

# UBER

## Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017



**Submission to the  
Public Works and Utilities Committee**

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# Introduction

Uber welcomes the opportunity to provide a submission to the Public Works and Utilities Committee on the Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017 (the Bill). The Bill is an opportunity to build a safe and sustainable Personalised Transport industry that encourages choice, innovation and job creation.

Uber is a technology company that facilitates ridesharing. Ridesharing is the use of private vehicles to provide safe, reliable and affordable rides.

Already, ridesharing generates flexible income for 10,000 Queenslanders, including parents, carers, students, retirees and people who are in between jobs from across the state. It provides a safe, reliable and affordable transport alternative for 700,000 Queensland riders. Ridesharing improves transport choices and mobility, it connects people to public transport hubs, and helps reduce drink driving across Brisbane, the Gold Coast, the Sunshine Coast, Toowoomba, Townsville and Cairns.

The Bill is an opportunity to modernise the regulation of the Queensland Personalised Transport industry by accommodating new technologically-driven forms of transport, such as ridesharing.

Uber welcomes the spirit of the Bill, however it has significant shortcomings that should be addressed. If these are not remedied, the Bill will fail to achieve three of the desired aims set out in the Personalised Transport Reform Program, those being:

- Providing the traveling public with greater choice and improved services;
- Opening up the market for competition to drive innovation and improve customer service standards, and ensure this is done through the reduction of red tape; and
- Ensuring accountability and clearly defined obligations across the industry.

This submission outlines some areas that should be addressed to help better achieve those objectives.

One of the key aspects of the reform is to create a modern industry and set it up for the future. It is concerning that the core of the Bill is focused on adding significant levels of red tape that come with no safety or consumer benefits. Moreover, the details for implementation are sparse.

In order to set up the Personalised Transport industry for the future, the Committee should explore ways in which the proposed red tape can be reduced, and how the implementation of these reforms could leverage smart, streamlined and digital administrative arrangements that can help drive productivity and reduce cost for both the Government and the Personalised Transport industry as a whole.



One such element would be establishing a digital portal within the Department of Transport and Main Roads (DTMR) website that streamlines and digitises any application processes linked to the Personalised Transport reforms.

Such a web portal should focus on providing a streamlined online application process for any renewals and driver or vehicle related licensing requirements. This should include the critical functionality of people being able to lodge and pay for any Personalised Transport sector related activities online.

This approach would provide considerable opportunities for more efficient processing and savings for the industry as a whole as well as for the Government. To illustrate, **face-to-face transactions cost an average of \$16.90 for governments to deliver, compared to 40 cents for a transaction delivered online.**<sup>1</sup> In addition to cost savings, it would save Queenslanders valuable time they would otherwise waste on manual processing and standing in the queue at the DTMR waiting for their application to be attended to.

The first section of this submission deals with the key areas of concerns relating to the Bill, followed by a section outlining how ridesharing works and key areas to consider for regulatory purposes.

#### **Suggested Amendments**

1. Removal of the Booked Hire Service Licence for Ridesharing Vehicles - Division 3, Part 4, Chapter 4, Transport Operations (Passenger Transport) Act 1994
2. Limiting mandatory training requirements only to booked hire service drivers who are driving wheelchair accessible vehicles - Part 7C, Transport Operations (Passenger Transport) Regulation 2005
3. Removal of restrictions on booked hire services in certain service areas of Queensland - section 75, Transport Operations (Passenger Transport) Act 1994
4. Amendment of proposed signage requirements - Regulation 117C, Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017

#### **Other Recommendations**

5. Create a one-stop digital shop for the Personalised Transport industry
6. Establishment of a cross-border framework consistent with neighbouring states, most notably NSW
7. Clarity on Operator Accreditation for Booking Entities, Drivers, Taxis or Limousines
8. Clarification and potential amendment to data sharing restrictions

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<sup>1</sup>Deloitte Access Economics (2015), Digital government transformation (<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-digital-government-transformation-230715.pdf>).

# The Future of Personalised Transport in Queensland

The Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017 represents an opportunity to create a dynamic and forward-thinking transport system that is customer-focused while ensuring each trip is safe, reliable and affordable.

The Government's Personalised Transport reform program is a step forward in creating a more modern transport sector as it seeks to:

- Open up competition within the Personalised Transport industry;
- Recognise the positive benefits - both for drivers and riders - that ridesharing brings to Queenslanders; and
- Develop a framework that focuses on safety, innovation, flexibility and improved customer service standards through reduced red tape.

## Opening up competition within the Personalised Transport industry

The positive role ridesharing services play in the Queensland transport network was formally recognised in September 2016. The regulatory changes then introduced by the Government opened up competition within the Personalised Transport industry which is resulting in more choice, economic opportunities for local drivers and improved customer service.

Ridesharing is a positive contributor to the state's transport mix and creates a range of benefits to local drivers and the travelling public.

- **Over 10,000 Queenslanders** now partner with Uber to provide ridesharing services, **5,000 of whom signed up since September 2016**
- **Around half of Queensland's ridesharing drivers** drive for less than **ten hours per week**
- **Over 700,000 Queenslanders** use Uber to get a safe, reliable and affordable ride. To illustrate, last month saw **50,000 new riders sign up to start ridesharing - the equivalent of a full Suncorp Stadium**
- **1 in 3 Queenslanders** were unemployed before they started driving with Uber
- **1 in 4 Queenslanders** say they rideshare to earn more money to support their family
- The Uber app was opened for riders and drivers in **Cairns and Townsville in February** - resulting in the creation of hundreds of new economic opportunities and more transport choices for Far North Queensland
- Average waiting times for an Uber across Queensland is **under 5 minutes**
- In Queensland, some **65 per cent of ridesharing** trips start or end in a **public transport desert**
- Visitors from **69 different countries** have used Uber in Queensland

## The public interest

Transport legislation aspires to provide “the best possible public passenger transport at reasonable cost to the community and government, keeping government regulation to a minimum”.<sup>2</sup> Consistent with these values, regulation should be guided by three principles:

- **Public safety.** Regulations should focus on delivering public safety *outcomes* rather than prescribing obsolete *methods* of obtaining those outcomes. They should acknowledge that smart technology and smart business models can achieve public safety objectives without onerous regulatory imposts. They should also acknowledge that industry participants can often assist with screening processes at lower cost and with greater speed, than Government.
- **Consumer choice.** Regulations must embrace consumer choice and open up economic opportunities. Safety regulations should not be used anti-competitively to protect one transport model to the exclusion of others. The law must be appropriate and adapted, recognising that different models face different risks and require different regulation.
- **Economic opportunity.** Ridesharing is characterised by ordinary people working for a few hours each week around their existing commitments. Administrative barriers to entry must remain low as possible to ensure that any safe driver can earn a flexible income on the road – and that it is not an activity only accessible for full-time commercial drivers. Fees should be set no higher than the cost of regulation and the necessity of regulatory imposts on drivers should be carefully scrutinised to ensure they only exist in order to achieve a safety outcome.

## Positive benefits of ridesharing

Over 700,000 Queenslanders actively ride with Uber. A further 10,000 Queenslanders use ridesharing to generate flexible supplemental income using their private vehicles. These Queenslanders are using their smartphones to access economic opportunities and they help get riders from A to B in a safe, affordable and reliable way. The key tenets of benefits around ridesharing include:

- **Flexible economic opportunity.** Flexibility is a defining characteristic of the ridesharing market, and most people who choose to become partners do so to supplement their income. Many drivers are school teachers driving on school holidays, people who would otherwise be unemployed who use Uber to earn an income whilst looking for their next job, self funded retirees who want to stay active and use Uber as a way to continue

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<sup>2</sup> *Transport Operations (Passenger Transport) Act 1994* (QLD) s 2.

being connected in society. Drivers are independent and have total control over when they are online, with the flexibility to structure their driving around existing professional or personal commitments. Half of Queensland's ridesharing drivers drive for less than ten hours per week.

- **Safety.** Ridesharing is not anonymous. It is cashless, GPS-tracked and undertaken by accredited driver-partners. Each driver and rider rate each other through the 5-star ratings system and a 24/7 response team is on hand to assist. These features ensure that ridesharing is safe for both riders and drivers by eliminating the threat of robbery or fare evasion, deterring poor behaviour, and ensuring that incidents can be investigated promptly.
- **Accountability.** The ridesharing model ensures that participants remain accountable for the delivery of safe and high quality services. Drivers are accountable for ensuring that rides are conducted safely with good service levels. Riders are accountable for their behaviour. A sophisticated five star feedback system - in which the rider rates the driver and vice versa - is set to ensure that people are held to account and poor service is identified and can be addressed.
- **Innovation.** Technology-driven models such as ridesharing make a number of traditional regulatory requirements obsolete. They will also improve the regulatory process. Greater collaboration between the regulator, drivers and ridesharing services will enable the regulator to safely devolve some administrative functions. Regulatory innovation of this sort will allow new services to flourish, unhindered by archaic rules and overburdened administrators.
- **Accessibility: improving transport options.** Ridesharing is an effective solution to the 'last mile' public transport problem. In Queensland, some 65 per cent of ridesharing trips start or end in a public transport desert. Uber helps supplement public transport where it is not available or where services are limited, improving transport for both regular commuters, late night revellers, and seasonal tourists.
- **Accessibility: inclusive mobility.** Working with accessibility advocacy groups, Uber has launched an uberASSIST product to provide safe and affordable transport options for riders with accessibility needs. Furthermore, the Uber app allows deaf or hearing-impaired individuals to work as driver-partners, opening new opportunities for those locked out of traditional economies.

## Ridesharing is safe

Ridesharing mitigates many of the safety risks associated with Personalised Transport. It offers a safe, reliable and affordable transport alternative. Ridesharing trips are:

- **Not anonymous.** Riders know the identity of the driver and drivers know the identity of the rider. Uber can investigate reported incidents swiftly.
- **Transparent.** Riders can obtain an automatic fare estimate at the touch of a button. Ridesharing eliminates the possibility of discrimination and 'fare shopping' since drivers are not provided with the destination, gender or identity of a rider prior to collection.
- **GPS-tracked.** Riders can share their ETA and route in real time with friends or family. Uber can adjust the fare in the event of a dispute over the route.
- **Cashless.** Riders cannot request a ride until they pre-load payment details into the Uber app. The app facilitates an automatic transaction at the conclusion of the trip.
- **Supported.** Riders can register feedback through the app. Uber's 24/7 support team acts on feedback quickly - often within minutes. Further, riders and partners must mutually rate one another at the conclusion of each trip. The star rating system is an effective behavioural incentive that delivers excellent satisfaction.

These systems mitigate the most serious and most common risks in the incumbent industry such as passenger violence, poor driver behaviour, fare evasion, fare gouging, and mishandled complaints. They:

- **Deter** unethical or illegal behaviour by removing the anonymity of both riders and driver-partners.
- **Mitigate** the threat of cash robbery, fare evasion or credit card fraud since the calculation and payment of fares is beyond the control of either party.
- **Facilitate** the prompt investigation of incidents by recording the personal details of both parties and by recording the route taken.

These features provide a level of transparency and accountability unavailable in alternative transport models.



## Focuses on safety and consumer protection - not red tape

The Government states that the Personalised Transport reforms aim to focus on four key areas:

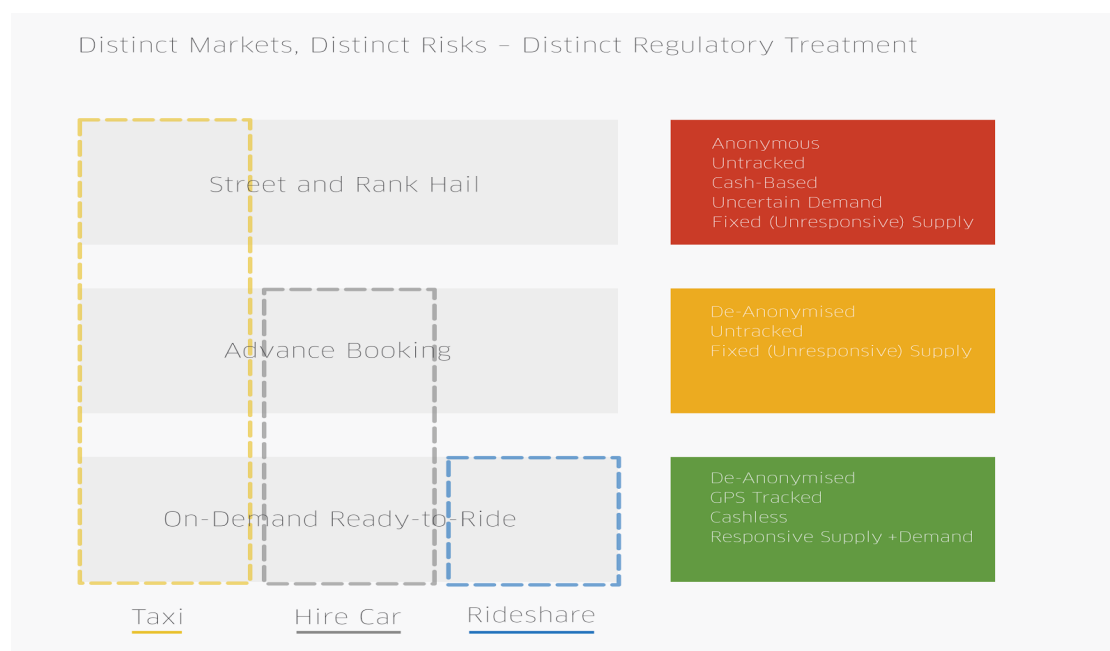
1. Strengthen safety standards for the whole personalised transport industry
2. Provide customers with greater choice and flexibility
3. Drive innovation and improved customer service standards through reduced red tape
4. Ensure accountability and clearly define obligations across the industry

The way the Bill is drafted fails to achieve these objectives.

There is substantial confusion in the Bill around the lines of responsibility for drivers, operators and booking entities. The Government made it clear in August 2016, that Operator Accreditation would be abolished as a means of reducing red tape for industry in recognition that the Operator Accreditation was an unnecessary administrative burden for industry, without a clear focus on a safety or consumer benefit outcome.

Despite this commitment, the Bill simply does not achieve abolition of the Operator Accreditation with any certainty. Moreover, it appears as the Bill simply replaces the Operator Accreditation with a new piece of red tape for ride booking services in the introduction of a Booked Hire vehicle licence fee. This aspect will be addressed further in section 1. *Removal of the Booked Hire Service Licence for Ridesharing Vehicles*.

There are some areas of the Bill that signal significant recognition of the Government wanting to create improvements and clearly recognises that there is a difference in risk profiles for the modes that exist within the Personalised Transport sector.



This is exemplified by the recognition that security camera systems should only be mandated for vehicles that are operating on anonymous 'rank and hail', or where cash or credit card payment is made during the journey. For these types of trips, it is important that additional security precautions are taken to ensure the safety and accountability of both drivers and passengers.

This recognises that ridesharing trips are not anonymous and are GPS-tracked in real time, with the Uber app facilitating a cashless and automatic transaction from the rider to the driver-partner once the trip is complete. Further, it recognises that the driver, the rider and the vehicle of a ridesharing trip are always known and an electronic record is kept. The elimination of anonymity ensures that both riders and driver-partners are accountable for their behaviour, and the five star rating system further strengthens accountability between rider and driver.

The Queensland Government has recognised the security camera requirements are not applicable to ridesharing, which uses smart technology to achieve safety outcomes. This reasoning follows well-established principles outlined in all other states in Australia and internationally:

'Safety cameras would not be required in a ride hail vehicle because there is a record of the journey with the passenger's identity, the same justification as in the case of hire cars.' - Victorian Taxi Association, *Regulatory Framework Proposal*<sup>3</sup>

'Taxis caught from a rank or hailed in the street are anonymous and so additional safety measures, such as security cameras, are necessary. Booked trips come with a record of the journey and so have different safety requirements.' - NSW Government<sup>4</sup>

We note the issue of Compulsory Third Party (CTP) insurance is not dealt with as part of this draft Bill. The Government has however indicated that a new CTP class will be introduced for Booked Hire vehicles. It should be noted that the ridesharing driver cohort is very diverse. Around half of Queensland's ridesharing drivers rideshare for less than 10 hours a week. Many do so for a short period of time, whilst saving for a financial goal or whilst looking for a new job.

The NSW Government has solved for this problem by allowing ridesharing vehicles to remain in Class 1, private vehicle, with a per/km top up fee being paid for km driven for ridesharing purposes. This 'user pays' approach appears a better solution to address this problem than forcing all vehicles - independent of how much they are driven for one specific purpose - into a new Class.

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<sup>3</sup> Victorian Taxi Association, *Regulatory Framework Proposal*, 2015, <http://www.victaxi.com.au/assets/downloads/Regulatory%20Framework%20Proposal%20FINAL.pdf>.

<sup>4</sup> NSW Government press release, 'The NSW Government response to the task force report', 18 December 2015.

# Suggested Amendments to the Bill

## 1. Removal of the Booked Hire Service Licence for Ridesharing Vehicles - *Division 3, Part 4, Chapter 4*

**Recommendation:** Amend Clause 18 of the Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017

- Remove Division 3 of Part 4, Chapter 4 (ss 91J-91M)

We recommend the Committee seek to amend Clause 18 of the Bill to remove the requirement of a booked hire service licence for booked hire vehicles. The reasons for this recommendation are as follows:

- There is no policy rationale for the requirement of a booked hire service licence
- It will result in a duplication of regulation on ridesharing drivers and vehicles
- It makes Queensland one of the most expensive states to drive rideshare
- High barriers to entry will reduce elasticity and demand responsive transport modes

### *Duplication of regulation on ridesharing vehicles*

Currently, a driver-partner cannot go online and receive trip requests on the Uber app in Queensland until they satisfy the following conditions:

1. Be at least 21 years of age, having held an Australian driver's license for at least one year;
2. Receive a Booked Hire Driver Authorisation from the Department of Transport and Main Roads (DTMR), which includes passing a stringent criminal background check and driving history check;
3. Have a vehicle that is a four-door model and newer than ten years old;
4. Pass a vehicle inspection (performed annually) and receive a QLD Government Safety Certificate from an accredited third-party inspector; and
5. Have comprehensive or third party property damage car insurance.

The proposed booked hire service licence does not provide any additional safety or customer service benefits than those requirements listed above, but merely adds another expensive regulatory barrier to Queenslanders who wish to access a flexible source of income.

For example, the Explanatory Notes to Division 3 state that:

*It is intended that the regulation will require, for example, that the person is a suitable person to hold a licence and has not committed an offence against relevant transport legislation or previously had a licence suspended or cancelled.<sup>5</sup>*

It is unclear how the purpose achieved by the booked hire service licence here will differ in any material way to the Driver Authorisation, which also requires consideration that the person is a suitable person through the criminal background check and driving history check.

Moreover, other states have taken the opportunity through their reform frameworks to abolish the need for vehicle licence fees. This is based on the opinion of a range of industry experts including Deloitte and the NSW Independent Taskforce into the Point to Point Transport Industry, who have all recommended the abolition of a licence for ridesharing vehicles as the additional fee and administrative process delivers no safety or consumer protection benefit or wider community benefits.

#### *No clear policy rationale for a booked hire vehicle licence*

The rationale for the introduction of a vehicle licence fee is unclear. It is not directly linked to any specific safety or consumer protection benefits. The booked hire vehicle licence fee is not linked to the vehicle safety inspection - which is undertaken separate to this process. It also does not appear to be linked to any specific consumer benefits.

The Government has thus not articulated a rationale around this licence fee, more than that having a vehicle licence fee is the 'traditional' way of regulating the Personalised Transport industry.

To date, industry has not been presented with a concrete policy rationale for introducing a booked hire service licence that is in addition to the stringent personal and vehicle safety accreditation requirements already imposed on ridesharing drivers and vehicles in Queensland.

Taking this 'business as usual' approach for the Government when it is trying to create a new, future proofed, regulatory framework is disappointing and a lost opportunity. It will hurt everyday Queenslanders who will be required to carry the cost of this administrative burden.

Any implied policy objectives for the booked hire service licence linked to enforcement, safety and consumer protection not satisfied by the current regime can be achieved through alternative means. For example, these objectives could be achieved via existing regulatory mechanisms, such as via Driver Accreditations or via existing data held by booking entities or

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<sup>5</sup> Explanatory Notes, Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017, 21

other Government agencies (including the DTMR and Motor Accident Insurance Commission). It should be noted that the Government and the Motor Accident Insurance Commission have announced a new Compulsory Third Party Insurance class will be introduced for booked hire vehicles.

This new licence fee will have a negative impact on ridesharing drivers, especially considering the flexible and part-time nature of ridesharing.

The policy considerations for introducing new regulated vehicle licences need to be weighed against the job creation and consumer benefits being realised by Queenslanders. The Government has successfully opened up a new ridesharing market and Queenslanders have embraced increased transport choice and the new employment opportunities provided by ridesharing.

Any additional red tape that does not directly focus on consumer benefit or safety runs the risk of cancelling out the consumer and economic benefits already being realised in Queensland as a result of the sensible reforms introduced in September 2016.

Unnecessary licence and associated fees are a deterrent for market participation, and hurt everyday Queenslanders who want to embrace the opportunity to earn extra money by providing safe, reliable and affordable rides in their own private vehicle.

In addition to the lack of clear policy objective, it should be noted that the booked hire service licence fee (\$237.26) is significantly higher than the taxi and limousine renewal licence fee (\$171.40).

Likewise the annual booked hire service licence cannot be renewed, unlike the taxi and limousine renewal which can be renewed for up to five years. If the booked hire vehicle licence fee is not removed altogether - which from a policy perspective is the most sensible outcome for local QLD drivers and the traveling public - then these cost discrepancies for the different modes should at a minimum be addressed.

*The New Regulations Makes Queensland one of the most expensive states to rideshare*

Under the proposed Regulations, a ridesharing driver would have to pay:

1. \$140.65 for the Driver Accreditation
2. \$237.26 for the Booked Hire Service Licence
3. Over \$100 for the Medical Check
4. \$77.35 for the Vehicle Inspection Safety Certificate
5. New CTP class for booked hire vehicles will be introduced - cost To Be Confirmed by the Government and MAIC



**The proposed fees and approach would make Queensland one of the most expensive states in Australia to get on the road as a ridesharing driver.**

This would greatly affect the attraction of ridesharing as a flexible source of income through part time, occasional driving. It should be noted that around half of Uber partners in Queensland drive for less than ten hours per week. Arbitrarily fees are a disproportionately large fixed cost for the majority of ridesharing drivers who are occasional or part-time drivers.

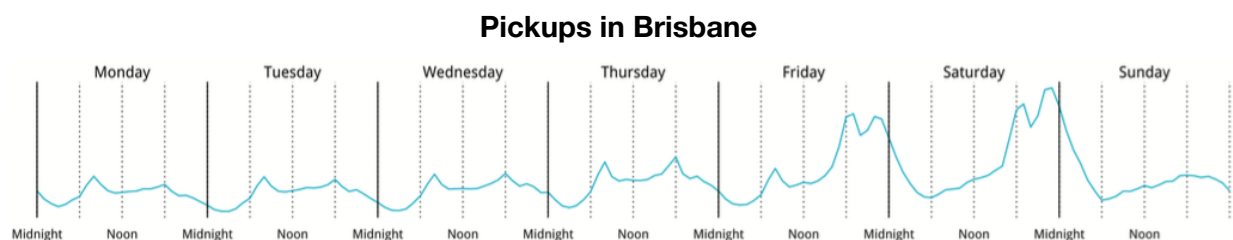
In contrast, in NSW the only costs incurred to become a ridesharing driver is a Driver Authority cost of \$80 and a \$40 vehicle inspection. The CTP insurance is on a user pays basis with a per/km top up fee in the process of being implemented. This models acknowledges the flexible and demand responsive nature of ridesharing.

*High barriers to entry will reduce elasticity and demand responsive transport modes*

High upfront administrative fees will not just impact the attraction of ridesharing as a flexible source of income, but it will also greatly impact the flexible, demand responsive transport solution ridesharing creates.

For example, with real time demand tracking, partners can log-on in response to high demand and log-off in response to low demand to pursue other activities. In this way, the ridesharing model accommodates highly variable demand across the day, across the week, and across the year.

Responsive supply ensures that rides are available when they are needed. Driver-partners are more productive with less downtime and greater trips per hour, placing downward pressure on fares. Communities benefit with better transport service that scales in response to fluctuating demand.



By comparison, incumbent transport models depend on fixed shifts and unresponsive supply. Vehicles experience relatively low occupancy, placing upward pressure on fares to cross-subsidise that idle time.

The responsive ridesharing model benefits both major cities as well as regional centres with dispersed populations or underdeveloped transport infrastructure. Ridesharing can

accommodate variations in transport demand associated with seasonal tourism, midweek inactivity and sporting events.<sup>6</sup> Ridesharing improves transport connectivity in these centres without additional infrastructure by better utilising the excess capacity of existing vehicles.

### **Case study: Gold Coast Commonwealth Games**

Queensland is preparing to host the Commonwealth Games on the Gold Coast in 2018. With only one taxi network and 357 taxis, the Gold Coast will face a severe transport shortage. It will be difficult to meet the short-lived demand for additional transport without investing significantly in additional capital infrastructure.

Ridesharing is an opportunity to service this demand using local residents and existing vehicles – at nil cost to the taxpayer and generating local economic opportunity. The Government and local organising entities have expressed an interest in seeing ridesharing play an important role as part of the transport mix for the 2018 Commonwealth Games.

This is a sensible approach, given many of the people travelling to the Commonwealth Games - international and domestic visitors - would expect to be able to use Uber to get safely, reliably and affordably around the Gold Coast. It should be noted that Uber operates in over 70 countries and 450 cities around the world.

However, high barriers to entry - such as fees and cumbersome administrative processes - is likely to deter many local Gold Coast drivers to participate as rideshare drivers for the relative short duration of the Games - when it is needed the most.

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<sup>6</sup> Australia Institute, *The role of ridesharing in addressing Canberra's transport challenges*, 2015.

## **2. Limiting mandatory training requirements only to booked hire service drivers who are driving wheelchair accessible vehicles - Part 7C, Transport Operations (Passenger Transport) Regulation 2005**

**Recommendation:** Amend Clause 16 of the Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017

- Amend Part 7C of Transport Operations (Passenger Transport) Regulation 2005 to limit the requirement of mandatory training for booked hire service drivers to only those people who are driving wheelchair accessible vehicles (ss 117ZH-117ZL)

We recommend the Committee seek to amend Clause 16 of the Regulation to limit mandatory training requirements only to booked hire service drivers who are driving wheelchair accessible vehicles. The reasons for this recommendation are as follows:

- This satisfies the primary intent of Part 7C, which follows Recommendation 26 of the Transportation and Utilities Committee in its Report on the Heavy Vehicle National Law and Other Legislation Amendment Bill 2016
- Mandatory training for all drivers has not delivered any notable improved benefit to customer service or the consumer experience
- Customer service standards that are flexible to different modes of transport can be far more effective

*Satisfies primary intent of Part 7C*

In the Transportation and Utilities Committee's Report on the Heavy Vehicle National Law and Other Legislation Amendment Bill 2016, Recommendation 26 states that

*'The committee recommends the Minister consider introducing a requirement for all drivers of wheelchair accessible vehicles be suitably trained to provide services for passengers with disabilities.'*<sup>7</sup>

The introduction to the Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017 states that Part 7C implements action in response to Recommendation 26. Therefore it is clear that the intent of Part 7C is focused on drivers who operate wheelchair accessible vehicles.

However the current wording of the Regulation could allow for a broader interpretation, that is, by requiring mandatory training for all booked hire service drivers regardless of the type of

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<sup>7</sup> Transportation and Utilities Committee, Report on the Heavy Vehicle National Law and Other Legislation Amendment Bill 2016, 69

vehicle they operate. Such broad interpretation would go beyond the desired outcome of Recommendation 26, which was solely focused on drivers operating wheelchair accessible vehicles.

Uber supports specific training for drivers of wheelchair accessible vehicles, as seen and implemented in a recent trial of Wheelchair Accessible Vehicles on demand in Newcastle, NSW. The drivers who participate in this trial have all undergone the same training requirements as wheelchair accessible taxi drivers, in addition to a specific module developed by the Australian Network for Disabilities.

Any general training requirement for drivers - regardless of vehicle - would go against the objectives outlined in the previous Subordinate Legislation no. 161 Transport and Other Legislation (Hire Services) Amendment Regulation 2016, which aimed to

*'remove obligations relating to customer service standards that are imposed on the taxi and limousine industries...including driver training competencies.'*<sup>8</sup>

By limiting Part 7C only to drivers who operate wheelchair accessible vehicles, this would not only satisfy the overarching intent of Recommendation 26 but also ensure that Part 7C does not go against the objectives outlined in the previous subordinate legislation.

*Mandatory training for all drivers has delivered limited improvements to customer service*

One reason ridesharing has grown in popularity with the travelling public in Queensland is its service levels - that is, the ease of pushing a button and getting a ride coupled with good in-vehicle service standards.

Notably, many customers were dissatisfied with the service standards of the incumbent taxi industry for which mandatory training requirements for drivers existed without actually translating into consumer satisfaction. In contrast, ridesharing services such as Uber and Go-Car have proven that simple, but expected customer-oriented service standards and hygiene, can be delivered without regulations requiring mandatory training standards.

Uber makes the following material available to all drivers who sign up to drive with the ridesharing app:

- Legal obligations under disability and accessibility laws
- General safety requirements
- Regulatory requirements
- Community guidelines for ridesharing drivers (based on expected behaviour standards)

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<sup>8</sup> Explanatory notes for SL 2016 No. 161, Transport and Other Legislation (Hire Services) Amendment Regulation 2016, 2

- Restrictions on pick-ups and dropoffs, including information on the legal restrictions around street rank and hail for taxi

Upon the conclusion of each Uber rideshare trip, the driver and rider are invited to rate each other through a five star peer rating system. This has proven a very effective tool to ensure service standards are met and behaviours by both riders and drivers are accounted for. To ensure transparency with drivers who seek to partner with Uber, we have a publicly available driver partner deactivation policy<sup>9</sup> which ensures transparency with drivers and clearly outlines expectations.

These mechanisms, implemented by Uber are far more adaptable to changing consumer service expectations and market responses than mandatory training requirements - which often do not reflect consumer sentiment.

*Customer service standards, flexible to each mode of transport, are more effective*

Flexible customer service standards, based on each mode of transport, is more likely to better address consumer expectations and needs than prescriptive training requirements.

The customer service requirements of taxi drivers will differ greatly to the customer service requirements of limousine drivers, and likewise ridesharing drivers. For example, ridesharing drivers do not need training on cash or credit card transactions as they do not facilitate in-person transactions (unlike taxis).

The Queensland Parliament should ensure that each mode of transport can flexibly adapt to changing consumer sentiment and service requirements. It should be noted that mandated training requirements have not proved efficient in delivering service outcomes in the incumbent Personalised Transport industry.

For driver-partners who operate more specific services such as UberAssist (which is an uberX option that is designed to provide additional assistance to seniors and people with disabilities), there are additional requirements which are specified in the Sign Up and Onboarding materials, including access to material developed by the Australian Network for Disabilities.

Importantly, Uber has distinguished between different types of service options, and tailored our guidance material and onboarding requirements to better reflect each of these services.

This approach ensures that driver-partners only receive information that is relevant and applicable to them and their service. This contrasts with a catch-all mandatory training requirement, which may cover material that is not applicable to each driver, and miss important information that is relevant to particular drivers.

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<sup>9</sup> <https://www.uber.com/legal/deactivation-policy/anz-en/>



### 3. Removal of restrictions on booked hire services in certain service areas of Queensland - section 75, Transport Operations (Passenger Transport) Act 1994

**Recommendation:** Amend Clause 18 of the Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017

- Remove Section 75 of Transport Operations (Passenger Transport) Act 1994 to remove the restriction on booked hire services for particular taxi service areas

We recommend the Committee seeks to amend Clause 18 of the Bill to remove the restriction on booked hire services for particular taxi service areas. The reasons for this recommendation are as follows:

- The restriction will limit employment opportunities for regional Queenslanders; and
- The restriction will limit transport options for regional Queenslanders

#### *Limit employment opportunities for regional Queenslanders*

Transport regulations should not discriminate geographically. Regional communities stand to benefit the most from ridesharing, in particular through the access to new economic opportunities and improved choice of safe transport options.

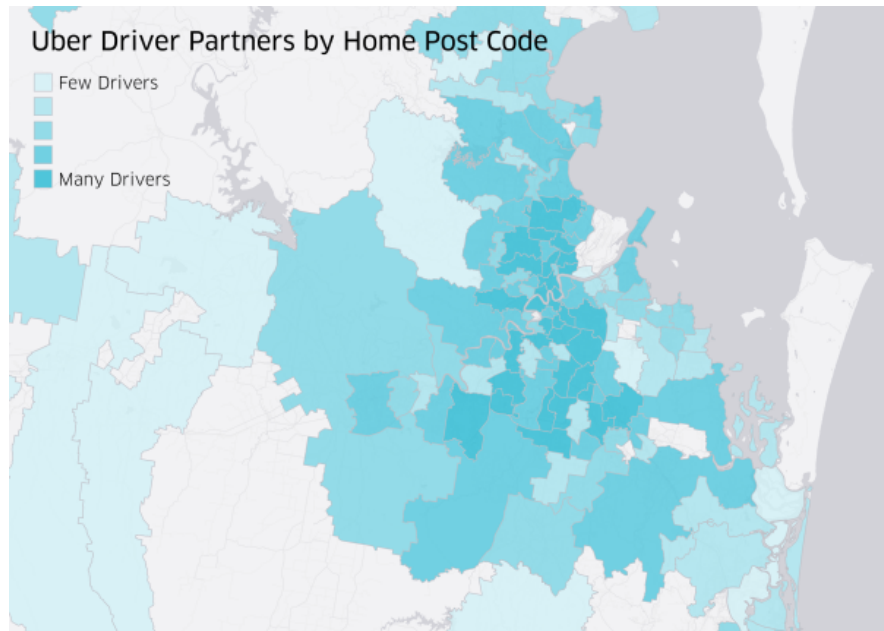
Regional communities suffer from some of the highest rates of unemployment, with regional and outback Queensland populations having unemployment rates that are above 10% (compared with Brisbane at 4.9% and Gold Coast at 5.3%).<sup>10</sup>

Ridesharing is a valuable economic opportunity for these most underemployed and unemployed communities. Uber partners are parents, carers, students, veterans, seasonal workers and retirees. Ridesharing offers them a chance to use their existing assets and existing skills to earn a flexible income.

In this way, ridesharing opens new economic opportunities for the most underemployed and unemployed suburbs. To illustrate, over 1,400 driver-partners live in 12 suburbs across Brisbane and the Gold Coast with above average unemployment.

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<sup>10</sup> Labour Market Information Portal, Unemployment Rates (15+) by State and Territory, February 2017 (%): Queensland



If booked hire services are restricted in certain service areas of Queensland, then these communities will miss out on the valuable economic opportunity that ridesharing brings.

#### *Limit transport options for Queenslanders*

One of the main aims of the personalised transport reform program is to provide customers with greater choice and flexibility. Regional communities in Queensland are some of the most poorly serviced by public transport or other modes of Personalised Transport.

However *Section 75* of the draft Bill - restriction on booked hire services for particular taxi service areas - has the potential to lock out people living in certain areas of Queensland from the benefits of ridesharing, which would result in less transport options for people in regional and remote communities.

It fails to acknowledge the need for more transport options for regions throughout Queensland, and also raises issues in the context of competition law.

Importantly, this clause is a direct contradiction to the Government's public commitment to the Personalised Transport industry and the traveling public, that the new laws governing the industry would be the same for the state as a whole, with no geographical carve outs.

#### 4. Amendment of proposed signage requirements - Regulation 117C, Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017

**Recommendation:** Amend Clause 14 of the Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017

- Amend Regulation 117C of Transport and Other Legislation (Personalised Transport Reform) Amendment Regulation 2017 to replace the proposed signage requirements with currently existing signage requirements

We recommend the Committee seek to amend Clause 14 of the Amendment Regulation to replace the proposed signage requirements with the currently existing signage requirements. The reasons for this recommendation are as follows:

- The proposed signage requirements are overly prescriptive and will create an unnecessary cost for booking entities
- Ensure consistency with signage requirements in other states

*Create an unnecessary cost for booking entities*

The proposed signage requirements outlined in Regulation 117C are different to the signage requirements specified by the Queensland Government's regulatory changes in 2016.

When the initial stipulations around signage were imposed, ridesharing booking services including Uber moved quickly, and at significant cost, to adhere with the stipulated requirements. These requirements stated:

'The sign must—

- (a) reasonably imply that the vehicle is a booked hire vehicle, for example, by displaying a trademark; and
- (b) be fitted on or towards the rear of the vehicle; and
- (c) be clearly visible from outside the vehicle.'

Uber has designed and distributed signs to all driver-partners based on these requirements. The proposed requirements would require Uber to design new signage and redistribute these to driver-partners, resulting in another significant cost imposed with no commensurate safety or consumer benefits.

To date, we have not received any formal complaint or feedback from the Government about what the issue with the original signage requirements. The proposed changes seem to lack a clear policy rationale. Until the Government identifies a specific policy rationale, Uber recommends that the current signage requirements should continue to exist.

*Ensure consistency with signage requirements in other states*

There is significant cross border transport activity between QLD and NSW.

The Government is aware of some of the existing issues in the Personalised Transport sector in this context, especially relating to pickup and drop off requirements. Uber has previously made formal representation to the Government on this issue. To date, we have not received a response to any of the concerns raised.

The Government has an opportunity to align its vehicle marking requirements with the NSW Government to ensure consistency, for the purpose of safety and potential enforcement activities.

## Other Recommendations

### 1. Create a one-stop digital shop for the Personalised Transport industry

We suggest the Committee consider making a recommendation to the Government for a digital portal within the Department of Transport and Main Roads (DTMR) website that streamlines and digitises any renewal or application linked to the Personalised Transport reforms.

Such a web portal should focus on providing a streamlined online process for any renewal application as well as any new driver or vehicle related licensing application. It should include the critical functionality of people being able to lodge and pay for any Personalised Transport sector related renewal or licences online.

This would enable all industry participants to get any renewal or accreditation from the DTMR in an efficient way. This would also help facilitate the smoothest possible transition to the next stage of regulations - particular if the regulatory burden on individual participants is to remain as high as the current proposal. This approach would also provide considerable opportunities for savings the industry as a whole, as well as to government.

**Face-to-face transactions cost an average of \$16.90 for governments to deliver, compared to 40 cents for a transaction delivered online.<sup>11</sup>**

At the moment, any application and/or renewal of a Driver Authority needs to be delivered in person at a DTMR office. That means that someone who applies for a Driver Authority needs to go into a DTMR office and get their application dealt with in person. This is a timely and costly process that the Government should seek to address as part of these industry reform.

Further, if any of the new envisaged processes are implemented in this way - i.e. the need for a person to go into an office and deal with any licence or renewal process in person - this will add significant cost to these reforms. Moreover, it should be noted that a web portal would be in line with contemporary consumer expectations. You can do your banking online, so why can't you deal with your DTMR needs in a similar way?

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<sup>11</sup>Deloitte Access Economics (2015), Digital government transformation (<https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-digital-government-transformation-230715.pdf>).



## **2. Establishment of a cross-border framework consistent with other states**

We would suggest, that as part of the personalised transport reform program, the Queensland Parliament should also put in place a cross-border framework that is consistent with other states, in particular for the NSW-QLD border between Coolangatta and Tweed Heads.

Such a cross-border framework would ensure consistency in the regulation and enforcement of cross-border activities. Cross border activities have been an issue of ongoing contention for the Personalised Transport industry as a whole, and Government should seek to resolve it as part of these reform processes.

A cross-border framework should outline any regulatory obligations on drivers who pick up or drop-off riders across state boundaries, as well as establish a clear and consistent framework and understanding of NSW and Queensland requirements.

## **3. Clarity on Operator Accreditation requirements for booked hire service providers**

It would be beneficial if the Committee could seek clarification from Government on the operator accreditation requirements for booked hire service providers.

These requirements are included as part of the amendments to section 12 of the Transport Operations (Passenger Transport) Act 1994, however it is unclear whether these requirements apply to individual ridesharing drivers - the majority of which are owner-operators of their vehicles.

For example, the Explanatory Notes on the Transport and Other Legislation (Personalised Transport Reform) Amendment Bill 2017 state:

*'It is proposed to exclude operators of taxi services and booked hire services from the requirement to hold operator accreditation by regulation under section 12(2) of TOPTA following passage of the Bill. Any safety related requirements currently imposed through operator accreditation will continue to be imposed on these operators through the new chain of responsibility and specific requirements in subordinate legislation such as the requirement to comply with a documented vehicle maintenance program.'*

However, the Amendment Bill and Regulation does not explicitly articulate this proposal, and does not clarify how this carve-out regulation will operate in practice. If the Queensland Parliament does not uphold this proposal, this would result in a nonsensical outcome where ridesharing drivers would require operator accreditation to drive their own vehicle - in addition to any Driver Accreditation or vehicle licence.

Further clarity on the operator accreditation requirements is requested to ensure that the regulations better reflect the nature of ridesharing, where the majority of drivers use their own private vehicles.

#### **4. Clarity on provisions imposing data sharing obligations**

It would be beneficial if the Committee sought further clarity from the Government on the data sharing obligations imposed by sections 81 and 91ZG of the Amendment of Transport Operations (Passenger Transport) Act 1994.

These sections are very broad and appear arbitrary, and thus far, the Government has not articulated a clear policy rationale around why these data sharing provisions are needed or what they are seeking to achieve.

Stipulations around data requests and cooperation around specific inquiries concerning safety and law enforcement need to go towards achieving a policy outcome in relation to safety.

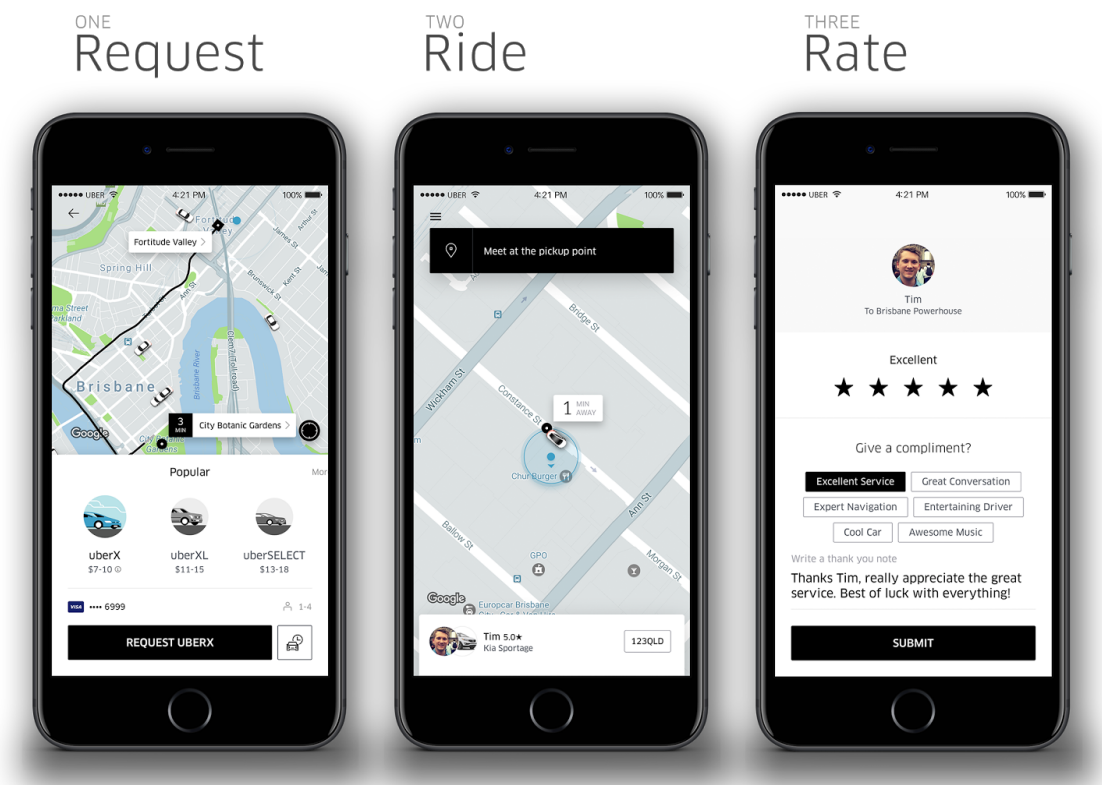
However the current regulations are very broad and do not stipulate how they will address factors such as privacy and commercial sensitivities that a general data request would raise - these sensitivities need to be carefully considered and addressed in consultation with the industry before being enshrined in law.

We seek further information around the requirements for 'broad-brush' data requests, including the policy rationale and outcomes sought in relation to any potential data sharing.

# What is ridesharing?

Ridesharing is the use of personal vehicles to provide rides.

Uber is a technology company that facilitates ridesharing between a registered rider and a registered and safety accredited driver-partner through a smartphone app. The rider makes a pickup request that is transmitted via the Uber app to nearby driver-partners. When a driver-partner accepts the request, the app tracks the subsequent trip, and facilitates an automatic and cashless transaction at the conclusion of the ride.



Safety and transparency are essential to the ridesharing model. Ridesharing trips:

- are not anonymous
- cannot be hailed on the street or from a taxi rank
- do not accept cash payments and
- are GPS-tracked in real time.

In Queensland all drivers affiliating with the Uber app receive their driver authorisation directly from the Department of Transport and Main Roads whom performs the same criminal

background and traffic history checks applicable to taxi drivers, bus drivers or limousine drivers. All vehicles have a valid Safety Inspection Certificate.

## BEFORE YOUR RIDE



**Driver accreditation.** Prospective driver-partners receive their driver authorisation, including a stringent criminal background check and driving history check, from the Department of Transport and Main Roads. Partners cannot access the app until these checks are completed.



**Vehicle checks.** Uber arranges a commercial vehicle inspection with an accredited third-party automobile inspector, through which the driver-partner can receive a Safety Inspection Certificate. Vehicles must be a four-door model and newer than ten years old. All ridesharing partners must have their own third party property damage or comprehensive car insurance. In addition, trips are covered by an \$20 million contingent liability insurance policy from CGU Insurance, an Australian insurer and member of the Insurance Australia Group. The contingent liability policy covers every Australian uberX trip.



**Rider registration.** Riders must register their name, mobile number and payment details through the Uber app. The rider is unable to make a request until they provide these details, and Uber does not permit anonymous rides.

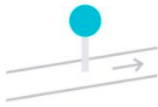


**Fare estimate.** Riders request a ride from nearby driver-partners by entering their pickup details into the app. An automatic fare estimate is available prior to requesting a ride. The app always notifies the rider of any dynamic pricing ('surge pricing') rate prior to requesting a ride. Riders have absolute discretion to accept or reject the fare. When a driver-partner accepts the request, the app displays the en-route vehicle and ETA.

## DURING YOUR RIDE



**Shared identities.** Ridesharing trips are not anonymous. The app provides the rider with the name, vehicle type, and registration number of the driver in order to identify the requested vehicle. The app also provides the driver with the name of the rider. Uber knows the identity of both parties. However, drivers are not supplied the destination until the rider enters the vehicle, preventing discrimination on the basis of destination.



**En route.** The Uber app guides the driver-partner to the nominated pickup location. If necessary, the rider and driver can contact one another via phone or SMS. Their respective mobile numbers are anonymised for privacy. Upon pickup, the driver verbally confirms that the rider is the rider identified in the app. The app provides GPS guidance to the driver. The rider can monitor their progress in real-time, and share their journey in real time with friends or family via the one-touch 'share my ETA' function. Riders may also share the fare between multiple riders via a 'split fare' feature.

## AFTER YOUR RIDE



**Payment.** The Uber app transmits trip information to servers that calculate the fare. The app then facilitates a cashless and automatic transaction from the rider to the driver-partner. Automated transactions make fare evasion or cash robbery impossible. Partners remit 25 per cent of the fare to Uber as a facilitation charge and retain 75 per cent of the total fare.



**Receipt.** The rider is emailed a receipt containing an itemised breakdown of the fare and a map of the route taken. Uber can adjust the fare in the event of a dispute.



**Feedback.** The rider and driver-partner mutually rate one another via a one-touch five-star rating system. It is a condition of using the Uber app that partners maintain a high rating. Poorly performing partners or abusive riders are identified, contacted by Uber customer representatives, and they ultimately lose access to use the app if their behaviour doesn't improve.



**Support.** Both parties may provide feedback in the app, and Uber's 24/7 support team acts on complaints swiftly – often within minutes. These systems ensure an ongoing quality control check that delivers excellent rider and driver satisfaction.



## Ridesharing is a distinct transport model

Ridesharing operates in a different market with a different model to existing Personalised Transport services. It faces different commercial and safety risks, and employs different mitigation strategies. Different regulation is appropriate. The draft Bill acknowledges that to some extent, which is encouraging.

Regulations already acknowledge fundamental distinctions between different forms of passenger transport. Taxis, for instance, are distinguished from other modes by their capacity to engage in street hails and rank jobs: 68 per cent of total taxi work.<sup>12</sup> Although taxis are able to participate in the advance booking and on-demand ready-to-ride markets, the rationale for taxi regulations is grounded in the risks unique to anonymous rank and hail work:

‘Taxi service means a means a public passenger service... under which the vehicle... plies or stands for hire on a road.’

- *Transport Operations (Passenger Transport) Act 1994* (Qld) sch 3<sup>13</sup>

Ridesharing does not operate in the rank and hail market. Nor does it operate in the advanced-booking hire car market. Ridesharing is exclusively on-demand and ready-to-ride.

These distinctions have four important implications for the design of ridesharing regulations:

- 1. Ridesharing is safe, accountable and transparent.** A number of the traditional qualitative regulations are unnecessary.
- 2. There is no basis for controlling the supply of ridesharing vehicles.** There is no economic justification for limiting the supply of ridesharing vehicles through special licences.
- 3. Ridesharing has a risk profile comparable to private driving.** Insurance regulations must recognise that ridesharing has a similar or superior risk profile to private driving.
- 4. Regulations must support, not deter, ridesharing.** Administrative barriers to entry will prevent ridesharing partners from accessing this economic opportunity.

### 1. Ridesharing is safe, accountable and transparent

The ridesharing model is safe, accountable and transparent. These characteristics make a number of traditional regulatory requirements inapplicable to ridesharing.

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<sup>12</sup> Australian Taxi Industry Association state and territory statistics for 2014.

<sup>13</sup> As enacted. See also *Passenger Transport Act 1990* (NSW) s 3; *Transport (Compliance and Miscellaneous) Act 1983* (Vic) s 86; *Passenger Transport Act 1994* (SA) s 45(1)(b); *Taxi Act 1994* (WA) s 3(1).

‘While passenger safety has been cited as a key reason for regulating ridesharing applications, the safety risks associated with using Uber are potentially minimal.’

- Translink<sup>14</sup>

**Safe.** Ridesharing trips are not anonymous and are GPS-tracked in real time. Riders are provided with the name, photograph, vehicle model and registration number of driver-partners prior to entering the vehicle. Driver-partners are supplied with the name of riders prior to collecting them. Without this exchange of information, the rider is unable to identify their vehicle, and partners are unable to locate the rider. The arrangement cannot proceed outside the Uber app.

The elimination of anonymity ensures that both riders and driver-partners are accountable for their behaviour. It deters unethical or illegal conduct and facilitates the prompt investigation of any incidents.

**Consumer protection.** Ridesharing technology improves the integrity of the financial transaction between rider and driver. Riders automatically obtain a fare estimate prior to requesting their ride. The estimate is calculated on the basis of live traffic data and provides upfront disclosure of any temporary dynamic pricing. Riders have discretion to accept or reject the fare estimate and fare structure prior to making a request or entering a vehicle. It enhances consumer choice with a level of transparency unavailable in alternative transport models that rely on pre-agreed fares (limousines) or regulated fare schemes (taxis).

‘The future market might not require fare regulation in its current prescriptive form for all services. A well-functioning competitive market (which includes the threat of increased competition from new entrants) is the most effective way to protect customers from higher than efficient fares.’

- NSW Independent Pricing and Regulatory Tribunal<sup>15</sup>

Furthermore, cashless and de-anonymised transactions ensure that riders are protected from fraud and that driver are protected from fare evasion. Riders must load credit card details into the Uber app when they sign up. Riders receive a receipt at the conclusion of the trip detailing the fare breakdown, route and driver identity. Payment to the driver-partner is automatic, and Uber adjusts fares in the event of a dispute.

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<sup>14</sup> Translink internal email with draft options paper for taxi regulatory reform, 30 January 2015, obtained under RTI.

<sup>15</sup> IPART, *Review of taxi fares to apply and number of new annual taxi licences to be issued in Sydney from 1 July 2015: Final Report*, 2014, 21.

Taxi passengers, by comparison, are unable to reasonably determine their likely fare prior to physically entering the vehicle, engaging the taximeter, and completing their trip. The calculation and payment of the fare is also vulnerable to abuse. It is unsurprising that without transparency or alternatives, 20 per cent of all Queensland taxi complaints concern drivers overcharging passengers.<sup>16</sup> These shortcomings historically justified the regulation of fares. That justification does not extend to ridesharing.

**Service quality.** Because rides are GPS-tracked and guided, driver-partners do not require comprehensive knowledge of particular urban environments. Navigation training and testing is unnecessary. Riders can view the status of a requested vehicle in real time, ensuring that drivers respond to requests immediately. Average wait times in Queensland are under four minutes.

Riders and driver-partners must mutually rate one another at the conclusion of each trip. The rating and feedback system captures any quality-related issues including:

- Obnoxious behaviour from drivers or riders
- Uncomfortable driving
- Unclean vehicles or vehicles that do not meet customer expectations

Poorly performing drivers or obnoxious riders are ultimately removed from the system. This accountability ensures a high level of satisfaction among both riders and partners. In this way, actionable feedback and redress policies ensure quality service without resorting to onerous regulatory controls such as the limousine vehicle specifications contained in the *Transport Operations (Passenger Transport) Regulations 2005*.

## **2. There is no basis for controlling the supply of ridesharing vehicles**

In the ridesharing market, supply is perfectly responsive to demand. Elastic supply is essential to the ridesharing model: the efficient deployment of underutilised assets to meet real, not speculative, demand for transport. In this on-demand market:

- Actual demand is mapped in real time with GPS precision allowing driver-partners to distribute themselves according to relative demand.
- Driver-partners can freely:
  - Log-off the system during periods of low demand in response to oversupply, and
  - Log-on during periods of high demand to ameliorate undersupply and long waiting periods.
- During periods of high demand, careful and transparent dynamic pricing strategies:
  - Reduce demand to manageable levels.

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<sup>16</sup> White, Queensland Government, *Taxi Driver Standards Reform*, 2009, attachment 4.

- Encourage additional drivers on the road to improve supply.
- Incentivise drivers to redistribute themselves from areas of low demand to areas of high demand.

In the rank and hail taxi market, by comparison, supply is fixed and therefore unresponsive to demand.<sup>17</sup>

Further, Uber operates with the knowledge that consumers today enjoy alternative transport options. In that spirit, ridesharing is creating new demand, not capturing existing demand. **Some 61 per cent of ridesharing trips are new to the point-to-point market.** Ridesharing is attracting new consumers who would not otherwise engage a costly taxi or limousine.<sup>18</sup> It is helping restore Personalised Transport as a credible, affordable and plausible transport option for everyday consumers.

‘An increase in the supply of cars for point-to-point transport suggests that the demand for drivers will increase, especially in peak periods when waiting times are greatest. This conclusion is reinforced by evidence from overseas that ridesharing has expanded the size of the point-to-point market – new services have stimulated new and latent demand.’

- NSW Point to Point Transport Taskforce<sup>19</sup>

Indeed, since uberX launched in 2014, taxis nationally experienced their greatest surge in demand in over a decade. According to the Australian Taxi Industry Association, that growth is driven by growth in the protected rank and hail market.

‘On a national basis, we haven’t seen a great shift in demand, and actually our number of rides has increased significantly overall.’

- Blair Davies, CEO, Australian Taxi Industry Association<sup>20</sup>

### 3. Ridesharing has a risk profile comparable to private driving

Taxis, limousines and ridesharing are distinct models with distinct risk profiles. These distinctions must be reflected in appropriate motor vehicle injury insurance regulations.

The relative risk profile of ridesharing is materially comparable to the risks applicable to private passenger vehicles. Ridesharing:

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<sup>17</sup> See also NSW Point to Point Transport Taskforce, *Final Report*, 2015, 17.

<sup>18</sup> Deloitte, *Economic effects of ridesharing in Australia*, 2016, 3.

<sup>19</sup> NSW Point to Point Transport Taskforce, *Final Report*, 2015, 118.

<sup>20</sup> Liz Burke, ‘Uber driver numbers reveal impact on taxi industry’, *News.com.au*, 10 August 2015.

- Deploys underutilised personal vehicles generally owned or familiar to the driver, and
- Offers a flexible source of income through part time, occasional driving.

This means that vehicles will generally engage in ridesharing only when they are not otherwise occupied. Ridesharing is ancillary to the primary application of the vehicle.

It is entirely inappropriate to attribute to these vehicles the risk characteristics of a vehicle dedicated to hire car or taxi operations. Speculative insurance treatment will impose additional costs and administrative burdens unsupported by clear reasoning or actuarial injury data. Speculative costs will make ridesharing unviable.

**A) Time on the road.** Ridesharing vehicles are intended for predominantly personal use. Half of ridesharing driver-partners drive for less than 10 hours per week. This marginal work does not relevantly distinguish ridesharing from private vehicles. Private vehicle classes accommodate extreme variations in on-road hours, and a few hours of incidental paid work falls well within that range.

Commercial vehicles, by comparison, operate for fixed shifts averaging 45 hours per week.<sup>21</sup> As dedicated vehicles, they have no alternative purpose. Cooperative ownership or bailment arrangements mean that dedicated commercial vehicles are generally shared between multiple drivers to ensure maximum operating time. In addition, taxis must drive to both deliver passengers and to otherwise continually ply for work. The average Australian taxi drives 155,300km per year, compared to 13,800km for private vehicles.<sup>22</sup>

**B) Carriage of passengers.** Personal vehicles frequently carry passengers, including vulnerable passengers. Incidental ridesharing work does not materially change this risk profile.

**C) Driver quality.** Ridesharing driver-partners with Uber must pass a driving history check. Uber does not accept partners with a history of reckless or drink driving behaviour, or excessive traffic infringements. Furthermore, driver-partners must be aged 21 years or older, ensuring that the most at-risk class of drivers (17-21 years old) are removed from the pool.

Riders must provide feedback about their driver-partner at the conclusion of each trip via a five-star rating system. Riders can also leave written feedback on any matter including driving behaviour. Uber driver-partners must retain a high star rating. Poorly

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<sup>21</sup> Taxis: Queensland Workplace Rights Ombudsman, *Report on Inquiry into the Taxi Industry*, 2010, 29.

<sup>22</sup> Australian Taxi Industry Association state and territory statistics for 2014; Australian Bureau of Statistics, *Survey of Motor Vehicle Use, 12 months ended 31 October 2014*, 2015.

rated partners or those with a record of unsound driving are removed from using the app.

In this way, ridesharing driver-partners as a class are likely to be among the safest on the road. The initial pool of driver-partners excludes those who have a record of high risk driving behaviour. The pool is monitored and “filtered” to eliminate partners who subsequently exhibit high risk behaviour. Existing private and commercial classes do not filter drivers in this way.

- D) Usage.** Ridesharing does not engage in anonymous rank and hail work. All ridesharing trips through Uber must be requested via the app. Riders can request a pickup location with accuracy by placing a GPS “pin” at their desired location. The Uber app can track popular pickup spots and suggest an alternative pickup location if the requested location is difficult to access.

By comparison, some 68 per cent of taxi work nationally consists of rank and hail work. Passengers must physically engage a taxi by stepping onto busy streets. A hailed taxi must come to a stop quickly and often across multiple lanes of moving traffic.

- E) Moral hazard.** Ridesharing driver-partners must be explicitly listed on the insurance policy of their vehicle. They take a corresponding level of care in operating the vehicle, mindful that high risk driving will impose personal financial costs in the form of higher premiums and/or excesses.

By comparison, dedicated commercial vehicles are generally owned by a person other than the driver. The division of ownership and operation gives rise to a well-recognised moral hazard problem that encourages higher risk behaviour among such drivers. Claim rates do not impose personal financial costs on these drivers, encouraging a lower standard of care.<sup>23</sup>

- F) Regulatory classification.** The regulatory treatment of a vehicle does not relevantly affect its risk profile. The *Motor Accident Insurance Regulation 2004* discriminates between private vehicles, taxis and other “hire vehicles”.<sup>24</sup> However, the mere classification of vehicle as a “hire vehicle” does not change its risk profile, nor does “hire vehicle” capture the full range of intended or actual usage. Other factors are more determinative. Any decision to re-classify vehicles for CTP should be based on actuarial data rather than the legislative classification of a vehicle or other arbitrary criteria.

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<sup>23</sup> NSW State Insurance Regulatory Authority, *Discussion paper: Review of CTP motor vehicle insurance for point to point transport vehicles*, 2016, 6.

<sup>24</sup> *Motor Accident Insurance Regulation 2004* sch 1.

Insurance risks	Risk profile of class			
	Ridesharing	Personal	Limousine	Taxi
Dominant intended purpose	Personal	Personal	Commercial	Commercial
Time on the road	Variable	Variable	Moderate (bookings)	High (bookings and plying for hire)
Carriage of passengers	Variable	Variable	Frequently	Frequently
Driver background	21+	16+	20+	20+
Driver oversight	De-anonymised	De-anonymised	De-anonymised	Anonymous
	Digital feedback after every trip	Informal feedback	Ineffective feedback	Ineffective feedback
Usage	Pre-requested	Personal	Pre-booked	Spontaneous street hails in traffic
	No street hails		No street hails	
Moral hazard	Driver generally owns vehicle or explicitly listed on insurance	Driver owns vehicle or covered by insurance	Driver sometimes owns vehicle	Driver rarely owns vehicle
<b>Appropriate CTP classification</b>	<b>Class 1</b>	<b>Class 1</b>	<b>Class 4</b>	<b>Class 3</b>

Major insurers have acknowledged these distinctions in relation to private vehicle insurance. In August 2016, NRMA Insurance, part of the IAG group, said that:

‘This is a campaign of self-interest by a taxi industry that has not stayed abreast of changing customer preferences and the adoption of sharing economy services like Uber... We have made the decision to cover [our customers] if they choose to use their car this way.’

In February 2016 Allianz also moved to offer ridesharing domestic car insurance to UberX drivers nationally.



For CTP purposes for ridesharing vehicles, the NSW Government<sup>25</sup> has revised its CTP scheme and allowed vehicles to remain in Class 1, private vehicle, with a per/km top up fee being applicable for when a vehicle is being used for ridesharing - and the regulatory reporting burden of the per/km fee will fall on the ridesharing service.

Given the diverse personal applications for ridesharing vehicles, the dominant intended application of the vehicle should determine its injury insurance treatment. For ridesharing vehicles, the dominant intended application is personal use. The QLD Government has however indicated that it will introduce a new class for vehicles used for ridesharing - this introduces unnecessary cost and administrative burden.

#### **4. Regulations must support, not deter, ridesharing**

Flexibility is a defining characteristic of the ridesharing market, and most people who choose to become partners do so to supplement their income. Drivers are independent and have total control over when they are online, with the flexibility to structure their driving around existing professional or personal commitments. Half drive for less than ten hours per week.

Ridesharing is casual, discretionary work. It is unreasonable and unrealistic to impose administrative barriers to entry such as lengthy waiting periods or driver authorisation fees any higher than the cost of administration. Arbitrarily high fees are a relatively small fixed cost for full-time professional drivers. They are a disproportionately massive fixed cost for ridesharing drivers, who provide occasional rides using their personal vehicles.

Any regulatory imposts should be justified on clear public safety grounds.

In a ridesharing industry characterised by variable work hours, the risk profile of a ridesharing vehicle that undertakes occasional ridesharing is materially identical to that of a purely personal vehicle. Vehicles do not deteriorate any faster by virtue of providing occasional commercial rides, nor do the drivers. Moreover, the consequences of an unfit driver or an unroadworthy vehicle affect all road users, whether or not the driver or vehicle in question is deemed 'commercial'.

*'The fact the driver is paid for the use of the vehicle does not increase the risk of personal injury.'*

- Economic Policy Group, QLD Department of Premier and Cabinet<sup>26</sup>

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<sup>25</sup><https://www.finance.nsw.gov.au/about-us/media-releases/green-slip-overhaul-benefit-point-point-vehicles>

<sup>26</sup> Economic Policy Group report on taxi deregulation to Department of Premier and Cabinet, 2015, obtained under RTI.

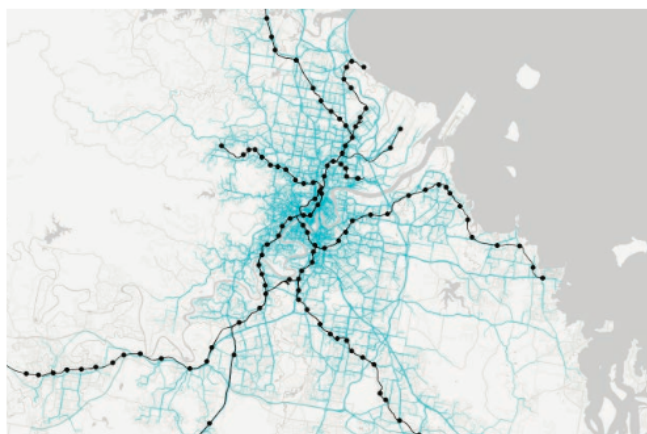
## Connected cities

In Queensland, some 65 per cent of ridesharing trips start or end in a public transport desert.<sup>27</sup> And almost half of all trips are one-way, implying that for some suburbs, for at least part of the day, public transport is unavailable to cover either the outbound or return leg.

In this way, ridesharing complements public transport where reliable service is unavailable. Ridesharing provides a flexible and scalable solution to the 'last mile' problem, connecting riders from their door to a transport hub.

By improving connectivity across the city, ridesharing also supports local economic activity. For example, over 60 per cent of ridesharing trips are new to the point-to-point market, suggesting that many of those riders may be travelling to destinations they would not have visited otherwise.<sup>28</sup>

In this environment, ridesharing helps to reduce the dependency on private vehicles. Only 3.3 per cent of Queenslanders take the bus to work, and only 2.1 per cent take a train.<sup>29</sup> Greater connectivity across the last mile improves the utilisation of existing public transport infrastructure, reducing inner-city and peak-hour congestion.



### RIDESHARING COMPLEMENTS PUBLIC TRANSPORT IN BRISBANE

Lines represent Uber trips that began or ended near train stations in Brisbane.

- TRAIN STATION
- TRAIN LINE
- UBER TRIPS

## Smart supply

Ridesharing depends on private drivers providing rides around their existing commitments. Approximately half of Uber partners drive for less than ten hours per week. They have discretion over when and where they work and, together, they form the backbone of a highly responsive supply model.

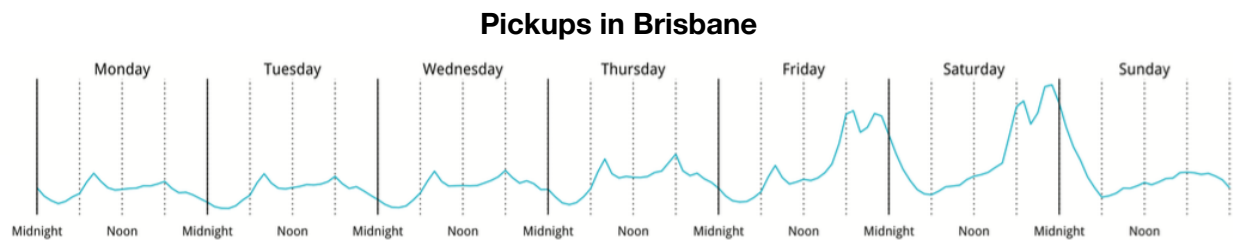
<sup>27</sup> Greater than 800m from the nearest medium frequency transport node.

<sup>28</sup> Deloitte, *Economic Effects of Ridesharing in Australia*, 2016, 3.

<sup>29</sup> ABS, 'Fact sheet: method of travel to work in 2011', 2011.

With real time demand tracking, partners can log-on in response to high demand and log-off in response to low demand to pursue other activities. In this way, the ridesharing model accommodates highly variable demand across the day, across the week, and across the year.

Responsive supply ensures that rides are available when they are needed. Driver-partners are more productive with less downtime and greater trips per hour, placing downward pressure on fares. Communities benefit with better transport service that scales in response to fluctuating demand.



By comparison, incumbent transport models depend on fixed shifts and unresponsive supply. Vehicles experience relatively low occupancy, placing upward pressure on fares to cross-subsidise that idle time.

The responsive ridesharing model benefits both major cities as well as regional centres with dispersed populations or underdeveloped transport infrastructure. Ridesharing can accommodate variations in transport demand associated with seasonal tourism, midweek inactivity, Parliamentary sitting weeks, and sporting events.<sup>30</sup> Ridesharing improves transport connectivity in these centres without additional infrastructure by better utilising the excess capacity of existing vehicles.

In a responsive supply model that depends on discretionary driving, it is impossible to prescribe 24/7 service obligations. Universal service obligations eliminate the efficiency benefits obtained by deploying vehicles only when and where they are actually needed. Ridesharing partners enjoy total control over their driving, there are no set or prescribe shifts in the sense of the incumbent industry.

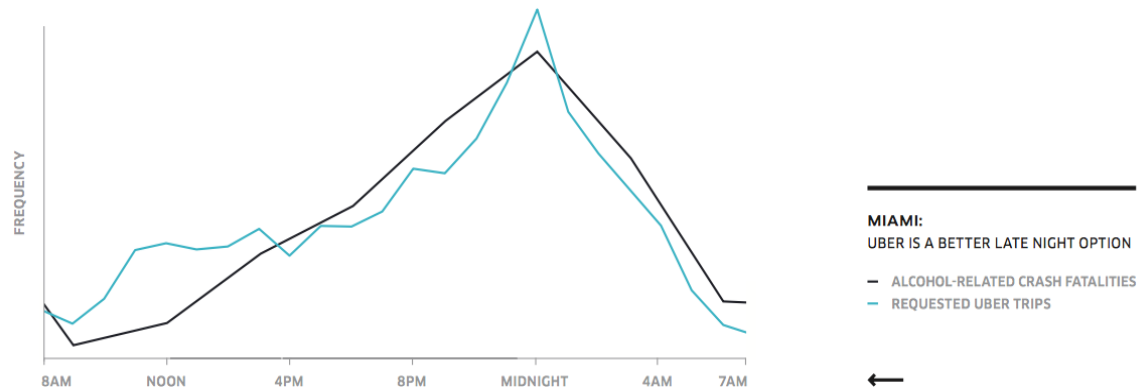
### Safe choices

The emergence of ridesharing correlates with a statistically significant decrease in drink driving. In the United States, advocacy group Mothers Against Drink Driving found that ridesharing encouraged people to make better transport choices that save lives. For instance:<sup>31</sup>

<sup>30</sup> Australia Institute, *The role of ridesharing in addressing Canberra's transport challenges*, 2015.

<sup>31</sup> Mothers Against Drink Driving, *Think and Ride*, report with Uber, 2015.

- The emergence of Uber in Seattle corresponded with a ten per cent decline in the number of drink driving arrests.
- After the launch of uberX in California, drink driving incidents fell 6.5 per cent per month among drivers under 30.
- In Chicago, 75 per cent of late-night weekend ride requests come from business premises with liquor licences.
- Uber ridership in Miami peaks at the hours when drink driving crashes are most likely to occur:



When surveyed, 78 per cent of respondents said that friends are less likely to drive home after drinking since ridesharing services began to operate. And 86 per cent of respondents over 21 years old agreed that “Uber has made it easier for me to avoid driving home when I’ve had too much to drink”.

‘Queensland’s taxi regulations are costing the Brisbane public over \$80 million per year and may be contributing to drunken violence.’

- Economic Policy Group, QLD Department of Premier and Cabinet<sup>32</sup>

Reliable transport alternatives improve safety outcomes off the road too. Since launching, uberX has facilitated some 450,000 journeys out of the Sydney alcohol lockout zone in the very early morning, reducing the potential for idle violence and disorder. As in Queensland, the average waiting time in Sydney is less than four minutes, mitigating the disruption that often accompanies congested transport nodes - namely, taxi ranks and bus stops - that funnel intoxicated patrons into concentrated areas.

## Inclusive mobility

<sup>32</sup> Economic Policy Group report on taxi deregulation to Department of Premier and Cabinet, 2015, obtained under RTI.

Ridesharing improves the transport experience for those with mobility difficulties or accessibility needs. Uber has worked with Open Doors and the Australian Network on Disability to create a training programme for driver-partners to ensure that they understand how to meet the accessibility needs of different riders. Approximately ten per cent of uberX supply hours are available through this uberASSIST product.

uberASSIST allows riders to request a vehicle that can accommodate folding wheelchairs, walkers and collapsible scooters, and guarantees that the driver-partner has received dedicated education. uberASSIST rides are the same price as standard uberX rides and can be requested on demand through the app.

### **In their words**

‘Uber is by far the closest I have come to getting in a car and driving myself’

- Vision-impaired rider

‘I think that Uber is one of the best things that has happened for blind people in a long time’

- Mike May, President, Sendero Group

‘Technology... is a great enabler... The enhancements Uber has made to their app, paired with their commitment to accessibility, perfectly demonstrates how the features in common technology can be applied to make communication a non-issue and get people back in the game’

- Rachel McKay, Chief Strategy Officer, Conexu Foundation

‘It’s great to see Uber’s focus on training drivers to know how to say and do the right thing to welcome riders with disability’

- Suzanne Colbert, Chief Executive, Australian Network on Disability

In October 2015, Uber trialled its first Wheelchair Accessible Vehicle (WAV) ridesharing service in Australia in Brisbane. For the duration of the NDIS 2015 conference, Uber partnered with local drivers who owned modified vehicles. Feedback was overwhelmingly positive with average wait times under five minutes.

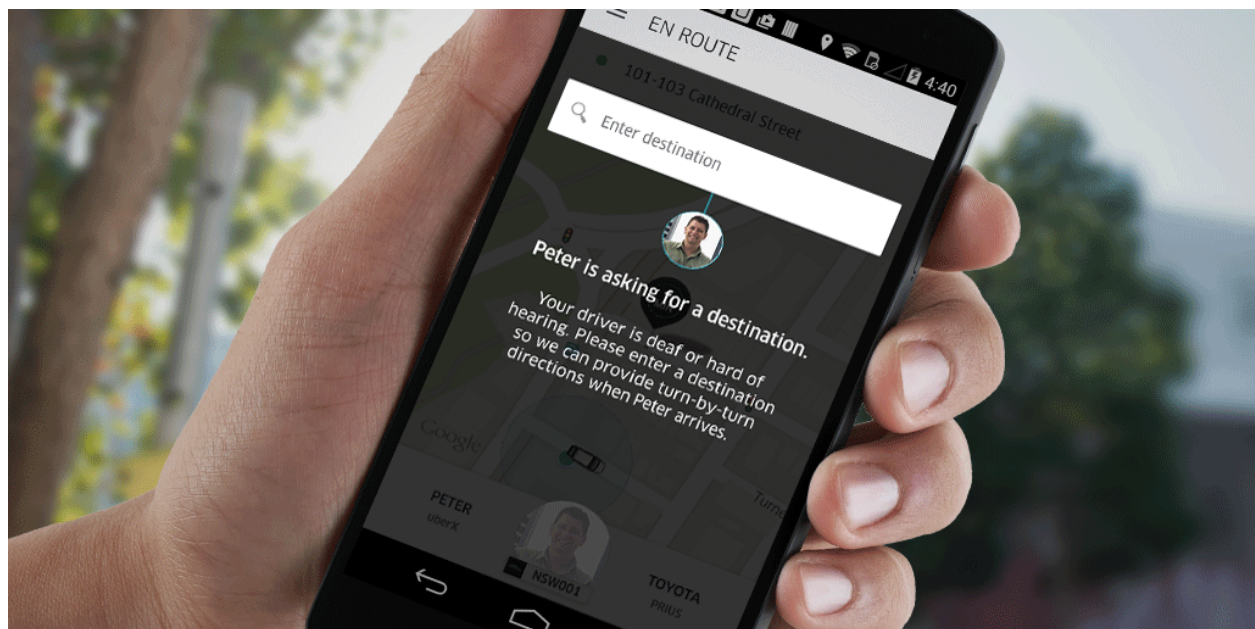
## In their words

'The uberWAV vehicle was like a happy prestige service. The driver was simply amazing... We never feel comfortable in a taxi, but with Uber we felt safe as the driver is used to his vehicle, he had a real understanding of the struggles of travelling with a disability, and he was more cautious. The really amazing part is that [my daughter] could be sitting beside the person she was travelling with, not "stored in the back" like a maxi taxi. It was an inclusive transport experience.'

- Vicki, uberWAV rider

Uber is looking to partner with individuals and community organisations nationally who drive modified vehicles. In this way, ridesharing offers carers a valuable opportunity to earn income using their existing specialised vehicles.

In addition, Uber has augmented its app technology to enable dozens of driver-partners who are deaf or hearing-impaired to drive using the app. The app flashes instead of beeping, and once a ride is accepted, the rider is sent a message requesting them to input details of their destination so it does not need to be explained to the driver.



Drivers with a hearing impairment have previously been prevented by regulatory authorities from providing transport services for reward despite holding a driving licence. Ridesharing technology helps to overcome these barriers. In conjunction with Deaf Australia, Uber has lobbied state and federal transport ministers to reform the regulations around hearing impaired drivers.



## In their words

‘At first I was a bit nervous about communicating with clients but, after a few trips, things were going really smoothly and so my confidence grew. It has been challenging to get a job that I have really wanted and there is a constant reluctance of employers to put me on, due to my deafness.’

- Peter, Uber partner living with deafness

With fares generally 30 per cent more affordable than taxis, ridesharing reduces the cost of accessibility subsidy schemes.

## Case study: Taxi Subsidy Scheme (TSS)

The most recent TSS review suggested that some \$14 million in taxpayer funds was spent on the scheme in FY11/12 prior to the imposition of an aggressive cap.<sup>33</sup> The average subsidy was \$8.17, matched 1:1 with personal funds.

A saving of 30 per cent on point-to-point trips would mean:

- Greater value for beneficiaries and taxpayers
- Less restrictive caps
- Broadened eligibility criteria to include those who suffer severe mobility impairments but currently fall outside the narrow scope of the scheme

In addition, it appears half a million dollars is spent annually administering the TSS. Ridesharing technology would dramatically reduce these costs. Enterprise apps such as Uber For Business would enable regulators to:

- Produce digital reports of TSS usage by individual recipients
- Impose conditions and criteria around eligible trips
- Automatically reimburse the transport provider

Uber is continues to engage productively with regulators across Australia with a view to opening subsidy schemes to other transport models.

## Future mobility

Ridesharing is an essential precondition for the development of sophisticated carpooling systems. Traditional carpooling systems have been infeasible since:

- Financial incentives are generally limited to cost-recovery
- Technology was formerly unable to connect passengers

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<sup>33</sup> Department of Transport and Main Roads, *Taxi Subsidy Scheme: Eligibility and Entitlements Review*, 2013, 5.



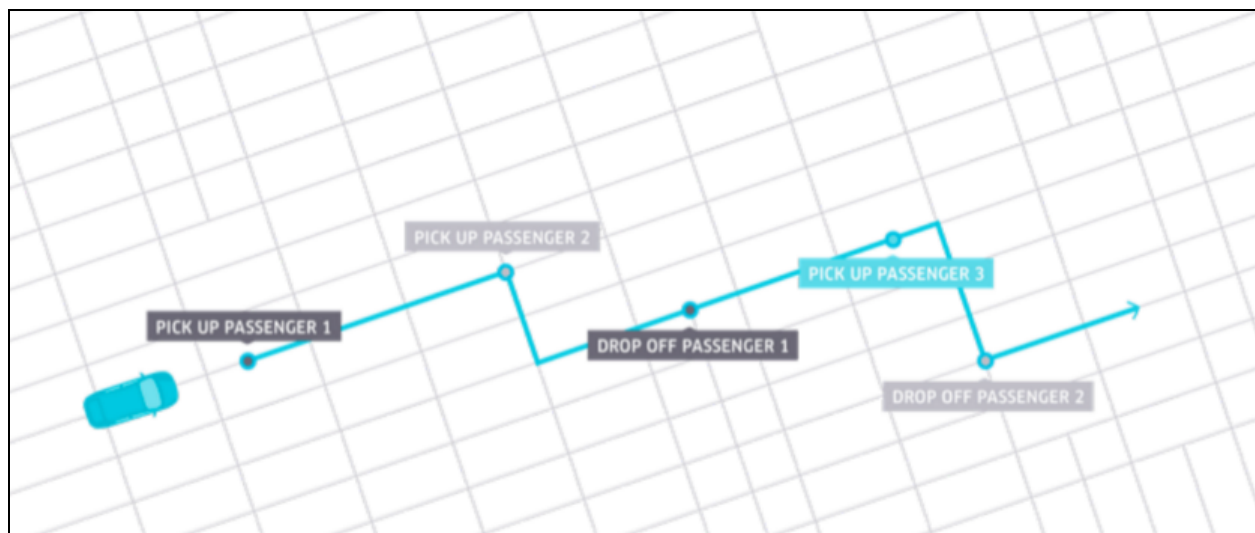
- Drivers undertook trips to inflexible schedules

‘The basic problem is that carpooling is an extremely inflexible transport mode... The prospects for significant improvements to this situation seem remote.’

- RMIT study<sup>34</sup>

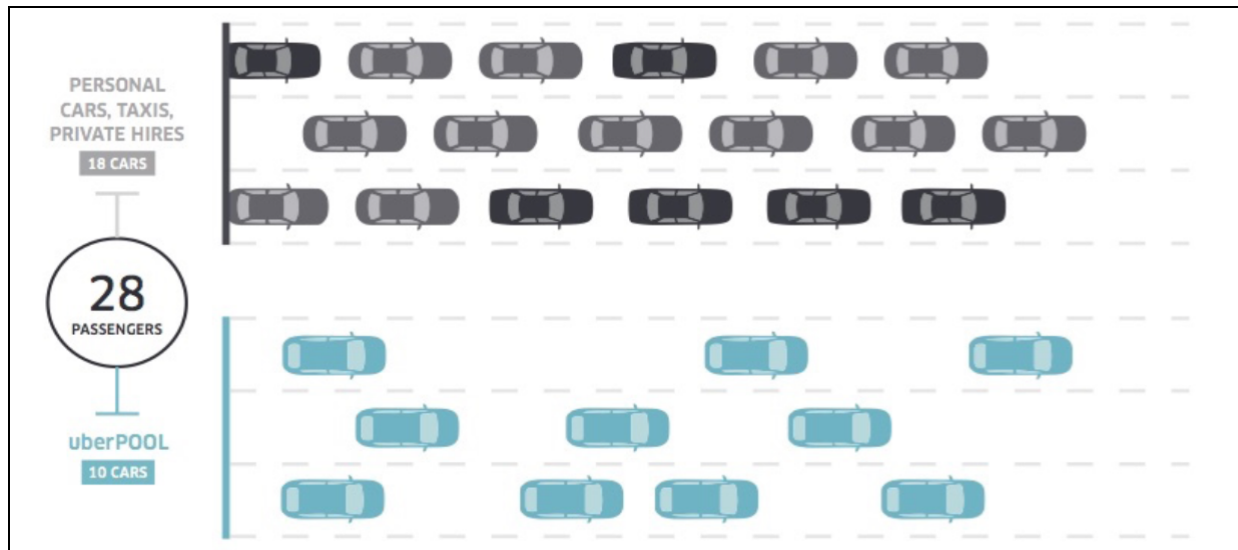
With smartphone technology, algorithmic payment systems, and a responsive supply model, uberPOOL makes carpooling a viable reality. In San Francisco and other mature ridesharing markets, for instance, almost half of all Uber trips are taken through the uberPOOL product. Uber has facilitated over 100 million trips through uberPOOL across 33 cities since launch.

uberPOOL connects two or more consenting riders who are travelling in a similar direction along a similar route. The Uber app re-routes the driver-partner to collect each rider. At the end of the trip, each rider pays a fraction of the normal fare while the driver may collect a multiple of their usual fare.



In the first four months of 2016 alone, uberPOOL eliminated over 145 million kilometres of driving and saved 16,000 tons of carbon dioxide emissions. Ten per cent of young people who use uberPOOL have chosen to not buy a car or to dispense with their car because of the availability of safe, reliable and affordable carpooling.

<sup>34</sup> Mees and Groenhart, ‘Transport policy at the crossroads: travel to work in Australian capital cities 1976-2011’, RMIT, 2012, 13.



In these ways, a mature ridesharing market can reduce the number of active cars in a city by some five per cent.<sup>35</sup> Ridesharing becomes a feasible alternative to car ownership. Transport models built on ridesharing will meaningfully reduce the national environmental footprint and improve congestion using existing infrastructure.

### Regulations should benefit consumers

Queensland taxis maintain the lowest customer satisfaction rating of all public transport modes.<sup>36</sup> Across the state, 12 per cent of journeys are rated as unsatisfactory.<sup>37</sup> Only 30 per cent of drivers are rated as professional.<sup>38</sup> The average wait time for a taxi booked for immediate pickup is 9.4 minutes.<sup>39</sup> Twenty-one per cent of quality complaints concern driver navigation, and 20 per cent concern drivers overcharging the passenger.<sup>40</sup>

<sup>35</sup> Copenhagen Economics, *Economic benefits of peer-to-peer transport services*, 2015.

<sup>36</sup> Department of Transport and Main Roads, *Annual Report 2013-2014*, 40.

<sup>37</sup> Roy Morgan Research, 'Taxi Mystery Shopping: Summary Report', 2013, 63-64.

<sup>38</sup> Roy Morgan Research, 'Taxi Mystery Shopping: Summary Report', 2013, 41.

<sup>39</sup> Roy Morgan Research, 'Taxi Mystery Shopping: Summary Report', 2013, 15.

<sup>40</sup> White, Queensland Government, *Taxi Driver Standards Reform*, 2009, attachment 4.

The only way of registering a complaint or compliment is to contact a taxi company or the regulator in writing or by telephone.

	Customer satisfaction rating
Ferry (SE QLD)	76
Regional urban bus	74
Bus (SE QLD)	70
Rail (SE QLD)	69
Taxi	65

With responsive supply, real time tracking, GPS guidance, cashless transactions and mutual feedback, ridesharing eliminates the most common of these complaints. Regulations must acknowledge these technology-driven approaches to customer satisfaction.

**Safety.** Ridesharing trips are de-anonymised. Uber knows the identity of both the driver-partner and the rider. That transparency is a powerful deterrent to abusive or obnoxious behaviour. It also ensures that Uber can investigate incidents thoroughly and pass that information to authorities after a formal request from police. By comparison, rank and hail taxi trips are anonymous and untracked. It is difficult for victims – both drivers and passengers – to identify the subject of a complaint.

**Availability.** Real time demand mapping enables drivers to distribute themselves where they are most needed. Careful and algorithmic dynamic pricing strategies incentivise driver-partners to areas of high demand, and reduce high demand to manageable levels. The average uberX wait time is less than five minutes in Queensland.

**Complaint handling.** Riders and driver-partners must mutually rate one another after each trip with a five-star rating system. Poorly performing drivers and abusive riders are identified and ultimately removed from the system. Complaints and compliments are lodged digitally, and Uber acts on them swiftly – generally within minutes. Unlike the incumbent industry, Uber makes vast investments in its partner and rider support infrastructure.

**Overcharging.** Transactions are cashless and automatic, eliminating the threat of fare evasion, fraud, and overcharging. The calculation of the fare is beyond the control of either party. Riders can also request an accurate fare estimate prior to requesting a ride.

**Route.** The Uber app provides GPS guidance to driver-partners. Riders are emailed a receipt containing a map of the route taken. Uber can adjust fares in the event of a dispute.

**Fare discrimination.** Driver-partners are not informed of the destination prior to collecting a rider, nor can they cancel a ride upon collection. Driver-partners cannot discriminate against riders based on the length of the trip or the anticipated fee.

**No-shows.** The most common reason that passengers are unable to catch a taxi is that the taxi simply does not turn up as booked.<sup>41</sup> Ridesharing provides a greater level of transparency. Ridesharing is limited to ready-to-ride requests facilitated via an automatic app. The app provides constant feedback about the status of the requested vehicle, and riders are notified moments after making their request if no driver-partners are available.

## Conclusion

Ridesharing demonstrates that smart technology with a smart supply model can help to improve transport in our cities and regions. It offers a low-cost, scalable transport alternative to supplement existing transport systems. It offers drivers a flexible and accessible source of income. And it offers riders a safe, reliable and affordable transport alternative.

As such, it requires smart regulation and smart administration to ensure that these benefits can be enjoyed by all Queenslanders. There are significant scope for improvements of the draft Bill as introduced to the Parliament and we look forward to continue working with the Government on these important reforms.

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<sup>41</sup> Australian Taxi Drivers Association cited by NSW Taxi Industry Inquiry, *Final Report*, 2010, 76.