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How should governments regulate ride-hailing apps and taxis?

New report examines the case for regulatory reform of for-hire passenger transport services

The rapid rise of commercial transport apps such as Uber or Lyft is challenging long-established rules in the for-hire passenger transport market. These platforms often fall outside existing regulations and governments have typically reacted by seeking to block them or by tweaking existing taxi regulation to include such services.

The popularity of the new commercial transport apps with consumers and the conflicts their market entry engendered with established transport providers have created a case for re-examining the regulatory frameworks in place today for for-hire passenger transport services.

The report “App-Based Ride and Taxi Services: Principles for Regulation”, released today by the International Transport Forum, identifies points of consensus as well as persistent tensions based on a workshop initiated by the ITF’s Corporate Partnership Board that brought together representatives of ride-hailing platforms, the taxi industry, regulators and academics. The report’s key findings:

- ▶ Commercial transport apps are popular because they provide an easy, consistent and universally available service for those able to access them.
- ▶ App-based mobility services provide more transparency, certainty and accountability than traditional street-hailing or radio-dispatched services.
- ▶ Commercial transport apps improve the allocation of available capacity – this is good for consumers, operators, cities and the environment.
- ▶ Commercial transport apps provide value to drivers through flexible work opportunities.
- ▶ Traditional taxi operators increasingly offer transport apps, making a regulatory distinction between app-based platforms and taxis less relevant.
- ▶ Street hailing has characteristics that warrant special regulatory treatment.
- ▶ Regulators must ensure public safety, protection of consumers and drivers, as well as tax compliance.

- ▶ Regulation of for-hire passenger transport is necessary - but it needs to become more flexible to allow innovation.
- ▶ Oversight tends to be tilted in favour of established providers - often because of the specificities of street hailing, but also due to market capture.

From these findings four principles emerge that should inform thinking around regulatory reform of for-hire passenger transport:

- ▶ **Focus on the needs of consumers and society:** Policy should enable innovations that contribute to policy objectives such as equitable access, safety, consumer welfare and sustainability. This will likely entail lightening market entry controls and fares regulation for dispatched taxi services.
- ▶ **Keep the regulatory framework simple and uniform:** Regulators should avoid creating different categories of providers. If differentiations are required, these should be made explicit, substantiated and frequently reviewed.
- ▶ **Chose innovative and flexible approaches to regulation:** New technology and better data allow targeted oversight of for-hire services. Automated fare data collection for tax purposes, on-board monitoring of vehicle condition, driver behaviour etc. enable better oversight and delivery on policy goals.
- ▶ **Use data-led regulation to improve benefits for all:** Offer operators a choice between a light and a more burdensome regulatory regime, in return for sharing data that can be used to create benefits for society at large.

Download the report for free at: <http://2016.itf-oecd.org/free-publications>

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Who we are

The International Transport Forum is an intergovernmental organisation with 57 member countries. It acts as a think tank for transport policy and organises the Annual Summit of transport ministers. ITF is the only

global body that covers all transport modes. The ITF is administratively integrated with the OECD, yet politically autonomous.

What we do

ITF works for transport policies that improve peoples' lives. Our mission is to foster a deeper understanding of the role of transport in economic growth, environmental sustainability and social inclusion and to raise the public profile of transport policy.

How we do it

ITF organises global dialogue for better transport. We act as a platform for discussion and pre-negotiation of policy issues across all transport modes. We analyse trends, share knowledge and promote exchange among transport decision-makers and civil society. ITF's Annual Summit is the world's largest gathering of transport ministers and the leading global platform for dialogue on transport policy.