

Govts Should Not Take Us for a Ride

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In August, the Queensland Government announced it would be legalising the Uber ride sharing service from Monday of last week.

This follows the lead of most other states and territories, including New South Wales in December last year.

The compensation that has been proposed for existing taxi licences in Queensland is similar to that offered in New South Wales. And the inadequacy and unfairness of both compensation schemes is quite breathtaking.

What is on offer in Queensland is a one-off payment of up to \$40,000 (\$20,000 per licence capped at two licences). This is not that long after licences, in a market regulated by the government, were trading at prices exceeding \$400,000 and where the government itself has benefited by selling licences into that market.

But of course the emergence of Uber and its legalisation has meant that there has been a dramatic decline in value.

Regardless of your views on Uber itself, a fundamental objective of any government should be to provide adequate compensation when actions taken by that government devalue investments made in good faith. This should be more than obvious when the government itself has historically intervened to regulate what would otherwise be an unregulated industry and has profited from its position in that market.

The free trade agreements that have been negotiated between Australia and other countries have mechanisms for fair compensation where overseas investments are devalued by changes in the law. Yet our states do not want to be held to similar principles.

I would urge state governments to review their approach to this issue as many investors are hard working members of our communities, mums and dads or retirees. They do not deserve to be treated in this way or to be forced into a position where they have no choice but to pursue legal remedies.

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