

9 June 2017

Glenn Bounds
Assistant Director - Price and Service
Office of the Tasmanian Economic Regulator
GPO Box 770
HOBART TAS 7001

By email: office@economicregulator.tas.gov.au

Dear Mr Bounds,

Uber welcomes the opportunity to respond to the Office of the Economic Regulator's Draft Report of the 2017 Investigation into the Motor Accident Insurance Board's (MAIB) Pricing Policies. It is critical that the Tasmanian Government holistically consider the regulatory framework to accommodate ridesharing in Tasmania into the future, including for Compulsory Third Party (CTP) insurance.

Uber commends the forward-thinking and pragmatic approach the Tasmanian Government has taken towards regulating ridesharing in Tasmania. Following positive interim reforms in 2016, Tasmania has an opportunity to set a regional benchmark for sensible regulation of new technologies, which will in turn ensure that Tasmanians and visitors to the Apple Isle can benefit fully from new transport models such as ridesharing. This Draft Report, as part of the broader 2017 Investigation, is an important element in building this regulatory framework.

Uber fully supports the Regulator's intent to set an initial premium relativity for ridesharing vehicles of 1.00. Consistent with our original submission, Uber submits that this relativity fairly reflects the risk profile of ridesharing vehicles in Tasmania. Further, we note that this is an appropriate initial setting to ensure fulsome claim data collection over time, to allow for a reasoned analysis as to premium setting for future ridesharing vehicle use.

However, Uber believes that **the creation of a new class for ridesharing vehicles is not warranted, and would add an unnecessary regulatory burden on rideshare vehicle owners. Uber reiterates its recommendation that ridesharing vehicles should continue to be classified as Class 1 private.**

By way of comparison, other international jurisdictions have encountered similar questions when attempting to analyse ridesharing injury loss experience within a

limited study period. Colorado was one of the first United States jurisdictions to regulate ridesharing. Attached as an appendix is a report by Colorado's Insurance Commissioner, which noted a two-year dataset from 2010 to 2012 was not statistically adequate for actuarial reasons. Commissioner Salazar remarked, "the Division believes a minimum of three years of claims experience specific to this type of business would provide better support for any future changes." Accordingly, she recommended a further multi-year claims experience study before the State of Colorado could properly consider ridesharing vehicle injury risk.

We therefore suggest that the fairest and most pragmatic approach for the Regulator to take is to **continue to collect ridesharing vehicle injury data until the next scheduled investigation into MAIB pricing policies in order to properly inform any future decision**. We believe that collecting data over this four-year period will result in actuarially meaningful statistics on both frequency and severity that will allow for accurate rate setting for ridesharing activity in the future. Uber welcomes the opportunity to discuss with MAIB how it could collect such data.

In the interim, **ridesharing vehicles should remain in Class 1**, which is consistent with the primary use of driver-partners' vehicles. On the pending four-year cycle, by the time of the next scheduled MAIB pricing policies investigation, MAIB and the Regulator will have ready claims data to incorporate into a determination, in addition to industry certainty following the likely government response to the *Taxi and Hire Vehicle Industries Regulatory Review*. Importantly, waiting until the next four-year cycle would also provide much needed stability to current rideshare drivers in Tasmania, as well as those contemplating taking up ridesharing.

Indeed, in its Draft Report, the Regulator acknowledges MAIB's view that ridesharing vehicles should remain as Class 1 vehicles, as it is the "simplest option and one that delivers the cheapest premiums to ride-sourcing vehicles."

As per Uber's original submission, we restate our support for the recommendation of the MAIB that:

It is currently recommended not to create a new vehicle class for RSOs [ridesourcing operators]. Without capturing additional information, allowing ride-sourcing vehicles to remain as a Class 1 vehicle is the most pragmatic solution and allows a new industry to develop.

This is our preferred option for the next four years. The creation of a new premium class needs to be evidence based and until such evidence is available, it is preferable not to create a new premium class, especially if it locks MAIB into premiums which do not align with the class's level of actual risk.

Uber is firmly of the view that this approach will help to ensure a safe, reliable and efficient ridesharing service in Tasmania which empowers transportation providers,

invites further technological innovation, and supports Premier Hodgman's vision for the sharing economy in the State:

We are prepared to lead the nation when it comes to embracing the sharing economy and the choice it offers.

We will not go down the path that other places have taken; trying to kill off the sharing economy by heavy regulation, through legal action, or even try to ban it...

It is incumbent upon the Tasmanian Government to consider the cumulative regulatory burden applied to ridesharing providers in Tasmania. Uber urges the Treasurer and Minister for Infrastructure to carefully consider the long-term strategic implications of imposing further costs on rideshare drivers and vehicle owners, and indeed, constituents who are interested in engaging more broadly with the sharing economy in Tasmania.

Uber encourages the Regulator to reconsider its intended recommendation, and recommend that ridesharing vehicles remain classified as Class 1 private vehicles.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Willder', with a long horizontal flourish extending to the right.

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