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Box 1.4: Treatment of the 'sharing economy' by regulators – the example of 'Uber'

Uber is a platform for ride-sharing services, which works by connecting passengers directly with the drivers of vehicles. Cars are reserved by sending a text message or by using a smartphone app.

This type of 'on-demand ride sharing' was not considered when laws governing the taxi industry were enacted. However, the regulatory response to this new ride-sharing consumer option has varied between jurisdictions.

In NSW, the Transport authority has stated that the UberX service does not comply with the current NSW Passenger Transport Act 1990, and that drivers need to be accredited. However, the NSW Government noted in their submission:

The NSW Government has, however, acknowledged that it needs to consider how it adapts to new opportunities in the market and is considering its position in response to ride-sharing activities to ensure it considers the benefits to consumers and the impact on the industry.

In Victoria, the Victorian Taxi Service Commission has issued fines to some unlicensed Uber drivers. Around \$60,000 of fines had been issued as of early May, with Uber pledging to pay the fines on behalf of the drivers.¹⁷

In Canada, officials at the City of Toronto have charged Uber with 25 municipal licencing offences, including operation of an unlicensed taxi brokerage and unlicensed limo service. Some rival mobile apps have obtained licenses.

In the United Kingdom, Transport for London has not stopped the operations of Uber, and London black-cab drivers have disrupted traffic as a protest.

In the United States, Uber competes with rival such as Lyft and SideCarr, which have not yet established a significant presence in Australia. California was the first jurisdiction to recognise and regulate services such as Uber, creating a new category of regulation for 'transportation network companies' (TNCs). The regulation for TNCs cover driver background checks, driver training, drug and alcohol policies, minimum insurance coverage and company licensing.¹⁸

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¹⁷ Sydney Morning Herald, Uber pledges to pay \$1700 ride-sharing driver fines in Victoria, 23 May 2014.

¹⁸ Californian Public Utilities Commission, [Decision adopting rules and regulations to protect public safety while allowing new entrants to the transportation industry](#), 19 September 2013