

April 15, 2015

Changes to Indexed Rate Reviews

The Board is changing and expanding its use of indexes for rate reviews. We are replacing the Taxi Cost Index (TCI), introduced in 2002, with the Taxi & Limousine Cost Index (TLCI).

Many features of the TCI will still apply to taxi rate reviews under the TLCI. However, the data source is changing. Future TLCI rate increases will be based on the Consumer Price Index for BC (CPI).

The changes are made in follow up to the Board's 2012 methodology review of the TCI. That review revealed that TCI cost components do not reflect the cost structure of taxi companies. In particular, drivers' wages were significantly understated. To date, we have not been able to obtain accurate data on wages.

The changes we are making reflect the following principles:

1. Balance rate fairness for both consumers and industry.
2. Base rate decisions on evidence that is objective, quantifiable and validated.
3. Streamline data-collection and decision-making.
4. Promote stability and accountability in the passenger transportation industry.

Taxi Rates

For taxi rates, the Board is making an immediate transition from TCI to TLCI. The last TCI increase was March 31, 2013. The Board is using CPI data for 2014 (1%). For 2013, it is blending CPI data and TCI calculations (0.8%). The total is less than the 2% threshold for implementing a rate increase. Thus, the 1.8% will carry over to the TLCI review in 2016 when CPI data for 2015 is added. No indexed rate increase will be available for taxis this calendar year.

Limousine Rates

Recently, the Board implemented minimum-maximum rates for limousines in the greater Vancouver and Victoria areas. The Board committed to industry to developing a

mechanism for reviewing rates. We will use the TLCI for this purpose. Over the next year, the Board will design a method for applying TLCI to limousine rates.

CPI Advantages

The CPI for BC is a high-quality measure of average price changes for goods and services bought by consumers in our province. It offers these advantages:

- CPI data has been validated by Statistics Canada
- Regular, monthly updates are accessible by the public
- CPI provides an objective, transparent basis for determining rate increases
- CPI increases are in line with cost increases consumers are accustomed to paying

Using the CPI strikes an appropriate balance between consumer and industry interests. It also gives operators a predictable and streamlined way to obtain rate increases if operating costs rise.

Limitations & Options

The CPI measures changes in consumer prices over a defined period of time. It provides an objective and transparent basis for determining rate increases for taxis and limousines. However, indexes do not determine the appropriateness of a particular rate at a particular time. If a company finds that its current rates are too low, even with TLCI increases, it can make a Change of Rates application. When applying, companies must provide objective evidence that justifies the increase they request.

More Information About Rates

- [Taxi Rates](#)
- [Limousine Rates](#)