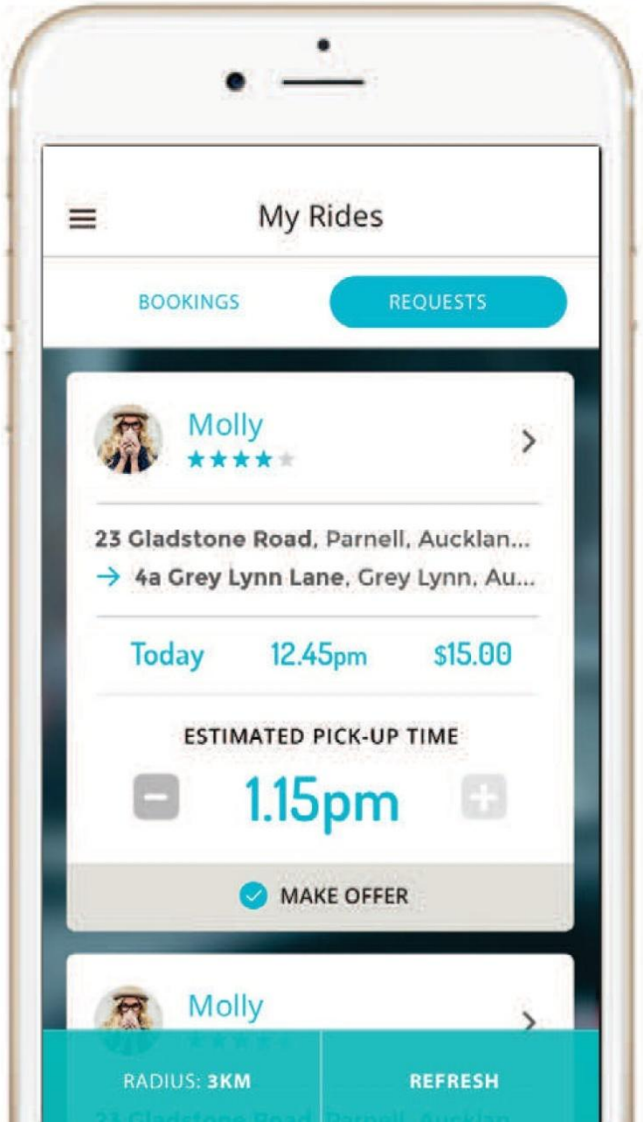
Submission of Chariot Ridesharing Limited on the Small Passenger Services Review

CHARIOT

Drive Change.



Chariot Ridesharing Limited (Chariot) thanks the Ministry of Transport for the opportunity to provide feedback on its "Future of small passenger services: Consultation Paper" (Consultation Paper).

We encourage officials to give careful consideration to our submission, as the impacts of the proposals in the Consultation Paper on technology-based ridesharing services will be considerable.

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1. Submission overview

Chariot's ambition is to transform the way Kiwi's travel by enabling smarter travel choices.

It's an exciting time for Chariot. We are about to launch the BETA release of our ridesharing and carpooling application (**app**) in the Greater Wellington region. We are aiming to roll out our app across New Zealand and beyond.

We believe that our app will provide an exciting and affordable alternative transport solution for everyday New Zealanders, whether they are going to work, into town, or between our cities.

In a nutshell, our app allows people to share common journeys. Users who chose to be drivers can only get reimbursed from other users for the genuine costs of their trip (petrol costs, maintenance and wear and tear), and we charge a service fee to cover the costs of providing the platform to our users (**see "Section 3: About Chariot" for more information**).

Technology-based ridesharing platforms have the potential to change our transport system for the better. By enabling better use of empty car seats (for one off rideshares or commuter carpooling), ridesharing platforms can:

- Reduce traffic congestion, thereby reducing greenhouse gas emissions and pressure on road infrastructure
- Encourage more efficient use of cars
- Reduce transport costs for both drivers and passengers (with fares that can be cheaper than public transport)
- Give people more transport choices
- Create a more social, enjoyable way to travel

Small Passenger Services Review (Review)

The aim of the Review is to ensure New Zealand has a fit for purpose regulatory framework that is flexible enough to accommodate new technologies.

We support the regulatory objectives of encouraging innovation, least-cost regulation, mitigating safety risks where practicable and encouraging effective consumer choice.

The proposals do not meet the regulatory objectives

Unfortunately, the "one size fits all" proposals in the Consultation Paper will have the effect of greatly discouraging innovative ridesharing and carpooling solutions in New Zealand.

Ridesharing undertaken on a genuine cost-recovery basis for drivers is no different from carpooling. To treat ridesharing any differently, we believe, is to draw an arbitrary line unsupported by sound logic. Further, ridesharing is not the same as driving for private hire (like Uber) or taxi service where drivers are providing rides for profit.

Therefore, the proposed treatment of commercial 'ridesharing' platforms under each of the proposed options in the Consultation Paper means that drivers wishing to share rides on those platforms will face costly and burdensome requirements.

Bizarrely, under the proposals, if we were to offer our ridesharing platform for free, we (and our users) would be exempt from additional requirements. Likewise we struggle to understand the policy reasons for allowing local authorities to potentially provide the exact same service and be exempt (as is proposed in the Consultation Paper). We would challenge any assumption that because a local authority is providing the ridesharing or carpooling platform it is in any way safer.

In our view, the proposals dramatically fail to meet the objectives set out in the Consultation Paper. By imposing high regulatory costs on individual drivers and ridesharing platforms, the proposals will:

- **Make it extremely difficult for competitive, technology-based ridesharing platforms to operate in New Zealand**
- **Unnecessarily set the compliance burden at a very high level**
- **Deny effective consumer choice but making it too costly and difficult for commercial ridesharing platforms to operate in New Zealand in response to consumer demand**
- **Discourage innovation with burdensome regulatory requirements and uncertainty**

In addition, the proposals do not take a practicable approach to safety. A prohibitive framework of safety requirements will not mitigate risks if it simply encourages people to rideshare through unregulated free platforms (like Facebook groups or free carpooling services), or even to hitchhike.

Commercial ridesharing platforms have far greater incentives to provide risk mitigation features, yet it will become very difficult for us to operate under the Consultation Paper proposals.

A different approach is needed

We strongly encourage the government to consider the approaches we suggest in Section 5 of our submission, including a flexible licensing regime for passenger intermediary services. This proposal could accommodate all services from carpooling and ridesharing platforms, private hire platforms and operators, to taxi operators.

Fundamentally, ridesharing (based on genuine cost-recovery for drivers) should be treated similarly to carpooling. There is no principled difference between the two. Both are non-commercial activities for drivers. And both rely on ordinary people sharing rides.

Drivers using platforms like Chariot are only there to share the ride, and recover some of the costs of that journey. Our platform is designed so drivers cannot make a profit.

In contrast, drivers for private hire services (like Uber) and taxis are providing rides for reward. This is a very different business model.

Yes, Chariot is itself is a business, aiming to make a commercial return. We have put a considerable amount of time, energy and capital, including the capital of our crowdfund investors, into developing our app-based ridesharing and carpooling platform.

Creating a safe, user friendly platform does not come for free. To succeed, commercial platforms need to be better than the free alternatives. However, the effect of the proposals will likely mean that only free ‘carpooling’ platforms will be allowed to operate. This outcome is perverse.

We do not see why the fact we are business is the sole reason we should be subject to dramatically higher regulatory requirements to free alternatives. The government needs to provide a more robust justification for what appears to be a totally arbitrary distinction drawn between ‘carpooling’ and ‘ridesharing’ in the Consultation Paper.

Ridesharing is a positive, innovative transport service. It should be actively encouraged by government, not discouraged. We hope to work with government to achieve a regulatory framework that supports and rewards innovation going forward.

2. Supporting Innovation is key

The technology-based innovations of recent years have shown that everyday people are willing to share their houses, their cars and their hobbies with others.

The sharing economy is here to stay, and consumers want to be part of it.

Any future regulatory framework needs to reflect this reality.

The Consultation Paper recognises that innovation is a critical feature of the small passenger service sector, and a feature that needs to be supported. It states that:

- Technology is changing the transport sector
- Future rules need to be fit for purpose and flexible
- Technology can help mitigate safety risks for drivers and passengers
- The Government supports innovation for improved customer service

We're an innovation business

We at Chariot believe our app is another great addition to this exciting and growing part of our economy.

Our business is aiming to provide a platform that will make carpooling and ridesharing simple, accessible, safe and convenient. We have put a huge amount of effort into creating a great product, which could transform the way New Zealanders get from A to B.

If we are successful, we will be helping to build an entirely new transport network out of the vast number of empty car seats on our roads at any one time.

> *"The Government is a strong supporter of innovations that enable all New Zealanders and businesses in New Zealand, traditional or otherwise, to enjoy the benefits of new technology"* – Hon Craig Foss

Chariot also enters a competitive global market with hundreds of carpooling, ridesharing, and taxi platforms and apps worldwide. There are other ridesharing and carpooling services available in New Zealand, but Chariot will be the only one providing an innovative waypoint matching and that facilitates commuting and long distance travel.

The features of our app will provide a more convenient and safer way of 'carpooling' and 'ridesharing' than is currently available in New Zealand through free platforms.

As a business, we need regulatory certainty to operate. However, by proposing the addition of significantly higher regulatory costs to our operations, this Review has unfortunately created huge uncertainty for our business.

We've benefited from laws supporting innovation

As a start-up business, Chariot has benefited from earlier government reforms to allow businesses to harness capital through the sharing economy.

Our successful equity crowdfunding campaign last year has allowed us to develop and launch our app.

We think there are a lot of parallels between crowdfunding and ridesharing and carpooling.

Both rely on a “crowd” of ordinary people to be successful, whether it’s people willing to share their money or empty seats in their cars.

Both equity crowdfunding and an app-based ridesharing also take place through online, commercial platforms.

Just as the government took a bold move to allow equity crowdfunding through a liberal regulatory regime, we believe the government should be bold enough to back other innovations of the sharing economy, such as app based ridesharing.

New Zealand should be a laboratory for innovation, and the government should firmly signal this by providing an environment that facilitates commercial carpooling and ridesharing apps, rather than an environment that would actively discourages these types of services.

Commercial carpooling platforms have taken off overseas

In Europe, platforms broadly similar to Chariot have been hugely successful, particularly in Germany and France. Millions of people have signed up for some platforms.

It’s been great, particularly for tourists and students looking to travel between cities. Not only is it an affordable, convenient way to get places, it’s a great way of meeting new people and, if you’re a tourist, seeing a new country or city. This would be ideal in the context of New Zealand.

Ridesharing in jurisdictions like France, Germany[1] and the United Kingdom appear to be generally exempt from small passenger service rules as long as fares are based on genuine cost recovery for users.[2]

Under the German Passenger Transportation Act (*Personebefoerderungsgesetz*), it is understood that carpooling and ridesharing services are permitted if the driver is providing the service for non-commercial purposes. Drivers do not have to meet additional licensing requirements, and businesses operating technology-based platforms to help match users together are permitted to charge a service or agency fee for successful matches.

This is a sensible approach.

There is no way that ridesharing, based on cost-recovery, would have been so successful in Europe if drivers had to get special licence endorsements, maintain logs of their time, have cameras in their cars, and subject their cars to special checks.

There is also no way that overseas technology-based ridesharing businesses could have realistically audited those requirements, without dramatically raising costs to the point where people refuse to use a commercial ridesharing platform.

In designing a regulatory framework for a disrupted, innovation-based transport section, New Zealand should draw lessons from overseas jurisdictions where ridesharing, based on genuine costs, has been successful.

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[1] This Forbes article captures the success of ridesharing services in Germany: http://www.forbes.com/sites/jenniferhicks/2012/06/08/germanys-carpooling-com-proves-rideshare-works/#3b5742ae40cb.

[2] See Public Passenger Vehicles Act 1981 (UK), s (1)(4).

WIthheld under section 9(2)(b)(ii) of the Official Information Act 1982

3. About Chariot: driving change

Chariot's aim is to provide innovative transport solutions for Kiwis.

We see ourselves as building a community-based carpooling model, which facilitates the following types of journeys:

- Intercity / long-haul trips (e.g. Napier to Wellington, Christchurch to Dunedin)
- Commuting (e.g. recurring trips to work or study)
- Inner city / short-haul, one-off trips (e.g. from/to events, shopping, holiday or recreational destinations)

How Chariot works

Chariot is all about matching together people travelling on similar routes, at similar times.

Chariot will not have "drivers"– it will have users. Users who are verified drivers can drive other users under a genuine cost-sharing arrangement. Chariot is there to match users who are drivers to other users who want to travel along the same route. We also add value by calculating the genuine costs of that trip. These costs are then shared between driver and passengers. In return for providing these technology-based services (i.e. our app), users will pay Chariot a service fee of each rideshare transaction.

Using our app, users enter where and when they want to go, and our innovative way-point matching system matches them with other users going along same route, or to the same destination, at similar times.

Users who are driving can be matched with up to three passengers.

Users can look at the ratings and profiles of the users with whom they are matched, and are also quoted a 'fare' for the trip. If they choose to accept the match, the users can then get in contact with each other about the trip.

Our 'fare' concept works through the passengers sharing the genuine costs of the trip with the driver. Genuine costs mean fuel, vehicle maintenance and reasonable wear and tear. It does not include compensation for the driver's time or the cost of any infringement tickets.

The total fare is calculated using the projected distance of the planned ride (via Google Maps) and the mileage rate and fare zones applicable to that distance (see graphic below):

[redacted]

Note: Pricing is indicative and for information only.

The mileage rate is developed on the basis of AA statistics on vehicle operating costs.

The total fare (i.e. estimated trip cost) is divided by four. A quarter is the driver's minimum share of the costs. Each passenger is then allocated a quarter of the costs. If there are three passengers, then three-quarters of the calculated cost is paid by those passengers.

A passenger will only ever pay a quarter of the total calculated costs, and the driver will never get more than their genuine costs.

Passenger contributions are cashless, and made via our secure app.

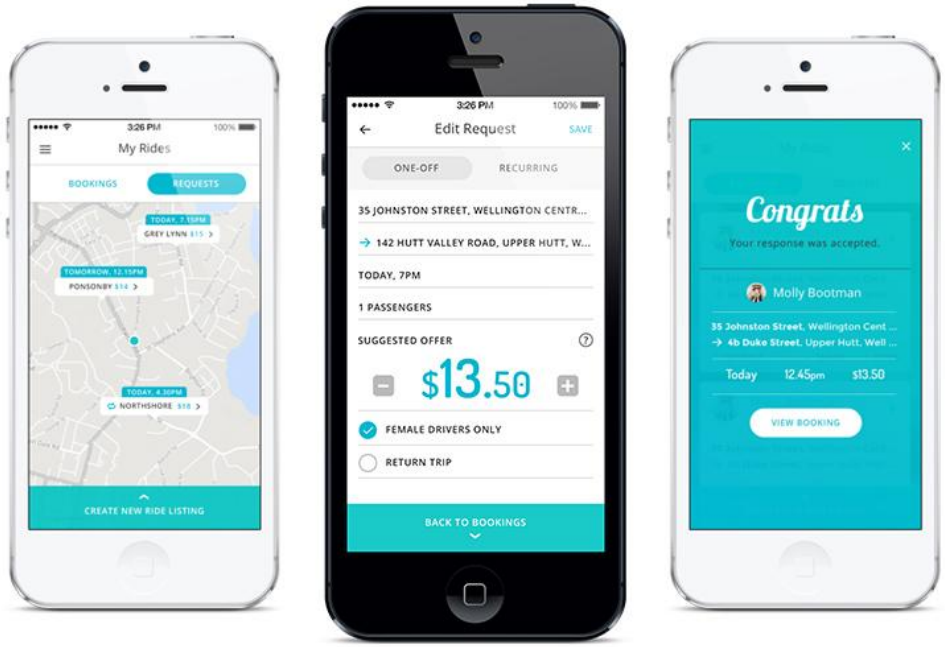
The app calculates the ‘fare’ and users agree to that fare before the trip takes place. Asking passengers for additional money is a breach of our terms of use. If passengers report this to us, the relevant driver will be suspended from using our app.

Chariot itself derives its income from a service fee on the amount paid by each passenger to the driver via the Chariot app.

Our users are community members who are sharing rides with other users. Users who are drivers are only reimbursed for the genuine costs of the trip, and are not for transporting other users for reward or profit.

Providing rides under a genuine cost-sharing agreement is currently exempt under the Land Transportation Rules. As an exempt passenger service, a P endorsement for drivers is not required.

For more information about our business, please visit our website https://www.getchariot.com/about or contact us directly.



Safety first

We want to make carpooling and ridesharing fun, easy and safe for everyone.

Safety is our priority. For that reason we have built a comprehensive safety system into our app (which is soon to be available in BETA as an advanced Minimal Viable Product). Chariot wants both drivers and passengers using our app to be confident of their safety.

> *“The Government wants to mitigate the safety risks,* ***where practicable,*** *to help provide passengers and drivers with the confidence they can use services safely”* - Consultation Paper

We agree with the Government, and we believe our app is taking all practicable steps to provide a high level of assurance, whilst also making it as accessible as possible to consumers.

We have a wide array of safety features, including:

- Review based feedback, where passengers can provide feedback on drivers, and drivers can provide feedback on passengers
- Star based rating system of all users
- Cashless payments: fares are pre-calculated by our app and paid through the app
- ID verification (currently optional for passengers)
- Vehicle registration verification
- Drivers are limited to taking a maximum of three passengers

- Holding information on each trip (where, when and with whom it took place) – information which could be shared with law enforcement in the event of alleged criminal activity

- Female only option so female users can choose to travel with females only

- 24/7 support for all Chariot users

- Complaints management and cancellation and refund policies

At a minimum, passengers will need to:

- Be over 18

- Provide details of a current credit or debit card

All drivers using our app will have to:

- Have a full driver's licence

- Be over 18

- Have a vehicle with a current warrant of fitness and registration

- Provide details of a bank account and a credit or debit card

All users have to create profiles, undergo an ID verification check (which passengers could choose to opt out of). Users that sign up as drivers must supply their driver's licence number and vehicle registration. Chariot will then verify these details before approving their account, including the driver's identity information.

Personal information necessary to get in contact for a rideshare is only revealed when both driver and passenger accept a match.

If necessary, we would be able to supply law enforcement with information about the driver and their car, the passengers and payment information. We will also know when and where the users were going and at what times.

Additionally, our app will have a "share your ride" feature. This will allow users to send certain information about the ride, such as when they are leaving and when they expect to arrive, to a family member, friend or social network.

We are also looking for ways to make our platform even safer.

Currently, we are aiming to implement an electronic conviction check system as a more user friendly and cost-effective way of verifying whether our users have any convictions which would warrant exclusion from our app. We are also working to subscribe to an immigration database, which will allow us to verify the details of users from overseas.

Sensible, practicable safety

Altogether, the features of our app create a level of safety assurance that we believe will give users the confidence to share rides through our app. These requirements are both accessible to most adult New Zealanders, and create strong incentives for both drivers and passengers to behave.

The features we have already developed are not cheap, particularly verification of identify and vehicle details. For example, Chariot has subscribed to Data Zoo, an accredited ID verification service, which allows us to verify user identity and vehicle information with information held by the Department of Internal Affairs. But we think these features are worth it to improve consumer confidence in the safety of our app.

In contrast, any added benefits from requirements like P Endorsements, additional car checks, and work logs will be outweighed by the significant costs to platform users. This approach is not mitigating safety risks at practicable level. It is effectively prohibiting commercial carpooling or ridesharing apps in New Zealand, when apps like Chariot already have a strong risk mitigation features in place.

4. Consultation Paper: our feedback

The proposals in the Consultation Paper will significantly increase our business's regulatory compliance costs, as well as greatly discourage participation in ridesharing and carpooling by ordinary New Zealanders.

In short, the proposals will effectively ban ridesharing, based on genuine cost recovery, in New Zealand, despite the Consultation Paper stating that:

> *"Ridesharing in New Zealand could provide significant benefits, such as improving customer services, reducing congestion, increasing transport choices and reducing emissions."*

The Consultation Paper provides no reason for why - out of all the possible transport services currently available – commercial, technology-based ridesharing platforms are singled out for effective prohibition in New Zealand.

We can see no sensible justification for the Consultation Paper's proposed treatment of ridesharing, nor does the Consultation Paper provide one.

Indeed, we believe there has been a misunderstanding about how ridesharing will operate, and what the impacts of the government's proposals will be on ridesharing in New Zealand. We hope Tables 1 and 2 (found at the end of this section) will help clarify where we fit into the small passenger service sector, and how robust our safety features are, particularly when compared to currently available carpooling platforms – platforms which are fundamentally the same class of service as a commercial ridesharing platforms like Chariot.

Proposed new regulatory system

The Consultation Paper has proposed five potential options for regulating small passenger services in the future. The preferred option is to create a new single class system in which operators have responsibility for safety and compliance. The Ministry of Transport believes this will result in a reduced regulatory burden.

The Consultation Paper also specifically addresses 'carpooling' and 'ridesharing'.

Carpooling is defined as situations where:

- people (who know each other) travel together in a vehicle and make a cost sharing arrangement between them, or where
- third party services connect people (who do not know each other) who are travelling to similar destination under a cost sharing arrangement, and the third party does not profit.

Ridesharing is defined as a situation where a driver and passenger (who may or may not know each other):

- are travelling to similar destinations at similar times, and
- use a third party to connect them and the third party takes a share of any money exchanged between the passenger and driver (regardless of whether it is more or less than cost recovery).

It is not clear whether the cost recovery point in the definition of ridesharing is referring to the driver's costs, or to the third party's costs. Either way, ridesharing for individual driver profit should not be conflated with ridesharing based on genuine cost-recovery. They are different services.

What's in a name ...

We at Chariot think of ourselves as providing a service that facilitates social carpooling. It's about building a community of people willing to share their journeys with others.

Overseas, services like Chariot are typically called carpooling or ridesharing platforms. Other terms used are digital or organised hitchhiking, or even peer-to-peer ridesharing or ride sourcing.

Confusingly, it is common to also refer to private hire services like Uber as 'ridesharing'. These services are very different to Chariot, as people are driving for the purpose of making a profit, not for recovering part of the cost of a ride that the driver was already planning on making.

For the purposes of this submission, when we refer to 'carpooling' and 'ridesharing', we are referring to people sharing journeys on the basis of genuine cost-recovery. When it's for individual reward, we will call that a private hire service or ridesharing for profit.

Although the money exchanged between passenger and driver is based on genuine cost recovery (i.e. the driver only receives money to cover part of their genuine costs), Chariot users will pay us a service fee to cover the costs of developing and providing the Chariot app.

Chariot would therefore be caught by the 'ridesharing' definition.

However, carpooling and ridesharing are essentially the same thing: ordinary people who all happen to be going from one place to another, sharing a ride.

The main difference between the two definitions is that for ridesharing, the third party provider connecting people together is charging a service fee for using the provider's platform. For the carpooling definition, the third party provider (if any) is connecting people for free.

With the advent of social media and app stores, the days of when carpooling involved catching a ride with your neighbour or family friends are over. The reality today is carpooling involves connecting people together (initially often strangers). In that way there is no difference between carpooling and ridesharing. There are plenty of apps now in existence that facilitate connecting of people (sometimes for a fee) – like dating apps – should those be regulated by government too?

Despite the similarity between carpooling and ridesharing (**indeed, the Consultation Paper calls ridesharing "an extension of carpooling"**), the Consultation Paper proposes to subject ridesharing to dramatically different regulatory requirements to carpooling. Somehow a service fee means that a platform (and its users) suddenly requires extensive regulation.

Under all five options, 'carpooling' will be exempt from any special regulatory requirements. In contrast, under all five options, 'ridesharing' would have to meet special regulatory requirements.

Drivers using a commercial app or website to carpool or rideshare would have to meet the following requirements:

- Obtain a P Endorsement i.e. establish that they are 'fit and proper' people and they are medically fit
- Work to a 7 hour time limit
- Obtain a six monthly certificate of fitness for their vehicle

These are the same basic requirements drivers working for private hire and taxi operators would have to meet. Uber has already indicated that as a result of the proposals, it will not expand its services in New Zealand due to the cost and hassle of the Consultation Paper proposals.[3] This is from a passenger service where drivers can profit from their activities. Therefore imagine the impact the proposals will have on people essentially wanting to share spare seats for petrol money.

In addition, under Options 4 and Option 5, Chariot, as the platform provider, will be responsible for ensuring its users comply with these additional requirements. We would have to be an approved transport operator. Under Options 3 to 5, drivers using Chariot to carpool would have to meet rules for in-vehicle security cameras, unless they qualify for the prescribed exemption.

In contrast, drivers using a free app or website to carpool would avoid all of these requirements, as would the provider of the platform. The Consultation Paper provides no reasons or justification for why 'ridesharing' should be treated so differently to 'carpooling'.

We are a carpooling platform, not a taxi service

A key issue with the Consultation Paper appears to be an assumption that drivers using commercial ridesharing platforms are at work or are making a profit. That is not the case because ridesharing through our platform will be based purely on cost-recovery. Our pricing model means that drivers using Chariot can only recover genuine costs. 'Ridesharing for profit' is a different service.

Ridesharing on a cost recovery basis is essentially a form of carpooling. The only difference is that the consumers are choosing to pay for a platform that does a better job of linking people together, and mitigating safety risks (**see Table 2**).

Our platform promotes a cost-sharing model as opposed to a profit-seeking model. It is a bit like asking other people to share a ride with you, but in safer and more controlled environment than is currently available in New Zealand.

To expect a class of service based around ordinary people sharing rides to comply with rules designed for professional driving services is simply unreasonable.

People who are driving professionals have the economic incentives to get P endorsements, undergo additional vehicle checks, and maintain work logs because they can profit from driving.

The same incentives do not apply to ridesharing based on genuine cost-recovery.

New Zealanders will be denied the chance to rideshare through innovative platforms because the proposed compliance burden is excessively high, and does not take a practicable approach to safety.

[3] http://m.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11561474

One size does not fit all

We are happy to operate under some form of licensing regime, where we have to demonstrate that we are a fit and proper operator (see Section 5). However, a framework that rigidly imposes the same requirements on all operators will dramatically increase the regulatory compliance costs for ridesharing platforms.

We (and our users) are facing a massive increase in regulatory costs, for little demonstrated benefit. We cannot support that approach.

Under Option 4, technology-based ridesharing platforms would be responsible and liable for ensuring every person who shares their rides as a driver on the platform:

- Has a P Endorsement, and is displaying their identification card
- Is 'working' to 7 hour time limit, and maintaining a log book
- Has a valid certificate of fitness for their vehicle
- Has an in-vehicle camera – unless Chariot (as the approved transport operator) can qualify for the prescribed exemption

This proposal fundamentally misunderstands the app-based economy. Essentially, it will make it too costly for commercial ridesharing platforms (based on genuine cost recovery for drivers) to operate, and for our users to participate. It will chill innovation, and deny New Zealanders access to a class of service that is well established in major European jurisdictions.

The distinction between carpooling and ridesharing is unsound

Chariot is essentially a sophisticated carpooling platform. However, the Consultation Paper specifically states that our business should be treated differently to carpooling.

This distinction is drawn from the fact that Chariot charges a service fee to use our platform, which is a far more user friendly and safer than the free alternatives currently available.

That's it.

This distinction is unsound. A well resourced charity or local authority could provide the exact same service as Chariot for free, yet it is only Chariot that would be subject to any form of additional regulation.

We believe we are providing a significantly better and safer carpooling and ridesharing platform (**see Tables 1 and 2**)), yet because we charge a service fee in order to recover the costs of providing our app, we would be subject to a significant and prohibitive regulatory burden.

This outcome makes no sense when you have a private company that is investing heavily in bringing this service to New Zealanders. Yet under the proposals, effectively only government would be able to provide a carpooling app that is not subject to burdensome regulation.

To put it another way, current government sponsored carpooling platforms would be without regulation, as would hitch hiking on the side of the road, yet somehow drivers wanting to share their rides with a commercial platform would have to:

- Undergo character and medical checks
- Get a P-Endorsement
- Get a certificate of fitness for their vehicles
- Maintain logs of their hours driving, and

- Potentially maintain an in-vehicle camera,

and all because the platform that is being used charges a service fee.

This is perverse. For commercial platforms there is a business imperative for users to trust the app or website. Otherwise, people will not pay to use it. We need to provide a level of safety and assurance that strikes the right balance between getting people to share their rides, and for people to want to share a ride with them.

Our users demand it.

This same reputational imperative does not exist for not-for-profit services, which currently do not have the safeguards that our app will have.

The proposals do not meet the regulatory objectives

The outcomes outlined above are inconsistent with the objectives of the Review.

The Consultation Paper states that Option 4 “will offer higher incentives for innovation and the uptake of new technology” and will lead to “reduced levels of regulatory burden”.

In fact, the proposals will do the opposite to ridesharing.

Specifically, they will:

- Not reduce the regulatory burden, with a least cost approach – they will impose unrealistically high levels of compliance costs on ridesharing platforms and users

- Not provide effective choice or promote innovation – they will put up roadblocks to prevent the development of a service that we believe consumers want, and consumers will be worse off as a result

- Not mitigate safety risks where practicable - they are taking a costly, extremely risk averse approach, when we have taken reasonable, practicable steps to provide for safety.

New proposals need to be developed that better achieve the objectives of the Review.

Table 1: Comparison of small passenger services						
Passenger service type **Features**	**Taxi**	**Private hire app (Uber)**	**Ridesharing for reward (hypothetical)**	**Ridesharing for costs (Chariot)**	**Free carpooling (via some communication platform)**	**Hitchhiking**
Driver aims to make a profit?	✓ Drivers aim to make a profit. (commercial for both driver and app provider).	✓ Drivers aim to make a profit. (commercial for both driver and app provider).	✓ Drivers aim to make a profit. (commercial for both driver and platform provider).	× Drivers can only recover the genuine costs of their journey (not commercial for drivers, but commercial for platform provider).	× Driver and passengers typically split journey costs (not commercial for driver or platform provider).	Depends Free or driver can ask for payment (not commercial).
Driver is a contractor or employee of operator?	✓ Independent contractor or employee.	✓ Independent contractor.	× Probably platform user.	× Platform user.	× Platform user.	× No platform.
Cash less payment?	Typically cash, or credit or taxi charge card.	✓ Payment takes place through the app.	Will depend on platform.	✓ Payment takes place through the app.	× Cash in hand or internet banking.	× Cash in hand (if any).
Real time user convenience?	✓ Call centres, taxi ranks and apps link taxi drivers and customers together in real time.	✓ Apps links Uber drivers and customers together in real time.	Will depend on platform.	✓ App links users together in real time. Rides can be pre-arranged through the app.	× Has to be pre-arranged.	× Luck / hailing a ride on the side of road.

Table 2: Comparison of safety features						
	Taxi	**Private hire app (Uber)**	**Ridesharing for reward (hypothetical)**	**Ridesharing for costs (Chariot)**	**Free carpooling platform**	**Hitchhiking**
Safety Features	Drivers need to have a passenger endorsement (undergone checks) and a certificate of knowledge. In-vehicle security cameras and monitored panic alarms. Vehicles must have a certificate of fitness. Fares metered and registered, but can be paid in cash.	Drivers need a passenger endorsement (undergone checks). Users can provide anonymous feedback about drivers. Drivers are contractors, so can be easily held to account for actions by app. Users are providing with driver's name, license plate number, photo and rating once request confirmed. Cashless fares.	For reward, so drivers will likely need a passenger endorsement under current rules. Other features will depend on the platform provider.	Two-way rating and review system, where users can provide feedback on each other. Fares are pre-calculated by the app and payments are cashless. Contact details and vehicle details only released when user accepts a ride. Drivers must have their licence and car registration details verified. Passengers can choose to have verified or unverified accounts. User profiles with photo of user and vehicle. Passengers must supply valid credit/debit card details, and drivers need to provide a bank account for payment. Chariot holds trip details, including GPS data on all rides. Drivers are limited to a maximum of three passengers. Female only option. "Share the Ride" feature where users can share ride details with a friend or family member. No-show and cancellation policies.	Limited to no safety features – trust based. Personal information is potentially revealed to a large number of people. For example, http://carpool.actrix.co.nz/carpool/carpool.htm	No safety features – trust based.

5. Our proposed solutions

There are fundamental issues with the proposals in the Consultation Paper. These issues mean the proposed requirements that will apply to ridesharing are an inappropriate way of achieving the objectives of the Review.

Ridesharing platforms like Chariot will not work if users are required to meet the same standards and requirements as professional drivers, who are providing a very different type of service.

For ridesharing in New Zealand to succeed, we need to create a critical mass of users willing to share rides. This cannot happen if it becomes expensive and bureaucratic to share empty seats in your car in return for what is effectively petrol money.

Below, Chariot outlines two different approaches which we believe will better achieve the regulatory objective set by the Consultation paper.

We have also provided two tables outlining the benefits and drawbacks of each approach, as well as a comparison of each approach against the Review's regulatory objective.

The tables also compare our proposals against the proposals in the Consultation Paper, and further illustrate how poorly the Consultation Paper proposals perform against these objectives in respect of ridesharing.

Going forward, we would also strongly encourage the government to perform a robust cost-benefit analysis of its proposals. We believe this will help inform a more reasonable set of proposals going forward.

Option 1: 'confirmed' status-quo

Our preferred way forward is to specifically exempt ridesharing (based on genuine cost-sharing) and carpooling from the rules under each of the five options in the Consultation paper.

We believe this is the situation currently; but if the government wants to provide us with enhanced certainty, then it should make it absolutely clear that ridesharing platforms are welcome in New Zealand, and specifically state that we are exempt under the current rules.

This exemption would apply to ridesharing based on genuine cost-recovery for drivers, regardless of whether the ridesharing platform is commercial or not.

It would simply enhance the status quo for ridesharing services – which we think is working well. Indeed, the consultation paper states that:

> *"A well functioning market would provide consumers with choices about services, and incentivise new services, such as ridesharing ... "*

Chariot is already doing exactly that. We will soon be providing a great new service and transport option for New Zealanders, with a robust set of practicable safety features. This demonstrates that the market is functioning well under current rules.

There is a lot to be said for the maxim "if it ain't broke, don't fix it".

Indeed, we believe a 'confirmed' status quo performs well against the objectives set by the Consultation Paper because it:

- Allows the market to develop innovative products, such as Chariot, in response to supply and demand

- Sets the compliance burden as low as possible, whilst also achieving most of the other regulatory objectives

- Allows effective choice, by allowing consumers to use an affordable and convenient transport solution

Consumer protection laws and consumer demand also mean we already have strong incentives to provide clear, transparent pricing.

Competition means we will constantly be innovating and trying to improve customer service. Competition and consumer demand also means we face strong incentives for providing safety mitigation features. We think these features are a key reason why people will pay a service fee to use our app over using a free carpooling platform.

However, we acknowledge risk mitigation features are not guaranteed under the current rules.

It is left to consumers to decide whether they trust platforms like Chariot enough to use them.

And we believe there is nothing wrong with that.

Consumer accountability means we currently face strong incentives to provide a robust set of features to mitigate safety risks. If people feel unsafe they will not use our app, and our business will not be successful.

If something bad happens, it's our reputation and our business on the line.

Option 2: flexible licensing regime

Chariot feels that ridesharing platforms could still operate successfully under some form of flexible licensing regime – depending on the exact details of any such framework.

We imagine a regulatory regime similar to the equity crowdfunding one, where technology platforms become licensed intermediary services. In reality, companies like Chariot are technology-based intermediaries. We do not operate the passenger service ourselves: our users will do that by agreeing to share rides with one another.

A flexible licensing framework would allow the regulator to guard against unscrupulous operators by ensuring it has the details of the people running intermediary services, and that they have made an effort to mitigate certain safety risks.

The regulator would issue licences tailored to the particular type of transport service, including carpooling, ridesharing based on genuine cost, ridesharing based on profit, private hire and taxi services.

The applicant would have to demonstrate that reasonably practicable steps have been taken to mitigate safety risks for that particular service.

The regulator would be able to set conditions in the licences, such as certain minimum safety features (for example, verifying licence details or holding credit card information) or mandatory reporting of serious complaints to the regulator and police.

We believe Chariot would be a textbook example of a service that would be granted a licence to provide ridesharing and carpooling intermediary services. We have taken real, practicable steps to mitigate key safety risks with the features of our app, whilst allowing ridesharing to be accessible to as many people as possible. Our pre-arranged fares also means our pricing is as transparent as it gets.

If the licensing regime was flexible and accommodating, it would likely perform well against all the regulatory features. On one hand, having to apply for a licence would mean additional compliance costs and uncertainty for business. But on the other, it would allow more regulatory oversight to mitigate risk.

A flexible framework would also allow the regulator to tailor its approach to new technologies and services and thereby avoid stifling innovation and enterprise. That would be a far more balanced and resilient approach than what is currently proposed in the Consultation Paper.

What about ridesharing for individual reward?

If a ‘ridesharing’ platform allows an individual driver to make a profit, then that is a different service to platforms like Chariot, where ridesharing is based around genuine cost-recovery for drivers.

The government should separately consider what rules should apply to a ridesharing platform where drivers can actually make a profit, or even a living, from giving rides.

Different considerations may apply.

For the reasons already outlined in this submission, it is inappropriate to impose burdensome requirements on ordinary people who are ridesharing to recover genuine costs, such as petrol, vehicle maintenance and wear and tear.

Table 3: Comparison of different regulatory approaches			
Option	**Description**	**Positives**	**Negatives**
Option 1: Confirmed Status Quo	A 'confirmed' status-quo, which exempts ridesharing and carpooling based on genuine cost-recovery from rules applying to private hire and taxi services.	Allows the opportunity for an exciting new transport option to establish itself in New Zealand. Recognises that ridesharing/carpooling platforms (regardless of whether they are commercial or not) are very distinct from private hire/taxi services where drivers aim to make a profit. Lets consumer choice drive safety features. Provides investor certainty for ridesharing/carpooling platform providers, which encourages investment and innovation. Low regulatory costs, which means lower charges for consumers.	Potential for unscrupulous operators to enter the market with less robust safety features to Chariot. Political risk of not taking a highly prescriptive approach to risk mitigation.
Option 2: Flexible Licensing Regime	A licensed transport intermediary framework. The regulator would have the discretion to license carpooling/ridesharing/private hire/taxi services that have taken reasonable, practicable steps to mitigate safety risks in light of the particular service. (For example, the features Chariot has developed (or similar) in relation to ridesharing platforms.)	Provides a single framework for all services, but with flexibility to tailor licence conditions to the particular type of service. Rules can be adapted to new and innovative services as they develop. Allows regulatory scrutiny of all platforms, while recognising certain standards are only appropriate for certain business models.	Regulator discretion can create investor uncertainty and discourage innovation. A risk averse regulator could propose prohibitive licence conditions or favour incumbents. Licensing fees and approval process would be an added cost of business for start-ups, costs that may be passed on to consumers.
Consultation Paper Proposals	Ridesharing proposals in the Consultation Paper (i.e. additional requirements for drivers, which platforms like Chariot must enforce).	Potentially less safety risk due to heavy emphasis on passenger safety requirements (although use of hitchhiking and free carpooling platforms is far riskier in our opinion, and these are services that would be totally exempt).	Effectively prohibits commercial ridesharing/carpooling apps in New Zealand, thereby denying consumer choice and restricting innovation. Consumers will only have access to carpooling platforms provided by councils or government, which generally only have limited safety features and are less user friendly– or they will have to pay for significantly more costly taxi or private hire services. Political risk of effectively prohibiting innovation businesses from operating in New Zealand. Consumers encouraged to use services with less robust safety features, such as free platforms (e.g. community Facebook groups) or hitchhiking.

Table 4: 'Ridesharing' regulatory approaches and the Consultation Paper objectives			
Regulatory approach **Regulatory objective**	**Status quo/'confirmed' status quo**	**Flexible licensing system**	**Consultation paper proposals***
Responsive to supply and demand	✓	✓×	×
A compliance burden as low as possible while achieving other regulatory objectives	✓	✓×	×
Transparent fees and charges†	✓	✓	✓
Effective choice so people can travel where they wish in a timely manner	✓	✓×	×
Incentives for improved customer services	✓	✓×	×
Mitigated safety risks for passengers and drivers, and from vehicles	✓×	✓×	?

✓× = will depend on provider or on details of regulatory approach.
? = we think this open to debate.
* = based on discussion in Section 4.
†= we think general consumer protection laws offer sufficient protection against misleading pricing.

6. Let's achieve smart solutions

Chariot appreciates the work the Ministry of Transport has put into developing the Consultation Paper.

We know it's only a first step, and we hope to work with government to ensure the right balance is struck under any new legislative framework.

In Chariot's view, any changes should be about enabling competition, innovation and consumer choice, not restricting it.

A regulatory framework that requires everyday people wishing to carpool or rideshare to obtain a P endorsement, maintain work logs and have six monthly vehicle Certificate of Fitness checks will only serve to dramatically discourage ridesharing and carpooling, and the businesses working to support these services.

And all because Kiwis are doing so through a safer, more convenient commercial app, rather than a free government one.

It makes no sense to distinguish between the free and commercial ridesharing and carpooling platforms when it comes to safety requirements. At a basic level, they are the same thing: ordinary people sharing rides.

Services that are essentially carpooling services need to be treated in the same way. There should be a level playing field between commercial and public providers, such as councils and central government.

It also makes no sense to subject ridesharing platforms like Chariot to the same requirements that would apply to professional private hire services like Uber or taxis. They are different services, offering different options to consumers.

Most importantly, ridesharing could transform the way Kiwis travel. It can reduce congestion and give everyone an alternative, affordable transport option.

Really, it makes no sense to discourage ordinary New Zealanders from sharing empty seats in their cars by requiring them to meet burdensome and costly regulatory requirements. To do that would be to be to kill off ridesharing before it has even had a chance to prove itself.

Carpooling and ridesharing platforms have been a positive, transformative force in other countries.

It would be a shame not to let that happen in New Zealand.

Chariot hopes that we can find a reasonable way forward, where we strike a smart balance between safety and innovation.

New Zealand can be a world leader. Let's make that happen.

Dr Thomas Kiefer, MBA

Chariot CEO
tom@chariot.co.nz
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Chariot would like the opportunity to discuss its submission with the Ministry of Transport.

Annexure 1: Ministry of Transport Submission Template

RESPONSE FORM: *FUTURE OF SMALL PASSENGER SERVICES – CONSULTATION PAPER*

There are no questions for Sections 1, 3 and 6–10.
You do not need to fill out every section.

How we will use your submission

We will consider your responses, along with other responses from the public, the small passenger service sector, and other interested organisations, to develop recommendations for the Government's consideration.

A summary of submissions will be published on the small passenger services page on www.transport.govt.nz. This summary may include the names of the organisations or individuals that made submissions. It will not include their contact details.

Your submission may be made public

Once you make your submission, anyone can ask for it under the Official Information Act 1982.

If you don't want anything in your submission released, you should let us know what material you want withheld, and why, at the time you make your submission.

Under the Official Information Act, we decide whether to release or to withhold material and can only withhold information in accordance with the provisions set out in that Act. Further information is available at www.legislation.govt.nz.

Request to withhold material

I request that the Ministry consider withholding the release of some or all of my submission:

- ○ Yes
- ◉ No

1. Your details

What is your interest in future of the small passenger services sector? Are you:

- ○ A private individual

- (•) Part of the small passenger services sector

Your name (optional): Dr Thomas Kiefer (CEO) and Daniel Fielding (Senior Solicitor, Minter Ellison Rudd Watts)

Your address (optional):

Your email (optional): tom@chariot.co.nz and daniel.fielding@minterellison.co.nz

If your submission is made on behalf of an organisation, please name that organisation here:

Chariot Ridesharing Limited

Would you like us to email you with the results of the consultation process?

- (•) Yes – please provide email address
- ( ) No

2. Section 2 – The need for change

Question 1 – *What are the important factors driving the need for change for the small passenger services sector?*
Tick the factors below you think are driving the need for change

- [ ] Technology is changing the transport sector
- [ ] The current rules are no longer fit for purpose and flexible for the future
- [ ] The need for a more innovative sector that delivers improved customer service

If there are other factors you think are important, enter them below:

We absolutely agree that technology is rapidly changing the transport sector, and there is still a considerable amount of change ahead of us.

Consumers are demanding innovative transport solutions, and we believe that Chariot is at the forefront of this technology-driven transport revolution in New Zealand.

In the face of such enormous change, it is important that the rules strike the right balance between supporting innovative services that consumers want, and achieving the right level of regulation for that service. The regulatory framework needs to be flexible, accommodating and certain.

3. Section 4 – Features important in the future sector

Question 2 – *What are the important features you would want to see from the small passenger services sector in the future?*
Tick the features below you think are important for the future sector

- ☐ Responsive to supply and demand
- ☐ The compliance burden is as low as it can be while achieving regulatory objectives
- ☐ Transparent fees and charges
- ☐ Effective choice so people can travel where they wish in a timely manner
- ☐ Incentivises improved customer services
- ☐ Mitigates safety risks for passengers and drivers

If there are other factors you think are important, enter them below:

We believe all these factors are important, and that they need to be appropriately balanced. We also believe a flexible, low-cost regulatory environment that promotes competition, choice and innovation will inherently:

- create the best incentives for improved customer service
- provide safety risk mitigation that consumers want
- provide transparent fees and charges
- encourage the widest possible range of services for consumers

4. Section 5 – Summary of options for the future

Question 3 – *Which of the five options do you think will be best for New Zealand's small passenger services sector in the future?*
The Ministry of Transport's review team concluded that option 4 would be best for New Zealand's small passenger services sector in the future. Do you agree?

☐ ~~Yes~~

☐ No – If you do not agree, tick the option below that you think would be best

~~Option 1 – status quo – modified~~

~~Option 2 – reinforce separate taxi/private hire markets and their regulatory burdens~~

~~Option 3 – drivers responsible under new single class system (reduced regulatory burden)~~

~~Option 5 – existing taxi requirements apply to all operators (higher regulatory burden in new single class system)~~

~~Why do you prefer this option over option 4?~~

Under each of the proposed options, ridesharing platforms and their users would be subject to an unreasonably high regulatory burden.

We support a low as possible regulatory burden for all industry participants, which also acknowledges that one size does not fit all. Imposing the same requirements on technology-based ridesharing platforms (based on genuine cost-recovery for drivers), as those that apply to services with very distinct business models and incentives, such as taxi service operators, makes no sense, and does not meet the regulatory objectives of the Review.

Under the Consultation Paper proposals, the regulatory burden for commercial ridesharing platforms will be dramatically increased. It will make it very difficult for these platforms to operate successfully in New Zealand.

5. Section 11 – Definitions for exemptions

Carpooling would be exempt under all options

Question 4 – *Do you agree the exemption for carpooling should apply where:*

- the people in the vehicle already know of each other (for example, they are friends, members of the same sports team or work for the same company). The driver and passenger may agree to share the responsibility of driving or the passenger will contribute money towards the driver's costs for the trip (that is, the operating costs of the vehicle such as petrol and depreciation, but not any payment for the driver's time).

☐ Yes

☐ ~~No – if you disagree that carpooling should be exempted in the above circumstance, please explain why~~

See answer to Question 5. We note that trying to impose additional regulatory requirements on the situation outlined in Question 4 would be very difficult to enforce, and would simply discourage people from ridesharing (for non-added benefit).

and –

Question 5 – *Do you agree the exemption for carpooling should apply where:*

- the people in the vehicle (who may not know each other) are travelling to similar destinations at similar times and use a third party to connect them. The passenger(s) will contribute money towards the driver's costs for the trip (that is, the operating costs of the vehicle such as petrol and depreciation, but not any payment for the driver's time).

☐ Yes

☐ ~~No – if you disagree that carpooling should be exempted in the above circumstance, please explain why below~~

If the above exemption is to apply to free carpooling 'platforms' (i.e. free, technology-based intermediary platforms where drivers can recover genuine costs), then this exemption should also apply to all platforms that connect people together on the basis of genuine cost recovery (i.e. commercial, technology-based intermediary platforms where users can recover genuine costs).

They are fundamentally the same thing: services that allow ordinary people wanting to share rides to connect with one another. The only difference is that the platform might be provided by a commercial operator, rather than a local council. The safety considerations are the same. Indeed, it is the commercial platform that has the most incentive to provide a safe, user-friendly platform. There is no reasonable basis for exempting one and not the other. The Consultation Paper is making a totally arbitrary and unjustified distinction

between ‘carpooling’ and ‘ridesharing’.

Exempting companies providing communications functions only

Question 6 – *Do you agree the exemption for companies providing communications functions should apply where:*

- a company (for example, a call centre company) providing back office communication functions for a completely unrelated small passenger service company.

And would not include:

- a company providing technology or communications, but actually participates in the small passenger services market in a manner similar to other operators (this company would be required to comply with the relevant rules).

Yes

No – if you disagree that communications companies be defined in this way, please explain why

We believe that Chariot is providing a sophisticated communication service, which allows people to share rides and thereby reduce costs for everybody. We essentially match people who are travelling on similar routes at similar times. We add assurance and convenience by checking driver’s licences and car registration information, calculating ‘fares’, handling payments between users, and by providing 24/7 support.

Our service runs through an app and we do not get involved in the same way that a taxi company or private hire company gets involved. They employ or contract drivers, we do not. In that sense, we are closer to a communication service than a more hands-on operator. Any regulations should reflect that app-based ridesharing is very different to a taxi company, or private hire service like Uber.

Applying the rules to ridesharing services

Question 7 – *Do you agree that the requirement for ridesharing services to meet the same rules as the rest of the small passenger services sector should apply where:*

- third parties (often a technology-based company using apps) connect people who are driving to a destination with other people who want to travel to a similar place. The third party that connects a driver and passenger receives revenue from the transaction, commonly by taking a percentage of the money paid by the passenger to the driver.

~~Yes~~

No – if you disagree that ridesharing service be defined in this way, please explain why

We strongly disagree that 'ridesharing services' (**as defined above**) should have to meet the same rules as the rest of the small passenger services sector.

Chariot is fundamentally different to private hire services as it operates purely on a cost-recovery basis for drivers. For example, Chariot works out the price a driver can charge a passenger using the AA's statistics for vehicle-running costs, which accounts for petrol use, maintenance costs, and reasonable wear and tear on the vehicle.

While Chariot is a business that will charge a service fee to pay for the development of our app, the driver will only be recovering their genuine costs.

It is therefore inappropriate to impose requirements on ridesharing services that will be hugely costly and for little apparent benefit to participants in the ridesharing sector. Imposing costly requirements on ordinary drivers wishing to share rides through technology-based platforms like Chariot will heavily discourage drivers from doing so. Drivers are sharing rides under a genuine cost-sharing arrangement – the economic incentives to obtain additional licences, perform additional checks on their cars, and maintain log books do not exist. At the end of the day, consumers will miss out on an affordable, convenient transport option.

Moreover, the only difference between the definition of 'carpooling' and 'ridesharing' is that the provider of the platform operates as a business. Given that it is effectively the only distinction, it makes no sense to subject one to what will be highly burdensome regulation, and let the other service have a complete exemption.

This is all the more so given the safety features built into Chariot's ridesharing app, features that do not exist in the free carpooling platforms available in New Zealand. As a business, we are directly accountable to our customers for safety. Free services do not face this commercial imperative.

Given the nature of ridesharing and carpooling (versus private driving for profit), both carpooling and ridesharing should be subject to rules that do not impose significant disincentives to successfully providing those services. This approach will encourage innovation and effective choice.

We therefore suggest that both commercial and non-commercial carpooling and ridesharing platforms be regulated in the same way, either by:

- confirming the current regulatory arrangements where they are both currently exempt, or
- developing a flexible licensing framework, where the regulator can have a degree of oversight whilst not imposing excessively high and unnecessary regulatory costs on ridesharing and carpooling.

Please see section 5 of our submission for more detail of our two proposed alternative frameworks.

6. Section 12 – Common requirements under options 3 and 4

6.1 What are the right core passenger safety rules we need for the future small passenger services system?

Question 8 – *Do you agree that the core requirements for passenger safety can be achieved through:*

- *P endorsement* – all drivers would have to hold a 'P endorsement' issued by the NZ Transport Agency. A person applying for a P endorsement would have fewer requirements to meet than now. To obtain a P endorsement, a driver would have to pass a criminal record and driving record check, be medically fit to drive, and have held a full New Zealand driver licence for at least two years. A P endorsement identification card would have to be displayed in the vehicle.

☐ ~~Yes~~

☐ No – if no, please explain why

The core requirements for passenger safety will vary with different types of service. A P endorsement may be appropriate for professional drivers, who are giving people rides for profit. However, it is inappropriate for everyday people sharing rides.

The reality of ridesharing based on cost-recovery is that the driver simply wants to share spare seats in their car to reduce their costs of getting to their destination, or even simply to have some company. They may do this regularly as part of a carpool, or because they travel between cities often. Or they may do this only a few times a year.

Given ridesharing will only work if relatively large numbers of users are willing to participate, requiring every driver who wants to rideshare or carpool through Chariot to have a P endorsement will effectively make that impossible.

The safety features in our app strike the right balance, whereas this requirement is onerous and will prevent a whole category of transport service from operating. This outcome is particularly perverse given people will be able hitchhike, put up a post on Facebook, or use letscarpool.co.nz without any additional regulatory oversight.

Chariot will be providing a better and safe service. Yet it is Chariot that would effectively be prevented from operating due to excessive regulatory costs and requirements.

Question 9 – *Do you agree that the core requirements for passenger and driver safety can be achieved through:*

- *work time limits* – to ensure that drivers were not fatigued, they would have to comply with work time limits that set a maximum number of work hours and require rest breaks. Drivers would need to maintain logbooks covering all of the time that they worked. All drivers could work to the existing time limits for taxis, of up to 7 hours before a rest break is required.

☐ ~~Yes~~

☐ No – if no, please explain why

As with question 8, this requirement should only be relevant to drivers who are actually driving for profit or reward (i.e. drivers that are actually working). It is more reasonable to expect people who are driving professionally to record their work hours. As they are contractors or employees of service providers, the service provider also has great scope for enforcing compliance.

Ridesharing or carpooling based on cost-recovery (regardless of whether it is via commercial app or not) is based around ordinary people offering seats to destinations they were going to travel to anyway. Users are not 'working' for the platform or for themselves. They are not being paid for their time.

If ordinary people are required to maintain log books, only take trips of 7 hours duration, and take scheduled rest breaks, then they will simply avoid using a commercial ridesharing platform. Instead, they will likely just carry on with their travel plans on their own terms.

Imposing such a requirement on carpoolers or ridersharers would be difficult for the platform operator to effectively enforce. Through the app or website, the operator can record how much time someone has been driving for. However, the operator cannot realistically force our users to take breaks, respect time limits and have log books. They are not our employees or contractors.

Additionally, the law already imposes significant penalties for dangerous and careless driving. Passengers can provide publicly available feedback as well as feedback to Chariot itself if a driver is driving whilst fatigued or is refusing to take breaks. At the very least, this will discourage consumers from using a driver with bad reviews, and at worst, the driver will be banned from using the Chariot app if dangerous conduct comes to our attention. Altogether, our app provides strong incentives for safe driving without imposing an inappropriate and bureaucratic requirement on ordinary drivers.

Question 10 – *Do you agree that the core requirements for passenger safety can be achieved through:*

- *reporting serious complaints to the NZ Transport Agency* – to ensure a P endorsement holder remains fit and proper, the person or company responsible for providing the service* would be required to notify the NZ Transport Agency of any complaints received alleging serious improper behaviour by a driver. The person or company responsible would also be required to support the NZ Transport Agency or the NZ Police in undertaking any regulatory or compliance action.
  *This would be a driver under option 3 or an approved transport operator under option 4

☐ Yes

☐ ~~No – if no, please explain why~~

Chariot is happy to report any serious complaints we receive to the NZ Transport Agency, and support the Agency and Police with any

investigation. However, we do not think this has to be necessarily tied to having a P endorsement.

6.2 What are the right core driver safety rules we need for the future small passenger services system?

Question 11 – *Do you agree that the core requirements for driver safety can be achieved through:*

- *power to refuse to accept some passengers* – this enables drivers to refuse to accept passengers if drivers consider that their personal safety could be at risk.

☐ Yes

☐ ~~No – if no, please explain why~~

Chariot firmly believes in consumer choice – and that applies to all users of our app (both drivers and passengers). No one should be compelled to give someone a ride, or get into a vehicle, where they feel their personal safety could be at risk. Our verification, ratings and review systems also help users decide which members they deem trustworthy.

Question 12 – *Do you agree that the core requirements for driver safety can be achieved through:*

- *duty to promote driver safety* – this requires drivers (under option 3) or approved transport operators (under option 4) to make business choices from the range of mechanisms available to them. Such measures would be in addition to the mandated safety requirements.

☐ ~~Yes~~

☐ No – if no, please explain why

On balance, we believe this duty should be limited to operators where drivers are operating commercially, not on a cost-recovery basis.

Chariot is doubtful that this requirement would be practicable in the context of technology-based carpooling and ridesharing platforms. Drivers using these platforms are not in business, nor are they employees or contractors of the platform.

Fundamentally, drivers will only chose to share rides through our app, if they feel safe doing so. We believe this provides a strong incentive for commercial ridesharing platforms to provide a set of risk mitigation features. Indeed, we have already taken reasonably practicable steps to promote user safety through the current features of our app.

A general duty to promote driver safety will create business uncertainty and therefore risk for technology-based ridesharing platforms. Given the nature of technology-based business, capacity to promote driver safety is limited to what we can provide through the app. Any

such duty would have to reflect the realities of internet-based business, and that ridesharing is very different to private hire and taxi service operators.

6.3 What are the right core in-vehicle security camera rules we need for the future small passenger services system?

Question 13 – *Do you agree that the core requirements for in-vehicle security cameras can be achieved through:*

- *in-vehicle security cameras* – all passenger service (all taxi, private hire, shuttle, dial-a-driver, and rideshare) vehicles would have to meet the existing rules for in-vehicle security cameras that currently apply to taxis.

☐ ~~Yes~~

☐ No – if no, please explain why

In-vehicle security cameras should not be a requirement for ridesharing based on cost-recovery. It will simply discourage people from sharing their rides. If drivers feel they are better protected by cameras, then they can choose to install one. It should be their choice.

Drivers using ridesharing platforms like Chariot are not doing so for reward or profit. It is unreasonable to expect ordinary people sharing their rides for petrol money to all purchase maintain and operate cameras in their vehicles. Moreover, this requirement will raise additional privacy issues with potentially large numbers of ordinary people holding recordings of people they are driving with on a one-off basis. The platform would not be the entity holding this data (the platform does not employ drivers and does not own the vehicles).

Question 14 – *Do you agree that the core requirements for in-vehicle security cameras can be achieved through:*

- *exemption from camera requirement* – the NZ Transport Agency would exempt a vehicle from the camera requirement where a driver (under option 3) or an approved transport operator (under option 4) met all of the following criteria:
    - *providing services to registered passengers only* – the service is only provided where the passenger is registered with company or driver
    - *collection of driver and passenger information* – when registering with the company or driver, a passenger and driver must provide their name, photo, address, and phone number
    - *availability of driver and passenger information* – before each trip starts, the company or driver makes the name and photo of the passenger and driver available to each other

- *retaining a record of each trip* – the company or driver keeps a record of each trip, including the start and end points.

☐ Yes

☐ No – if no, please explain why

As noted in our response to Question 13, requiring in-vehicle cameras in the context of ridesharing is highly unrealistic, and will mainly serve to discourage people from ridesharing. We appreciate the effort to develop an exemption, which recognises that safety risk can be mitigated in other ways. However, we feel it is better to provide up-front certainty, and exempt ridesharing, based on genuine cost-recovery, from what is not a realistic regulatory requirement.

6.4 What are the right fatigue management rules we need for the future small passenger services system?

Question 15 – *Do you agree that the core requirements to mitigate driver fatigue can be achieved through:*

- *work time and log books* – current requirements permit taxi drivers to drive for up to 7 hours before taking a break, and the rest of the sector up to 5.5 hours before a break. The review proposes applying the work time requirements for taxi services to the whole sector under the single class approach.

☐ ~~Yes~~

☐ No – if no, please explain why

We do not believe work time restrictions are appropriate for ridesharing. Drivers using ridesharing platforms like Chariot are not working. Drivers are essentially carpooling with other users of the platform to reduce the costs of their journey, rather than make a profit. In our view, this requirement is not only fundamentally inappropriate. It will impose costs well in excess of any benefits to users.

Additionally, a trip from Auckland to Wellington or Invercargill to Christchurch might take around 8 hours. These routes would be prohibited under the proposed rules when they are perfect for long-distance ridesharing, and are routes that consumers are happy to take.

6.5 What are the right vehicle safety rules we need for the future small passenger services system?

Question 16 – *Do you agree that the core requirements for vehicle safety can be achieved through:*

- *Certificate of Fitness* – this is a general safety check. It is more robust than a Warrant of Fitness for private cars and is required every six months.

☐ ~~Yes~~

☐ No – if no, please explain why

It is unrealistic to apply this requirement to ridesharing based on genuine cost-recovery. Cars must already be registered and warranted to be on the road, and we believe it is primarily the responsibility of the owner of the vehicle to make sure it is fit for purpose and compliant. However, we will be regularly updating our database to make sure all drivers using the Chariot app are maintaining a current registration. We think that is sufficient safety risk mitigation in the context of ridesharing. Simply put, ridesharing is effectively about people volunteering free seats in their own cars for what is essentially petrol money and company. If they are required to get special additional fitness checks to their vehicles to rideshare, ordinary people simply will choose not to use a ridesharing platform. They will either use a free, unregulated platform to advertise their rides, or not bother at all.

6.6 What are the right consumer protection rules we need for the future small passenger services system?

Question 17 – *Do you agree that the core requirements for consumer protection can be achieved through:*

- *agree the basis of the fare* – drivers would have to agree the basis of the fare with the passenger before the trip starts. This could be a set fare or a per km rate. The fare could also be agreed between the passenger and the company at the time of booking.

☐ Yes

☐ ~~No – if no, please explain why~~

With Chariot, the final fare is determined upfront before the start of the journey, so we would be unaffected by any such requirement. We think it is important that consumers can make informed choices, so at the very least companies should be upfront about how the fare will be determined.

Question 18 – *Do you agree that the core requirements for consumer protection can be achieved through:*

- *driver to take most advantageous route* – this would require the driver to take the route that is most advantageous to the passenger (unless agreed otherwise for example where multiple passengers are going to different locations within the same trip).

☐ ~~Yes~~

☐ No – if no, please explain why

Ridesharing should be exempt from this requirement. This requirement is only relevant private hire services where drivers are driving for the purpose of transporting a passenger, and are making a profit from doing so (which is fundamentally different to carpooling or ridesharing on cost-recovery).

With Chariot, the fare is pre-calculated on the basis of the most advantageous route. We feel it is up to the driver to take the route they feel is best on the day. Requiring that route to be the most advantageous would simply be an additional and unnecessary compliance hassle. The incentive already exists to use the most advantageous route.

Remember, ridesharing is not a taxi or private hire service. With ridesharing based on cost-recovery, the driver cannot take financial advantage of the passengers by choosing a longer route on the day. Additionally, drivers using Chariot will often be taking multiple passengers to different locations within the same journey, so requiring the driver to take only one type of route will not be reasonable in this context.

Question 19 – *Do you agree that the core requirements for consumer protection can be achieved through:*

- *Driver to accept first hire offered* – this imposes a duty on the driver to accept the first hire offered (subject to exceptions for driver safety) so a driver could not refuse to take passengers only travelling short distances.

☐ ~~Yes~~

☐ No – if no, please explain why

The requirement to accept the first hire offered is not appropriate for ridesharing or carpooling. Users should not be forced to go with people they do not want to share a ride with.

Chariot's philosophy is that all our users, whether they are drivers and passengers, can choose who they want to travel with, based on:

- where and when they are going
- reviews about that user
- the other user's profile
- whether user has a verified their identity information

Our users should not be compelled go ahead with a planned ride. A user who is driving somewhere could have a change of plans (remember the driver is sharing a ride they are going on anyway – i.e. they are not driving for the purpose of taking their passengers to the destination). The driver may also not feel safe when they meet their passengers, and should also feel entitled to refuse them on that basis.

6.7 What rules are no longer needed to control specific outcomes, leaving companies to their own business decisions?

Question 20 – *Do you agree that the following is no longer required?*

- *registered fares* – the Ministry of Transport's review proposes removing the rules governing pricing that require taxis to register their fares with the NZ Transport Agency and charge using a meter. Instead, the Ministry of Transport's review proposes that all small passenger service drivers should have a duty to agree the basis of pricing with the passenger prior to the commencement of the trip or when the booking is made. This would mean the NZ Transport Agency would no longer have a role to intervene in fare disputes between passengers and drivers, and existing consumer protection law (Consumer Guarantees Act 1993 and the Fair Trading Act 1986) would be relied on.

☐ Yes

☐ ~~No – if no, please explain why~~

In our view, existing consumer protection laws are sufficiently robust to ensure users are not misled.

Our fares will change regularly to ensure they reflect current genuine costs (for example, if petrol prices fall). Therefore any obligation to register them will be an additional cost of business, which will have to be passed on to our users.

The basis of our pricing will be made clear to all Chariot users, with fares pre-arranged before any trip takes place so there are no surprises for anyone.

Question 21 – *Do you agree that the following is no longer required?*

- *regulated signage (including Braille)* – the current rules set out specific signage requirements for taxi services that relate to the operator's brand, taxi roof sign, contact details, and fares. We propose removing these requirements. Operators would be able to make a choice about what signage they used and the information provided in it. The current rules require information in Braille: the name of the taxi organisation, its contact telephone number and the vehicle's fleet number. The Ministry of Transport's review proposes removing this requirement. Blind passengers can use alternative ways to obtain the information currently provided in Braille, such as enquiring at the time of booking, and using smartphone apps that provide a record of the trip.

☐ Yes

☐ ~~No – if no, please explain why~~

This requirement would be inappropriate for ridesharing, as platform users are not driving for reward or profit. They are simply sharing their own vehicles with others to reduce journey costs, so there will be none of the signage or information that you would expect in a

professional taxi service.

Question 22 – *Do you agree that the following is no longer required?*

- *area knowledge* – taxi drivers in urban areas are required to have passed an area knowledge test. The purpose of the requirement is to ensure that drivers are able to take passengers on a direct route to their destination. The Ministry of Transport's review proposes removing the area knowledge requirement and leaving companies to make their own decisions. Technology, such as GPS systems, provides alternative means to achieve the objective. Passengers are also able to use this type of technology to track the route that the driver is using.

☐ Yes

☐ ~~No – if no, please explain why~~

With near-ubiquitous access to GPS systems, this requirement is no longer needed.

Question 23 – *Do you agree that the following is no longer required?*

- *English language* – taxi drivers are required to have a sufficient knowledge of the English language. The Ministry of Transport's review proposes removing the English language requirement and leaving companies to make their own decisions about the language competency of their drivers. The NZ Transport Agency considers that few drivers are currently tested.

☐ Yes

☐ ~~No – if no, please explain why~~

Companies can make their own decision on language requirements. In our view, it is likely that making this a mandatory requirement would impose additional compliance costs for limited benefit.

Question 24 – *Do you agree that the following is no longer required?*

- *panic alarms* – currently, taxis are required to have in-vehicle panic alarms. There are no mandated driver safety requirements for private hire vehicle drivers. The Ministry of Transport's review proposes removing the mandatory requirement for panic alarms. Drivers should be able to refuse to accept a passenger where they consider their personal safety could be compromised and passenger service operators should have a

duty to promote driver safety. Passenger service operators should make their own business decisions on how they promote driver safety (which could include the use of panic alarms or other technologies).

☐ Yes

☐ ~~No – if no, please explain why~~

We believe added safety features, such as panic alarms, should be driven by the provider's judgement of consumer demand.

Question 25 – *Do you agree that the following is no longer required?*

- *passenger service licence (PSL)* – regulatory compliance is currently managed through a range of mechanisms including approved taxi organisations, passenger service licence and driver obligations. The Ministry of Transport's review proposes requiring all passenger service operators to be an approved transport operator. A key responsibility of approved transport operators would be making sure all of their drivers had a P endorsement, worked within work time limits, and drove vehicles with a valid Certificate of Fitness.

☐ ~~Yes~~

☐ No – if no, please explain why

Chariot is neutral on becoming an approved transport operator as part of a reformed small passenger service regulatory environment (a definitive position would depend on the exact requirements and costs of regulation – for example, please see our "Option 2" proposed alternative in our written submission).

However, Chariot cannot support the proposal in question 25: one size does not fit all.

New Zealand ridesharing platforms operations would face significant challenges if they were required to make sure all of the drivers using their platforms have a P endorsement, stick to time limits and obtain a valid Certificate of Fitness for all their vehicles.

Drivers using Chariot are not 'working', let alone working for Chariot. Meeting the requirements would be very costly given that drivers can only recover petrol and maintenance costs through Chariot ridesharing.

Fundamentally, ridesharing based on genuine cost-recovery is a sophisticated form of carpooling that should be encouraged, and not discouraged through unreasonable levels of compliance. Any licensing framework needs to pitch compliance at the right level for the service, and the requirements in Question 25 are totally inappropriate for ridesharing platforms based on cost-recovery for drivers and their users.

Question 26 – *Do you agree that the following requirement is no longer required?*

- *24/7 service* – taxis are currently required to provide services 24/7 in large cities. There is no similar requirement for private hire operators (or carpooling or ridesharing). The Ministry of Transport's review proposes removing the regulatory requirement for taxis to provide a 24/7 service, and leaves operators to provide levels of service in response to their understanding of demand.

☐ ~~Yes~~

☐ No – if no, please explain why

We believe operators should be left to provide levels of service in response to their understanding of customer demand.

Question 27– *Do you agree that the following is no longer required?*

- *restrictions on private hire services connecting with customers* – currently, private hire services can only take pre-booked customers. Taxis can take pre-booked or hailed customers. Shuttles can only take passengers travelling between specific destinations. The Ministry of Transport's review proposes removing the restrictions on how passenger service operators can connect with customers. This will promote enhanced competition and improved customer service.

☐ ~~Yes~~

☐ No – if no, please explain why

We agree that removing restrictions on how operators can connect with customers is critical to ensuring the regulatory framework encourages and supports the innovations of the app-based economy. Technology-neutral regulation should inherently promote enhanced competition and improved customer service.

Question 28 – *Do you agree that the following is no longer required?*

- *driver passed driving test in last five years* – all P endorsement holders have to have passed a full licence test in the five years preceding their applying for their P endorsement. The Ministry of Transport's review proposes removing this requirement. A fully licensed New Zealand driver is deemed competent to be on the road without having to sit ongoing tests (certain circumstances excluded). The existing provision of having passed a test in the last five years imposes a cost on the driver, with little benefit.

☐ Yes

☐ ~~No – if no, please explain why~~

We agree. In addition, passenger driven review and rating systems are increasingly common, and should provide strong incentives for safe and considerate driving behaviour.

Question 29 – *General comments on the proposals in the Future of small passenger services — consultation paper*

Please add any general comments here:

Please see our written submission at the start of this document, which comprehensively sets out our views on the Consultation Paper proposals.