharing operators, because, you know, 18 months down the track you will begin to get a feel for what the safety profile is. We were unable to get good information about the relative safety profile of taxis under their current safety regulation versus ridesharing in its unregulated or regulated state.

**Mr BOURMAN** — Have you seen any data for anything overseas? In different parts of the world where Uber is legal — maybe not for long enough, I guess — would there be a trend emerging yet?

**Dr MINIFIE** — What we did observe — I am just looking for the section of the report — is that there is a little bit of evidence that is consistent with an improved safety profile for ridesharing compared to taxis. The data point that I found most compelling is that the fraction of ride-sourcing or ridesharing drivers who are women is higher than the fraction of taxidriver who are women, at least in some markets in the US. Beyond that, we were not able to find any information of a kind of aggregate, statistical nature about the incidence of different types.

**Mr BOURMAN** — You also mentioned social security. Social security can be used to manage risks, I would have assumed, with job losses and things like that. Given the predicted loss of full-time jobs and the obvious growth in part-time jobs, would you see any impact on the social security budget — a noticeable impact? I can see people losing full-time jobs, but will that be made up by people doing that job or losing a job and getting another half-time, part-time job or something like that?

**Dr MINIFIE** — So in the last few years there has been an up-tick in the part-time share of the labour market across Australia. We think that is mostly driven just by demand weakness in general, somewhat soft economic conditions. The shift to, if you like, a spot market, peer-to-peer form of work is still at its very, very early stages. We think it is less than half a per cent of working age adults who would earn money on a platform in any given month in Australia today, and the number is a little higher in the US but still very low. And there are cross-currents in how these platforms affect people's security. There is some evidence that people use working on platforms to offset variations in their income from other sources, and so essentially adding platform work to the portfolio reduces the overall volatility.

**Mr BOURMAN** — But therein lies my point. You have got people that have got a normal job, or whatever — another job other than taxidriver — and they are using their ridesharing as a filler or whatever. I am making up figures here, but if you lose 10 taxi jobs and you pick up 20 part-time jobs but those part-time jobs are for people already in another industry, that is going to have an effect. If you look at it statistically, it may not look so much, or it may look better, but the reality of it on the ground level may be different.

**Dr MINIFIE** — Yes, I think all industry transformations are particularly challenging for people who are later in their careers, and I have certainly had discussions with taxidriver over the last year who have told me that their work is down markedly, their financial obligations are the same as they ever were, they are working longer hours and they have got more idle time in their cabs than they had before. I have not seen that in the numbers; I do not know whether, you know, that is showing up in the aggregate statistics. So there is no question, anecdotally, that those things are happening.

I guess our orientation to those things would be, 'Well, okay, society has got a set of risk management approaches'. Sometimes they do structural adjustment packages that are focused on helping workers with a set of skills in a particular location. More generally you have got the various forms of social transfers and so forth.

If you start to set your industry regulation to achieve those risk management goals, you do run into the difficulty of trying to reduce the damage to the most visible people who are affected by economic change and you tend to lose sight of the much broader benefits. Typically economic changes do have that characteristic. There is a group of incumbents who are hurt; there is a broad group in society who benefit a little bit; and the accumulation of those across all sectors and across time is what productivity growth then adds to our living standards.

So philosophically I think where we would come from is it is better for society to be explicit about what compensation they want to pay and to have a systematic risk management process in society and then to set their industry policy to drive output, to drive value. I can see the system working as well or as badly in this instance as it does anywhere else. There are always people who unfortunately are on the wrong side, but the question of whether we are giving enough support to people who are affected by economic change is a much bigger issue than taxi regulation. I would not personally set taxi regulation in order to try to manage that.

**The CHAIR** — Very good. Dr Minifie, I was interested in digging down a little bit more into the compensation and the target of any compensation. There has been some discussion about whether or not compensation should be targeted at those who have most recently purchased their taxi licence and therefore arguably could have a greater loss than those who have had their licences for a significant period of time. Another way of looking at it might be in effect a means-tested way of assessing someone, so if somebody had a taxi licence they still owed \$300 000 on and their home was put up as collateral for that loan, you could imagine that the buyback of their licence with only \$100 000 would put them in a significantly disadvantaged position. Or you might contrast that with someone who owns 10 licences who does not owe any money on anything but then has the view that perhaps those licences were something they had nest-egged as their superannuation or the like. In your view what is the best way to wade through those different ways to look at compensating those who are current holders of licences?

**Dr MINIFIE** — I do not think at the Grattan Institute we would say that we are experts in who deserves what. Those are sort of social or community values that can be expressed in different ways. It is interesting that the Fels reforms were associated with a really small — \$4 million — transition package or compensation package or hardship package. It was very, very small, much smaller than this compensation package. I do not know, but I suspect that as a practical matter it is quite difficult to evaluate hardship. It will be associated with some of the things that you spoke about.

We calculated the financial returns to owners of a licence depending on when they bought that Victorian licence. We have estimated that; it is on page 19 of our report. That calculation was done on the basis of assuming that taxi licence values would drop to zero in 2016 and ongoing rents would also be zero after that point. With a couple of other pretty innocuous assumptions, we found that, if you like, the break-even point was around the year 2000, maybe a year or so later. Somebody who bought a licence in 2000 would have earned enough in rents between that year and 2015 that their real return on owning that licence would be essentially zero, so they would have got their money back essentially by charging rents, which in recent years have been just over \$20 000. There was a period when they were higher than that per year, prior to the Fels reforms. So if you add all of those things up and discount them and so forth, you end up finding that, if you like, the break-even year was around 2000. So it is true that people who purchased more recently have had a much bigger loss.

Therefore, other things being equal, you would say that focusing the compensation on recent purchase is a good thing. However, of course there is not necessarily a strong correlation between when you bought the licence and your overall financial hardship, which is a function of a lot of other things.

There is a tension between how many factors the decision-makers are trying to process as to how targeted you can be and how objective the process will be perceived to be by outsiders who are not central to the process. We do not have any deep insights into that, I am sorry. But I certainly have had discussions with people who expected to and now have experienced a big capital loss. Some of them I presume you will have had submissions from or be hearing from, and it is very moving to hear their stories. So to the extent possible, if I were developing the compensation, I would focus my compensation in a potentially more costly process, a more complex process and a more judicial-type process to identify where the hardship is. But it is expensive to do that, and there is a lot of hardship in the community. It is not just in the owners of these assets and so you have got to balance off those different factors.

But certainly to my mind a straight \$100 000 per licence for up to two seems utterly untargeted — let me put it that way — so I find that very difficult to justify based on my understanding of the distribution of where hardship might be and the kinds of returns people might have achieved. It seems highly untargeted.

**Ms DUNN** — I am wondering if you have done any work in relation to ridesharing drivers — in that they get a fare, Uber takes their cut and they have to pay for the wear and tear on their vehicles and insurances and whatever — in terms of the actual benefit to them in terms of effort versus reward and how that balances out.

**Dr MINIFIE** — People have tried to do that kind of research. We did not do it, and I will tell you why. Ridesharing is a small part of the economy, and there are a lot of people who have got the capability to offer ridesharing services. Most of them are doing other things, and what that tells me is ridesharing could exist or not exist; it will make very, very little difference to the broader, if you like, returns to people with the capabilities to do that activity. So I do not see any reason to think that the operator of a ridesharing service — a ride-sourcing service — will feel the need to pay people to set up their rules such that people get more or less than they need to be paid in order to provide the service, if you like. So if the market is operating in that way, I would expect that people will pretty much self-sort into it.

**Ms DUNN** — Yes, they will self-select.

**Dr MINIFIE** — Yes. Now, no doubt life is full of surprises; a lot of people will make mistakes. There will be particular groups who come out behind. So, for example, if you are a skilled taxidriver, you have invested in the knowledge, you are full time and you are in your mid or late 50s and so forth, you are on the wrong side. This is not even just a licence-holder; you are on the wrong side of this technology change. Whereas if you have got a car — you have got a Toyota Camry or something, an efficient car that is not going to break — and you have got little chunks of time when you can drive, then you are probably going to come out ahead as a result of this reform.

But we felt that going into the puts and takes of the cost and so forth was something we did not need to do. You would only really need to do that if this was a very significant part of the market for people with those capabilities, and we are talking, around the country, of a few tens of thousands of people in a labour market of 12 million or so. So we kind of left it at that you will probably get paid your opportunity cost, which incidentally could well be low. It could well be below the minimum wage, so there are interesting social questions about whether you think that is a good or a bad thing. I am not saying I think it is below the minimum wage for most people now, but there is no reason to think that the world of labour regulation will have much to do with what people receive.

**Ms DUNN** — That is a fair comment. The only other thing I wanted to explore is — we had a presentation from Mum's Taxi yesterday, and I think we have GoCatch later today — your views on making sure that all the participants in this space currently, I guess, participate on a level playing field. Do you have views about what that looks like?

**Dr MINIFIE** — Yes. Let us put aside those safety regulations for now. The big challenge is around fare regulation. If entrants to point-to-point transport are able to use spot prices, including very low off-peak and potentially very high peak prices, they are able to manage their capacity through the cycles, some of which are unpredictable, in a way that operators who face fare regulations may have much more difficulty.

This is a real challenge for regulators because traditionally, as you know, taxi fares in Victoria have been capped. You have been free to charge less if you want, but they have been capped — different numbers for peak and off-peak and so forth. So the regulator will need to play close attention to whether any caps on peak fares are resulting in a situation where, if you like, traditional taxi operators are potentially missing out on the few peak supply crises that are making life viable for operators who are able to have more flexible prices. We see this, for example, in energy generation. There are a lot of generators who make most of their money on just a few days a year, and if something somewhat similar is happening in ride sourcing and you are not able to access high fares during a peak — —

**Ms DUNN** — They are restricted.

**Dr MINIFIE** — I think those things will need to be tracked closely. It is very difficult to put those things in legislation, though. I think you need to give a degree of discretion to assist a manager. That is one of the things I



would look at. I am less concerned about some of the safety or insurance or tax-type issues. It seems to us there is going to be a largely level playing field on most of those issues.

**Ms DUNN** — That would apply across the board anyway, yes. Thank you for that.

**The CHAIR** — Excellent. Thank you, Dr Minifie, for your contribution today. You will receive a copy of the transcript of today's hearing for proofreading in coming days, and that transcript will ultimately be made available on the committee's website. Once again, thank you for providing your testimony today to the committee.

**Dr MINIFIE** — Thank you very much for the opportunity.

**Witness withdrew.**