

Reasonable Ridesharing Regulation and Significance to Hong Kong

Preamble

E-hail platforms, otherwise known as ridesharing platforms or ride-hailing applications, are variants of a technology solution that connects drivers and riders for the former to provide the latter point-to-point transportation services.

Having emerged in the early 2010s, e-hailing apps are popular worldwide and often seen as a transport utility in most major cities in the world. Their widespread global adoption was driven by the efficiencies granted both to drivers and riders. The apps create new opportunities for flexible income on one hand and convenient, reliable, point-to-point transport service on the other.

Uber is a global e-hailing platform operating across 70 countries and more than 10,000 cities worldwide. Our 149 million active global users (as of Q1 2024) rely on the app as they travel – and earn – through Uber's platform. Uber is honoured to have been operating in Hong Kong for 10 years running.

In Hong Kong, we understand and respect the traditional taxi industry's importance to the city's transportation ecosystem. Working closely with the taxi industry, Uber has provided additional opportunities for earning income for drivers and further acquired a Hong Kong's domestic e-hailing platform, HKTaxi. Uber continues to be the e-hail platform of choice for millions of Hong Kong residents and visitors on a yearly basis.

Context

The Legislative Council of the Hong Kong Special Administrative Region (HKSAR) Panel on Transport will be discussing policy considerations and the study of regulation of online hire car hailing platforms on 12 July 2024.

Uber is committed to being a positive contributor in Hong Kong's economy and transportation ecosystem. It has developed the following policy position paper as an additional reference for the upcoming deliberations on improving point-to-point transportation in Hong Kong.

Uber believes that regulations should provide reasonable and enough stewardship to ensure safety and operational standards but also set the foundation for a bustling ecosystem where tech innovations can thrive to address the public's needs. This will reflect the essence of Hong Kong as a global hub and facilitate further sectoral innovation and growth.

Policy Considerations for Reasonable Regulation of Online Hire Car Hailing Platforms (E-hail platforms)

1. Economic contribution

- 1.1. E-hail platforms bring a range of economic benefits to Hong Kong. A core benefit is providing an additional income opportunity for drivers. In the case of Hong Kong, where Uber was introduced ten years ago, **more than 100,000 drivers have earned income through the platform**. Similarly, in Singapore,¹ the entry of e-hail platforms into the market led to a notable increase in the number of rental cars, rising from 18,847 to 51,336 between 2014 and 2016. Singapore's example shows the high level of demand from drivers for flexible income opportunities through e-hailing platforms, and the positive multiplier effect it can have across the transport sector by increasing demand for a range of auxiliary services, such as training for drivers and car maintenance.
- 1.2. According to a Hong Kong Uber driver survey conducted in March 2024,² around **half of the respondents (51%) indicated that driving through the Uber platform is their sole source of income**. Approximately **84% of the respondents also mentioned their earning through the Uber platform is a 'very crucial' or 'crucial' part of their total income**. Over 30% of drivers indicated they would have substantially less income without the option to drive using the Uber platform, 22% of drivers would not be able to afford necessities for their families and over 15% of drivers would apply for Government welfare subsidies if they lost their income opportunity through the Uber platform.
- 1.3. E-hail platform creates additional earning opportunities for drivers, provides a convenient and reliable technology-driven experience for riders, and grows Hong Kong's I&T capacity by employing high-skilled professionals supporting the operation of the platform. All of these are a positive contribution to point 14 of the Chief Executive's 2023 Policy Address - to develop emerging strategic areas, including I&T.
- 1.4. Uber Hong Kong's Economic Impact Report in 2021 estimated Uber Taxi alone unlocked an estimated HK\$860 million in economic value for the Hong Kong economy.³ This includes both the impact of earnings of taxi driver-partners, and the wider induced multiplier effect created throughout the company's supply chain.
- 1.5. Uber has made a substantial contribution to Hong Kong's economy as summarized in the table below. Implementing regulations for e-hail platforms would further amplify the positive economic contribution of e-hail platforms, providing greater certainty and stability for platform users, including drivers and riders.

¹ Huff Post, Race to the Finish Line: Private Hire Cars Versus Taxis in Singapore, 30 May 2017.

https://www.huffpost.com/entry/race-to-the-finish-line-private-hire-cars-versus-taxis_b_58dc8829e4b0efcf4c66a5db

² 1576 Uber driver respondents.

³ Public First, The Impact of Uber in Hong Kong: How Uber has transformed the on-demand economy, 2021.

<https://uberapac.publicfirst.co.uk/hong-kong/>

Current Economic Impact	
Gig opportunities created since 2014	Over 100,000
Number of point-to-point trips completed since 2014	More than 120 million
Economic value created	At least over HK \$300M monthly
High skilled opportunities created in Hong Kong	Hundreds of positions

2. Provision of Flexible Working Opportunities and Importance of Flexible Supply

- 2.1. E-hail platforms have emerged as a prominent part of the gig economy, offering individuals the flexibility to earn in accordance with their own decision, schedules, and preferences. Platforms like Uber create opportunities for a diverse range of individuals to participate, including people who take on multiple part-time jobs simultaneously, those transitioning between jobs, retirees, and individuals who may not be able to work in traditional employment settings, such as college students and new parents.
- 2.2. The flexibility provided by e-hail platforms allows drivers to decide when and how they work, making it an attractive option for those seeking flexible earning opportunities. Moreover, during economic recessions, e-hail platforms serve as interim and flexible income sources, providing drivers with additional financial support during challenging times.⁴
- 2.3. **As of 2023, over 60% of drivers drove fewer than 20 hours per week through the Uber platform in Hong Kong.** Amongst the Uber drivers surveyed in March 2024, the leading two reasons cited for driving as a ridesharing driver was the **flexibility offered that enables people to mould their work around other commitments and the positive reinforcement that comes from 'being one's own boss'.**

What are your main reasons for driving as a ridesharing driver?



⁴ Tang, H & Lung, SY, Gig Economy: A Pivotal Element for Economic Transformation, <https://www.hkubs.hku.hk/research/thought-leadership/opinions-and-speeches/gig-economy-a-pivotal-element-for-economic-transformation-2/>

2.4. Ridesharing has emerged as a favoured source of income among the younger generation. Ridesharing drivers have a lower average age compared to the broader taxi driver community. According to the Transport Department's data from 2022, approximately 60% of all Hong Kong taxi drivers were 60 years old or older. Amongst the Uber drivers surveyed in March 2024, only around 10% of them were 60 years old or older, while around 17% of surveyed Uber Taxi drivers were in the same age group. As of 2023, the median age of Uber drivers stands at 42, whereas Uber Taxi drivers have a median age of 53. Providing additional and flexible income options to younger people is important for the economy and has positive socioeconomic effects. Indeed, allowing the younger generation to use technology to augment their income is in line with President Xi Jinping's speech that "Hong Kong will prosper only when its young people thrive".

2.5. Further research in the United States⁵ showed that Uber drivers benefited significantly from the flexibility offered and could potentially gain more than twice the labour surplus they would have in less flexible arrangements.

2.6. The importance of flexibility for drivers demonstrates the **criticality of maintaining a flexible supply**. A responsive supply enhances the efficiency of the transportation system. A driver community that is uncapped and flexible can adapt to the fluctuating demand across different times and locations within the city. Drivers can effectively respond to changes in demand by making well-informed decisions regarding their hours, locations, frequency, and duration of driving. As observed from other markets, we have learnt that it is imperative that regulations refrain from imposing supply controls, encompassing both explicit and implicit constraints, at the same time certain requirements should be set that can govern safety and consumer issues. Restrictions could render transportation less efficient and reliable during peak hours, less accessible throughout the city, and less affordable due to limitations on supply. An implementation of supply caps would significantly undermine the flexibility that is fundamental to the ridesharing model.

3. Competitive options serve public interest

3.1. Concerns have been raised that ridesharing will replace the traditional taxi industry. However, co-existence and healthy competition is not only possible but favoured by most Uber Taxi drivers themselves. According to Uber's March 2024 survey⁶, over half of the taxi driver respondents agree that regulating ridesharing in a way that enables them to coexist with taxis will bring overall benefits to society, pointing out that it will stimulate better service quality of point-to-point transportation, encourage continued healthy competition and bring more growth to the segment.

3.2. Making point-to-point transport a more accessible option may yield benefits to traditional taxis too by growing the pie for the whole ecosystem.

3.3. Bringing ridesharing into the regulatory perimeter will give the Government a framework which can be used to create healthy competition that leads to better returns to drivers and improved quality experience for riders. Indeed, from the aforementioned survey, only 14% of surveyed taxi drivers are opposed to ridesharing regulation.

⁵ Chen, M. K., Chevalier, J. A., Rossi, P. E., et al. (2017). The value of flexible work: Evidence from Uber Drivers. https://www.nber.org/system/files/working_papers/w23296/w23296.pdf

⁶ The survey got responses from 525 Uber Taxi drivers.

3.4. Unwavering demand for ridesharing highlights the necessity of implementing regulations that establish minimum guidelines for e-hail platforms. By opening the point-to-point transportation ecosystem to more participants, competition can be fostered, resulting in enhanced quality, services, innovative features, and competitive pricing. This not only benefits the public and tourists by providing a broader range of mobility options that cater to their specific needs but also addresses the current difficulty in meeting the community's demand for quality personalised and point-to-point transport services as stated in paragraph 8.6 of the Public Transport Strategy Study.⁷

3.5. The Consumer Council had earlier stated in its report "More Choices Better Service: A Study of the Competition in the Personalised Point-to-point Car Transport Service Market"⁸ that any regulatory framework that is eventually introduced in Hong Kong should support and encourage an innovative and customer-centric evolution of the industry. In addition to providing drivers with more income opportunities, competition and increased optionality would be able to foster a more consumer-centric focus from transportation providers in the ecosystem, driving the evolution of a better quality of personalised point-to-point transportation service.

3.6. Regulating e-hail platforms enables the establishment of minimum standards related to platform operators, drivers, vehicles, operational management, insurance, and other relevant aspects. Legislatively-set standards serve as guardrails, allowing the Government to exercise oversight and ensure reliable point-to-point transportation experiences for all riders in Hong Kong.

4. Hong Kong's global reputation and competitiveness

4.1. Hong Kong is one of the leading global business and financial hubs. However, with the evolving macro environment and the emergence of other financial centres in the region, it becomes crucial for Hong Kong to remain competitive in all respects. Reinforcing and enhancing Hong Kong's competitive advantage is a priority in the National 14th Five-Year Plan.⁹ One aspect that drives the competitiveness of a city is a vibrant point-to-point transport ecosystem, this necessarily includes regulating ridesharing.

4.2. The global rise in popularity of ridesharing over the past decade has been remarkable, and neighbouring jurisdictions including Mainland China and Singapore have successfully implemented regulatory frameworks that facilitate the coexistence and prosperity of both traditional taxis and ridesharing services.

4.3. Hong Kong aspires to reinforce its standing as an international innovation and technology hub. This is also a priority in the National 14th Five-Year Plan whereby it is stated that Hong Kong is to develop as an International Innovation and Technology Hub.¹⁰

⁷ HKSAR Government, Public Transport Strategy Study June 2017:

[https://www.tlb.gov.hk/eng/psp/pressreleases/transport/land/2017/Final%20Report%20\(Eng\).pdf](https://www.tlb.gov.hk/eng/psp/pressreleases/transport/land/2017/Final%20Report%20(Eng).pdf)

⁸Consumer Council, More Choices Better Service: A Study of the Competition in the Personalised Point-to-point Car Transport Service Market November 2017;

https://www.consumer.org.hk/f/initialise_detail/301156/406990/report.pdf

⁹ Brand Hong Kong, Hong Kong's role in the National 14th Five-Year Plan, 17 March 2023.

<https://www.brandhk.gov.hk/docs/default-source/factsheets-library/hong-kong-themes/2023-03-17/hong-kongs-role-in-the-national-14th-five-year-plan-en.pdf>

¹⁰ Brand Hong Kong, Hong Kong's role in the National 14th Five-Year Plan, 17 March 2023.

<https://www.brandhk.gov.hk/docs/default-source/factsheets-library/hong-kong-themes/2023-03-17/hong-kongs-role-in-the-national-14th-five-year-plan-en.pdf>

- 4.4. By implementing reasonable regulations for ridesharing in Hong Kong, the city can demonstrate its commitment to nurturing innovation and embracing technological advancements, while also driving economic development. Thus, the city will align itself with other leading global hubs.
- 4.5. This approach not only bolsters Hong Kong's status as a business focal point but also ensures that the city remains at the forefront of embracing new transportation solutions while mitigating any potential reputational risks. By creating a regulatory framework that fosters innovation and competition in the transportation sector, Hong Kong demonstrates its commitment to embracing technological progress and adapting to the changing needs of its residents and visitors. This would also showcase the Government's capability in facilitating technological advancements and highlight its responsiveness to evolving needs of a modern society. Ultimately, such efforts contribute to boosting Hong Kong's international reputation as a dynamic and innovation-driven city.

5. Hong Kong general public demand for more point-to-point transportation options

- 5.1. Personalized point-to-point transportation is an integral part of Hong Kong's transport system. Demand for higher quality point-to-point transport options is consistently growing as recognised in paragraph 8.5 of the Public Transport Strategy Study.¹¹
- 5.2. Residents would benefit from a broader range of available point-to-point transport services, especially for residents in remote or rural communities.
- 5.3. As the city continues to grow, demand is already outstripping supply. Existing point-to-point options may be considered insufficient, and they are out of touch with evolving customer demands in terms of convenience, use of tech solutions, and service quality. As mentioned by Consumer Council, recurring complaints are unfriendly drivers, refusal to hire, overcharging, cherry-picking of passengers, and not using the most direct practicable route.¹²
- 5.4. According to the Quarterly Report published by the Transport Complaints Unit of the Transport Advisory Committee in December 2023, a total of 2,890 complaint cases related to street hail taxi services were received in Q4 2023, an increase of 34% as compared with the same quarter in 2022.¹³
- 5.5. At the same time, Hong Kong residents showed support for expanding the diversity of point-to-point transportation options available. From recent surveys led by media (HK01¹⁴, Tai Kung Pao¹⁵) and organisations (Public Transportation Think Tank of Hong Kong¹⁶ and Hong Kong Research

¹¹ HKSAR Government, Public Transport Strategy Study June 2017:

[https://www.ttb.gov.hk/eng/psp/pressreleases/transport/land/2017/Final%20Report%20\(Eng\).pdf](https://www.ttb.gov.hk/eng/psp/pressreleases/transport/land/2017/Final%20Report%20(Eng).pdf)

¹² Consumer Council, MORE CHOICES BETTER SERVICE: A Study of the Competition in the Personalised Point-to-point Car Transport Service Market 2017. https://www.consumer.org.hk/f/initiative_detail/301156/406990/report.pdf.

¹³ Quarterly Report No. 4 of 2023 by the Transport Complaints Unit of the Transport Advisory Committee for the period of 1 October 2023 – 31 December 2023. <https://www.tcu.gov.hk/qr/images/QR%20No.%204%20of%202023.pdf>

¹⁴ HK01, 的士無牌網約車之爭 | 01民調67%撐發牌 吳傑莊指的士Uber可並存, 28 May 2024

<https://www.hk01.com/%E7%A4%BE%E6%9C%83%E6%96%B0%E8%81%9E/1020734/%E7%9A%84%E5%A3%AB%E7%84%A1%E7%89%8C%E7%86%B2%E7%B4%84%E8%BB%8A%E4%B9%8B%E7%88%AD-01%E6%B0%91%E8%AA%BF67-%E6%92%90%E7%99%BC%E7%89%8C-%E5%90%83%E5%82%91%E8%8E%8A%E6%8C%87%E7%9A%84%E5%A3%ABuber%E5%8F%AF%E4%B8%A6%E5%AD%98>

¹⁵ Wen Wei Po, 民調訪問：86.7%市民支持引入網約車平台, 5 June 2024,

<https://www.wenweipo.com/a/202406/05/AP665fb8e5e4b0a7ef3f03efe5.html>

¹⁶ Sing Tao, 達8成港人同意的士與網約車可共存 網約車優多於缺「禁止將損港國際城市聲譽」, June 17, 2024, <https://std.stheadline.com/realtim/article/2005246/%E5%8D%B3%E6%99%82-%E8%B2%A1%E7%B6%93-%E9%80%BE8%E6%88%90%E6%B8%AF%E4%BA%E5%90%8C%E6%84%8F%E7%9A%84%E5%A3%AB%E8%88%87%E7%B6%B2%>

Association¹⁷), the majority of the public have shown support that the Government should regulate and allow ridesharing.

- 5.6. At the same time, e-hail platforms are increasingly seen as a convenient and reliable alternative for point-to-point transportation by Hong Kong residents. Platform operators have continuously invested in the user experience by developing innovative application features, including digital payment options, real-time location tracking, customer support, as well as various safety features.
- 5.7. Riders value the consistency of service offered by e-hail platforms including in aspects such as efficient automatic routing, clear pricing and estimated arrival times. The implementation of a two-way rating system also improves the quality and experience for both drivers and riders, enhancing the overall experience.
- 5.8. The Uber platform is an example that reflects aforementioned benefits. Since its inception in Hong Kong in 2014, Uber has experienced a significant increase in the number of its users (including riders and drivers). **According to company data, about half of the population of Hong Kong (more than 3.6 million lifetime riders) have taken a ride on Uber in Hong Kong, with more than 120 million trips completed since market entry.**
- 5.9. Riders also commend the professionalism and friendliness of Uber drivers, which is also shown by **around 93% of active drivers receiving from riders high ratings of 4.8 or above out of 5. With millions of riders in Hong Kong every year**, city residents have embraced Uber as a much needed, reliable, and efficient platform to help them move seamlessly across the city. Uber has become deeply ingrained in the daily lives of Hong Kong residents, with users relying on the platform from their daily commutes, airport transfers, to late-night rides.

6. Visitors benefit from ubiquity of reliable point-to-point transportation experience

- 6.1. Visitor numbers are increasing and the Government is prioritising mega events, culture, and tourism. According to the Deputy Financial Secretary, Mr Michael Wong, mega events would bring substantial economic benefits. It is estimated that approximately 1.7 million tourists would participate in the mega events in 2024. Their spending is estimated to be about HK\$7.2 billion, bringing value-added of about HK\$4.3 billion to the Hong Kong economy.¹⁸
- 6.2. E-hailing solutions are even more important as a transportation option. About **12% of Uber's total rides** in Hong Kong in 2023 were taken by visitors from **135 countries** around the world.
- 6.3. With Uber operating in over 70 countries and more than 10,000 cities worldwide, many visitors are already familiar with the Uber platform, and they can explore the city effortlessly through the Uber app, which also provides

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¹⁷ Ta Kung Wen Wei, 香港研究協會：逾六成市民支持網約私家車合法化 七成不支持八月推垃圾徵費, May 24 2024, <https://www.tkww.hk/a/202405/23/AP664ec6dbe4b0e3971d7698b3.html>

¹⁸ HKSAR Government, 'Government announces calendar of mega events in Hong Kong (second half of 2024)', 21 May 2024, <https://www.info.gov.hk/gia/general/202405/21/P2024052100373.htm>

digital payments solutions that visitors are familiar with. This enhances their overall travel experience and reduces potential language barriers.

- 6.4. Additionally, according to the Hong Kong Tourism Board, over 80% of total arrivals in Hong Kong originate from the Mainland.¹⁹ These visitors are accustomed to a mature sharing economy that includes ample ridesharing and digital payment options. Travel convenience and accessibility are important factors that affect the city's attractiveness as a tourism destination.
- 6.5. Thus, creating a state-of-the-art e-hail ecosystem in Hong Kong would be a facilitator of inbound tourism and serve to achieve territory-wide development objectives.

7. Providing options for communities in need

- 7.1. Under the 'Transport for All' concept, the HKSAR Government has been promoting more accessible transport options and facilitating the accessibility of public transport services for persons with disabilities and elderly persons.²⁰
- 7.2. Point-to-point transportation plays an important role in providing more mobility options for communities in need. E-hail platforms including Uber offer tailored trip options to specific groups, such as the elderly, people with physical disabilities or pet owners.
 - 7.2.1. "Uber Assist", for instance, is an option available on the Uber App for people who need an extra hand, e.g., visually or hearing-impaired individuals, seniors, and expectant mothers, "Uber Pet" offers pet-friendly rides, and "UberXL" caters for groups of 6 riders or extra luggage. Uber App's diverse options covers a core social need for flexible transport needs for a broad range of social groups.
 - 7.2.2. Uber invests in serving the communities we operate in. All Uber Assist ride drivers have completed educational sessions led by Bamboos Professional Nursing Services, SILENCE, and Hong Kong Blind Union, authorized and endorsed by Hong Kong Health Care Federation. This helps Uber drivers provide a peace of mind experience to riders.
 - 7.2.3. Uber is planning to launch the "Uber WAV" (Wheelchair Accessible Vehicle) option by the end of 2024, which can offer wheelchair users a safe and convenient option to get around the city. Additionally, Uber Assist will be upscaled to cater for diverse needs from elderly, pregnant women and people with physical disabilities.
 - 7.2.4. **Over the past 10 years, there have been over 350,000 trips taken through Uber Assist and over 450,000 trips taken through Uber Pet.** The high demand for such particular trip options shows how important they are for Hong Kong residents in need – and the extent to which e-hailing can offer different options to different riders.

¹⁹ Hong Kong Tourism Board Monthly Report - Visitor Arrival Statistics: Feb 2024.

https://www.discoverhongkong.cn/content/dam/dhk/intl/corporate/newsroom/tourism-statistics/2024/tourism_stat_02_2024.pdf

²⁰ Legislative Council of Hong Kong SAR, 'Legislative Council Panel on Transport Public Transport Strategy Study - Topical Study Barrier-free Facilities of Public Transport Services', 15 April 2016: <https://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160415cb4-831-5-e.pdf>

8. Uber's commitment and positive contribution to Hong Kong's point-to-point transport

8.1. To be a positive force in the point-to-point transport ecosystem, Uber recognizes the importance of forging a mutually-reinforcing relationship with the taxi industry. Indeed, only an ecosystem where various services are synergetic can provide a resilient and constantly improving point-to-point transport that can satisfy the demand of Hong Kong residents.

8.1.1. Uber believes that "Uber + Taxi, Better Together" is more than a motto. To this end, Uber has implemented a range of initiatives aimed at addressing industry challenges and improving the taxi experience for Hong Kong residents.

8.1.2. Uber has been providing more earning opportunities for taxi drivers coupled with the acquisition of HKTaxi in 2021. **According to Uber's driver survey, around 80% of taxi drivers drive with Uber as they could enjoy "increased earning opportunities" and it is "less time-consuming to find riders" through the App. Over 70% of respondents also stated that they could earn more through Uber or other e-hail platforms as compared to not using any platforms.**

8.2. Moreover, the taxi industry is currently grappling with the issue of an aging driver pool, which has already sparked public concern over whether older drivers might be unfit to drive.²¹

8.2.1. To help address this issue, Uber invested HKD\$3.6 million to launch the Taxi Driver License Rebate Scheme, which aims to alleviate aging and driver shortage issues in the taxi industry. In collaboration with driving schools, Uber has offered rebates to taxi drivers who enrolled in taxi driving and pre-service courses, passed the written exam, and obtained their taxi licenses. As of 2023, more than 3500 taxi drivers have joined the scheme, providing an important stream of new entrants to the industry that revitalises Hong Kong's taxi sector.

8.2.2. Uber also launched a driver safety course in collaboration with Lee Kin driving school in September 2023, with the aim to give refresher safety training to all taxi drivers across the city. The course covers three crucial aspects - car operation, road safety, and customer service with the aim to increase taxi drivers' road safety awareness and help them enhance their skills in these areas.

8.2.3. Uber is committed to Hong Kong and being a positive part of the city's growth story. Uber is committed to working with all stakeholders to make sure public demand is met in all respects. Uber believes that point-to-point transport demand will continue to grow, and e-hail services will continue to be the default option for many riders. If ridesharing is reasonably regulated, the additional confidence afforded to industry participants would enable market players to provide a broader range of high-quality services. These would only benefit Hong Kong residents, economy, and global competitiveness.

²¹ Danny Mok, 'Too old to drive a taxi? Hong Kong's spate of accidents sparks calls to ban drivers over 65, tighten medical checks', *South China Morning Post*, 18 February 2023: <https://www.scmp.com/news/hong-kong/transport/article/3210647/too-old-drive-taxi-hong-kongs-spate-accidents-sparks-calls-ban-drivers-over-65-tighten-medical>

9. Ridesharing regulation core principles

- 9.1. While we welcome and are encouraged by the Government's intention to regulate ride-hailing platforms, we respectfully urge that the regulatory framework adequately consider the operational realities of ridesharing and e-hailing. This may be achieved either by establishing a new licensing framework or by comprehensively relaxing the Hire Car Permit (HCP) requirements and abolishing quotas (details at **Appendix 3**).
- 9.2. **Regulations of platforms cannot be separated from flexible issuance of licenses**: failure to ensure a flexible supply of ridesharing drivers will significantly reduce the benefits of ridesharing in Hong Kong.
- 9.3. Core principles to be considered:
 - 9.3.1. **Free and flexible supply**: A driver community that is uncapped and flexible is better suited to react to the fluctuating demand across different times and locations within the city. For instance, it would be easier for the public to get a ride during peak hours because of abundant and available drivers. Over 60% of drivers drove fewer than 20 hours per week through the Uber platform in Hong Kong as of 2023. Supply constraints include:
 - 9.3.1.1. Explicit supply constraints such as caps, that hinder supply responding efficiently and sufficiently to variable demand across the day and city.
 - 9.3.1.2. Implicit constraints such as costly or complex licensing systems that prevent drivers from additional earning opportunities.
 - 9.3.2. **Pricing flexibility**: Pricing flexibility is essential, it encourages drivers onto the road in the right place at the right time, and signals that riders should defer non-essential travel at peak times. Limitations on pricing have a direct impact on the benefits of ridesharing.
 - 9.3.3. **Reasonable vehicle standards**: Vehicle accreditation should be accessible to predominantly private vehicles undertaking ridesharing on an occasional or ancillary basis. Reasonable requirements on vehicles should focus on improving safety outcomes. **Extensive specifications do not add value for riders (e.g. vehicle value, vehicle age limit, etc.)**. In this regard, requirements should enable drivers and platforms to adapt new vehicle options to satisfy consumer needs.
 - 9.3.4. **Reasonable platform standards**: Overly high-cost implications will impact platform operations and may hinder new entrants. Complex licensing conditions add limited value to the marketplace.

Summary

Overall, ridesharing serves as an innovative technology solution that will bring numerous benefits to Hong Kong. It significantly contributes to the economy and market, enhances Hong Kong's international reputation, and effectively meets the needs of the public and tourists. Although regulating ridesharing poses challenges, it is important to recognize that Hong Kong's regulatory complexity is not unique, as other jurisdictions have faced similar obstacles in the past. Many of these jurisdictions have successfully navigated through their complexities by striking a balance between fostering innovation and implementing reasonable regulations to safeguard public interests. In various locations around the globe, regulating ridesharing has revitalized the entire point-to-point transport ecosystem, allowing taxis and ridesharing services to coexist and thrive, benefiting the economy and the public. Uber is committed to being a positive contributor to Hong Kong. We are convinced that under an appropriate and reasonable regulatory framework, Uber and ridesharing can continue to be a positive force for economic growth and innovation.

Global precedents

Hong Kong's regulatory complexity is not unique

Hong Kong's regulatory complexity related to ridesharing is not unique, other jurisdictions also grappled with similar challenges when considering regulatory frameworks for ridesharing. The emergence of ridesharing is a global phenomenon. Many jurisdictions have since navigated through these complex issues and were able to strike a balance between promoting innovation and ensuring reasonable regulations to protect public interests. Case studies presented hereafter illustrate the various ways Hong Kong can strike a balance between taxis and ridesharing, while putting the interests of residents first.

Shenzhen, China: Majority of taxi market still beyond the reach of ridesharing

According to a study conducted by Northwestern University for Shenzhen in 2017,²² even after the regulation of ridesharing, taxis retain substantial competitive advantage against ridesharing. E-hailing is not always more convenient and faster than street-hailing in areas where the density of vacant taxis is relatively high. Taxis are also found to compete more effectively with ridesharing during peak periods and in areas with high population density, as they enjoy the exclusive right for street-hailing, which may be preferred by travellers in a hurry.

Ridesharing has also brought many positive changes to the taxi industry. It greatly improved the service quality by tapping into a fresh reservoir of the workforce. It also encouraged industry-wide efficiencies as the app-based services provide transparent routing, capacity management, and pricing. However, the traditional taxis are still necessary to meet city demands and will remain an important part of the market for the foreseeable future.

Singapore: Number of taxi trips remained stable

While private-hire services have claimed about half of the point-to-point transportation rides as at 2017, the number of taxi trips remained relatively stable, with only a slight drop from an average of 967,000 trips daily in 2013 to 954,000 trips daily in 2016.²³ According to Transport Minister at the time, Khaw Boon Wan, “new players have been meeting new demand or unmet demand and the best approach is to let Singaporeans decide”.

Singapore: General improvement of customer satisfaction towards taxi after ridesharing was regulated

With the passing of the Point-to-Point Passenger Transport Industry Act in August 2019, traditional taxi (street-hail) and ridesharing (ride-hail) are placed under the same regulatory regime, in which both types of operators are obliged to comply with a set of standards on driving safety and price transparency. Facing greater regulatory oversight from the Land Transport Authority and the Public Transport Council, the taxi sector improved their service quality and safety measures. In turn, satisfaction with taxi and ridesharing cars services improved. For taxis, 98% were satisfied in 2021, up from 97.5% in 2020. For ridesharing cars,

²² Nie, Y. How can the taxi industry survive the tide of ridesourcing? Evidence from Shenzhen, China. June 2017, Transportation Research Part C Emerging Technologies 79:242-256.

https://www.researchgate.net/publication/316005466_How_can_the_taxi_industry_survive_the_tide_of_ridesourcing_Evidence_from_Shenzhen_China

²³ Online Citizen. PHC services benefitted commuters in supplementing demands unmet by taxi services.

<https://www.theonlinecitizen.com/2017/02/21/phc-services-benefitted-commuters-in-supplementing-demands-unmet-by-taxi-services/>

this rose to 97.1% in 2021, from 96.2% in 2020.²⁴ It shows that the new regulatory regime was a key driver for the improvement of point-to-point transportation quality.

The then Singaporean Minister for Transport Khaw Boon Wan has observed the positive effect brought by ridesharing to the overall point-to-point transport market. Competition between ridesharing cars and taxi operators has been positive for the city, as there was also improvement in taxi services thanks to taxi operators ramping up efforts to improve services as they vie for business.²⁵

²⁴ Satisfaction with taxi, private-hire car services held steady in 2021: PTC survey, The 'Strait Times', <https://www.straitstimes.com/singapore/transport/satisfaction-with-taxi-private-hire-car-services-holds-steady-in-2021-ptc-survey>

²⁵ Strait Times, Parliament: Demand for taxi and taxi-like services has doubled, 20 February 2017. <https://www.straitstimes.com/singapore/parliament-demand-for-taxi-and-taxi-like-services-has-doubled>

Appendix 2

Overseas ridesharing models

Global best practices offer potential avenues for reasonable ridesharing regulations in Hong Kong. These alternatives take into account the unique characteristics and dynamics of the local transportation landscape. The following frameworks may achieve positive socioeconomic results and their adaptation to Hong Kong's context may be considered:

Transport Network Companies (TNC)

Platform operators are positioned as Transport Network Companies (TNCs). As part of the regulatory framework, TNCs are mandated to verify specific conditions such as driver qualifications, vehicle maintenance standards, and other relevant criteria. It is important to acknowledge that these requirements impose costs on platform operators, which are often reflected in the form of platform fees or commissions.

By imposing reasonable requirements on TNCs, it ensures passenger safety, quality of service, and accountability, while still allowing drivers the autonomy and flexibility that make ridesharing attractive.

Example – Florida, USA

Platform operators		[Regulation] Platform operators must obtain a state-issued license as a TNC.
Drivers	Qualification/ License	[Regulation] TNC is responsible for checking whether requirements are met. Audit every two years to confirm compliant with insurance requirements and background checks are conducted.
	Driving skill	[Regulation] Those who have committed a serious driving offense within the past five years are ineligible. Drivers with more than three moving violations or convicted of driving on a suspended or revoked driver's license within the prior three years will be rejected. [Uber] 1 year or more of driving experience for drivers over 25 and 3 years of experience for drivers under 25. Training on safe driving, harassment prevention, etc.
	Criminal record	[Regulation] TNC checks for criminal history.
Vehicles	Vehicle condition and inspection	[Regulation] Following jurisdictions requirement - street-legal and in safe operating conditions. [Uber] Vehicle age and condition requirement.
Operations	Impaired driving	[Regulation] Zero-tolerance drug and alcohol policy. TNC immediately suspends drivers' access to the App for any suspicion of driving under influence.
	Overwork prevention	[Uber] Normally requires 6 consecutive hours of rest after a total of 12 hours of operation.

	Record keeping	[Regulation] Businesses are legally required to record and store certain information for a specific period of time.
Others	Customer service quality	[Regulation] TNC shall adopt a policy of nondiscrimination with respect to riders and potential riders. Drivers could be removed from a TNC's network if not complying with nondiscrimination policy.
	Insurance coverage	[Regulation] TNC drivers and platform operators are required to carry insurance that covers the minimum amount of compensation required by law in the event that a passenger or third party suffers damage due to the driver's or a third party's responsibility.

Private Hire Vehicle (PHV)

Positioned as Private Hire Vehicles (PHV), drivers are required to obtain licenses from the authorities. The Government directly regulates drivers through the PHV classification, while platforms primarily focus on verifying that drivers possess a valid PHV driver's license issued by the Government.

Example - Singapore

Although some conventional taxi services have begun to use ride-hailing apps, problems with convenience have surfaced, such as the lack of supply during periods of high demand, resulting in long waiting times for passengers.

Rideshare entered the territory in 2013. In order to protect the safety of passengers and to have fair competition with taxi operators, the government imposed certain regulations on ridesharing from 2014 to 2019, while relaxing the regulations on the taxi industry.

Platform operators		[Regulation] Operators with 800 or more vehicles must obtain a ride-hail service operator license issued by the Land Transport Authority.
Drivers	Qualification/ License	[Regulation] Obtain vocational license for taxi or private hire car after meeting the following requirements. Requires renewal every 3 years.
	Driving skill	[Regulation] Over 30 years old and have a driving licence of minimum 1 year experience. [Regulation] Attend a 10-hour special course on driving skills and pass an exam. [Regulation] Violations including dangerous driving are recorded with a point system, and if exceeding a certain number of points, the license will be suspended.
	Criminal record	[Regulation] Criminal history will be checked and those who have committed certain crimes in the past cannot receive a license.

	Physical examination	[Regulation] Medical examination results must be submitted when obtaining a commercial license.
Vehicles	Vehicle conditions	[Regulation] Installation of air conditioning, modification of vehicle interior if necessary.
	Vehicle inspection	[Regulation] Submit vehicle inspection and insurance-related documents to the authorities and display a sign indicating that the car is a private hire car. [Regulation] Have your vehicle inspected annually.
Operations	Impaired driving	[A local rideshare company] Guidelines clearly state that drunk driving and drowsy driving are prohibited. Passengers can report if a violation is suspected.
	Record keeping	[Regulation] Platforms are required to record and store certain information.
Others	Customer service quality	[Regulation] The special course required to obtain a driver license includes content related to customer service. [A local rideshare company] Training at the time of driver registration includes content on harassment prevention and customer service etiquette. [A local rideshare company] Similar to Uber, the app operator introduced a mutual evaluation system, etc.
	Safety	[A local rideshare company] Discriminatory and violent acts prohibited are specified by the guidelines, and passengers and drivers can report violations on the app or by hotline. [A local rideshare company] Provides a 24-hour reporting function, a function to share location information with family members, etc.
	Resolution of issues and disputes	[Regulation] The conditions for issuing a ride-hail service operator license include the establishment of a system for responding to troubles and complaints. [A local rideshare company] Passengers and drivers can receive support on the app, by phone, or at a physical support center.
	Insurance coverage	[Regulation] Drivers must purchase appropriate insurance, including compensation for third-party personal injury and property damage. [A local rideshare company] Compensation for hospitalization/death of the driver and damage to third parties is provided.

Appendix 3

Overhaul of Hire Car Permit regime

In Hong Kong, under Regulation 14(1) of the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D), the Commissioner for Transport may for the purpose of authorizing the use of a private car for the carriage of passengers for hire or reward, issue in respect of the private car an HCP.

Considering the current stringent requirements for HCP applications, we believe that an overhaul of the existing regulations, along with significant relaxation of the following aspects, could enable the regime to function similarly to a PHV model. This approach would involve regulatory changes rather than necessitating legislative proposals. However, it is important to emphasize that without relaxation across all the mentioned areas, the regulatory framework would remain excessively restrictive, infeasible for the realistic development of ridesharing.

Vehicle age	<p>Remove HCP's vehicle age requirement: Removal of the requirement to no age limit, aligning with taxis.</p> <p>Normal eligibility: Vehicle age is 6 years old or below.</p> <p>'Special consideration': Vehicle within the first year from their registration as a brand new vehicle in Hong Kong, or if not registered in Hong Kong, then within one year of manufacture (i.e., less than one year old).</p>
Value requirement	<p>Remove HCP's value requirement: With reference to nearby jurisdictions regulations (including Mainland China, Singapore, and Australia), the value requirement of vehicles is not a common requirement.</p> <p>Normal eligibility: Vehicle value is over HKD 300,000.</p> <p>'Special consideration': Vehicle value is more than HKD 400,000.</p>
Service demand	<p>Remove HCP's service demand requirement: Currently, among other factors, the Transport Department would consider whether the type of hire car service is 'reasonably required' or requires a business case to be established. We would suggest the Government remove this requirement, which is uncommon in other jurisdictions and hampers flexibility for individuals seeking gig opportunities.</p> <p>Normal eligibility: Hiring records and future service contracts to evaluate whether the application satisfies the requirement that the service is 'reasonably required'.</p> <p>'Special consideration': Other justifications and information about the proposed business model to establish a business case for service demand.</p>

Quota

No limit on HCP licenses quota: The quota of 1500 private HCPs is far from sufficient. We suggest that there should be no limit on the number of HCPs to be issued. In Singapore, there is no limit on the number of private hire car driver's licenses and the same goes to New South Wales, Australia.

Current quota: only 1500 private HCPs.