

Uber arrives in Toowoomba - but is still navigating a legal minefield

Uber officially launched in Toowoomba last Friday. This innovative app is leading the way to a new era of ride-sharing services across the globe.

Uber is active in over 70 countries and since October 2012, Australia and its taxi industry have been grappling with the disruption it causes.

How does it work?

By using its app, you are able to request a ride from an Uber driver. Uber drivers are everyday citizens who hold a current driver's licence and use their own Uber-approved vehicle.

Essentially, due to minimal regulation and no licencing expenses, Uber can offer lower fares than their taxi competitors. In the name of protection, however, Uber uniquely allows its passengers and drivers to rate each other.

When either a driver or passenger have a continuously low rating, they can be investigated and booted off the app.

Legal controversy

Most of you are probably aware of the controversy surrounding the legality of ride-share within Australia. Although ride-sharing is legal in New South Wales, Victoria, Western Australia and the Australian Capital Territory, recent legislative changes in Queensland have criminalised that behaviour.

Drivers caught operating under apps like Uber can incur harsh monetary penalties. Maximum driver penalties have increased from \$1,413 to \$2,356 and administrators (i.e. Uber) can be penalised up to \$23,560.

Given Uber's emergence in Toowoomba, it seems that tough potential fines have not stopped the ride-sharing trend from spreading across Queensland.

So why is Uber attractive to drivers?

Uber prides itself on flexibility. Former Uber Director-General, Jim Varghese noted, "you decide when, and how long you work". Drivers can also choose when to cash in their accrued fares with Uber reaping approximately 20% of each fare.

Uber also provides certainty by allowing riders to estimate their fare before they start their trip. Uber estimates the time it will take the driver to arrive to collect the rider and to reach the destination.

Uber offers convenience via automatic credit card payments negating the need to handover cash or swipe a credit card. Uber gives riders a carpooling option by permitting them to split the fare with co-riders.

Uber also adds a level of safety by allowing riders to share their location during the trip with their friends and family.

Uber and the law

Uber is an obvious case where the law is struggling to keep up with innovation, and the transport industry has found itself in uncharted waters. In addition to the current possibility of significant fines, if you are considering being an Uber driver or passenger, here is some food for thought on how it could affect you:

Legality of Uber drivers?

It is important to know your employment status as your entitlements and protections vary according to your classification. In Uber's case, many factors are relevant to determining a driver's employment status, however, a recent class-action settlement, which saw Uber drivers in the US classified as independent contractors, provides some guidance. This is yet to be tested in Australian courts;

Is Uber safe?

An Uber driver's vehicle must have current Compulsory Third Party accident insurance and third party property insurance as a minimum to cover themselves and their passengers. Each driver must meet this criteria, but Uber has gone one step further by taking out contingency insurance so that both Uber and its drivers are covered up to \$20 million.

Is Uber cheaper than a taxi?

While ride-share regulation remains unclear, Uber will be able to charge considerably lower rates than its taxi competitors. Uber's base fare is approximately \$1.40 per kilometre in comparison to regulated taxis which sit at approximately \$2.17 per kilometre. However, taxis are capped at this price, whereas, Uber prices vary depending on supply and demand.

When demand is high, Uber base rates 'surge'. This was experienced on New Years Eve 2016 when Uber's prices skyrocketed to nine times the base fare. This is an ongoing battle for the Australian Competition and Consumer Commission.

Continuing developments

Ride-sharing and Uber continues to grow but it's legal status remains in question, at least in Queensland.

The Queensland State Government is currently awaiting the release of an independent review of the legality of ride-sharing to be handed down by the Opportunities for Personalised Transport Review Taskforce.

This review may well decide the long-term future for Uber and ride-sharing in Queensland.
