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Box 1.1: Regulatory treatment of the 'sharing economy' — the example of Uber

Uber is a platform for ridesharing services that connects passengers directly with the drivers of vehicles. Cars are reserved by sending a text message or using a smartphone app.

This type of 'on-demand ridesharing' was not envisaged when laws governing the taxi industry were drawn up. The regulatory response to this innovative development has varied across jurisdictions.

Internationally, the response to Uber has been quite different from that 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 of TNCs covers driver background checks, driver training, drug and alcohol policies, minimum insurance coverage and company licensing.

Australian regulators have yet to demonstrate such flexibility and openness to new modes of business. Transport authorities in NSW have declared UberX (Uber's ridesharing service) non-compliant with the *Passenger Transport Act 1990*. The Panel understands, however, that the NSW Government is considering its response to ridesharing services, assessing the benefits to consumers alongside the impact on the taxi industry.

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The Victorian Taxi Service Commission has fined Uber drivers in that state. Fines of up to $1,700 per driver have been issued, but Uber has pledged to pay the fines on behalf of its drivers. The South Australian Government has stated that those providing transport services that do not comply with government regulations will face severe financial penalties.

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