

Licence Application Decision

(Transportation Network Services - New)

Application #	7009-19TNS	Applicant	LTG Technologies Ltd.
Trade Name	Lucky to Go		
Principals	Mandeep RANA Naveen HEBBALE		
Address	100-703 Broughton Street Victoria B.C. V8W 1E2		
Primary Areas of Operation	Region 2 – Capital Regional District Region 3 – Vancouver Island, excluding the Capital Regional District Region 4 – Okanagan – Kootenay-Boundary-Cariboo		
Current Licence	None		
Publication of Application	September 9, 2019 (republished September 16, 2019)		
Application Summary	New Special Authorization: Transportation Network Services Authorization (TNSA)		
Deadline for Submissions	September 24, 2019 (original submissions) November 20, 2019 and November 21, 2019 for one Submitter (2 nd set of submissions)		
Submitters (and representatives)	<ul style="list-style-type: none"> • BC Federation of Labour • Lyndon Enterprises Ltd • Kami Cabs Ltd. • Salmon Arm Taxi (178) Ltd • SBDS Enterprises Ltd. dba Star Taxi • Williams Lake Taxi Ltd; Town Taxi (1987) Ltd. • Yellow Cabs (Kamloops) Ltd. • Syd’s Taxi (1984) Ltd., Meadow Ridge Taxi Ltd., Alouette Transit Systems Ltd., Bel Air Taxi (1982) Ltd., Coquitlam Taxi (1977) Ltd., Port Coquitlam Taxi Ltd., Delta Sunshine Taxi (1972) Ltd., Tsawwassen Taxi Ltd., Garden City Cabs of Richmond Ltd., Guildford Cab (1993) Ltd., Kimber Cabs Ltd., Royal City Taxi Ltd., Sunshine Cabs Ltd., White Rock South Surrey Taxi Ltd., Surdell Kennedy Taxi Ltd., AC Taxi Ltd., Swiftsure Taxi Co. Ltd., Jatinder Gill dba Oceanside Taxi , Comox Taxi Ltd., Duncan Taxi Ltd., Sunshine Coast Taxi Ltd. • Vancouver Taxi Association companies - Yellow Cab Company Ltd., 		

	North Shore Taxi (1966) Ltd., Richmond Cabs Ltd., Bonny’s Taxi Ltd., Burnaby Select Metrotown Taxi Ltd., Queen City Taxi Ltd., Black Top Cabs Ltd., Vancouver Taxi Ltd., Vancouver Taxi Ltd. dba Handicapped Cab, MacLure’s Cabs (1984) Ltd.
Board Decision	The special authorization is refused for the reasons set out below.
Decision Date	December 16, 2019
Panel Chair	Catharine Read

1. Introduction

[1] The *Passenger Transportation Act*, S.B.C. 2004, c. 39 (the “Act”) regulates the licensing and operation of commercial passenger transportation vehicles in British Columbia. The Passenger Transportation Board (the “Board”) is established under the Act and its powers, duties and functions are set out in s. 7 of the Act. In general terms, the Board has authority to make decisions on licence applications for passenger directed vehicles (e.g., taxis, limousines, and other small shuttle and tour vehicles). With some exceptions, the Act defines passenger directed vehicles to mean commercial passenger vehicles that are being operated to or from locations determined by or on behalf of passengers.

[2] In September 2019, amendments to the Act and the *Passenger Transportation Regulation* (the “Regulation”) came into force enabling the Board to also make licensing decisions for transportation network services (TNS), commonly referred to as ride hailing services. The Act defines TNS to mean, in part, services respecting the connection of drivers to passengers who hail and pay for the services using an online platform, commonly referred to as an “app”.

[3] This regulatory change followed extensive provincial consultation and deliberation which resulted in, among other reports, a February 2018 Select Standing Committee report entitled “Transportation Network Companies in British Columbia”, a June 2018 report entitled “Modernizing Taxi Regulation” by Hara Associates, and a March 2019 Select Standing Committee report entitled “Transportation Network Services: Boundaries, Supply, Fares and Drivers’ Licences”. These reports have been published and are available online.

[4] The Board also carried out consultations with the taxi industry, TNS companies, the Vancouver Airport Authority and the Vancouver Port Authority on TNS operating areas, fleet sizes, and rates in July 2019. The Board published the results of its consultations online and developed an Operational Policy: Introduction of Transportation Network Services, 2019.

[5] On September 5, 2019, LTG Technologies Ltd., doing business as Lucky to Go (“LTG”) applied for a passenger transportation licence with a special authorization in the

form of a TNS authorization (“TNSA”) enabling it to operate ride hailing services in the Capital Regional District (Region 2), Vancouver Island, excluding the Capital Regional District (Region 3) and Okanagan – Kootenay-Boundary-Cariboo (Region 4) (the “Application”). In accordance with s. 26 of the Act, the Registrar of Passenger Transportation forwarded LTG’s Application to the Board for determination.

[6] Section 28 of the Act governs determinations by the Board about whether to approve, in whole or in part, licence applications for a special authorization such as a TNSA. Section 28 provides that such approval may be granted after the Board considers whether: (a) there is a public need for the services that the applicant proposes to provide under the special authorization; (b) the applicant is a fit and proper person to provide, and is capable of providing, those services; and (c) the application promotes sound economic conditions in the passenger transportation business in British Columbia. If approved, the Board is required to specify the special authorizations to be included in the licence and establish licence terms and conditions, as provided for in s. 28(3) to (6).

[7] For the reasons set out below, the Board has denied LTG’s Application on the basis that the Board is not satisfied it is capable of providing the proposed service for the purposes of s. 28(1)(b) of the Act.

2. Procedural Matters

[8] Section 26 of the Act requires the Board to publish notice of the Application, which it did on September 9, 2019. Section 27(2) provides that any person may (within the time period specified by the Board and on payment of the prescribed fee) make a written submission to the Board respecting the Application. In relation to LTG’s Application, the Board received submissions¹ from:

- BC Federation of Labour (“BCFED”)
- Kami Cabs Ltd.
- Lyndon Enterprises Ltd.
- Salmon Arm Taxi (178) Ltd.
- SBDS Enterprises Ltd. dba Star Taxi
- Syd’s Taxi (1984) Ltd., Meadow Ridge Taxi Ltd., Alouette Transit Systems Ltd., Bel Air Taxi (1982) Ltd., Coquitlam Taxi (1977) Ltd., Port Coquitlam Taxi Ltd., Delta Sunshine Taxi (1972) Ltd., Tsawwassen Taxi Ltd., Garden City Cabs of Richmond Ltd., Guildford Cab (1993) Ltd., Kimber Cabs Ltd., Royal City Taxi Ltd., Sunshine Cabs Ltd., White Rock South Surrey Taxi Ltd., Surdell Kennedy Taxi Ltd., AC Taxi Ltd., Swiftsure Taxi Co. Ltd., Jatinder Gill dba Oceanside Taxi, Comox Taxi Ltd., Duncan Taxi Ltd., Sunshine Coast Taxi Ltd. (“Syd’s Taxi *et al*”)
- Williams Lake Taxi Ltd; Town Taxi (1987) Ltd.
- Yellow Cabs (Kamloops) Ltd.

¹ One submission was subsequently withdrawn on December 13, 2019.

- Vancouver Taxi Association members Yellow Cab Company Ltd., North Shore Taxi (1966) Ltd., Richmond Cabs Ltd., Bonny's Taxi Ltd., Burnaby Select Metrotown Taxi Ltd., Queen City Taxi Ltd., Black Top Cabs Ltd., Vancouver Taxi Ltd., Vancouver Taxi Ltd. dba Handicapped Cab, MacLure's Cabs (1984) Ltd. (the "VTA")

(collectively the "Submitters")

[9] LTG's Application is one of many TNS licence applications that have been made by various companies since the introduction of the TNS legislative amendments. Many of the Submitters responded to these applications jointly rather than individually and for the most part, focused on the problems with TNS generally rather than addressing the specific details of this Application. Some of the Submitters asked the Board to conduct an oral, rather than a written, hearing in respect of the applications received.

[10] The Act confers broad authority on the Board to control its own process when making decisions on licence applications. That authority includes discretion to conduct a written, electronic or oral hearing, or any combination of them, as the Board in its sole discretion considers appropriate. For reasons given in a letter to LTG and the Submitters on October 30, 2019, the Board determined to follow its usual process of conducting a written hearing.

[11] Section 27(5) of the Act provides that, unless the Board directs otherwise, a person making a submission respecting an application does not, merely because of that submission, become entitled to participate any further in the application or obtain further information or disclosure respecting the application. On October 30, 2019, the Board issued an Industry Advisory modifying its process for all ride hailing applications to provide greater disclosure to the Submitters and more transparency in its process.

[12] In accordance with the Industry Advisory, on November 6 and 7, 2019, the Board sent an application package to all Submitters which included LTG's initial response to the Submitters' materials as well as the documents provided by LTG in support of its Application (TNS Declaration Form, TNS Information Sheet, Business Plan, Cash Flow Projections, Balance Sheet and Income Statements, Resumes, Criminal Record Checks, Signing Authority, BC Registry Service Company Status, and Disclosure of Unlawful Activity and Bankruptcy Forms). The application package sent to the Submitters contained limited redactions which were necessary to protect the confidential business and personal information of LTG. The Submitters were provided 14 days to provide further written submissions on the Application. The Board then provided copies of the written submissions received from the Submitters to LTG. All Submitters opposed LTG's Application.

3. LTG's Application

[13] LTG was incorporated in August 2019 and operates out of Victoria, British Columbia. It has built a technology platform for ride hailing and on-demand delivery options, with the potential for use as a taxi hailing application (the "Lucky-to-Go App").

[14] LTG's technology platform connects drivers and passengers for on-demand transportation and links drivers with users that require assistance in shipping packages or ordering food. LTG states that its "One App" approach for ride sharing and deliveries (with potential for taxis) forms one unique service. LTG refers to other features of the Lucky-to-Go App, including designated driver services, towing, pre-ride information for passengers, up-front fare estimates, information records, GPS tracking, and promotion of other businesses. The Lucky-to-Go App also allows passengers to request a specific car category and drivers to track their earnings. LTG plans to establish a help desk for resolution of service issues.

[15] The market analysis component of LTG's business plan states that the main purpose of ride hailing is to reduce car emissions, traffic congestion, and vehicle trips. LTG has provided global revenues associated with ride hailing for 2018 as well as growth rates and user penetration and other additional information on the global market for ride hailing.

[16] LTG plans to take a fixed monthly subscription fee from every driver and a small percentage as commission on deliveries. It plans to finance its growth through cash flow and other streams of business and venture capital investments. The Lucky-to-Go App, capital expenses, and operations have, to date, been financed by the founders of AdModeMedia Ltd. LTG is looking to raise funds for future investment and development.

[17] LTG maintains it will manage drivers by giving them an option to log on or log off its Lucky-to-Go App. It states that driver management is completely dependant on driver availability. Driver training requires drivers to adhere to compliance standards set by the Board and the *National Safety Code*. The LTG team will conduct regular checks to ensure validity of all records. As the Lucky-to-Go App will feature driver rating, customers can rate the service and the condition of the vehicles used. If required, LTG indicates that it can take corrective measures, up to driver suspension, if drivers continue to receive low ratings after corrective measures are taken. Driver training will be achieved through the use of operation manuals on the Lucky-to-Go App's procedures for accepting, cancelling and completing rides.

[18] LTG relies on the following publicly available reports to demonstrate public need for its service:

- Select Standing Committee on Crown Corporations (SSCCC): Transportation Network Companies in British Columbia, February 2018;
- SSSCC Report: Transportation Network Services: Boundaries, Supply, Fares and Drivers' Licences, March 2019; and
- Modernizing Taxi Regulation by Hara Associates, June 2018.

[19] If the Application is approved, LTG proposes to immediately launch its service in the Capital Regional District with 20 to 30 vehicles. LTG plans to implement service in Region 3 within 60 days of obtaining a licence with 15 to 20 vehicles and it plans to implement service in Region 4 within 60 to 90 days of obtaining a licence with 20 to 30 vehicles to start.

4. Analysis and Findings

Is the applicant a fit and proper person to provide the service and is the applicant capable of providing the service (s. 28(1)(b))?

[20] Section 28(1)(b) requires the Board to consider whether an applicant is: (i) a fit and proper person to provide the service; and (ii) capable of providing that service. When considering the first element ("fit and proper person"), the Board considers such factors as an applicant's past conduct and the potential risk of harm to the public and the integrity of the passenger transportation industry if a licence is granted to the applicant. Where, as here, the applicant is a corporate entity, the Board will consider any relevant information concerning the conduct of the directors and key management staff to determine how the business is likely to be run.

[21] In considering capability, the Board considers whether the applicant has demonstrated knowledge and understanding of the relevant regulatory requirements and policies governing passenger transportation in British Columbia, and the applicant's ability to provide the proposed service in a proper and lawful manner.

[22] Mandeep Rana and Naveen Hebbale are the directors of LTG. Mr. Rana is the chief executive officer and founder of the company. The resumes of both directors indicate that they have business and technology experience. LTG states that it intends to hire a Manager of Operations, an Account Analyst, an IOS/Android Developer, a Marketing Analyst, a Compliance Analyst, and Help Desk staff if the Application is approved.

[23] The TNS Declarations form providing declarations on Liquor and Cannabis Laws was signed by Mr. Rana and Mr. Hebbale. The Board's Supplementary Terms and Conditions Respecting Apps was completed as required. The Disclosure of Unlawful Activity & Bankruptcy forms and Criminal Records checks were completed to the satisfaction of the Board. LTG holds a *National Safety Code* certificate issued August 30, 2019 which denotes a rating of Satisfactory – Unaudited.

[24] Based on this information, the Board is satisfied that LTG is fit and proper for the purposes of s. 28(1)(b).

[25] However, turning to the question of capability, the Board has the following significant concerns:

- a business plan requires documentation on the market for the proposed product or service. The only market information contained in LTG's business plan consists of a few references to the global market for ride sharing. There is no information on the market for ride hailing in the areas in which LTG proposes to operate;
- the directors of LTG do not have experience in operating a passenger transportation business;
- LTG has not provided evidence to substantiate existing alliances or partnerships with reputable taxi companies. LTG's summary of its "Choose Taxi" app references the possibility of a future alliance ("if and when the taxi companies choose to on-board [their] platform") but this does not constitute evidence of an alliance or partnership;
- LTG has not provided evidence of driver supply;
- LTG's proposal to raise the revenue that it requires to expand its business is vague and lacking in specific details;
- there are discrepancies in the number of drivers cited in the TNS Information Sheets and in the assumption of supply of drivers cited in the business plan. The appendix to the TNS Information Sheets states LTG will start operations: (1) immediately in Region 2 with 20 to 30 vehicles; (2) within 60 days in Region 3 with 15 to 20 vehicles; and (3) within 90 days in Region 4 with 20 to 30 vehicles. However, the assumption made in the Business Plan is that LTG will start with "300 Class 4 License[s] [in] October 2019";
- the business plan provides limited information on driver management and training. In terms of managing drivers, the business plan states that drivers will be given the option to log on and log off. This does not constitute active management of drivers. No details are provided on driver training apart from the statement that drivers must adhere to compliance standards set by the Board and the *National Safety Code* and that there will be operation manuals on the Lucky-to-Go App's procedures for accepting, cancelling and completing rides. LTG states that there will be "regular and spontaneous checks by our team"; however, no information is provided on what the checks will entail. The Lucky-to-Go App's driver rating system, which appears to be an integral part of the driver checks, only focuses on service quality;

- LTG states that safety is a priority; however, there is no evidence of a satisfactory safety plan. The business plan contains a few references to the *National Safety Code*. There is no reference to pre-trip vehicle inspections and *National Safety Code* requirements for drivers. There is no evidence to demonstrate LTG understands the requirements under the Act and Regulation. For example, LTG does not show how it will ensure vehicles are operated in compliance with the terms and conditions of its licence as required under ss. 6 and 7 of the Regulation.
- the TNS license application form requires production of month-by-month cash flow projections for 36 months. LTG did not provide these projections; instead, it provided yearly projections for four years. The underlying assumptions are also inadequately documented and do not provide the necessary insight into the financial projections; and
- the categories used to describe revenues and expenses in the financial statements are not appropriate for a passenger transportation business. The projections are also not scaled suitably over the time period.

[26] The striking feature of LTG's business plan is its focus on the technology aspects of the Lucky-to-Go App. Critically, the business plan does not reveal an understanding of the passenger transportation business generally, the Act, the Regulation or the Board's Policies. It therefore falls short of demonstrating capability to provide the proposed service.

[27] For these reasons, the Board has determined LTG is not a capable entity within the meaning of s. 28(1)(b) of the Act.

[28] The Board wishes to note that it carefully reviewed the materials filed by the Submitters. The focus of the Submitters' concerns is on whether there is a public need for TNS and whether the application would, if granted, promote sound economic conditions in the passenger transportation business in this province. Given its conclusion on LTG's capability to provide the service under s. 28(1)(b), the Board found it unnecessary to consider whether there is a public need for the proposed services or whether the service would promote sound economic conditions in the passenger transportation business in British Columbia. Capability is an essential requirement for any special authorization and that essential requirement has not been demonstrated on this Application.

5. Conclusion

[29] For the reasons set out above, LTG's Application is refused.