

Select Standing Committee on Crown Corporations

# Transportation Network Services: Boundaries, Supply, Fares, and Driver's Licences



LEGISLATIVE ASSEMBLY  
*of* BRITISH COLUMBIA

**MARCH 2019**

**FOURTH SESSION  
OF THE 41<sup>ST</sup> PARLIAMENT**





March 26, 2019

To the Honourable  
Legislative Assembly of the  
Province of British Columbia

Honourable Members:

I have the honour to present herewith the First Report of the Select Standing Committee on Crown Corporations for the Fourth Session of the 41st Parliament, entitled *Transportation Network Services: Boundaries, Supply, Fares, and Driver's Licences*.

The Report covers the work of the Committee on its inquiry into Transportation Network Services in British Columbia and was approved by the Committee on March 12, 2019.

Respectfully submitted on behalf of the Committee,

Bowinn Ma, MLA  
Chair



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# Composition of the Committee

## Members

### Third and Fourth Sessions of the 41st Parliament

Bowinn Ma, MLA	Chair	North Vancouver-Lonsdale
Stephanie Cadieux, MLA	Deputy Chair	Surrey South
Spencer Chandra Herbert, MLA		Vancouver-West End
Jas Johal, MLA		Richmond-Queensborough
Ravi Kahlon, MLA		Delta North
Peter Milobar, MLA		Kamloops-North Thompson
Adam Olsen, MLA		Saanich North and the Islands
Rachna Singh, MLA		Surrey-Green Timbers
Jordan Sturdy, MLA		West Vancouver-Sea to Sky

## Committee Staff

Susan Sourial, Clerk Assistant, Committees and Interparliamentary Relations

Nicki Simpson, Committee Researcher

# Terms of Reference

## Third and Fourth Sessions of the 41<sup>st</sup> Parliament

On November 27, 2018 and February 21, 2019, the Legislative Assembly agreed that the Select Standing Committee on Crown Corporations be authorized to examine, inquire into and make recommendations on regulations regarding transportation network services in British Columbia;

That the Committee be authorized to meet for up to three days to hear from expert witnesses;

That the Committee shall limit its consideration to forming recommendations on the following:

- criteria to consider when establishing boundaries;
- appropriate policies to balance the supply of service with consumer demand, including the application of the Passenger Transportation Board's current public convenience and necessity regime as it pertains to transportation network services;
- criteria to be considered when establishing price and fare regimes that balance affordability with reasonable business rates of return for service providers; and
- appropriate classes of driver's licences, including but not limited to ensuring a robust safety regime without creating an undue barrier for drivers.

In addition to the powers previously conferred upon the Select Standing Committee on Crown Corporations, the Committee shall be empowered:

- a) to appoint of their number one or more subcommittees and to refer to such subcommittees any of the matters referred to the Committee;
- b) to sit during a period in which the House is adjourned, during the recess after prorogation until the next following Session and during any sitting of the House;
- c) to adjourn from place to place as may be convenient; and
- d) to retain personnel as required to assist the Committee,

And shall report to the Legislative Assembly no later than March 31, 2019 and shall deposit the original of its reports with the Clerk of the Legislative Assembly during a period of adjournment and upon resumption of the sittings of the House, or at the next following Session, the Chair shall present all reports to the Legislative Assembly.



# Definitions

The following definitions are used for the purpose of this report:

## **Boundaries**

In legislation, the term “boundaries” is used to describe geographic areas where vehicles authorized under licence are permitted to pick up passengers. This differs from “geofencing” which is used to describe a virtual perimeter in a real-world geographic area.

## **Deadheading**

Deadheading results when a Passenger Directed Vehicle (PDV) drops off their passenger outside of their operating boundary and must return to their operating area without a passenger, resulting in “empty kilometers” or “empty miles.”

## **Dynamic Pricing**

Dynamic or variable pricing is a flexible approach to setting the cost of a product or service. Prices may vary to reflect changing market conditions or to incentivize behavior. For example, companies may implement dynamic pricing based on current market demand to increase supply, and regulators may implement dynamic pricing based on peak travel times to reduce congestion.

## **Empty Kilometers or Empty Miles**

Distance travelled by a PDV without a passenger.

## **Geofencing**

A geofence is a virtual perimeter for a real-world geographic area. A geofence could be dynamically generated—as in a radius around a point location—or be a predefined set of boundaries. This term is used in this report to distinguish between “boundaries” as defined by legislation and the use of virtual perimeters for other purposes.

## **Passenger Directed Vehicle (PDV)**

A commercial passenger vehicle that can accommodate a driver and passengers, and is operated to and from locations determined by the passenger or group of passengers or by a person acting on behalf of the passenger or group of passengers.

## **Passenger Transportation Board (PTB)**

The Passenger Transportation Board (PTB) is an independent tribunal whose members are appointed by the Lieutenant-Governor-in-Council. The PTB’s primary responsibility is to make decisions on applications relating to the licensing of PDVs.

## **Ride-hailing**

The provision of immediate or on-demand service whereby a vehicle and driver are hired for a fee to transport a passenger, or a small group of passengers, between locations of their choice. This service may be provided by transportation network companies and traditional taxi operators.

## **Surge Pricing**

A type of dynamic pricing utilized by the Transportation Network Services (TNS) industry where prices vary to reflect changing market conditions by increasing in times of greater demand.

## **Transportation Network Services (TNS)**

Pre-arranged transportation in a privately-owned vehicle for financial compensation that is paid to the driver and to a TNC. Transportation network services are a type of app-based ride-hailing service, connecting passengers with drivers willing to use their personal vehicles to transport paying passengers.

## **Transportation Network Companies (TNC)**

A company that owns and operates an app that is used to provide TNS.

# Executive Summary

On November 27, 2018 and February 21, 2019, the Select Standing Committee on Crown Corporations was provided with a mandate to examine four areas of Transportation Network Services (TNS) regulation: boundaries, supply, fare regimes, and driver's licences. Members focused their work closely on these four topics, and this report provides an account of both the input the Committee received from experts and the Committee's resulting deliberations and recommendations. The Committee worked well together and was able to reach agreement in many areas; however, Members did not all agree on every topic, and in particular on their final recommendation. This report is representative of the Committee's discussions and presents the concerns, priorities, and differences of opinion expressed by Committee Members.

Several common themes became evident in relation to the four questions and the Committee made a number of broad recommendations to support all four areas of regulation. Members agreed that decisions must be evidence-based and suggested collecting and sharing data on TNS to ensure that accurate information is available for the purposes of assessing and managing the industry. They also recognized the need to revisit regulations; however, they suggested delaying this legislated review process until 2023 to allow the industry to settle into a normal state of operation. A review based on sound data will allow regulations to be both responsive and adaptive going forward.

The Committee's discussions regarding boundaries, supply, and fare regimes were closely linked as a result of the significant overlap in the problems that each area of regulations seeks to address. Each of these topics touch on mitigating the potential impact of TNS on congestion, encouraging transit ridership, and balancing the need to limit supply in congested areas while concurrently encouraging supply in underserved areas.

Deadheading is a key area of concern that emerged in deliberations on boundaries, and Members heard about other issues caused by geographic boundaries such as trip refusals and increased emissions. The Committee acknowledged these problems and recommended not implementing boundaries for TNS. Members considered other options to manage the distribution of TNS vehicles including geofencing to redistribute supply and price mechanisms such as per-trip or per-kilometer fees to address congestion.

The TNS model requires a large number of part-time drivers to be available when demand increases, and Members agreed that limiting the total number of drivers or vehicles available is not an appropriate mechanism to manage supply. However, Members did not agree on other mechanisms to limit the number of vehicles operating at a particular time in a certain location. Some Members proposed addressing supply issues regionally, in recognition of the different types of problems faced throughout the province. Members also expressed mixed views about congestion and mobility pricing. Finally, the Committee examined supply from the perspective of the types of vehicles used for TNS and agreed that the vehicles should be no more than ten years old to encourage safety and increase the likelihood that vehicles are low carbon.

A number of issues were raised in regard to price and fare regimes. Members agreed on the importance of accessibility and recommended that TNCs be required to charge the same fare for accessible trips. The Committee also discussed protecting investments made in public transit and encouraging the trend towards increased transit ridership. They recommended setting a minimum price that does not undercut public transit.

Given the importance of dynamic pricing to TNS, the Committee expressed support for variable pricing and considered whether limits to surge pricing would be necessary. Because dynamic pricing means that fares may vary from hour to hour, Members emphasized the need for drivers to communicate the cost of a trip in advance.

The concerns and issues raised in relation to driver licensing were distinct from the previous three topics and Committee deliberations focused on safety. Members agreed that ensuring safety is paramount and discussed the need for passengers to be comfortable entering a car driven by a stranger; however, Members expressed uncertainty over whether the Class 4 licensing process actually produces safer drivers. Most Members felt there was insufficient evidence to demonstrate that requiring TNS drivers to hold a Class 4 licence would increase road safety and emphasized other considerations, such as the safety benefits of driver rating systems and the potential of TNS to prevent impaired driving. Others pointed to the value of additional safeguards against poor driving, such as driving record checks and medical exams, and the need to regulate commercial activity. While Members were not in agreement on this recommendation, a majority supported requiring a Class 5 licence.

# Consultation Process

## Background

The Committee's Terms of Reference allowed for up to three days of hearings with expert witnesses. These hearings began with a presentation from the Ministry of Transportation and Infrastructure followed by presentations from a variety of expert witnesses. The Committee also invited expert witnesses to provide written submissions, reviewed a number of reports from other jurisdictions, and requested specific information from the Insurance Corporation of British Columbia (ICBC), RoadSafetyBC, and the Passenger Transportation Board.

## Consultation Process

### Presentations and Written Submissions

The Committee invited 32 witnesses with knowledge and expertise in fields relevant to the Committee's review of TNS to present and heard from 15 expert witnesses over the course of two days. Witnesses brought experience from academic research, direct experience with TNS, and experience in policing or training in BC. The Committee also extended 709 invitations to all municipalities, regional districts, First Nations, taxi associations, and disability advocacy organizations in BC, as well as all TNCs operating in Canada to provide written submissions. In response, the Committee received 47 written submissions.

A complete list of expert witness presentations is available in Appendix A and a list of witnesses who provided written submissions can be found in Appendix B.

### Review of Reports on other Jurisdictions

The Committee looked to other jurisdictions to learn from their experience with TNS and reviewed four reports that evaluate various impacts of TNS in major cities.

The first report: *Emerging Mobility Evaluation Report: Evaluating Emerging Mobility Services and Technologies in San Francisco* (July 2018) by the San Francisco County Transportation Authority, evaluates a range of mobility services in San Francisco, including TNS, against a framework of guiding principles for emerging mobility.

The second report: *TNCs & Congestion* (October 2018) by the San Francisco County Transportation Authority, examined the extent to which TNS contributed to increased roadway congestion in San Francisco between 2010 and 2016.

The third report: *The New Automobility: Lyft, Uber and the Future of American Cities* (July 2018) by Schaller Consulting, profiles TNS use and their impact on cities in the US including how TNS can benefit urban transportation and ways in which policy makers can respond to traffic and transit impacts.

The fourth report: *The TNS Regulatory Landscape* (December 2017) by the San Francisco County Transportation Authority, provides an overview of TNS regulations across several jurisdictions in America.

## Meeting Schedule

Date	Type	Location
December 13, 2018	Organizational Meeting	Vancouver
January 30, 2019	Ministry Briefing; Public Hearing	Vancouver
January 31, 2019	Public Hearing	Vancouver
February 11, 2019	Deliberations	Victoria
February 25, 2019	Deliberations	Victoria
March 4, 2019	Deliberations	Victoria
March 12, 2019	Deliberations; Adoption of Report	Victoria

# Introduction

## 2018 Report

On February 15, 2018, the Select Standing Committee on Crown Corporations released a report entitled: *Transportation Network Companies in British Columbia*. The unanimous report made 32 recommendations for establishing a provincial regulatory regime to govern transportation network companies. The Committee's recommendations were presented to the Legislative Assembly to inform legislation laying out the regulatory framework for TNS. The Committee identified three recommendations from their 2018 report that apply to the most recent Terms of Reference and have re-endorsed the following recommendations:

9. Require transportation network companies to disclose the cost of a proposed trip on the app prior to the customer engaging the service.
10. Monitor data to determine if there is a need for the implementation of a base rate or a cap on surge or primetime pricing and to inform regulatory decisions in regard to service boundaries, vehicle caps, or lack thereof.
13. Require transportation network companies to provide data to government for monitoring purposes, including but not limited to: wait times; trip lengths; trip start and end locations; trip start and end times; accessible vehicle trip statistics; trip refusals; trip fares; drivers' hours and earnings; driver and passenger demographics; and consider extending this requirement to the taxi industry.

## Legislation Adopted

On November 27, 2018, the *Passenger Transportation Amendment Act, 2018* received Royal Assent. The Act establishes a provincial regulatory regime for TNS and enables commercial app-based ride-hailing in BC. The Act sets out a number of definitions and other areas to be prescribed in regulation. As work begins drafting regulations to operationalize the Act, the Committee has been tasked with examining four questions in greater detail. This report builds on the previous work of the Committee to offer in-depth insight into the four areas of regulation laid out in the Committee's Terms of Reference.

## Themes

The Committee heard from experts with experience operating, studying, or regulating both passenger directed vehicles in BC and TNS in other jurisdictions, and Members are appreciative of all the thoughtful input they received. The Committee discussed the benefits of TNS, particularly in remote communities and areas underserved by transit, and also recognized the potential for congestion to increase. Members sought to balance the importance of managing these impacts while securing the benefits of the TNS industry for British Columbians.

The work of the Committee focused closely on TNS and while there are themes in common with taxis, the Committee did not examine the taxi industry or make any recommendations regarding taxi regulation. As

such, the recommendations apply to TNS and are not necessarily intended to apply to the taxi industry. Members emphasized the importance of creating a level playing field throughout their discussions and hope that the Ministry of Transportation and Infrastructure will maintain a competitive passenger directed vehicle industry.

The work of the Committee has focused closely on four areas: boundaries, supply, fare regimes, and driver's licences. During their deliberations, Committee Members identified a number of themes that were relevant throughout their discussions of those four topics. The need to make decisions based on complete and reliable information was emphasized and, in each of the four areas, Committee Members agreed on the importance of having access to data. To that end, Members agreed that TNCs should provide anonymized data to regulators who would be able to assess the impact of the industry. Members also expressed support for making the data available more broadly to academics and local governments. Understanding and assessing the impacts of TNS will be easier if data collected from TNCs is shared to the greatest extent possible while maintaining privacy.

Without TNS currently operating in BC, it is difficult to predict what the industry will look like in the future, and data provided by TNCs will not reflect the typical state of the industry for several years. As new companies emerge and passengers adjust to different modes of transportation, trip patterns and volume will slowly normalize. While looking to other jurisdictions provides a model to help set expectations, no other region will perfectly reflect the conditions that exist in BC. Members discussed challenges with assessing impacts or imposing regulations before the industry has had a chance to become established and agreed that it is important for government to be equipped to respond to any issues that arise.

The Committee acknowledged that the *Passenger Transportation Amendment Act, 2018* provides for a review of regulations in 2022 and is supportive of reviewing the industry to assess impacts. The Committee discussed delaying the initiation of a review of TNS until 2023 to ensure that data is representative of a normal operating state and that government has a full understanding of any associated impacts. The Committee also extolled the merits of including local governments in the review of TNS, to help provide a better understanding of regionally specific impacts. A well-timed review would provide an opportunity to update the regulatory framework to ensure that TNS benefit the public and that any unforeseen impacts of the industry are being managed.

## RECOMMENDATIONS

The Committee recommends to the Legislative Assembly that the provincial government:

1. Require transportation network companies to provide data to government for monitoring purposes, including but not limited to: wait times; trip lengths; trip start and end locations; trip start and end times; accessible vehicle trip statistics; trip refusals; trip fares; drivers' hours and earnings; driver and passenger demographics; and consider extending this requirement to the taxi industry. (Recommendation #13 from the [Committee's 2018 report](#))
2. Make anonymized data provided by TNCs available to the broadest extent possible while maintaining privacy.



3. Do not begin the “review by special committee” process stipulated in Section 42.1 of the *Passenger Transportation Amendment Act, 2018* earlier than 2023.

# Ministry of Transportation and Infrastructure Briefing

Several officials from the Ministry of Transportation and Infrastructure provided an informational briefing to the Committee prior to the public hearings. The presentation offered background information on regulations in British Columbia, highlighted recent legislative changes brought forward in the *Passenger Transportation Amendment Act, 2018*, and focused on changes to legislation that relate to the four areas described in the Committee's Terms of Reference.

## *Passenger Transportation Amendment Act, 2018*

Ministry officials explained that the *Passenger Transportation Amendment Act, 2018* establishes the legislative framework to enable TNS in British Columbia.

Ministry officials discussed the existing framework and explained that the Passenger Transportation Board (PTB) is an independent tribunal whose members are appointed by the Lieutenant-Governor-in-Council. The board makes determinations on TNS licence applications and sets the terms and conditions of the licence, including any supply limits and boundaries. Under the new legislation, the board also sets conditions regarding information and data that the licensee must provide to the board and the registrar.

When evaluating licence applications the PTB applies a three-part test, or the public convenience and necessity regime, which was updated in the new legislation. First, the board examines whether there is a public need for the service. Second, the board considers whether the applicant is a fit and proper person capable of delivering the service. Third, the board considers whether the application, if approved, would promote sound economic conditions in the passenger transportation sector. The PTB may now grant licences to applications even if they do not meet all three criteria.

Ministry representatives emphasized that there is still significant work required to develop regulations to fully operationalize the Act.

## Boundaries

In legislation, boundaries are described as 'operating areas' and are the geographic areas where vehicles authorized under licence are permitted to pick up passengers. There is no regulation-making authority with respect to boundaries under the Act, or as a result of changes under the *Passenger Transportation Amendment Act, 2018*. These boundaries are instead set by the PTB when the licence is granted, and the PTB has exclusive authority to set boundaries as a term and condition.

## Supply

Ministry officials explained that 'fleet size' was added to the list of definitions in the Act and is intended to have a prescribed meaning, which means that the definition will be determined through regulation. This will allow regulators to make a distinction between what fleet size means for a taxi operator and what fleet size means in relation to TNCs. The possibility to measure fleet size differently for the two industries is intended to address the different nature of each; taxis are commercial vehicles that can be used to offer rides twenty-four

hours a day, while TNS vehicles are private vehicles that may be used for purposes other than offering rides for much of the day.

## Prices and Fares

Representatives from the Ministry explained that the *Passenger Transportation Amendment Act, 2018* included a change to the definition of rates to allow the PTB to set minimum and maximum fares. While a licensee can apply to the PTB to change rates, there is no regulation-making authority to set rates.

## Licences

The *Passenger Transportation Amendment Act, 2018* did not make any changes to the current provincial program for driver licensing which is set out under the *Motor Vehicle Act*. Currently, a Class 4 licence is required to drive passenger directed vehicles including taxis and TNS vehicles. A Class 4 licence requires that the driver:

- Be at least 19 years of age;
- Hold a valid, full-privileged driver licence — i.e. a class 5 or 6 in British Columbia or an equivalent licence from another jurisdiction;
- Have at least two years of non-learner driving experience;
- Have a driving record with fewer than four offences that resulted in penalty points in the past two years;
- Have no motor vehicle–related Criminal Code convictions — or the equivalent, if the driver is from outside of BC — in the past three years;
- Have no fines or debts owing to ICBC;
- Pass a knowledge test and a road signs test to get a commercial learner’s licence;
- Pass a road test that includes passing a pre-trip inspection of the vehicle; and
- Pass a medical examination.

The medical examination is repeated every five years until age 45, every three years from age 45 to 65, then every year after that. Driver licensing in British Columbia falls under the purview of the Ministry of Public Safety and Solicitor General and is administered by ICBC.

## Committee Inquiry

Members were interested in the changes to the three-part test and asked about the significance of the new public convenience and necessity regime. Ministry officials explained that changes offer the PTB the flexibility to approve an application that doesn’t meet one or more of the three tests. Committee Members also had questions about the Class 4 licensing process and learned that it can cost drivers approximately \$500 to receive a commercial licence. Ministry officials explained that the purpose of commercial licensing is to ensure that drivers are trained and assessed, to ensure public safety. Members were also interested to learn that BC is unique among jurisdictions with TNS due to the number of small municipalities and the province’s insurance structure.

# Boundaries

The Committee was directed to make recommendations on criteria to consider when establishing boundaries. Operating boundaries as they exist in the taxi industry are set when a taxi licence is granted and dictate the area in which a taxi is permitted to pick up passengers. The Ministry of Transportation and Infrastructure briefing provided more details<sup>1</sup> on the existing boundary system for TNS.

In remote areas, necessary services are often located in neighbouring communities, and in large urban areas composed of multiple municipalities, trips regularly cross municipal borders. Witnesses highlighted the drawbacks of borders that restrict this travel and urged the Committee to consider expanding or eliminating geographic boundaries. They pointed to the need to manage the impacts of congestion and many suggested alternative mechanisms more closely linked to supply. The consideration of boundaries is closely linked to Committee deliberations on supply and pricing; in all three areas the Committee discussed congestion, regional management of impacts, and transit ridership.

## Expert Witness Input

### Challenges Associated with Boundaries

Witnesses identified a number of challenges with respect to the current system of operating boundaries including deadheading, trip disruption, and issues with access, customer service, and enforcement.

#### *Deadheading*

Numerous witnesses called for the elimination of boundaries, pointing to various problems they have caused. The Vancouver Airport Authority, BC Transit, Clark Lim, an academic from the University of British Columbia, the B.C. Taxi Association, the City of Chilliwack, the Greater Vancouver Board of Trade, and the Competition Bureau which is a federal agency that ensures a competitive marketplace, all stated that implementing boundaries will result in deadheading which increases emissions, leads to ride refusal, and causes inefficient service. Uber Canada added that deadheading increases congestion and environmental impacts, reduces driver earnings, and leads to trip refusals, and as such, they recommended eliminating operating boundaries.

#### *Trip disruption*

TransLink and BC Transit both drew from their own experience and indicated that narrow boundaries would distort supply, erode service quality, and disrupt the flow of travel. TransLink observed that most trips in Metro Vancouver happen without regard for municipal boundaries and suggested eliminating boundaries. They explained that boundaries would disrupt cross-municipal trips and suggest working to capture the majority of trips within any boundaries that are set. BC Transit pointed to challenges they have experienced providing service to connect small communities. They noted that continued demand for interregional services demonstrates that boundaries restricting where trips may originate could be disruptive of existing trip patterns.

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<sup>1</sup> A summary of the briefing provided by the Ministry of Transportation and Infrastructure can be found on page 13.

The City of Kelowna, the Sustainable Transportation Partnership of the Central Okanagan, and the Regional District of Central Okanagan also drew from their own experience with the broad taxi boundaries that exist in their region and recommended that drivers should be free to cross municipal boundaries to pick up and drop off passengers.

### **Access**

The Office of the Seniors Advocate stated that implementing a boundary system would unnecessarily restrict the ability of seniors to return to a driver they are comfortable with and could prevent seniors from using the same driver for both legs of a single trip. Lyft suggested that boundaries would reduce service in neighbourhoods poorly served by transit and prevent TNS from operating normally.

### **Customer Service**

The Victoria Transport Policy Institute, which is an independent research organization, opposed boundaries, arguing that a system without operating boundaries would maximize customer convenience and affordability. The Greater Vancouver Board of Trade also pointed to passenger experience and argued that boundaries result in less reliable service due to ride refusal, a loss of income for drivers, and deadheading. This focus on reliability was echoed by the Competition Bureau, who emphasized their belief that greater reliance on market forces is the best way forward for regulation. They recommended eliminating boundaries for both taxis and TNS because this can prevent excess supply in one geographic area from serving consumer demand in another. They maintained that market forces should be relied on to balance supply and demand to the maximum extent possible.

### **Enforcement**

Ryde Today, a luxury transportation booking app currently operating in the Lower Mainland, explained that they believed boundaries are regressive and challenging to enforce. Uber Canada added that no jurisdiction in Canada with permanent TNS regulations has area-of-operation restrictions in place for TNS drivers.

### **Extended Boundaries**

Some witnesses recommended expanding the geographical size of existing boundaries to address these issues. Hara Associates, a consulting firm that advises regulators, recommended boundaries that are broad enough to capture most travel within them, but warned that expanding the geographical size of taxi boundaries would impact the value of taxi licences. They explained that collecting data would help determine where new boundaries should be set. The Metro Vancouver Regional District recommended aligning boundaries with Urban Containment Boundaries, future mobility pricing boundaries, and gas tax boundaries to avoid incentivizing longer single-passenger trips and sprawling development patterns. Other submissions proposed aligning boundaries with regional districts and the City of Victoria suggested that this would support regional integration. The City of Colwood also expressed a need for regional integration and suggested implementing boundaries that provide sufficient operational flexibility.

### **Other Proposed Mechanisms**

A number of witnesses contended that boundaries are out of date and suggested updated mechanisms to manage supply. The B.C. Taxi Association drew from their experience to argue that current operating boundaries are out of date and cause problems such as poor customer service. Dr. Sumeet Gulati, an

academic from the University of British Columbia, explained that operational boundaries are only needed if government intervention is necessary to balance demand and supply; however, he believes that this is no longer the case because of centralized dispatch apps. As a result, current boundaries serve to hinder the balance of supply. Dr. Gulati recommended that boundaries be eliminated for both taxi companies and TNS and suggested that apps and dynamic pricing are more effective tools to ensure supply. GoKabu, a TNC operating in the Lower Mainland, also suggested utilizing new technology, including dispatch apps, to move vehicles into areas of high demand and out of areas facing congestion to manage supply and indicated that traditional boundaries could hinder this.

Mr. Lim presented from a traffic engineering and transportation planning perspective and recommended data-based decision-making. He suggested working toward a system with no boundaries and implementing dynamic geofencing during the transition. The City of Vancouver also suggested using real-time data to manage demand and distribution of supply and Local Ride Network by Oye.One, a company that runs a ride-booking app, stated that management would have to be demand-based in real-time. They recommended using geofencing to manage supply.

The Vancouver Police Department focused on safety and indicated that restrictive boundaries contribute to undersupply making it difficult for people to get home safely, particularly late at night. They suggested managing supply electronically by limiting the number of vehicles working in a particular area at a certain period of time through geofencing. Dr. Garland Chow, an academic from the UBC Sauder School of Business, argued that managing supply involves a trade-off between response times and congestion. Dr. Chow suggested implementing geofencing to manage congestion, and TransLink also advocated for the use of geofencing to address the challenges boundaries were intended to solve.

### **Maintain Existing Boundaries**

A number of submissions suggested applying existing taxi boundaries to TNS. Skeena Taxi Ltd., an owner-operator fleet based in Prince Rupert that is run as a co-operative, asserted that provincial policies should respect municipal boundaries and boundaries already established by the Passenger Transportation Board. WestCabs, a taxi operator, argued that there should be equality in regulations and requirements for the taxi and TNS industries. They explained that removing boundaries would cause problems such as increased traffic, present challenges for enforcement of regulations that vary between municipalities, create problems for municipal business licences, and cause other issues for law enforcement. They recommended maintaining the current system of boundaries. SBDS Enterprises Ltd. or "Star Taxi," a taxi operator, suggested setting boundaries in a way that protects small taxi companies. Benn Proctor, an independent Vancouver taxi expert, also touched on protecting taxi companies and suggested the Committee consider a mechanism to protect the value of taxi licences in municipalities where they are currently worth more if boundaries are eliminated.

### **Consistent Regulations**

Several witnesses recommended that boundaries should be eliminated for both TNS and taxi companies. Dr. Gulati, Squamish taxi, a taxi operator, the B.C. Taxi Association, Ryde Today, and Local Ride Network by Oye. One emphasized that they believe taxis and TNS should be subject to the same regulations and recommended eliminating boundaries for both. The B.C. Taxi Association explained that most suburban taxi companies have a well-established client base and suggested that suburban taxi companies would continue to prioritize their own customers.

## Rural and Remote Communities

Many local governments in rural and remote areas of the province highlighted the unique challenges faced in those areas. The Municipal Council for the Village of Radium Hot Springs suggested that TNS regulations reflect the differences between rural and urban areas. The District of Sechelt Council discussed challenges faced by their community as a result of isolation and explained that boundaries further limit mobility for their citizens.

The Cowichan Valley Regional District explained that boundaries should not prevent travel between neighbouring regions. Necessary services such as hospitals or food shopping are often located in nearby communities and less restrictive boundaries would ensure improved access to those services. The District of Kent also expressed that drivers should be able to pick up fares outside of their home jurisdiction in order to enhance mobility in more remote areas. TNS could provide people who have limited transportation options access to services in neighbouring communities. The Village of Pemberton highlighted challenges faced by small and rural communities and explained that current taxi regulations do not serve these communities. They recommended implementing boundaries that are not geographically restrictive.

Dr. Anthony Perl, the Professor of Urban Studies and Political Science at SFU, emphasized that a one-size-fits all approach will not address the regional differences in BC and recommended dividing the province into three regulatory areas. One area would cover Metro Vancouver and the lower mainland, one would include mid-sized urban areas, and one would cover the rest of the province. He explained that this would allow regulations to encourage service in more remote areas, where transportation options are sparse, and the marginal social benefits of TNS would be highest. At the same time, regulations would also manage service in more dense urban areas, where demand is high and private benefits would be concentrated. He explained that because of this existing discrepancy, the market will not balance itself.

## Committee Deliberations

The Committee agreed that the current model of boundaries based on geographically-limited operating areas determined by the Passenger Transportation Board are not the best mechanism to manage TNS. These boundaries were initially put in place to address congestion and the tendency for taxi services to concentrate in urban cores; however, boundaries result in deadheading.

Members articulated concerns that boundaries would disrupt travel and some Members worried that imposing restrictive boundaries could prevent TNS from operating effectively in BC. Members discussed implementing broader boundaries that recognize the natural flow of travel, although they concluded that boundaries may not always accurately reflect trip patterns. Given the problems that boundaries were put in place to solve, and the new and innovative ways that TNS operate, Committee Members suggested that other mechanisms may be more appropriate to geographically redistribute supply if required. Provided that data is collected and reviewed, regulators in the future will be able to assess whether boundaries are necessary.

Numerous witnesses expressed concern for the potential of TNS to increase congestion and Members discussed the issue extensively throughout deliberations on boundaries, supply, and pricing. Some Members were of the view that that TNS would only consist of a small portion of the increase in congestion that would occur whether or not the industry was present. They asserted that it would be unfair to hold an industry that does not currently operate in BC responsible for existing issues with congestion. Others felt the increase in

congestion that has occurred in markets with geographically unregulated TNS has been substantial and that even a small increase in vehicles for an area that is already facing congestion would have a significant impact on traffic and wait times for road users.

In order to manage potential increases in congestion, some Members suggested implementing a form of congestion pricing on TNS through per-trip or per-kilometer fees, while others felt that if congestion pricing is to be applied, it should apply to all vehicles, not just TNS. Congestion pricing mechanisms for TNS, such as per-trip or per-kilometer fees, are designed to prevent oversupply in high traffic areas and could be established by regional transportation authorities through the PTB to address particular areas of concern. Often, revenue from congestion fees is reinvested in public transit and overall mobility improvements. Some Members were concerned that congestion pricing would result in TNS fares exceeding rates that are affordable and could prevent people with lower incomes from accessing TNS. Other Members noted that well-funded public transportation systems support people with lower incomes.

The Committee considered the idea of implementing geofencing as part of another mechanism to dynamically manage supply in various areas. Minimum fares or per kilometer fees, payable by the company, could be set for vehicles to pick-up or operate according to geofenced areas and congestion trends. One view was that geofencing could incentivize TNS operation in the suburbs and disincentivize operation in congested areas at peak times. Members looked to patterns of TNS supply in other jurisdictions and questioned the extent to which TNS vehicles operate in suburban areas. Members also suggested that geofencing could be implemented in a manner that allows regional districts and transportation authorities to manage their own congestion and supply issues through dynamic restrictions. Some Members expressed concerns with local or regional governments managing TNS and these concerns are reflected in more depth in the next section on supply.

## **RECOMMENDATION**

The Committee recommends to the Legislative Assembly that the provincial government:

4. Not implement boundaries for TNS.



# Supply

The Committee's mandate included making recommendations on appropriate policies to balance the supply of service with consumer demand, including the application of the PTB's current public convenience and necessity regime as it pertains to TNS. The Ministry of Transportation and Infrastructure briefing<sup>2</sup> provides more details on changes to the public convenience and necessity regime.

Balancing supply of service with consumer demand is complex and must be done in a way that addresses regionally specific challenges. The significant differences between BC's already congested urban areas and remote communities with limited transportation options has resulted in a need to limit congestion in some areas, while encouraging supply in others. Witnesses expressed mixed opinions on vehicle caps and many suggested alternatives such as implementing price mechanisms or utilizing the public convenience and necessity regime to diversify supply. Numerous witnesses pointed to increases in congestion that have occurred in other jurisdictions and suggested preventative measures. Securing reliable data on trip patterns and the volume of TNS use will help regulators be nimble in adapting to supply management in the future.

## Expert Witness Input

### Congestion

Numerous witnesses expressed concerns about the potential of TNS to increase congestion. The San Francisco County Transportation Authority (SFCTA) explained that TNS are likely to increase accessibility in suburbs and areas underserved by transit; however, they have also observed that the majority of trips in San Francisco are being made at the most congested times in the most congested areas. According to a study produced by the SFCTA in October 2018 titled *TNCs & Congestion*<sup>3</sup>, TNS accounted for 50 percent of new congestion added between 2010 and 2016, as measured by vehicle hours of delay, vehicle miles travelled, and average speeds. The remaining 50 percent of the increase in congestion is attributed to employment growth, population growth, and network capacity shifts. The SFCTA report also indicated that while deadheading is a contributor to congestion, TNS vehicles only spend about 20 percent of the time empty whereas taxis spend about 40 percent of the time empty. They emphasized that the impact of adding vehicles to an already congested area is much greater than adding the same number of vehicles to a low traffic area and suggested implementing measures to address congestion.

The Canadian Centre for Policy Alternatives (CCPA) which is a research institute, Dr. Perl, Hara Associates, TransLink, Dr. Alejandro Henao who is an academic from the University of Colorado Denver, SFCTA, Dr. Chow, Steven Hill who is a journalist from the New America Foundation and American Academy in Berlin, the City of Vancouver, BC Transit, the Squamish-Lillooet Regional District, the Metro Vancouver Regional District, the City of Victoria, the Victoria Transport Policy Institute, the South Island Prosperity Project which is the economic development organization for the region of Greater Victoria, and the District of Squamish all expressed concerns about the potential of TNS to increase congestion.

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<sup>2</sup> A summary of the briefing provided by the Ministry of Transportation and Infrastructure can be found on page 13.

<sup>3</sup> This report was reviewed by the Committee and more information is provided on page 8.

## Vehicle Caps

A number of witnesses recommended eliminating static vehicle caps that are used in the taxi industry for TNS. The City of Kelowna, the Regional District of the Central Okanagan, and the Sustainable Transportation Partnership of the Central Okanagan explained that demand is not static throughout the day and that capping the number of drivers would result in an undersupply of TNS. The ability to meet demand is particularly important with late evening service and providing options to curb impaired driving.

Hara Associates and Lyft both explained that the TNS model requires a critical mass of part-time drivers to meet variable demand, and the City of Enderby added that managing a supply of predominantly casual workers would pose challenges. The Greater Vancouver Board of Trade also emphasized the TNS model and stated that restrictive caps on TNS would create a duplication of the taxi system, negating the benefits of the TNS industry. They, along with the City of Kelowna, added that no other jurisdiction in Canada limits the number of drivers in a TNS network.

The Competition Bureau was also in favour of eliminating caps and indicated that unrestricted supply reduces prices and wait times, increases quality of service, and fosters innovation. They suggested that greater supply will not reduce drivers' wages because improved service will increase demand.

The PTB indicated that the TNS fleet size should initially be at a level where the TNS business model is provided with a fair opportunity to succeed. They suggested monitoring impacts of the industry through performance indicators to determine whether the fleet size should be altered as data is collected. This would allow supply and demand to be balanced with the aim of meeting public need for service, providing sound economic conditions, and meeting environmental needs.

Other witnesses suggested allowing a moderate number of vehicles to enter the market. The CCPA, explained that unrestricted TNS would increase total vehicle miles travelled. They cited a report produced by Schaller Consulting in July 2018 titled *The New Automobility: Lyft, Uber and the Future of American Cities*<sup>4</sup> and indicated that for each private vehicle mile removed from the road by TNS, 2.8 additional TNS miles on the road are added. The CCPA discussed the social costs associated with an increased supply of vehicles including traffic congestion, air pollution, greenhouse gas emissions, noise pollution, road maintenance costs, and accidents and recommend allowing only a modest increase in vehicles. BC Transit also advised caution, suggesting that a conservative approach to supply of vehicles should be taken. They cited several studies and stated that due to the existing level of uncertainty around the potential impacts, a cautious approach is warranted.

Some witnesses suggested implementing vehicle caps in line with the taxi industry. The B.C. Taxi Association argued that TNS companies do not have a distinct or different market from taxis and suggested that vehicle caps be implemented to protect the taxi industry. They explained that unrestricted operation of TNS creates an unfair disadvantage for taxi companies and cited examples of taxi ridership falling in cities where TNS were introduced without restrictions. Other organizations also expressed concern for the taxi industry. Skeena Taxi Ltd., ReRyde which is a TNC operating in Winnipeg, and the Taxi Drivers' Association of Southern BC all suggested vehicle caps, with Skeena Taxi Ltd. specifying that allowing one taxi per 1500 people in each community would ensure a living wage for drivers.

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<sup>4</sup> This report was reviewed by the Committee and more information is provided on page 8

## Price Mechanisms

Many expert witnesses focused on price mechanisms as an alternative to vehicle caps. Price mechanisms place fees, taxes, or levies on certain behaviours to incentivize actions. Congestion pricing is a well-known example in which a fee is charged to drive in congested areas, providing drivers who are able to avoid these areas with an incentive to do so.

TransLink explained that taking a market-based approach using price mechanisms to manage demand would be more effective than taking a supply management approach using boundaries or caps to artificially constrain supply. Price mechanisms could be optimized to incentivize behavior including first-mile and last-mile trips, pooled or shared services that increase vehicle occupancy, the use of accessible vehicles, trips in areas with fewer affordable options, trips to and from transit, TNS that resembles public transit, and equitable provision of service.

Many submissions focused on particular mechanisms. Dr. Chow suggested implementing congestion pricing or geofencing and Dr. Perl recommended a fee system to manage congestion in high traffic areas and motivate TNS to operate in more remote areas. GoKabu recommended encouraging TNS to adjust supply based on data to avoid congestion. The City of Colwood advocated for fare flexibility, off-peak or peak-hour trip generation, and shift change efficiencies to balance supply of service. The City of Victoria recommended a two-tiered ride-hailing tax in addition to implementing tracking and tolling for use of the public right of way. The Victoria Transport Policy Institute proposed using congestion pricing and HOV lanes to manage an increase in vehicles and explained that congestion pricing limits traffic volumes to optimal road capacity. They added that congestion pricing would allow higher value trips, such as those made by emergency or commercial vehicles, and more space-efficient modes, such as rideshare and buses, to outbid lower-value trips and more space-intensive modes for scarce road space.

Mr. Proctor and Hara Associates both suggested an annual lease, minimum wage of \$17, or a per-trip fee to regulate supply. Mr. Proctor added that a per-trip fee could also serve to cover regulatory costs, fund accessible services, and be applied strategically to address congestion. TransLink also proposed implementing a per-trip fee to manage supply. They added that a per-trip fee is easier to apply than a per-kilometer fee and suggested that the revenue raised could be put towards subsidizing transit or TNS in underserved areas.

Other witnesses suggested implementing a per-kilometer fee. Dr. Henao explained that oversupply causes congestion, lower vehicle occupancy, and lower incomes for drivers; while undersupply results in longer wait times and larger distances to cover to pick up passengers. Dr. Henao emphasized that balancing supply is important for passengers, companies, and drivers, but also for the public good. He recommended implementing a per-kilometer fee based on the number of passengers in the vehicle to incentivize higher occupancy and disincentivize empty kilometres. This system could be modified to incentivize other behaviours such as operating at off-peak times, providing accessible services, or using an electric vehicle.

A number of submissions identified geofencing as a mechanism to manage supply. The Vancouver Police Department, Mr. Hill, and the City of Vancouver suggested using real-time data and variable fee structures to manage supply electronically by limiting the number of vehicles working in a certain area. Dr. Chow explained that regulating the number of TNS drivers does not make sense because most drivers are part-time and instead suggested limiting the number of vehicles that can be operated in particular areas at certain times. Dr. Chow recommended requiring operators to share trip information and data to measure congestion and help determine the best way to prevent it. Local Ride Network by Oye. One echoed the idea that vehicle caps

would not work for the TNS model and indicated that any restrictions would have to be demand-based in real-time.

Dynamic or variable pricing was also identified as a mechanism to manage supply. Uber Canada suggested allowing dynamic pricing, indicating that this would increase reliability and allow for ride-pooling, a higher-occupancy mode of TNS, to be possible. TransLink and BC Transit suggested applying dynamic pricing based on the price of public transit, time of day, or route taken. Prices would be adjusted to exceed the cost of public transit in different regions of the province, to encourage travel at off-peak times, and to discourage travel in high-traffic areas. They suggested these pricing options in addition to a per-trip fee, which could be used to subsidize TNS trips outside of urban centres to encourage demand in those areas and reduce the burden on public transit.

## Public Convenience and Necessity Regime

Several expert witnesses directly addressed the public convenience and necessity regime that the PTB uses to issue taxi licences. Some were opposed to the regime; Mr. Proctor advised that the public convenience and necessity regime cannot work because it is not possible to know how many vehicles are needed to meet demand and there is an incentive for incumbent firms to mislead the PTB. The City of Kelowna also discussed the role of incumbent firms and suggested that TNS would be unlikely to receive licences under the public convenience and necessity regime as they would be required to demonstrate that additional services don't harm other operators. Uber Canada expressed that the public convenience and necessity regime has led to a lack of competition in the passenger directed vehicle sector and has prevented new entrants from participating. They recommended allowing new entrants without restrictions. They cited a study carried out in Brampton, Ontario which indicated that unrestricted operation of TNS would not negatively impact the taxi industry.

Other witnesses suggested changes to the use of the public convenience and necessity regime. Hara Associates emphasized the benefits of competition between different types of companies and argued that this may not occur should larger companies be allowed to secure all of the available licences under a public convenience and necessity regime. Hara Associates added that if the public convenience and necessity regime remains in place, there is an opportunity in regulations to define "public need" in a manner that indicates to the PTB that diversity of supply is an important feature to be taken into consideration. The City of Victoria expressed that the regime could be used to give local companies priority and the CCPA recommended that increased supply of passenger directed vehicles should be allocated only to co-operative or not-for-profit providers to ensure a reasonable rate of return for drivers.

WestCabs recommended maintaining the current public convenience and necessity regime, suggesting that an oversupply of vehicles could be damaging to the economy. They noted that the PTB preserves a balanced state for the transportation industry which allows a healthy economy to exist as supply meets demand. They added that the current regime ensures a supply of accessible vehicles and emphasized that changes could reduce the supply of accessible vehicles that seniors and those facing mobility challenges require.

## Data

Managing supply through price mechanisms is often complex and a number of submissions highlighted the need for data. Mr. Lim suggested that companies be required to provide data to inform further regulatory development in each of the four areas examined by the Committee. Mr. Lim explained that an ideal system

would predict demand and respond accordingly and suggested collecting comprehensive data to build models that could accomplish this. Dr. Perl also spoke in favour of predicting demand and indicated that collecting data on TNS and the sociodemographic context of mobility would help determine the best way to manage supply. Dr. Henao focused on mechanisms to collect data and suggested a price mechanism that incentivizes drivers to report on their own activity. For example, charging a fee for empty kilometers would encourage drivers to report on kilometers driven with passengers in their vehicle.

The Squamish-Lillooet Regional District and the District of Squamish expressed concerns over monitoring, data collection, and the potential impact of TNS on greenhouse gas emissions goals. They recommended making data collected from passenger directed vehicles publicly available and explained that accessing usage data within communities would allow local governments to track enforcement issues and guide bylaw decisions. They also recommended monitoring the impact of TNS on congestion and transit ridership to guide future updates to regulations. The City of Victoria also expressed concerns about emissions and recommended requiring TNS to develop and implement a system for measuring their greenhouse gas emissions and their impact on traffic congestion.

## Regional Impacts

A number of submissions highlighted the unique supply challenges that exist in remote communities, suburban areas, and dense urban cores across the province. The Village of Tahsis, Squamish-Lillooet Regional District, Village of Pemberton, and District of Sechelt told the Committee that their communities are underserved by taxis and public transit. They expressed a need for more transportation options and urged the Committee to consider regulations that encourage TNS to operate outside dense urban areas.

The City of Enderby explained that small markets where bus and taxi service are costly to operate face the greatest limits in terms of transportation choices. They indicated that it would only make economic sense to become a TNS driver in small communities if prohibitive barriers are not in place and suggested allowing unrestricted supply in remote areas. The District of Sechelt explained that oversupply will never be a problem for their community and indicated that restrictive regulations create a barrier to entry in smaller communities. They argued that a one-size-fits-all approach will not address the realities of small markets.

The City of Vancouver also raised local issues, discussed impacts specific to urban cores, and emphasized that it is important for local governments to have the authority to address local priorities and manage the potential impacts of increased numbers of vehicles on city streets. The City recommended that a Metro Vancouver Subcommittee, under the direction of the PTB, be established to develop details of a regional framework on boundaries, supply, demand, and other level of service metrics that address challenges unique to the Metro Vancouver region. The City of Kelowna also recommended allowing municipalities to regulate TNS.

## Committee Deliberations

Committee Members felt that the vehicle cap strategy currently used to regulate the taxi industry is not an appropriate mechanism to regulate TNS supply and emphasized that a flexible supply of drivers is required to meet fluctuating demand.

Similar to the discussion regarding boundaries, some Members expressed concerns about congestion based on the experience of other jurisdictions and indicated that a mechanism must be put in place to manage supply. These Members indicated that they do not support fully unrestricted ride-hailing. Committee

Members suggested that a modern and dynamic approach would be more appropriate to encourage equitable distribution of service and supply rather than the current model of vehicle caps. They discussed implementing dynamic pricing or geofencing to encourage positive behaviour. Some emphasized that regulators should ensure they maintain the flexibility and agility to be responsive to potential issues such as congestion.

A major focus in the Committee's discussions on regulating TNS supply was the role of regional governments. Some Members favoured allowing regional governments to submit proposed fare schedules or price mechanisms to the PTB following the advent of TNS to address regional congestion issues. Regional transportation authorities could examine data and determine whether to introduce dynamic pricing, geofencing, or other mechanisms for TNS to address congestion in high volume areas, incentivize transit use, or encourage the operation of low-carbon or accessible vehicles in their areas. A one-size-fits-all approach would not address regional differences in BC; therefore, allowing regional governments to address local concerns could better address the needs of different regions.

Other Members favoured a province-wide approach, expressing concern that allowing regional governments to regulate aspects of TNS or impose geofencing could delay the advent of ride-hailing. Members also expressed concerns that local governments could use this regulatory authority to block TNS or introduce excessive per-trip fees. Members highlighted governance challenges that arise from the number of municipalities in the Lower Mainland and indicated that it would not be efficient or effective for regional authorities to create TNS regulations. One suggestion was for provincial regulations to be structured in a manner that addresses local challenges in different regions.

Members discussed regulation that describes the types of vehicles used for TNS. The Committee was of two views; some Members pointed to price mechanisms as a method to incentivize the use of low-carbon vehicles for TNS, while others voiced concerns about the timing and feasibility of such measures. Members acknowledged work that has been done in the province to encourage the use of low-carbon or electric vehicles and the steps that have been taken by the taxi industry to electrify fleets and expressed support for this work moving forward. Other Members contended that many casual drivers enter TNS to supplement their income and would likely not be able to afford an electric or low-carbon vehicle. Members also noted that currently no electric vehicles are wheelchair accessible.

Requiring the use of low-carbon vehicles initially could create an artificial barrier to TNS and some Members suggested that any consideration of adopting these measures should wait until the TNS industry is established. They pointed to existing provincial incentives and the marketing advantage offered to companies who operate green vehicles and suggested allowing the type of vehicle used to be determined by the market. Members considered instead requiring a maximum vehicle age of ten years. This would both encourage vehicle safety and support a greater number of low-carbon vehicles being used for TNS.

## RECOMMENDATIONS

The Committee recommends to the Legislative Assembly that the provincial government:

5. Require a maximum vehicle age of ten years for vehicles used in delivering TNS.
6. Not implement caps on TNC fleet sizes.

# Fare Regimes

The Terms of Reference required the Committee to make recommendations on criteria to be considered when establishing price and fare regimes that balance affordability with reasonable business rates of return for service providers. Currently, the PTB may set maximum and minimum fares for TNCs at the time that the licence is granted.

Dynamic pricing, including surge pricing, is a key feature of the TNS model and witnesses explained that it allows companies to meet demand during busy times. This mechanism could solve current issues with undersupply and many witnesses expressed support, provided that prices are clearly communicated to passengers ahead of time. Witnesses emphasized that those who would benefit the most from ride-hailing are people with limited mobility options. They indicated that prices must be set in a way that ensures equitable access in order to maximize the benefit of TNS. The Committee also heard concerns about public transit ridership and the need to protect investments that have been made in existing public transportation infrastructure.

## Expert Witness Input

### Fare Limits

Most expert witnesses discussed whether or not limits should be placed on fares and several witnesses recommended some limits. Skeena Taxi Ltd. recommended implementing average fares to prevent predatory pricing and maintain labour standards and fair wages for drivers. Ryde Today also highlighted predatory pricing and suggested that minimum fares be set to prevent larger established companies from undercutting small TNS businesses. ReRyde and WestCabs both recommended setting ride-hailing prices lower than taxi prices, with ReRyde specifying that prices should be set 20 percent lower. WestCabs explained that this difference would reflect the lower operating costs of TNS. Mr. Proctor indicated that companies may raise prices in the future and suggested ensuring that government is able to implement a maximum rate at that point; however, he noted that this is currently unnecessary. Dr. Chow recommended setting both a maximum rate and a minimum rate to protect drivers and prevent predatory pricing.

A number of other witnesses were in favour of allowing the market to set rates. Lyft and Ryde Today also recommended that the government set no caps on pricing. The Cowichan Valley Regional District contended that private businesses should set fares and the Greater Vancouver Board of Trade expressed that a fare regime should be market driven. The Competition Bureau indicated that deviation from market-based pricing is typically detrimental to economic well-being and can hamper innovation, increase prices, and decrease choice. The District of Sechelt also highlighted innovation and indicated that an unrestricted fare regime would allow for flexible business models that would be better equipped to deal with the challenges of operating in a semi-rural area. The Victoria Transport Policy Institute discussed the experience of other jurisdictions with TNS and suggested that there is no need to regulate prices in an open and competitive market because TNCs set prices in response to demand. They explained that this responsiveness will encourage the development of innovative services such as shared trips.

Other submissions highlighted the link between lower fares and drivers' wages. The Village of Pemberton specified that prices should be determined by the market in a way that allows workers to be adequately compensated. Mr. Hill and the City of Vancouver emphasized the importance of allowing drivers the opportunity to earn a living wage. Dr. Perl explained that considering 'reasonable rates of return' must also take drivers into account and suggested regulation to ensure that drivers are making a minimum wage. Dr. Chow also recommended setting a rate that ensures a livable, or at least minimum, wage for drivers. Dr. Chow pointed to high turnover rates of TNS drivers and attempts that drivers have made to unionize or be defined as employees in other jurisdictions as evidence that current rates do not cover drivers' costs or provide an equitable return on their time.

Uber Canada contested the claim that a minimum fare would be necessary to protect drivers, citing a study indicating that Uber drivers earn on average the same hourly wage as taxi drivers.

Others recommended a minimum trip price that encourages public transit use. The City of Vancouver suggested that integrated trip planning and payment across all shared modes would also serve to incentivize public transit use. TransLink expressed concerns that TNS could erode investments the province has made in public transit and suggested a minimum price that incentivizes public transit use in areas where regular or rapid transit service is available. Uber Canada agreed and suggested a minimum fare set slightly above the price of public transit to encourage continued ridership. They referenced several Canadian cities where this is the case and noted that setting prices to exceed the cost of a two-zone fare in Metro Vancouver would be reasonable.

Some witnesses focused on setting fares at a rate that covers TNS operating costs. Mr. Hill explained that TNS fares in other jurisdictions are currently too low to cover the cost of operating a TNC. He contended that large companies are subsidizing the cost of rides and operating at a loss of over a billion dollars a year. He argued that TNS could undermine the existing transportation system by undercutting taxi and public transit fares and expressed concerns that the TNS model is unsustainable. Dr. Chow also questioned the sustainability of current TNS prices and both Mr. Hill and Dr. Chow recommended setting a minimum rate that covers operating costs in order to maintain a stable transportation sector.

## Dynamic Pricing

Dynamic pricing, including surge pricing, is a key feature of the TNS industry in other jurisdictions. Hara Associates explained that the TNS business model is based on dynamic pricing and Lyft explained that dynamic pricing allows TNS to meet demand when it is most pressing, particularly late at night. They emphasized that restricting dynamic pricing prevents companies from incentivizing drivers to offer service at peak times. The Vancouver Airport Authority, Victoria Transport Policy Institute, and TransLink all recommended allowing dynamic pricing, and the Victoria Transport Policy Institute added that dynamic pricing offers a lower cost to passengers who can shift trips from peak to off-peak periods when roads are less congested.

A number of expert witnesses supported allowing dynamic pricing for both taxis and TNS. Hara Associates, the City of Kelowna, the Regional District of Central Okanagan, the Sustainable Transportation Partnership of the Central Okanagan, Dr. Chow, Mr. Proctor, and the B.C. Taxi Association all recommended that taxis be allowed to adjust prices in order to compete with the TNS industry. Hara Associates specified that fixed



meter rates should be maintained for street hails and other witnesses stated that taxis should only be able to implement dynamic pricing for rides booked through an app.

Several witnesses indicated support for surge pricing but suggested that fares be capped in the case of a disaster. Ryde Today, the Greater Vancouver Board of Trade, Hara Associates, and the Metro Vancouver Regional District all suggested capping surge pricing during emergencies in order to prevent price gouging or exploitation of people who are victims of circumstance. Others were opposed to surge pricing; the City of Vancouver suggested minimizing surge pricing to ensure affordable and predictable fares across all vehicle-for-hire services. GoKabu recommended setting a price cap or requiring TNS to refund customers if fares rise above a certain level to prevent excessive prices. ReRyde suggested banning surge pricing altogether, arguing that it would decrease affordability and result in an uneven playing field with the taxi industry.

## Transparency

Dynamic pricing and the possibility of variable per-trip fees means that TNS fares could fluctuate based on location, time of day, or other factors. Several submissions touched on transparency and the need to clearly communicate prices to customers ahead of time. TransLink referenced a review that they conducted of their own fare regime and indicated that transparent, upfront pricing was important to customers. They received feedback from passengers who would like to understand how the cost of a trip is calculated and recommended predictable and transparent pricing regimes.

The Greater Vancouver Board of Trade also stressed that pricing should be transparent so that consumers are able to make decisions with perfect market knowledge. Hara Associates, Lyft, Mr. Proctor, and the Vancouver Airport Authority all recommended clearly communicating the cost of a ride to passengers before the trip begins.

## Consistent Regulations

A number of submissions focused on the importance of creating a level playing field for the taxi industry. The B.C. Taxi Association expressed that TNS fares should be set at the same rate as taxi fares. They argued that lower fares will result in a 'race to the bottom' whereby operators undercut each other until it is impossible to profit. Squamish Taxi also recommended that regulations for TNS be consistent with taxi regulations, indicating that lower TNS prices could damage the taxi industry.

The City of Chilliwack and the City of Colwood both highlighted the opportunities for innovation and suggested implementing a consistent regulatory framework for all passenger directed vehicles that allows both taxi companies and TNS to offer competitive rates and new features such as apps.

The B.C. Taxi Association echoed support for new features such as allowing taxis to book trips and accept "cashless" payment through an app. A taxi operator, 1060358 B.C. Ltd., recommended allowing the market to set fares as long as the cost of operating a ride-hailing vehicle is equal to the cost of operating a taxi. They suggested applying consistent regulations to both industries to ensure that operating costs including insurance, inspections, and other requirements are equal. The City of Victoria emphasized the importance of ensuring a level playing field with both taxis and other transportation providers including public transit.

## Equity

Ensuring equitable access to TNS was a priority for many expert witnesses who emphasized the importance of ensuring that those who would benefit the most from TNS are able to access them. The Office of the Seniors Advocate explained that seniors and other vulnerable groups would benefit immensely from TNS, but could face affordability barriers. Because of this, they recommended either implementing a voucher program or encouraging drivers to offer 'frequent user' benefits to customers through a loyalty plan. This system would allow seniors to see a familiar face and save money, while helping individual drivers build a consistent base of clients.

The Village of Pemberton cited similar concerns to the Office of the Seniors Advocate and suggested requiring reduced fares for seniors, students, and those with accessibility issues to ensure that the benefits of TNS are available to everyone.

The Village of Radium Hot Springs focused on ensuring benefits in remote areas with limited transportation options. They suggested considering fare regimes that take into account the often greater distances traveled, particularly when it is necessary to cover large distances to access services such as healthcare located in other communities or municipalities.

Other submissions focused on accessibility, and the Greater Vancouver Board of Trade suggested requiring that accessible vehicles do not charge more than non-accessible vehicles. GoKabu also emphasized that TNS should not charge more for accessible trips; however, they argued that drivers should be compensated for the additional cost.

## Committee Deliberations

The Committee was in agreement regarding the importance of ensuring that all British Columbians benefit from the increased mobility options that TNS offer. Members pointed to the Committee's 2018 report and re-affirmed their support for the conclusions drawn on ensuring accessibility. To this end, the Committee is in favour of requiring that prices for trips in accessible vehicles do not exceed prices for non-accessible vehicles.

Members examined the potentially negative impact of TNS on public transit ridership, looking to other jurisdictions where ridership has declined or stagnated. Members called attention to recent increases in public transit ridership in BC, particularly in the Lower Mainland. In order to balance the benefits of TNS with the potential decrease in public transit use, Members supported implementing a minimum fee to ensure that TNS do not undercut transit fares. Members contemplated a minimum fee based on either the provincial average cost of transit, or on the local cost of transit in the area that the TNS is operating.

Recognizing its prominent role in the TNS business model, Members emphasized the importance of dynamic pricing to the operation of TNS and noted that drivers must have an incentive to meet demand. While Committee Members agreed that dynamic pricing should be encouraged, they held varying opinions as to whether surge pricing should be subject to limitations. Some suggested that surge pricing be allowed with a cap in place to protect consumers and prevent extreme increases in price. Others were of the view that surge pricing should be permitted with no caps, provided that prices are clearly communicated ahead of time and passengers are able to make informed decisions about the cost of a ride. To that end, Members agreed that the cost of a trip must be disclosed in advance.

Members also discussed limiting surge pricing during emergencies. Committee Members felt that monitoring data to determine whether a cap on surge pricing would benefit consumers is an appropriate step at this point.

## RECOMMENDATIONS

The Committee recommends to the Legislative Assembly that the provincial government:

7. Ensure that the cost of a trip in an accessible vehicle does not exceed the cost of a trip in a non-accessible vehicle.
8. Set a minimum per-trip price that is not less than the cost of public transit.
9. Require transportation network companies to disclose the cost of a proposed trip on the app prior to the customer engaging the service. (Recommendation #9 from the [Committee's 2018 report](#))
10. Monitor data to determine if there is a need for the implementation of a base rate or a cap on surge or primetime pricing and to inform regulatory decisions in regard to service boundaries, vehicle caps, or lack thereof. (Recommendation #10 from the [Committee's 2018 report](#))

# Driver's Licences

The Terms of Reference stipulated that the Committee make recommendations on appropriate classes of driver's licences, including but not limited to ensuring a robust safety regime without creating an undue barrier for drivers. Currently, a Class 4 licence is required to drive a passenger directed vehicle in BC.

The Committee learned about the differences between a commercial Class 4 licence and a standard Class 5 licence then heard conflicting opinions on which should be required for TNS drivers. Some witnesses highlighted that the TNS model requires a large number of part-time drivers in order to meet demand. They suggested that a commercial licence is appropriate for full-time drivers operating commercial vehicles, but unnecessary for casual drivers operating their own vehicles. In contrast, other witnesses pointed to the responsibility to regulate businesses and expressed support for the high safety standards offered through the Class 4 licence. Some witnesses proposed a middle ground and suggested adding requirements that could increase safety such as background checks, in-app rating systems, medical exams, and vehicle inspections to a Class 5 licence through a chauffeur permit.

## Expert Witness Input

### Class 4 vs Class 5 Driver's Licences

The Insurance Corporation of BC (ICBC) discussed the difference between a Class 4 commercial licence and a Class 5 standard licence. They explained that regulations under the *Motor Vehicle Act* currently require a TNS driver to hold a restricted Class 4 driver's licence and added that a Class 4 driver's licence is a fairly consistent requirement for taxi drivers across Canada, with the exception of Ontario. They emphasized differences between the Class 4 and the Class 5 licensing processes and explained that if regulations were changed to allow TNS drivers to operate with a Class 5 licence, TNS drivers would no longer be required to:

- Undergo pre-screening to determine if they have an acceptable driving record;
- Complete a driver fitness medical examination (both at application and routinely thereafter);
- Successfully complete an additional knowledge test and road test; and,
- Complete a vehicle safety pre-trip test.

### Class 4

A Class 4 licence is currently required to operate a taxi in BC and to work as a TNS driver in Nova Scotia, Alberta, and Quebec. The Vancouver Police Department (VPD) recommended requiring TNS drivers to hold a Class 4 licence and highlighted the importance of the driving record check, which requires drivers to have fewer than four offences resulting in penalty points over the past three years. They indicated that penalty points are often attached to moving violations, which are more likely to cause accidents, and so are a good indicator of unsafe driving. The VPD explained that the Class 4 road test would help ensure that drivers are experienced, and the associated medical exam would ensure that any potentially dangerous medical

conditions are discovered. The VPD believes that the steps that have been taken to ensure safety should not be eroded for the sake of convenience and efficiency.

The City of Victoria, the Village of Radium Hot Springs, Cowichan Valley Regional District, the Office of the Seniors Advocate, 1060358 B.C. Ltd., the City of Chilliwack, Skeena Taxi Ltd., and the Village of Pemberton all suggested that a Class 4 licence would ensure public safety.

The District of Squamish explained that TNS provide a similar service to taxis and suggested that a Class 4 licence is not an overly onerous requirement. They recognized that it may pose a barrier to potential drivers, but argued that on balance, they believe the benefits outweigh the costs. Several other witnesses noted potential barriers, and BC Transit recognized that requiring TNS drivers to hold a Class 4 licence may restrict the number of drivers that are able to operate TNS vehicles; however, BC Transit explained that they welcome any measures to ensure the utmost safety of transportation users.

Dr. Chow noted potential barriers but recommended maintaining the requirement for a Class 4 licence to ensure safety. He suggested an evaluation be undertaken after two years to compare with other jurisdictions where a Class 5 or equivalent licence is required to determine whether a Class 4 licence reduces accidents. The Greater Vancouver Board of Trade also recommended looking to the experience of other jurisdictions to determine which class of licence should be required.

Several witnesses discussed the potential for a Class 4 requirement to reduce the number of TNS drivers, and Star Taxi proposed using the licensing process as a mechanism to manage supply. They also recommended streamlining the licensing process to allow drivers with one year of BC driving experience to take the Class 4 test. CCPA suggested that a limited number of TNS drivers could reduce the negative impacts of TNS. They added that fewer drivers would pose a smaller burden on ICBC with only a small increase in wait times for licences.

Squamish Taxi, the Taxi Drivers' Association of Southern BC, WestCabs, Dr. Perl, and the B.C. Taxi Association pointed to the high safety standards in the taxi industry and recommended applying these standards to TNS drivers. WestCabs indicated that this should include other requirements such as vehicle inspections and chauffeur permits. Mr. Lim recommended expanding on these safety standards and requiring a Class 4 licence including a road test that takes the skills needed for driving for a TNC into account. He explained that safety and participation must be balanced, but argued that the onus should be on TNCs to provide incentives to attract an adequate supply of skilled drivers. Mr. Lim indicated that a common unsafe situation for TNS drivers is exiting and entering into traffic flow, where there is the potential for numerous interactions with vehicles, cyclists, and pedestrians. Because these maneuvers occur more frequently than for a typical driver commuting to work, there must be an additional emphasis on these skills in the road test.

## **Class 5**

A Class 5 licence is required in Ontario, Saskatchewan, Manitoba, and many American jurisdictions to drive for a TNS. ReRyde, GoKabu, Mr. Proctor, the City of Campbell River, and the City of Enderby recommended requiring a Class 5 licence, and explained that many TNS drivers only operate for ten hours a week, making a commercial licence unnecessary for TNS.

The City of Kelowna, the Regional District of Central Okanagan, and the Sustainable Transportation Partnership of the Central Okanagan explained that a Class 4 licence includes the requirement of having been a driver in BC for two years, which creates a barrier for young people and new immigrants from countries

that don't qualify for reciprocal licence exchange. They referenced the recommendations made by Hara Associates and re-iterated the opinion that a Class 5 is sufficient. They recommended that a Class 5 licence be required with the option to layer additional non-licence requirements for drivers if deemed necessary.

Uber Canada also highlighted barriers posed by the Class 4 licensing process and argued that it creates an unnecessary barrier for women, who are less likely to hold or obtain a commercial licence, and for the hard of hearing, who are subject to additional medical screening.

Ryde Today explained that it is not clear whether the Class 4 licensing process results in safer drivers than the Class 5 process. They recommended requiring a Class 5 licence with additional requirements. Lyft pointed to safety features such as driving record checks and driver rating systems that they and other companies require and explained that a good driving record is indicative of safe driving and that an in-app rating system will identify unsafe drivers. They argued that the requirements of a Class 4 licence with no demonstrated safety benefit will only serve as a barrier to entry. Dr. Gulati and Local Ride Network by Oye.One also recommended a Class 5 licence for both TNS and taxis.

## Additional Requirements

### *Background Checks*

A number of witnesses identified additional training, permits, or other safety features that they feel should be incorporated into the licensing process, including particular aspects of the Class 4 licence such as a medical exam or driving record check. The Office of the Seniors Advocate, the District of Kent, the Vancouver Airport Authority, and the City of Enderby all suggested requiring criminal record checks for all TNS drivers to ensure passengers have confidence that they will be entering a safe environment. Alternatively, the City of Kelowna explained that the *Criminal Records Review Act* doesn't require taxi drivers to complete a criminal record check. They recommend allowing municipalities to decide whether a criminal record check is necessary for TNS drivers, as is the case with taxis.

Recognizing that a clear driving record is often an indicator of safe driving, a number of expert witnesses recommended a driving record check. Ryde Today recommended requiring a good driving record with no major accidents over a certain time period and no Driving Under the Influence (DUI) convictions. Uber Canada suggested requiring two years of driving experience and no more than 12 demerits in the past three years. They explained that annual driver checks would ensure that only drivers with safe records are allowed to drive a passenger directed vehicle, and suggested that a good driving record is more likely to ensure public safety than an additional test. Lyft, the Vancouver Airport Authority, and the City of Campbell River also recommended a driving history check. Another proposed mechanism to ensure that drivers are experienced is setting a minimum age. Star Taxi recommended requiring that TNS drivers be over the age of 19, the Taxi Drivers' Association of Southern BC and Ryde Today suggested age 21, and the City of Colwood suggested a required age of 25, stating that the insurance industry uses age 25 as a risk management threshold.

### *Medical Exams*

WestCabs, Star Taxi, and the City of Enderby suggested requiring a full medical exam, and the City of Enderby explained that these additional requirements could be carried out in conjunction with insurance providers. The Canadian Hearing Society, a non-profit that advocates for the Deaf and hard of hearing, focused on barriers for those who are Deaf or hard of hearing and explained that the Class 4 medical exam requires an audiometric assessment for anyone with hearing loss. The process could require drivers to

incorporate commercial accommodation devices that are not relevant to their taxi or TNS vehicle creating additional steps and costs. They recommended removing the required medical assessment for Deaf and hard of hearing drivers to allow them to participate fully in the TNS industry.

### *Vehicle Inspections*

Given that taxis are subject to regular vehicle inspections, some witnesses suggested requiring inspections of vehicles used for TNS. WestCabs, the Office of the Seniors Advocate, 1060358 B.C. Ltd., and Squamish Taxi all suggested requiring regular vehicle inspections, with WestCabs explaining that passenger safety needs to go beyond driver training to requiring safe and dependable vehicles. Squamish Taxi stressed the importance of applying the same regulations to both industries, and 1060358 B.C. Ltd. explained that requiring vehicle inspections would help ensure that TNS operating costs are equal to the cost of operating a taxi.

### *Training*

A number of submissions focused on driver training. The Justice Institute of British Columbia (JIBC) is a post-secondary educator that offers training to the taxi and limousine industry through TaxiHost Pro courses. They emphasized that taxi drivers face increased rates of assault and that conflict resolution and other training can help reduce this risk. JIBC explained that they are in the process of developing a curriculum for an online course designed for drivers seeking work in the TNS industry. This course could be completed in four hours and would include training on driver safety protocols, strategies for enhancing occupational safety, customer service, universal access, and a road skills refresh. They recommended requiring this training for all TNS drivers in BC. ReRyde also recommended training based on the TaxiHost program.

The District of Kent and the City of Colwood supported driver training in general and suggested requiring some form of commercial training. The Vancouver Airport Authority recommended customer service training focused on inclusion and accessibility in line with World Host. They also indicated that a requirement for driver training could be prompted as a result of negative reviews, particularly in relation to public safety and accessibility needs. The City of Vancouver and Uber Canada also highlighted training to ensure accessibility, and Uber Canada suggested that operators should be required to have a system in place to ensure that their drivers are trained in how to serve those with assistance animals or other accessibility needs. They emphasized that this training should be managed by operators with the opportunity to provide the training online.

Local Ride Network by Oye.One recognized that requiring drivers to complete a course before they begin driving delays employment and creates an additional barrier. Instead they suggested requiring drivers to complete a taxi course from an accredited driving school within 30 days of beginning employment in order to streamline the licensing process. Alternatively, the City of Kelowna argued that the existing graduated licensing system and onboard GPS systems are sufficient to ensure public safety and recommended requiring no additional training.

### *Other Requirements*

In addition to safety regulations that the taxi industry is subject to, a number of witnesses proposed safety features adopted by TNS in other jurisdictions. Lyft recommended requiring that rides are GPS tracked, cashless, and that passengers receive information such as the driver's picture and name, the make and model of the vehicle, and the licence plate number before they enter the vehicle. They expressed support for regulations that enhance safety by requiring companies to utilize technology to provide consumers with new transparency and accountability features.

The City of Campbell River also supported providing passengers with information on the driver and vehicle before a ride. They recommended that TNCs provide a 24/7 customer service team and that drivers display both an identifying decal and their permit licence in the vehicle. ReRyde expressed concerns about drivers who set their own schedules working long hours and recommended establishing a system to prevent driver fatigue.

Lyft, the Vancouver Airport Authority, and Dr. Gulati recommended requiring a real-time rating system for drivers and passengers. Dr. Gulati cited research showing that real-time ratings are more effective at ensuring ride quality than one-time certification or licensing and recommended requiring a Class 5 licence for both TNS and taxis.

Several witnesses offered suggestions for implementing additional requirements as part of driver licensing. WestCabs and the City of Campbell River suggested implementing these additional requirements through a chauffeur permit.

The Office of the Seniors Advocate emphasized that licensing and record checks should be monitored by government agencies rather than left to TNCs. They suggested a special class of driver's licence for TNS drivers, similar to the Transportation Network Driver's Licence required to operate as a TNS driver within the City of Calgary. The City of Campbell River was also in favour of a provincial, centrally-managed licensing program and GoKabu added that a province-wide mechanism should be put in place to ensure that all drivers meet any standards that are set.

## Consistent Regulations

As with previous topics, several witnesses emphasized the importance of a level playing field and suggested requiring similar regulations for taxi companies and TNS. The City of Vancouver suggested that all drivers operating passenger directed vehicles should be required to hold the same class of driver's licence to ensure that passengers experience the same standard of safe travel. They, along with the District of Kent and the B.C. Taxi Association, emphasized the importance of a competitive passenger directed vehicle market. The Competition Bureau re-iterated the importance of a level playing field and explained that differential treatment of taxi and TNS drivers could have negative effects on the marketplace by creating competitive imbalance. They recommended similar licensing requirements regardless of business model to foster competition.

## Committee Deliberations

The medical exam required as part of a Class 4 licence was a focus in deliberations and Committee Members expressed various opinions. Some Members emphasized that medical exam failure rates are below one percent and suggested that the exam would only prevent a small number of drivers from working for a TNS. Other Members asserted that the process would still increase road safety. They suggested that medical issues may go unreported without a required medical test because many people are unable to visit a doctor regularly. Members also highlighted the four to seventeen week wait time for medical assessments and argued that requiring a medical exam for TNS drivers would increase wait times for other drivers who are required to take the exam. The large number of TNS drivers that would require medical exams could also place a burden on the healthcare system. Members agreed that the wait time for a medical review must be reduced and that medical exams should not exclude those who are Deaf or hard of hearing from becoming TNS drivers.



While examining the differences between a standard Class 5 licence and a commercial Class 4 licence, Members contemplated the extent to which driving for a TNC differs from driving a taxi. The Committee was of two views; some Members argued that driving for a TNS resembles casual driving more closely than commercial driving, while others expressed the view that all paid drivers are commercial drivers. Many TNS drivers are part-time and all use their own vehicles. Some Members emphasized that casual drivers holding a Class 5 licence already drive passengers in their vehicles and may offer rides to strangers through Operation Red Nose<sup>5</sup>. These Members believe that TNS are distinct from the taxi industry and require new regulations. They emphasized that a majority of other jurisdictions require a standard licence and suggested that a standard Class 5 licence is most appropriate for TNS drivers in BC.

Other Members highlighted the exchange of money between TNS drivers and passengers. As such, they suggested that TNS drivers are more similar to taxi drivers than casual drivers and therefore must be treated as commercial drivers. These Members argued that government has a responsibility to regulate businesses such as TNS to ensure that consumers feel safe when entering a car driven by a stranger. Members expressed that safety standards must be higher for businesses and that a commercial licence should be required for TNS drivers.

Members also discussed the extent to which the two licensing processes serve to improve public safety, contending that regulations must produce a demonstrable increase in safety. Some Members suggested that there is no evidence to indicate that requiring TNS drivers to hold a Class 4 licence improves safety. Potential TNS drivers are already operating the vehicles that they would drive for TNS. Other Members raised concerns about the need to ensure a basic standard of road safety. ICBC reports a 60 percent failure rate on the knowledge test, 20 percent failure rate on the pre-trip test, and 40 percent failure rate for the first attempt at the road test for Class 4 licences and Members argued that these rates of failure indicate that the Class 4 licensing process produces safer drivers.

Some Members emphasized different types of safety and suggested that a commercial licence poses a barrier to women, pointing to Alberta where a commercial licence is required and women make up only five percent of TNS drivers.

Members also discussed other mechanisms to ensure safety such as the monitoring of drivers through in-app rating systems. Some Members explained that driver rating systems would identify poor or unsafe driving quickly, while unsafe drivers may pass road tests then go unobserved without ongoing monitoring. Other Members expressed doubt, explaining that drivers can switch between TNCs if they receive negative reviews and that responsive safety features do not replace the need for proactive measures.

Some Members expressed concerns that requiring a Class 4 licence for TNS drivers would result in the TNS model becoming unviable in BC. They asserted that the additional cost and wait time could serve as a disincentive for the casual part-time drivers that the industry requires.

Members discussed the aspects of the Class 4 licensing process that they felt are the most valuable, and some Members proposed adding these requirements to a Class 5 licence through a provincial chauffeur permit. This would streamline the licensing process to reduce barriers and maintain aspects of the Class 4 exam that improve road safety. These Members expressed concerns for safety and emphasized the importance of driving record checks, background checks, and medical exams. Other Members suggested requiring a Class 5 licence

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<sup>5</sup> Operation Red Nose is a volunteer service that offers free and confidential rides home to reduce instances of impaired driving.

for TNS drivers now and re-evaluating in three years based on data to determine whether a commercial licence is necessary. While the Committee could not come to a consensus on the appropriate Class of driver's licence to require, a majority of Committee Members had the view that a Class 5 licence is most appropriate.

## **RECOMMENDATION**

The Committee recommends to the Legislative Assembly that the provincial government:

11. Require TNS drivers to hold a Class 5 driver's licence.

# Summary of Recommendations

The Committee recommends to the Legislative Assembly that the provincial government:

## Overall Themes

1. Require transportation network companies to provide data to government for monitoring purposes, including but not limited to: wait times; trip lengths; trip start and end locations; trip start and end times; accessible vehicle trip statistics; trip refusals; trip fares; drivers' hours and earnings; driver and passenger demographics; and consider extending this requirement to the taxi industry. (Recommendation #13 from the [Committee's 2018 report](#))
2. Make anonymized data provided by TNCs available to the broadest extent possible while maintaining privacy.
3. Do not begin the "review by special committee" process stipulated in Section 42.1 of the *Passenger Transportation Amendment Act, 2018* earlier than 2023.

## Boundaries

4. Not implement boundaries for TNS.

## Supply

5. Require a maximum vehicle age of ten years for vehicles used in delivering TNS.
6. Not implement caps on TNC fleet sizes.

## Fare Regimes

7. Ensure that the cost of a trip in an accessible vehicle does not exceed the cost of a trip in a non-accessible vehicle.
8. Set a minimum per-trip price that is not less than the cost of public transit.
9. Require transportation network companies to disclose the cost of a proposed trip on the app prior to the customer engaging the service. (Recommendation #9 from the [Committee's 2018 report](#))
10. Monitor data to determine if there is a need for the implementation of a base rate or a cap on surge or primetime pricing and to inform regulatory decisions in regard to service boundaries, vehicle caps, or lack thereof. (Recommendation #10 from the [Committee's 2018 report](#))

## Driver's Licences

11. Require TNS drivers to hold a Class 5 driver's licence.

# Appendix A: Public Hearing Witnesses

BC Federation of Labour, Laird Cronk, Denise Moffatt (31-Jan-19)

Canadian Centre for Policy Alternatives, Alex Hemmingway (30-Jan-19)

Dr. Garland Chow, Associate Professor Emeritus in the Operations and Logistics Division at the University of British Columbia Sauder School of Business (31-Jan-19)

Hara Associates, Dr. Dan Hara (30-Jan-19)

Dr. Alejandro Henao, mobility researcher and Deputy Director for Mobility Choice at the University of Colorado Denver (31-Jan-19)

Steven Hill, journalist, lecturer and political professor (31-Jan-19)

Justice Institute of British Columbia, Driver Education Centre, Harry Randhawa, Joan Glover (31-Jan-19)

Clark Lim, guest lecturer on transportation engineering and planning at the University of British Columbia (31-Jan-19)

Lyft, Joseph Okpaku (31-Jan-19)

Ministry of Transportation and Infrastructure, Deborah Bowman, Katherine Kirby, Jeremy Wood, Steven Haywood (30-Jan-19)

Dr. Anthony Perl, Professor of Urban Studies and Political Science, Simon Fraser University (30-Jan-19)

Benn Proctor, independent Vancouver taxi expert (30-Jan-19)

San Francisco County Transportation Authority, Joe Castiglione (31-Jan-19)

TransLink, Kevin Desmond and Geoff Cross (30-Jan-19)

Uber Canada, Michael Van Hemmen (30-Jan-19)

Vancouver Police Department, Sgt. Jeff Rice (31-Jan-19)

# Appendix B: Written Submissions

1060358 B.C. Ltd., Jacques Sages

B.C. Taxi Association, Mohan Kang

BC Transit, Greg Hill

Canadian Hearing Society, Gary Malkowski

City of Campbell River, Mayor Andy Adams

City of Chilliwack, Mayor Ken Popove

City of Colwood, Mayor Rob Martin

City of Dawson Creek, Mayor Dale Bumstead

City of Enderby, Mayor Greg McCune

City of Kelowna, Mayor Colin Basran

City of Vancouver, Mayor Kennedy Stewart

City of Victoria, Mayor Lisa Helps

Competition Bureau, Greg Lang

Cowichan Valley Regional District, Brian Carruthers

Nathan Davidowicz

Daniel Dent

District of Kent, Sylvia Pranger

District of Sechelt, Matt McLean

District of Squamish, Mayor Karen Elliott

GoKabu, Hill Huang

Greater Vancouver Board of Trade, Iain Black

Dr. Sumeet Gulati, Associate Professor of Environmental and Resource Economics at the University of British Columbia

Insurance Corporation of British Columbia, Lindsay Matthews

Insurance Bureau of Canada, Aaron Sutherland

Local Ride Network by Oye.One, Clayton Balabnov

Kelly Mann

Metro Vancouver Regional District, Neal Carley

Jake Nemec

Office of the Seniors Advocate, Isobel Mackenzie

Passenger Transportation Board, Catherine Read

Regional District of Central Okanagan, Gail Given

ReRyde, Reban Nouri

Resort Municipality of Whistler, Brooke Browning

Ryde Today, Shreyans Jain

SBDS Enterprises Ltd. "Star Taxi", Gurpreet Manj

Skeena Taxi Ltd., William Langthorne

South Island Prosperity Project, Emilie de Rosenroll

Squamish Taxi, Garwindar Sodhi

Squamish-Lillooet Regional District, Tony Rainbow

Sustainable Transportation Partnership of the Central Okanagan, James Baker, Colin Basran, Cindy Fortin, Gail Given, Chief Roxanne Lindley, and Gord Milsom

Taxi Drivers' Association of Southern BC, Opinder Singh

Vancouver Airport Authority, Scott Norris

Victoria Transport Policy Institute, Todd Litman

Village of Pemberton, Sheena Fraser

Village of Radium Hot Springs, Mark Read

Village of Tahsis, Sarah Fowler

WestCabs, Bhupinder Aulakh





