WORKPLACE ARRANGEMENTS IN THE POINT TO POINT TRANSPORT INDUSTRY

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Executive summary

Ridesharing is a smart transport model supported by smart technology. It offers consumers a safe, reliable and affordable transport option, and offers locals across New South Wales a flexible earning opportunity using their existing, underutilised vehicles.

Flexibility is the defining characteristic of ridesharing. Flexibility ensures ridesharing partners enjoy control over their driving. Flexibility means reliable service, higher productivity, and ultimately leads to more affordable transport. Regulators must acknowledge the importance of flexible and responsive supply, and preserve that flexibility in any industrial framework.

Introduction

Ridesharing is a safe, reliable and affordable transport model. Over 500,000 people actively ride with Uber in New South Wales supported by 13,500 active drivers who partner with Uber to provide rides through the Uber app. Governments large and small have regulated ridesharing, including New South Wales and the Australian Capital Territory. They recognise that it is a safe, reliable and affordable transport alternative, and a valuable source of income for the unemployed and underemployed.

What is ridesharing?

Ridesharing is the use of underutilised personal vehicles to provide rides. Uber is a technology company that facilitates ridesharing through a smartphone app platform, connecting registered riders to registered drivers in over 400 cities worldwide. Drivers partner with Uber to provide rides after obtaining a Driver Authority from Roads and Maritime Services. Riders make a pickup request that is transmitted via the Uber app to nearby drivers. When a driver accepts the request, the app tracks the subsequent trip, and facilitates an automatic transaction at the conclusion of the ride.
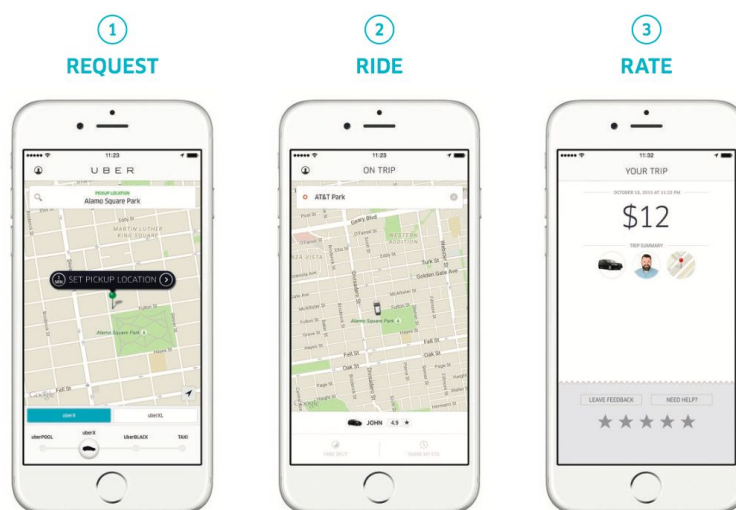
The NSW Government regulated ridesharing in December 2015 with Opposition support following a structural review of the point to point transport industry. The review recommended opening the market to new models such as ridesharing in the interests of choice, competition and opportunity. Since then, Parliament has also passed new primary legislation: the Point to Point Transport (Taxis and Hire Vehicles) Bill 2016.

Uber has also engaged with federal entities, including the Productivity Commission, the Australian Labor Party and the Liberal Party, to assist in the development of an even national framework for the sharing economy. The future of work in the sharing economy is a national opportunity that requires national scrutiny and a consistent national approach.

The emergence of ridesharing demonstrates that efficient transport models driven by smart technology can help to make cities safe, vibrant and better connected. Ridesharing means:

- **Safe rides.** Ridesharing mitigates the most common safety risks associated with point to point transport - for both riders and partners. Ridesharing trips are GPS-tracked, not anonymous and supported by our 24/7 support team. Mutual feedback every trip incentivises quality service and positive behaviour from both drivers and riders. Cashless and automatic transactions mitigate the risk of fare evasion, overcharging or fraud.

- **Connected cities.** Ridesharing complements public transport when and where reliable service is unavailable. 60 per cent of ridesharing trips in Sydney start or end in a public transport desert, and many of those trips are to or from a public transport node. Ridesharing complements other transport models too. 61 per cent of ridesharing trips are new to the transport market, carrying people who would not otherwise take a taxi but would drive themselves or not travel at all.[1] Indeed, recent data from IPART suggests that taxi demand in Sydney has increased despite the emergence and regulation of ridesharing.[2]

RIDESHARING COMPLEMENTS PUBLIC TRANSPORT IN SYDNEY

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

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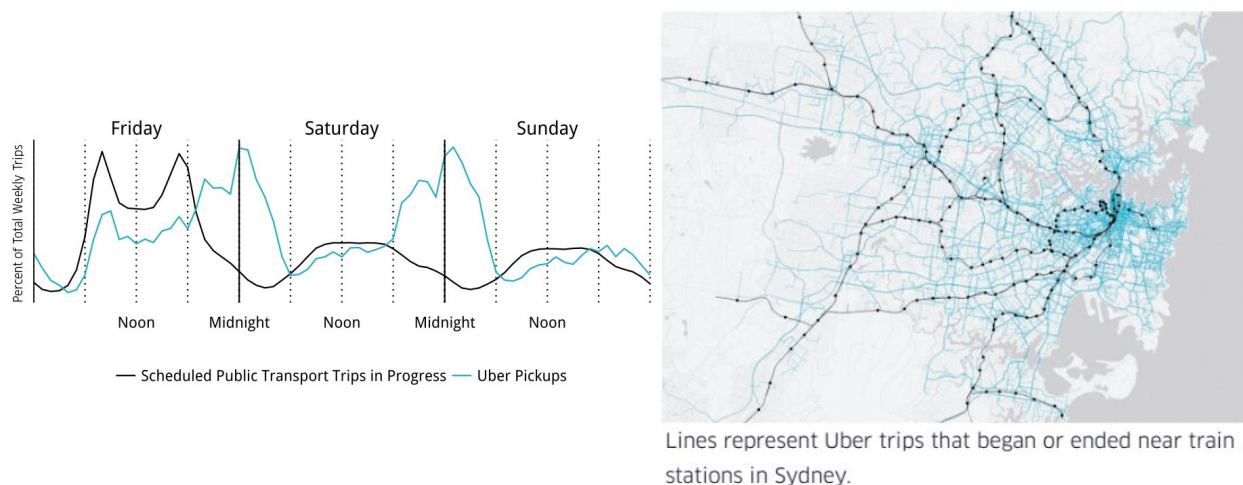
[1] Deloitte, *Economic impact of ridesharing in Australia,* 2016.
[2] See IPART, *Taxi use surveys*, 2012, 2014, 2016.

- **Safe choices.** The emergence of ridesharing correlates with a statistically significant decrease in drink driving. When surveyed by US-based Mothers Against Drink Driving, 86 per cent of respondents agreed that "Uber has made it easier for me to avoid driving home when I've had too much to drink." Reliable transport improves safety outcomes off the road too. In the first two years since launching, uberX 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. The average response time in Sydney is less than four minutes, mitigating the disruption that often accompanies congested transport nodes - namely, bus stops and taxi ranks - that funnel intoxicated patrons into concentrated areas.

- **Future mobility.** Ridesharing is an essential precondition for the development of sophisticated carpooling systems such as uberPOOL. uberPOOL connects two or more consenting riders who are travelling in a similar direction along a similar route. 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. With mature carpooling systems like uberPOOL, ten percent of young people surveyed who use Uber have chosen to not buy a car, or to dispense with their car, because of Uber.

Yet ridesharing depends on private drivers providing rides around their existing commitments. Drivers who partner with Uber come from all walks of life; many are parents, carers, students, retirees and seasonal workers looking for a flexible source of income. They have absolute discretion over when and where they drive, with no minimum hourly commitment, no commitment to driving in a particular area, and no obligation to drive at particular times.

The relationship between partner and platform

Uber facilitates an exchange between drivers and riders. Ridesharing is a two-sided market, and Uber works to ensure that both drivers and riders are satisfied by their experience.

Uber communicates requests and facilitates transactions. Uber:

- Confirms that partners hold appropriate accreditations
- Communicates rider requests to nearby partners
- Provide in-app navigation and tracking
- Facilitates the transaction between rider and partner
- Collects feedback from riders and partners
- Provides 24/7 support to riders and partners, and
- May intervene to deactivate riders or partners on the basis of demonstrated poor behaviour.

Uber recently published its driver deactivation policy after close consultation with partners in each major Australian city. The published policy (see Annex) details the guidelines by which Uber may refuse platform access to partners for safety or persistent quality issues.

Partners are responsible for service delivery. Partners:

- Generally use an existing personal vehicle that they own and/or insure

- Obtain a Driver Authority from the regulator and a vehicle inspection
- Enter into a service agreement for access to the Uber technology platform
- Deliver riders to their destination
- Control when, where and how often they drive at the touch of a button, and
- Are free to partner with any ridesharing or transport platform.

In short, ridesharing drivers are **autonomous,** depend on their **own equipment and skills,** and **non-exclusive** to any particular platform. These characteristics are consistent with their status as partners of Uber and independent contractors of the riders.[3]

Partner flexibility is essential to the ridesharing model. A flexible and responsive supply model gives partners control over their driving. It ensures reliable service, improves partner productivity, and makes transport more affordable. These features address the most common difficulties with incumbent transport models, including:

- Cost (the most common reason Sydneysiders refuse to use a taxi)[4]
- Availability (the most common problem Sydneysiders experience with taxis),[5] and
- Driver satisfaction.

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[3] See, eg, Grattan Institute, *Peer to peer pressure: Policy for the sharing economy,* 2016 for a discussion.
[4] IPART, *Taxi Use Survey 2015-16*, 2016, 56.
[5] IPART, *Taxi Use Survey 2015-16*, 2016, 60.

Ridesharing depends on flexibility

Partners value flexibility

Uber partners value the opportunity to earn an income using their existing vehicles, and to be their own boss. In a recent survey of Uber partners in Australia, flexibility and control were the most highly valued attributes of ridesharing. Partners can structure their driving around existing professional or personal commitments.

Ridesharing is a secondary source of income for 88 per cent of partners in Australia.[6] These individuals already have a full-time or part-time job, and ridesharing allows them to supplement their income. They hail from diverse backgrounds: fewer than 5 per cent previously worked as commercial drivers. And some 17 per cent of partners rideshare whilst looking for full-time work, suggesting that ridesharing is an important transitional opportunity for those moving between careers.

In total, over 20 per cent of Uber partners in Australia are unemployed when they first drive with Uber. Ridesharing generates flexible income for communities with above average unemployment and underemployment.

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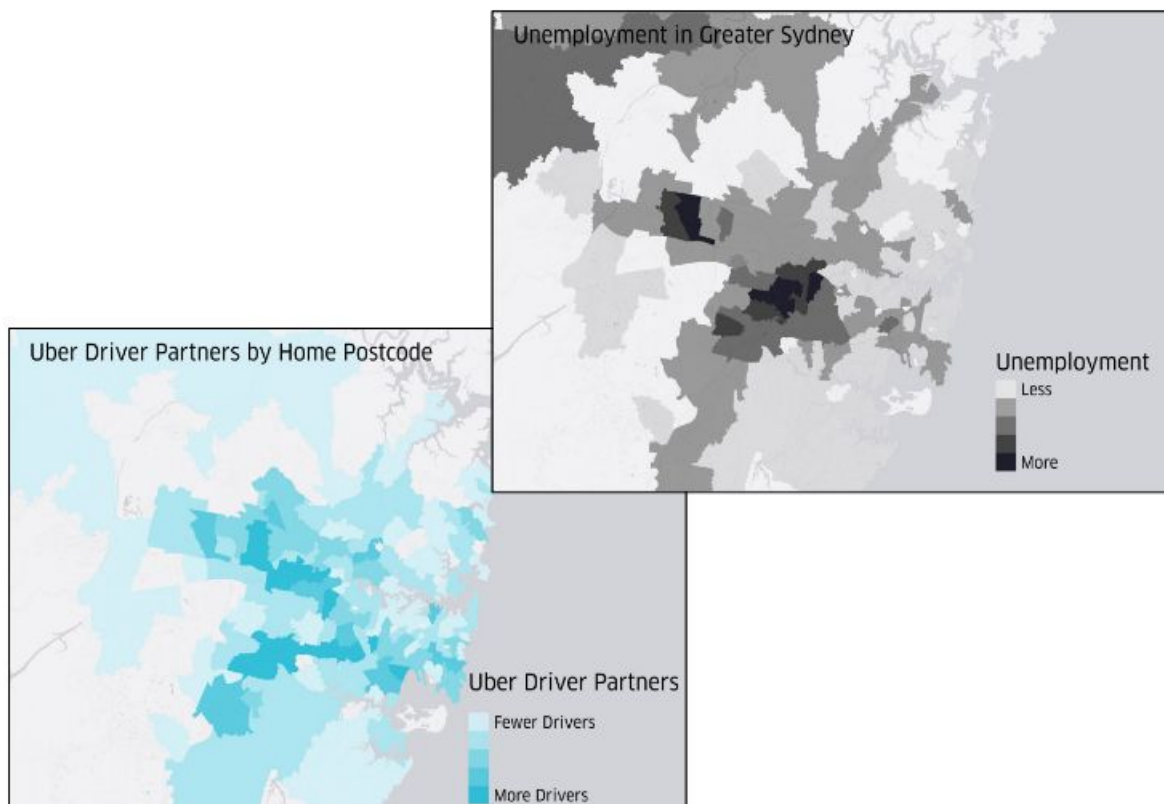
[6] Uber, partner survey, 2015.

"Why I drive": Uber partners in Australia

Supporting family

My daughter has been identified as having learning difficulties which requires specialist tutoring. My earnings from Uber will be paying this. Without Uber, we wouldn't be able to do this.

- Jason

I am a single mother trying to pay all my bills. I pay bills for my parents as well.

- Ambreen

I finished my job last year so that I could help care for my father who was suffering Motor Neuron Disease and wanted to remain at home… Driving Uber with flexible hours allowed me to earn some income and allowed him to stay at home, saving the government tens of thousands of dollars a month.

- Peter

I'm married with one child who has special needs, so having the flexibility to finish early and spend more time after school makes a huge difference. I'm also honoured to be part of the uberASSIST program which allows me to assist those with accessibility needs…

For various reasons and to better look after a family member diagnosed with cancer, I decided to leave my full-time job in the corporate world. I now run my own health, lifestyle and promotions business and drive for Uber on a part-time basis. Driving for Uber helps me to keep doing what I love.

- Andrew

I drive for extra income… It was important for me to be able to send [my children] to a good school.

- Samuel

Work that suits

I was born with spina bifida and I really should not be here (alive) to write this… I am a chef by trade, but due to my condition I had to retire. Uber has now given me the opportunity to supplement my average wage to the point that I may continue my studies.

- Paul

I am a qualified paramedic and drive for that job too. I Uber to earn extra cash when I have time. It fits well into my shift work schedule.

- Lani

I started driving during school holidays and now drive on the weekend when I'm not teaching.

- Wendy

I'm an ex-police officer… I'm a leukaemia survivor, after having a bone transplant in 2008.

- John

Transition

I was unemployed for a year before I found Uber. I decided to join Uber because I wanted to do something during the day while I was looking for a job. It was really hard for me to find another job because of my size, but with Uber nothing like that matters. Joining Uber was the best decision I've ever made.

- Jordan (lives with achondroplasia)

Thanks to Uber, I can support my family and pay the bills. My industry is quiet and Uber has helped me through.

- Peter

I have been looking for work since last September but didn't find anything until Uber because of the age factor… I used to drive taxis long ago but it was very stressful.

- Waisake

New opportunities

Uber has given me a flexible way to earn money while building a business. At my age, it is very hard to get work that is this flexible. Thanks Uber!

- Andrew

Uber has been a great support for my small business. It is a totally 100 per cent flexible income stream while your own business gains traction.

- Jarrod

Uber enabled me to continue to work setting up my own software company.

- Ben

Flexibility drives reliability

The demand-responsive ridesharing model depends on the flexibility of drivers. Over half of Uber partners in Australia drive for less than ten hours each week. They log on in response to emerging demand, and log off when demand subsides to pursue other activities. For instance, 62 per cent of partners vary their hours by more than 25 per cent week-on-week.

In this way, ridesharing accommodates highly variable demand across:

- the day (through peak commuter periods)

- the week (to meet peak demand on Friday and Saturday nights), and

- the year (to meet seasonal demand driven by tourism, school holidays and summer).

In other words, responsive supply ensures that rides are available when they are actually needed:

TRIPS PER HOUR IN SYDNEY

—— PICKUPS —— REQUESTS
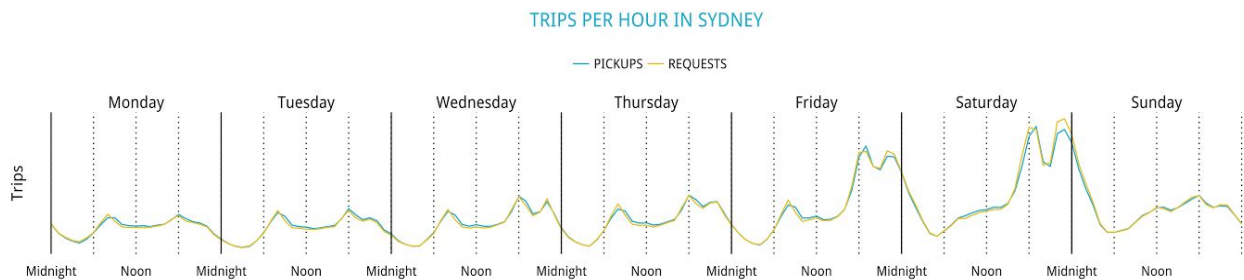
The responsive ridesharing model benefits major cities as well as regional centres, such as Newcastle, with dispersed populations or underdeveloped transport infrastructure. Ridesharing accommodates sharp variations in transport demand associated with seasonal tourism, midweek inactivity, and sporting events.[7] Ridesharing improves transport connectivity in these centres without additional infrastructure by better utilising the excess capacity of existing vehicles.

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[7] Australia Institute, *The role of ridesharing in addressing Canberra's transport challenges,* 2015.

Flexibility drives productivity

Responsive supply improves efficiency, productivity and partner satisfaction. Elastic supply is essential to the ridesharing model: the efficient deployment of underutilised assets to meet real, not speculative, demand for transport. In this data-driven and demand-responsive marketplace:

- Actual demand is mapped in real time with GPS precision allowing drivers to distribute themselves according to relative demand.

- 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
    - Encourage additional drivers on the road to improve supply, and
    - Incentivise drivers to redistribute themselves from areas of low demand to areas of high demand.[8]

- Ancillary app features streamline the transition from one trip to another:
    - "Mid trip requesting" allows drivers to accept requests whilst completing an existing trip, ensuring nil or negligible downtime between trips.
    - "Driver destinations" matches drivers with riders travelling in a similar direction, up to twice per day, to ensure they can earn an income driving to and from work or home.
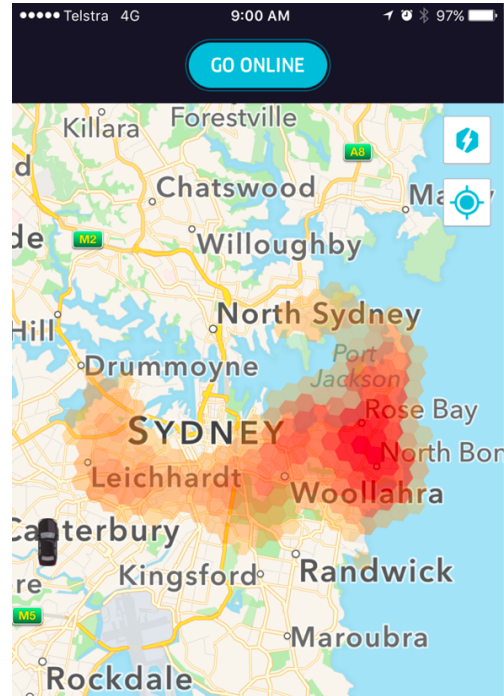
These features minimise driver downtime and increase average trips per hour.

By comparison, incumbent transport models rely on fixed supply that is unresponsive to demand. Drivers are locked into fixed shifts using dedicated commercial vehicles. Low taxi occupancy rates at certain times of the day and week illustrate the chronic inelasticity of supply and demand, with taxis empty for the vast majority of the time spent on the road.[9]

Moreover, these commercial drivers bear the burden of economic risk. They make fixed payments to a range of passive stakeholders - set-payins to operators and lease fees to licence holders - irrespective of the volume of work performed.

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[8] Hall et al, 'The effect of Uber surge pricing', 2015.

[9] See, eg, IPART, *Taxi industry model 2014*, technical model.

Yet ridesharing partners remit a 25 per cent platform access fee and retain 75 per cent of every fare. As such, the revenue of a ridesharing platform such as Uber is directly proportional to the volume of work undertaken. Growing the market is essential - complacency is not commercially viable for any participant. Uber thus take an active role in stimulating new demand, monitoring partner satisfaction and improving efficiency.
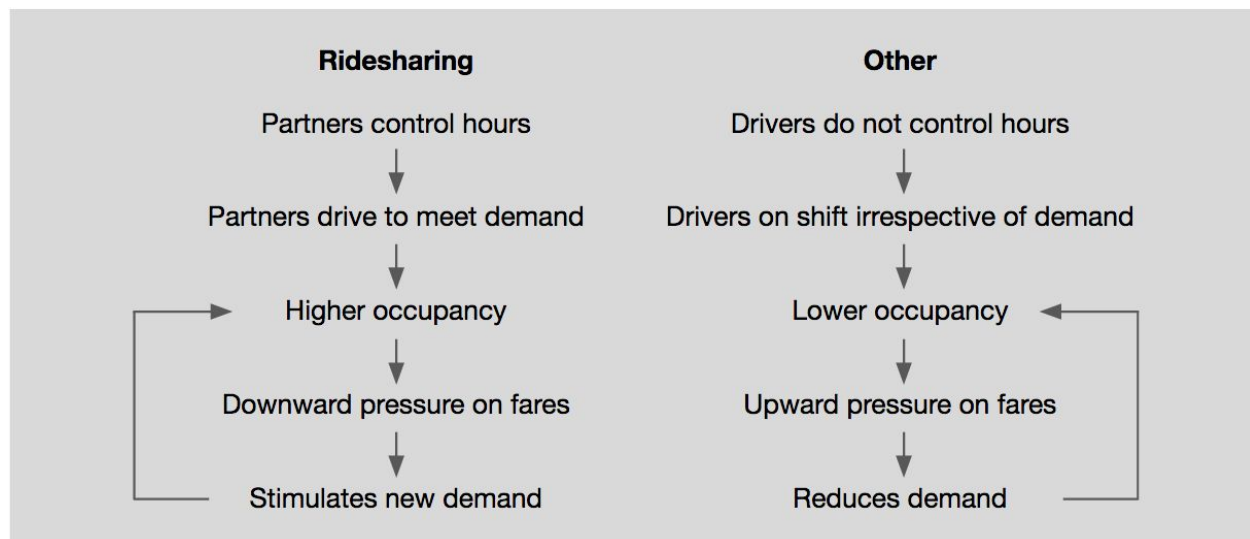
Flexibility drives affordability

A flexible supply model ultimately helps to make transport more affordable. Responsive supply models minimise idle time and maximise productive time. This improves affordability, which ultimately stimulates new demand and thereby increases overall productivity.

By comparison, transport models built on fixed supply experience considerable downtime. They must cross-subsidise that idle time, which reduces affordability and ultimately leads to reduced demand.[10]

These findings are consistent with research that suggests the majority of ridesharing trips are new to the point to point market, carrying people who - for reasons of cost and reliability - would not otherwise take a taxi.[11] That untapped demand is stimulated through lower fares and improved reliability.

> *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[12]

Ridesharing	Other
Partners control hours	Drivers do not control hours
↓	↓
Partners drive to meet demand	Drivers on shift irrespective of demand
↓	↓
Higher occupancy	Lower occupancy
↓	↓
Downward pressure on fares	Upward pressure on fares
↓	↓
Stimulates new demand	Reduces demand

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[10] See elasticity discussion in IPART, *Guide to the taxi industry model*, 2014.
[11] Deloitte, *Economic impact of ridesharing in Australia*, 2016.
[12] NSW Point to Point Transport Taskforce, *Final Report*, 2015, 118.

Conclusion

Existing workplace settings for the ridesharing industry are adequate for this point to point transport model. Cognisant of existing federal and state arrangements around ridesharing, regulators should refrain from action that would erode the value and benefits of the ridesharing model.

Flexibility is the hallmark of ridesharing. Ridesharing depends on private drivers who are able to drive flexibly around their existing commitments using their existing personal vehicles. Flexibility ensures reliable, efficient and affordable service - and flexibility is the attribute most valued by ridesharing partners themselves.

Annex: community guidelines for partners

The following passage details Uber's driver deactivation policy, first published in June 2016. Uber had policies in place to govern platform access prior to the publication of these guidelines.

Our goal at Uber is transport as reliable as running water everywhere, for everyone. We do that today by connecting passengers who need a ride with drivers who want to provide one. It's about getting a ride and work at the push of a button. This is only possible when riders trust drivers, and vice versa. That's why Uber has [Community](#) [Guidelines](#) that set out the behaviour expected from both sides. People who breach these Guidelines or our terms of service may be barred from using Uber, either temporarily or permanently depending on the seriousness of the breach.

When a driver account is deactivated, even if only temporarily, it limits the driver's ability to make money using the Uber app. So it's important to have a clear, published policy that explains: the circumstances in which drivers are denied access to the Uber app; how (if at all) they can use the app again; and how drivers are informed about decisions under this policy. There will always be unforeseen events that may lead to deactivation, so this policy cannot capture every possible scenario, but the general categories for deactivation are: [quality](#); [fraud](#); [safety](#) and [discrimination](#).

In developing this policy, we shared our internal processes with a group of drivers in the region and sought their feedback. This policy may be updated from time to time as needed, and we will notify drivers about significant changes.

QUALITY

Riders who use the Uber app expect drivers to drive safely, as well as be courteous and professional. The higher the quality of the service, the more riders want to take trips, which in turn means more opportunities for drivers to earn money. Poor service has the opposite effect over time.

There are several indications of driver quality, with the most important being *Star Ratings* and *Cancellation Rate*:

Star Ratings	After every trip, drivers and riders rate each other on a five-star scale and give feedback on how the trip went. This two-way system holds everyone accountable for their own behaviour. Accountability helps create a respectful, safe environment for riders and drivers. **Drivers can see their current rating in the Ratings tab of the Uber Partner app.** **How is my rating as a driver calculated?** Your rating is based on an average of the number of post-trip stars riders gave you (from 1 to 5 stars) from your last 500 rated trips, or from the total number of rated trips you've taken if less than 500. The easiest way to keep your average rating high is to provide good service on every trip. Most drivers on the Uber platform provide excellent service, so most trips run smoothly. But we know that sometimes a trip doesn't go well — that's why we only look at your *average* rating over your most recent 500 trips (or your total number of rated trips if less than 500). This gives you the chance to improve your rating over time.

	What leads to deactivation? To maintain a high quality rider experience, there is a minimum average rating in your city. We will alert you if your rating is approaching this limit, and we will share information about third-party quality improvement courses that may help you improve your rating. If your average rating is below the city minimum after multiple notifications, your Uber partner account will be deactivated. Your account may be reactivated after you satisfy Uber of the steps you've taken to improve: for example, by taking a third-party quality improvement course. If your account is reactivated, you will need to maintain the minimum average rating for the city or your partner account may again be deactivated.

Cancellation Rate	A driver cancellation is when a driver accepts a trip request and then cancels the trip. Cancellations create a poor rider experience. They also negatively affect other drivers who missed out on the chance to accept that ride request. We understand that there may be times when something comes up that causes a driver to cancel an accepted trip, but minimising cancellations is critical for the reliability of the system. **How is my cancellation rate calculated?** Your cancellation rate is based on the number of trips you cancelled out of the total number of trips you accepted. For example, if you've accepted 100 trips and 4 of them were cancelled by you, your cancellation rate would be 4%. High-quality drivers typically have a low cancellation rate less than 5%. **What leads to to deactivation?** Each city has a maximum cancellation rate. You may receive notifications if your cancellation rate is higher than the city maximum, after which you may not be able to go online with the Uber partner app for a short period of time. If your cancellation rate continues to exceed the maximum limit, your Uber partner account may be deactivated after multiple notifications.

On Acceptance Rates: High acceptance rates are a critical part of reliable, high-quality service, but not accepting trip requests does not lead to deactivation.

Consistently accepting trip requests helps maximise earnings for drivers and keeps the system running smoothly. We know that sometimes things come up that prevent you from accepting every trip request, but not accepting trip requests causes delays and degrades the reliability of the system.

If you are not consistently accepting trip requests while you are logged in to the Uber partner app, you may be logged out for a limited period of time. This helps ensure that drivers who are online are ready to accept trips. That protects the quality of the system as riders are matched with available drivers as efficiently as possible.

FRAUD

Fraudulent activity undermines the trust upon which Uber is built. We monitor our systems to detect riders and drivers who may be acting fraudulently or attempting to game our systems.

What leads to deactivation?
We may deactivate any account(s) associated with fraudulent activity, including:

- deliberately increasing the time or distance of a trip;
- accepting trip requests without the intention to complete, including provoking riders to cancel;
- creating rider or driver accounts with fake details or for fraudulent purposes;
- claiming fees or charges on a false or fraudulent basis; and
- intentionally accepting or completing fraudulent or falsified trips.

SAFETY

Uber uses technology to keep riders and drivers safe — for instance, by GPS-tracking every ride and allowing riders to share their journeys in real time with families or friends. This is all backed up by a robust system of driver pre-screenings and a dedicated incident response team available 24/7 to investigate safety incidents.

We take safety-related allegations seriously and follow up on all of them using a process aimed at ensuring fairness and that gives drivers an opportunity to share their side of the story.

Our investigation of these safety-related allegations may lead to account deactivation. Because safety is our key priority, we may in some cases temporarily suspend a driver's access to the Uber app when we are investigating a complaint.

Issues that lead to an Uber partner account being deactivated include:

Community Guidelines	All users of the Uber platform—both riders and drivers—agree to abide by our Community Guidelines while using the app. These Guidelines create a shared standard of respect, accountability and common courtesy for everyone in the vehicle. **What leads to deactivation?** Uber may deactivate any driver who does not follow the Community Guidelines, by engaging in, for example: - violent or inappropriate behavior; - inappropriate or abusive language; - stalking or contacting riders outside of organising a pick up; - soliciting or engaging in sexual conduct or making sexual gestures; - any criminal or illegal activity; and - having illegal substances in the vehicle.

Zero Tolerance for Drugs & Alcohol	Uber does not tolerate the use of illegal drugs or alcohol by drivers while using the platform. **What leads to deactivation?** Anyone that drives on the platform having used drugs or alcohol will have their account deactivated. Uber may also deactivate the account of a driver who receives several unconfirmed complaints of drug or alcohol use.

Compliance with Road Rules	Drivers using the Uber app must comply with all applicable rules of the road at all times. **What leads to deactivation?** Uber may deactivate a driver's account for activities such as: - not maintaining valid vehicle registration or driver's licence; and

	- serious traffic infringements or several traffic infringements that indicate unsafe driving.

Safe Driving	Riders expect drivers using the Uber app to drive safely at all times. **What leads to deactivation?** Uber may deactivate the account of a driver who receives multiple complaints or a single serious complaint of poor, unsafe or distracted driving while using the Uber app. For example: - driving at an unsafe speed; - using a mobile phone without a mount; and - failure to stop when required, such as at stop signs.

Accurate Personal Information	The Uber app is designed to give riders identifying information about drivers and their vehicles, like their name, profile picture, vehicle model and licence plate number, before the trip begins. Inaccurate or outdated information creates confusion among riders and can diminish their experience with the Uber platform. **What leads to deactivation?** We may deactivate the account of a driver for activities such as: - providing Uber with inaccurate information; - allowing someone else to use his or her account; and - taking a trip using an unapproved vehicle. In addition, we will take action to prevent any driver whose required documentation becomes invalid — like a driver's licence that expires — from going online until the driver provides Uber with updated and valid information.

Driver screening	All drivers wanting to use the Uber app are required to undergo a screening process, which may include driving history and criminal record checks, to ensure safety and compliance with our criteria. **What leads to deactivation?** We may deactivate the account of a driver if an updated driving screening check reveals a violation of Uber's safety standards or of other criteria required by local regulators.

Other Unacceptable Activities	To maintain the transparency and safety of the Uber platform for all users, activities conducted outside of the monitored system of the Uber app—like anonymous pickups—are prohibited. **What leads to to deactivation?** We may deactivate the account of a driver for activities such as: - accepting illegal street hails while using the Uber app; - harming the Uber business or brand, like unauthorised use of Uber's trademark or other intellectual property, discouraging riders or drivers from using the Uber platform, or otherwise violating the driver's agreement with Uber; and - soliciting payment outside the Uber system.

DISCRIMINATION

Uber's mission is to connect riders to transport as reliable as running water, everywhere for everyone. We do not tolerate discrimination by drivers or riders on our platform.

We want to help increase the transport options for riders with disabilities. That's why we have information available for drivers on this topic. We expect drivers using the Uber app to comply with all applicable laws governing the transport of riders with disabilities, including transporting service animals.

What leads to deactivation?
It is unacceptable to discriminate against a rider or potential rider based on characteristics like a person's race, religion, national origin, disability, sexual orientation, sex, marital status, gender identity, age or any other characteristic protected under applicable law. Actions like these may result in deactivation of a driver's account.

GETTING BACK ON THE ROAD AFTER DEACTIVATION

If your driver account has been deactivated, you are not permitted to register alternate driver accounts with Uber. If your account has been deactivated for quality reasons like low star ratings, you may have the opportunity to get back on the road if you satisfy Uber that you've taken steps to improve (for example, by successfully completing a third-party quality improvement course). Check with your local Uber team or help.uber.com to find out more.