

October 17, 2007

OVERVIEW OF RESULTS OF THE "INVITATION TO COMMENT" ON MINIMUM HOURLY RATES

On June 27, 2007, the Board issued an "Invitation to Comment" on proposed minimum rates for limousines and other non-taxi passenger directed vehicles. The invitation was published in the Bulletin and mailed to approximately 200 non-taxi PDV licensees.

The rates proposed were as follows:

1. *Rates for Licensees with Originating Areas in the Lower Mainland*
 - ♦ Sedan Limousines - **\$65 per hour**
 - ♦ Vehicles that can accommodate a driver and 6 passengers or more - **\$70 per hour**
2. *Rates for Licensees with Originating Areas Outside Lower Mainland*
 - ♦ Sedan Limousines - **\$60**
 - ♦ Vehicles that can accommodate a driver and 6 passengers or more - **\$65 per hour**

The Board received 14 responses. The breakdown of responses is:

- ♦ 13 from, or on behalf of, licensees
- ♦ 7 from the Lower Mainland; 5 from outside the Lower Mainland; 1 from a licensee that provides crew transport services
- ♦ 1 from a Vancouver lawyer
- ♦ 3 licensees from outside the Lower Mainland support the minimum rates; 2 oppose the minimum rates
- ♦ 1 licensee from the Lower Mainland supports the minimum rates; 1 supports the 6 passenger rate, but not the sedan rate; 4 oppose the rates; 1 understands its not applicable to carriers with a contract clause and rates

Summary of Comments

There was no clear consensus among respondents. Those from outside the Lower Mainland seemed to support the simplification of regulation and its positive effect on business. However, there was no agreement on what minimum rates should be. Some stated that the rates are fair, some said too high and some said too low.

Respondents from within the Lower Mainland expressed concern over the proposal not to allow discounts below the minimum rates. This could impact some current contracts as well as cause operators to increase rates to incorporate minimums. The rates and rules as proposed could make services less palatable cost-wise to the public. Some respondents indicated that there needs to be allowances for vehicle substitutions as currently permitted under the rules of some

licensees. For example, if a sedan is not available a carrier may substitute another vehicle, but charges the lower sedan rate.

There was concern that minimum rates may further increase differences between limousine operators charging hourly rates and the operator who charges zone rates from Vancouver International Airport. There was a suggestion that minimum rates should apply to all operators and be flexible enough to allow for whatever vehicles the carrier wishes to direct to any specific service to fulfill the needs of the traveling public. It was noted that the General Authority (GA)/Special Authority (SA) licensing has created an uneven playing field and that SUVs licensed as GAs are having a negative impact on the industry. Also, it was stated that the Act is being administered in a way that seems to protect taxis at the expense of limousines.

Some respondents noted that limousine rates should be de-regulated. Others noted that the proposed rates were too low or too high.

Board Conclusion

The Board thanks all those who took the time to respond to the "Invitation to Comments". The comments that were received were thoughtful and raised some significant points. However, the number of responses was low and no clear consensus has emerged. At this time, the Board will not be proceeding to introduce minimum hourly rates for limousines and other non-taxi passenger directed vehicles.

The Board still sees advantages to a minimum rate system and is willing to work with industry representatives to develop an approach to rates that is fair and workable.