

CUT RED TAPE TO

UNLEASH  PROSPERITY

MEDIA RELEASE

23 August 2016

\$2 UBER TAX AND MORE RED TAPE ON PROGRESS

“Victoria can legalise ride-sharing without new taxes for consumers, and without new red tape for drivers,” said Aaron Lane, Legal Fellow at the Institute of Public Affairs.

Today the Victorian government announced that it would establish a single commercial vehicle registration system that would apply to commercial passenger vehicles, taxis, hire cars and – importantly – ride sharing services. It is proposed that ride-share drivers will be subject to new regulations, ride-share customers will face a new \$2 per trip tax, and the taxi industry will receive \$453 million in industry assistance.

“Moves to legalise ride-sharing are welcome, but we should not tax economic progress. To make matters worse, the \$2 tax on Victorian ride-share customers will be double the tax imposed in New South Wales,” said Mr Lane.

“Industry compensation is a waste of taxpayer funds. The economic evidence shows that industry payouts make the transition worse. The sharing economy is disrupting existing industries.

This decision sets a terrible precedent for Victoria’s regulatory approach to the sharing economy more broadly – for platforms such as Airbnb or Freelancer, will they also face new taxes? Taxpayers and consumers should not be asked to pay for barriers to economic progress.

“Victoria does not need a new scheme of red-tape on the sharing economy. Ride-sharing can be legalised without its own special regulation. The Victorian government need to be careful that special regulations for Uber do not create barriers to entry, preventing entrepreneurs developing new approaches in the future.

“The best form of consumer protection is the free market. Ride-sharing platforms use rating and reputations systems provide riders and drivers with a safer and more reliable service. The taxi industry has not been responsive to consumer experience because they have been shielded from competition through overregulation,” said Mr Lane.

Earlier this month the IPA made a [submission](#) to the Victorian Parliamentary inquiry into ride-sourcing services. The submission drew on IPA [research paper](#) ‘The Sharing Economy: how over-regulation could destroy an economic revolution’, authored by IPA Research Fellow Darcy Allen and Senior Fellow Chris Berg.

For media and comment: Aaron Lane, Legal Fellow, 0400 838 630

Evan Mulholland, Media and Communications Manager, on 0405 140 780, or at emulholland@ipa.org.au

