

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.

Internationally, the approach to new businesses such as Uber has been quite different to the Australian approach. In the United States for example, 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.

In Australia, our frameworks have not yet demonstrated such flexibility and openness to new modes of business. In NSW, while the Transport authority has stated that the UberX service does not comply with the current NSW Passenger Transport Act 1990, the NSW Government 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. Whether this approach persists over time will be a test of how accommodating Australian policy environments are to new technologies and the benefits that they can bring for consumers. Text