

Thursday, 29 January 2015

Dr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal of New South Wales

Dear Dr Boxall,

Thank you for the opportunity to provide a response to the Independent Pricing and Regulatory Tribunal's Draft Report of December 2014 about Sydney taxi fares and new licences.

For-hire ground transportation is evolving rapidly, with the ridesharing industry leading the way by providing more reliable, economic and efficient point-to-point transport that is being embraced by consumers and is creating meaningful, economic opportunities.

Uber believes that policy makers should approach the reform process by acknowledging the unique mature and benefits of ridesharing, and begin working quickly to adopt safety-based, innovation-friendly regulations that provide certainty for consumers, drivers, the ridesharing industry and the general public.

We look forward to engaging with IPART and the NSW Government as it considers an appropriate regulatory regime for ridesharing.

Yours sincerely,

Brad Kitschke
Director Public Policy Oceania
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Uber welcomes the opportunity to provide a submission to the Independent Pricing and Regulatory Tribunal (IPART) on its Draft Report on Sydney taxi fares and new licences released in December 2014. Uber looks forward to an ongoing constructive dialogue with IPART.

Uber is a technology company that connects riders with partner drivers in over 260 cities around the world through our smartphone app platform. In Sydney we offer two principal products, UberBLACK, our high-end hire-car service, and uberX, our low-cost ridesharing platform. We also offer the uberTAXI product to taxi drivers.

Uber's technology is enjoying massive adoption because we are committed to meeting consumer demands for safer, more reliable and affordable transportation options. Our commitment to consumers and our partner drivers is particularly evidenced by our mandatory background checks, vehicle standards, industry leading insurance coverage, and our feedback system that requires every rider and partner driver to provide feedback after every trip, which we use to improve the overall Uber experience.

By removing driver and passenger anonymity, our app creates a different travel experience for all concerned, enhancing personal security and safety. Real time GPS tracking of rides before pickup gives consumers greater confidence in the reliability of the service, while in-journey mapping of the ride provides partner drivers and riders with a greater level of confidence in the integrity of the service. Riders can also share their journey in real time with loved ones, should they choose to, through the Share My ETA feature on the app.

As all users provide their payment details (such as a credit card) to be kept securely when they register with Uber, the experience of a cashless system provides greater convenience and security to consumers and partner drivers. These are some of the ways that the application of technology to the provision of personal transport has revolutionised the simple task of moving around Sydney and numerous other cities around the world. Unfortunately, to date, regulation of this simple task in New South Wales has not kept up with these kinds of beneficial and now irreversible changes.

Uber's entry to the market in New South Wales has faced significant opposition from the incumbent industry. Our technology and focus on the consumer experience has exposed the existing regulatory regime as redundant in many respects. In the recent legislative consolidation through the Passenger Transport Act 2014, ridesharing was expressly and intentionally not included. It is worth repeating exactly what the Minister for Transport said in respect to ridesharing when introducing that legislation.

"Other new services are emerging in the market, such as ride-sharing services. Transport for NSW is currently considering how these new services could be addressed. The bill will allow the Government to respond to the current investigations through regulation, although it does not deal with that specific issue. The level of regulation Government considers appropriate for ride-share services and whether third parties should be captured under the Act are substantial issues that the Government believes need to be worked through, including in consultation with industry and the community."

The Hon Gladys Berejiklian MP,
Passenger Transport Bill 2014 Second Reading Speech

Uber welcomes the commitment to consultation and supports the immediate introduction of sensible, safety-based regulation of ridesharing. However, the promise of consultation by the Minister (or a timeline for consultation) has yet to eventuate.

The current state of regulation in New South Wales governing for-hire ground transportation applies only and explicitly to incumbent models. This provides them with significant advantages while prohibiting, undermining and penalising new entrants and new models, regardless of merit and proficiency with regards to safety, security, reliability and customer service.

IPART's draft report makes it clear that a large and growing proportion, more than 11% of Sydney residents since April 2014, have taken up the option of choosing to rideshare. Ridesharing is significant and it is here to stay.

For Sydney to take its place as a modern, global city and for greater New South Wales to experience the benefits associated with a changing economy, there is a need for immediate reform. It is pleasing that IPART has recognised this in its Draft Report and Uber urges the Government to meet its commitment to consult with industry and introduce sensible safety based regulations for ridesharing without further delay.

Ridesharing in Sydney

While ridesharing competes with the taxi industry, ridesharing is not a taxi service. Ridesharing is the better utilisation of existing private cars (that is, rides). Notably, ridesharing trips (as with all services facilitated by platforms such as the Uber app) are not anonymous, cannot be hailed on the street, do not use taxi ranks and do not have taximeters.

Our ridesharing platform, uberX, is flourishing in over 150 cities around the world, including six in Australia (see appendices). Uber's goal is to be regulated by sensible safety based regulations in every market where it operates. In fourteen markets, including California, Colorado, Washington D.C., Seattle, Minneapolis and Houston, governments have successfully implemented ridesharing legislation to make it a permanent transportation option.

At the heart of these new laws is the recognition that ridesharing is new and distinct, and that the application of existing out-dated laws is not appropriate. Responsible ridesharing facilitators like Uber provide safe, reliable and affordable choices for consumers; create flexible economic opportunities for hundreds of thousands of partner drivers; and improve cities by increasing the utilisation of existing resources to make transportation more efficient.

Flexibility is a key ingredient of the ridesharing industry and most people who choose to partner with Uber as drivers do so to supplement their income. The drivers are fully independent and have complete control of when they are online, which gives them the flexibility to enjoy a healthy work/life balance. Indeed, the typical uberX partner driver in Sydney is logged into the platform for 20 hours per week.

Ridesharing should be recognised as a new and unique industry and conversations should begin in earnest about how to regulate it appropriately and independently from the existing incumbent for-hire ground transportation models. To approach the regulation of ridesharing by imposing existing models would be entirely inappropriate, ignoring the technological advances and the inherent differences of ridesharing stifles the innovations that differentiates ridesharing from traditional point-to-point transport models.

In introducing the Passenger Transport Bill in June 2014, the Minister for Transport said that the Transport for NSW was *“currently considering how”* ridesharing *“could be addressed”* and further that *“the level of regulation Government considers appropriate for ride-sharing and whether third parties should be captured under the Act are substantial issues that the Government believes need to be worked through, including in consultation with industry and the community.”*

During the debate on the Bill in the Parliament the Minister gave the following assurance to the Opposition Spokesman:

“I also assure him in relation to ridesharing which is a very complex issue that the Government will continue to work with industry and stakeholders on that matter.”

Subsequently the Minister in response to a Parliamentary Question on Notice said,

“Consultation will occur as part of the development of regulations for the Passenger Transport Act 2014.”

Unfortunately, in spite of numerous attempts to engage with the Minister for Transport and Transport for New South Wales on the question of regulation of ridesharing, no meaningful consideration or consultation has occurred since the Minister’s statements to Parliament. Despite repeated requests the Minister has refused to meet with representatives of Uber but public records show that the Minister does continue to meet with representatives of the Taxi industry.

Uber has been involved in some consultation regarding the development of regulations governing taxi apps with Transport for NSW.

Uber remains ready and willing to consult on the regulation of ridesharing at any time. We support IPART's recommendation for a review of point-to-point personal transport, embracing for-hire ground transport including ridesharing. We also strongly endorse IPART's recommendations regarding the review addressing safety-based regulation supporting innovation and encouraging competition. These principles lie at the core of Uber's business model.

In the absence of sensible safety-based regulation, Uber has adopted its own rigorous checks. These are set at standards at least equal to or higher than those of regulated drivers in NSW (Uber also has many partner drivers who already have Taxi or Hire Car driving permits and therefore already meet those requirements).

In New South Wales many candidates who want to sign up to uberX who possess NSW taxi driver accreditation have failed to pass Uber's background checks (typically either for a criminal record or for an unsafe driving history)

On the other hand, to the best of our knowledge, 100% of partner drivers who passed Uber's background checks were subsequently able to obtain government authority from the Roads and Maritime Service.

Competition in New South Wales

The draft report by IPART points out that demand for taxi services in New South Wales has decreased as a direct result of the introduction of other for-hire ground transportation models which includes the ridesharing services offered by Uber. This has occurred in spite of the failure by the regulatory and policy making bodies to recognise and address change.

The regulatory framework as it is structured in NSW prevents and prohibits competition and innovation. In Uber's case, where the model does not fit the framework, it is applied to also penalise. The absence of regulations granting express permission for ridesharing should not equate to prohibition.

As rightly pointed out by the draft report, the regulatory system in NSW should encourage innovation and competition and most importantly should keep pace with the marketplace to support services that are as, or safer than existing services.

In the case of point-to-point transport, the regulatory system not only lags behind the market, it is being used to stymie innovation and better service delivery. It is a sham for the incumbent regulated industries to claim their new competitors operate unsafely and outside the law simply because the regulatory system cannot, as currently constituted, provide required permits other than to the incumbents.

Uber remains concerned that the application of the existing regulatory framework to new models is blind to the changes that have occurred in the market and will occur.

The approach of policy makers to regulation should be centred on safety and consumer protection. Regulation should be used to increase competition not stifle it. Uber agrees that increased competition and safety are not mutually exclusive. In jurisdictions around the world where ridesharing has been recently regulated, Uber has moved seamlessly to transition our high standards of safety-based checks to the regulated environment.

The Uber model recognises the need for flexibility to ensure supply is available when it is needed. The existing regulatory approach is not efficient. Fees are annual and this undermines the ability to provide services on a flexible basis when they are required. A regulatory model that caters to part-timers and enhances flexibility rather than the current rigidity of the incumbent system should be considered.

We welcome the further certainty provided by regulations based on genuine safety concerns that appropriately acknowledge the service developments brought about by innovation.

To date there has been a broad failure to recognise that consumer expectations for what passes as acceptable for-hire ground transportation have changed forever. The way in which consumers have voted with their smartphones by shifting to ridesharing demonstrates the acceptance by the travelling public of ridesharing as a safe, convenient, reliable and economic transport alternative, regardless of whether the regulators and policy makers have caught up with progress and regulated it. There is

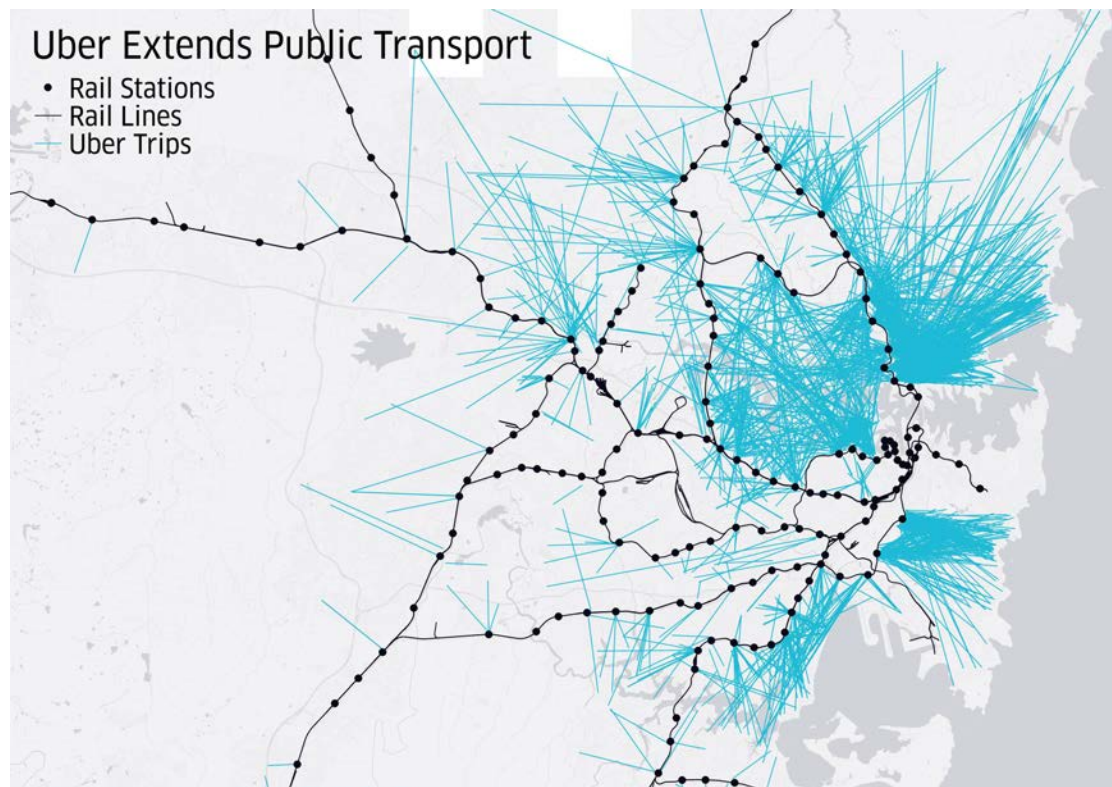
now an immediate need and a general acceptance by the public that Government has fallen behind and should act to regulate the industry.

Benefits to cities

Uber is committed to strengthening communities by expanding transportation options, deliver economic opportunities, and allowing innovation to thrive. Uber’s ability to ensure a reliable ride also plays a crucial role in reducing drunk driving.

By partnering with Governments as part of a regulated outcome for ridesharing, Uber can also help expand the capability to solve problems by leveraging data provided by the Uber platform. This data can provide new insights to help manage urban growth and planning, relieve traffic congestion, expand public transportation, and reduce greenhouse gas emissions.

uberX services in Sydney are supplementing public transport where it is not available or where services are limited.



Benefits to drivers

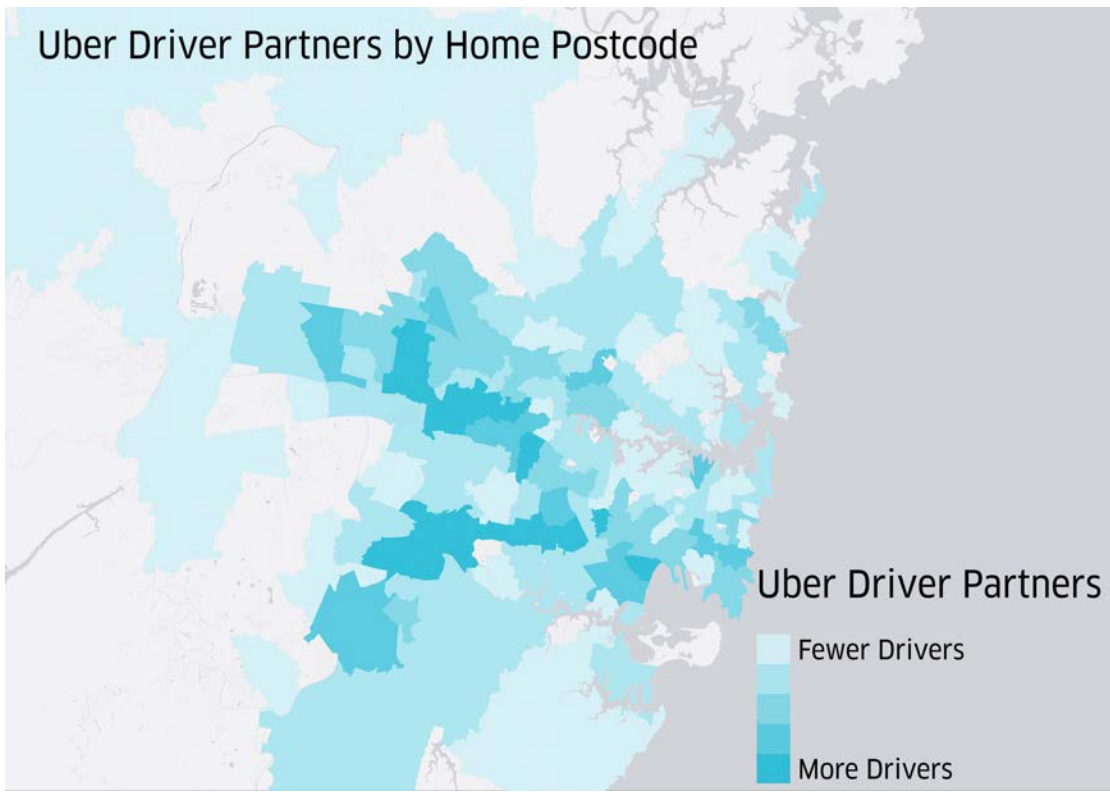
In its report IPART makes comment that Taxi drivers are earning less in real terms today than they were in 2011, despite fare increases. The report also notes that driver incomes for Friday and Saturday night shifts did not increase as a result of the introduction of the additional peak time hiring charge in 2013. This is demonstrative of a market that is not working. Evidence presented to IPART in the recent Public Consultation by the Taxi Drivers Association that pointed out that Taxi drivers received 50% of the taxi fare in 1999 and today only 35% of the fare, underscores the plight of drivers under this broken system.

uberX partner drivers on average drive for 20 hours per week and only pay 20% fee to Uber. These partner drivers earn \$2,500 gross per-month on average. They have the ability to choose the times they operate and set their own hours. Often, our partner drivers are escaping unemployment or under-employment.

As is borne out by our ratings system, our partner driver's customer service levels are high, in accord with higher job satisfaction levels. Compared with the economic opportunities delivered to drivers of the incumbent system, uberX partner drivers are far better off.

Indeed it is clear from the recent campaigns by both the NSW Taxi Council and Cabcharge that their intention is not to deliver economic opportunities that benefit drivers, but to simply keep plate prices high for investors, prices high for their profits and service standards low for consumers. This is clear evidence of a broken system where the incumbent industry power-base does not deliver improvement.

When comparing the areas Uber partner drivers live and the unemployment rate in certain regions, it is clear they come from those areas where unemployment and under-employment are high. Uber is helping to provide flexible economic opportunities for people who have previously not had access.



Uber is committed to safe, reliable and affordable personal transport. We are proud of the ongoing transformation to for-hire transportation in this state and the part we are playing in it.

Uber welcomes IPART's timely intervention in the debate over regulation of ride sharing. We strongly endorse the proposed independent review of point-to-point transport regulation in New South Wales.

The New South Wales Government made a commitment to the Parliament in June of 2014 and Uber urges the Minister to honour her promise and commence consultation about the regulation of the ridesharing industry without further delay. There appears to be no reasonable excuse to delaying the consultation, other than the appeasement of the existing incumbent industry.

Anything short of immediate reform would be a breach of faith with the industry, and the people of New South Wales.

– APPENDIX: UBER FACTS –

Safety

In New South Wales Uber does not accept any partner that has any Australian criminal history recorded with CrimTrac or who has had their license suspended or has any record of a drink or drug driving record in NSW. This is not the case for Taxi Drivers.

Uber standards exceed those of other for-hire services. Before being accepted as an Uber partner driver, all drivers must be licenced and have a criminal history check via the Crimtrac National Database. Partner drivers must disclose their full driver history. Partners who do not meet our high standards are not permitted on the platform.

The vehicles of partner drivers are inspected when they sign up to Uber. Vehicles must be of a four-door model that is no older than nine years. Vehicles undergo an annual vehicle inspection by a registered 3rd party inspector.

When an Uber rider books a ride through the app the rider is provided with the name, photograph and vehicle plate number of the driver, as well as their average rating from previous trips and can track the driver's arrival on a map.

In addition the rider can share the details of their trip with another person, through the Share My ETA feature, if they want the added security of someone else knowing in real-time where they are going and their estimated time of arrival.

No cash changes hands on an Uber trip. That means that you're never at risk of having your card skimmed or being mischarged fraudulently. In the event that you are ever mischarged for any reason, Uber's local support team can resolve the issue as there are detailed GPS records of the trip.

A cashless system also means a safer working environment for partner drivers, and fare evasion is impossible, which is why many have expressed to us that they just prefer the low-stress working environment that driving with Uber provides. Making drivers feel safe allows them to focus on the job of providing great service for riders.

For more information visit www.uber.com.safety

Insurance

Every Uber driver must obtain and retain comprehensive insurance. In addition, every Uber trip is covered by a US\$5m contingent liability insurance policy.

Customer Service and Satisfaction

At the end of every trip both the rider and the driver are required to rate each other out of five stars which contributes to the rider and driver partner’s overall rating. This ensures an ongoing quality control check that delivers excellent customer service and rider satisfaction.

10,000 riders were surveyed that had used both uberX services and taxi services between May and October of 2014. Riders rated uberx higher than every taxi service in Sydney.

Type	Rating /5
uberX	4.67
Manly	4.49
St. George	4.48
Prestige	4.47
Silver Service	4.45
Premier	4.44
Legion	4.41
GM Cabs	4.41
Taxis	4.41
Combined	4.41
Apple	4.40
RSL	4.38

Ratings drawn from N > 10,000 riders who have ridden both taxi and uberX in Sydney between May and October 2014

Taxation

Uber is fully compliant with all Australian tax laws and pays all relevant taxes in every market where we operate. As Uber is a cashless system, every trip is recorded, which differs greatly from the Taxi industry that has historically used a predominantly cash-based system, open to misuse and grey reporting.

Who are Uber Partner Drivers?

They are everyday people in your electorate. Often underemployed or unemployed, returning to work, semi-retired, or single mums and dads who drive while the kids are at school.

Uber is incredibly proud of our partners and the service they provide. We have such an interesting cross-section of people. Students, mothers, fathers, retirees, engineers, teachers, tour guides, and plenty of hard working taxi drivers dismayed by the industry incumbency, all looking to take control of when they work and increase their income to support their families. That's work that we're proud to support.

Our five-star rating and feedback system ensures that anyone who wants to work hard to provide the quality of service that riders expect is given every opportunity to do so, and those that don't are identified and removed quickly.

uberX is not a taxi service

No service facilitated by Uber can accept street hails, our partner drivers do not utilise ranks, requests are not allocated through a taxi dispatch model and we do not facilitate anonymous rides. In the United Kingdom, Transport for London (TfL), recently determined that a smartphone such as the iPhone was not a taximeter. In July this year TfL determined that in their view *smartphones that transmit location information (based on GPS data) between vehicles and operators, have no operational connection with the vehicles, and receive information about fares which are calculated remotely from the*

vehicle, are not taximeters within the meaning of the legislation (section 11 of the Private Hire Vehicles (London) Act 1998). Uber is of the view this type of interpretation is also applicable to NSW regulations.