

Select Standing Committee on Crown Corporations

Transportation Network Companies in British Columbia



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

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OF THE 41ST PARLIAMENT**



February 15, 2018

To the Honourable
Legislative Assembly of the
Province of British Columbia

Honourable Members:

I have the honour to present herewith the Report of the Select Standing Committee on Crown Corporations for the Second Session of the 41st Parliament, entitled *Transportation Network Companies in British Columbia*.

The Report covers the work of the Committee in regard to ridesharing in British Columbia, and was unanimously adopted by the Committee on February 7, 2018.

Respectfully submitted on behalf of the Committee,

Bowinn Ma, MLA
Chair

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Composition of the Committee

Members

Bowinn Ma, MLA	Chair	North Vancouver-Lonsdale
Stephanie Cadieux, MLA	Deputy Chair	Surrey South
Spencer Chandra Herbert, MLA		Vancouver-West End
Mable Elmore, MLA <i>(to December 21, 2017)</i>		Vancouver-Kensington
Jas Johal, MLA		Richmond-Queensborough
Ravi Kahlon, MLA		Delta North
Peter Milobar, MLA		Kamloops-North Thompson
Mike Morris, MLA <i>(to December 4, 2017)</i>		Prince George-Mackenzie
Rachna Singh <i>(from December 21, 2017)</i>		Surrey-Green Timbers
Jordan Sturdy, MLA <i>(from December 4, 2017)</i>		West Vancouver-Sea to Sky
Dr. Andrew Weaver, MLA		Oak Bay-Gordon Head

Committee Staff

Susan Sourial, Clerk Assistant, Committees and Interparliamentary Relations

Jennifer Arril, Lisa Hill and Karan Riarh, Committee Research Analysts

Terms of Reference

On November 28, 2017, the Legislative Assembly agreed that the Select Standing Committee on Crown Corporations be authorized to examine, inquire into and make recommendations on ridesharing in British Columbia;

That the Committee be authorized to meet for up to 3 days to hear from expert witnesses;

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

- How provinces with public auto insurance companies have provided, or are looking to provide, insurance to both transportation network companies and the taxi industry;
- Assessing the impact transportation network companies would have on different communities across the province; and,
- Considering the regulatory regime that may be established between the Province and municipalities, including looking at the issue of public safety.

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 House as soon as possible, but no later than February 15, 2018, or following any adjournment, or at the next following Session, as the case may be; to 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, the Chair shall present all reports to the Legislative Assembly.

Executive Summary

On November 28, 2017, the Legislative Assembly approved a motion instructing the Select Standing Committee on Crown Corporations (the “Committee”) to examine, inquire into, and make recommendations on ride-sharing in British Columbia. In this report, “ride-sharing” as used in the Terms of Reference is interpreted to mean those services provided by transportation network companies (TNCs).

The Committee invited 67 expert witnesses to either present at a public hearing or to provide a written submission. Over three days of hearings on January 8, 9, and 10, 2018, the Committee heard 26 presentations and received 12 written submissions by the deadline of January 15, 2018. The Committee wishes to thank all of those who shared their expertise during this process.

Committee Members agreed that TNCs should be permitted to operate in British Columbia within a provincial regulatory regime. With this in mind, the report reflects on two main areas: the impact that the introduction of TNCs may have on British Columbians and their communities; and a regulatory regime that the province may establish to govern TNCs.

The introduction of TNCs involves many complex issues, often accompanied by opposing evidence. As such, the Committee aimed to present a fair account of the input received and concerns raised. While this is a unanimous report, the Committee would like to acknowledge that they were not able to reach a consensus on every matter. In these instances, the details of the Committee’s discussion are captured within the body of the report.

In regard to the impact on British Columbians and their communities, five key areas emerged: accessibility; employment; public transportation, traffic congestion and environment; small, rural and remote communities; and the taxi industry. In the area of accessibility, the Committee made a number of recommendations in an effort to ensure that TNCs deliver equitable and timely service to all British Columbians. Requiring wait-time standards or service guarantees and incentivizing drivers of wheelchair accessible vehicles with a trip bonus are examples of ways to achieve this. Committee Members also recommended that TNCs’ online applications meet or exceed established mobile accessibility standards and that these companies provide inclusion training for drivers.

Following lengthy discussions on the effect of TNCs on public transportation, traffic congestion, and the environment, the Committee recommended that TNCs be required to provide government with trip data to support transportation demand monitoring, forecasting, and planning. Given the questions and implications about employment relationships between TNCs and their drivers, the Committee also saw value in TNCs providing government with a record of each driver’s hours and earnings to enable government to monitor TNCs’ labour and employment practices.

To allow for equitable and fair competition between the taxi industry and TNCs, the Committee recommended ensuring that legislation governing the existing taxi industry be reviewed and updated in concert with the drafting and introduction of any new TNC-specific legislation. Protecting specific types of business for the traditional taxi industry, such as street-hailing and taxi stands, should also be considered.

Five key areas of concern also emerged in regard to a potential regulatory regime that the province may establish: availability and pricing; data reporting and enforcement; insurance; licensing; and vehicle and public safety. On the topic of availability and pricing, the Committee had a detailed discussion about the issue of vehicle caps and service boundaries, noting that future regulatory decisions in this regard should be based on data. Moreover, if TNCs are permitted to operate without defined service boundaries, taxis should also be permitted to pick up fares outside of their home jurisdiction under certain circumstances. Recommendations in regard to pricing include upfront disclosure of the cost of a trip and further monitoring to determine if a base rate or cap on surge or primetime pricing needs to be set in the future.

The effect that TNCs may have in BC communities is unknown and, as such, the importance of data reporting emerged throughout the Committee's deliberations. In the section on data reporting and enforcement, the Committee proposed that TNCs be required to provide data for government monitoring purposes, including: wait times; distribution of trip routes; differences between accessible and non-accessible vehicle trip statistics; and trip refusals. Committee Members also emphasized that TNCs should be subject to the same legal framework as taxi companies in regard to releasing information to police for safety purposes. Additional recommendations include putting in place appropriate measures to ensure compliance and enforcement of new regulations, including raising penalties and fines, extending these to TNCs as well as drivers, and issuing fines on a daily basis.

Key recommendations in the area of insurance include directing the Insurance Bureau of British Columbia to create or provide access to insurance products for TNCs and prescribing minimum insurance levels for TNCs that reflect the risks associated with using a vehicle for mixed personal and commercial purposes.

Favouring a provincial approach to the regulation of TNCs, the Committee recommends establishing a provincial centrally-managed licensing program and requiring TNCs to obtain a provincial license. In lieu of municipal chauffeur permits, the Committee suggests putting in place a provincial chauffeur permit system to ensure that driver screening criteria are met and requiring TNC drivers to obtain a license through this process. In lieu of municipal business licenses, a per-trip fee should be applied to all TNC trips.

As vehicle and public safety are paramount, the Committee makes several recommendations in this area. TNC drivers should have a Class 5 driver's license and medical exam, if appropriate, and submit a driver's abstract, national criminal record check, and vulnerable sector check on an annual basis. Disclosure of information should be prioritized, including the name and photo of driver, and make, model, year and license plate number of the vehicle. TNC drivers should also display their permit license with photo inside the vehicle and a decal on the outside of the vehicle that indicates they are associated with a TNC. Committee Members recommend that TNC vehicles be required to undergo comprehensive and mandatory inspections based on an established inspection schedule that reflects total kilometres driven on the vehicle. Other recommendations include requiring TNCs to have a system that enables drivers and passengers to provide feedback or rate each other as way of monitoring service quality levels and to provide a 24/7 customer service team.

Introduction

Technological change and innovation are disrupting existing industries by offering new ways of providing services, presenting both opportunities and challenges in many jurisdictions around the world. The emergence of transportation network companies (TNCs), such as Ripe Rides, Lyft, and Uber for ride-hailing is one such example.

TNCs use app-based technologies that, for a fee, link passengers looking to hail rides with drivers. While often compared to traditional ride-hailing services such as taxis, TNCs are unique. The TNC model relies on non-professional drivers using their privately-owned vehicles and variable pricing models based on real-time demand for their service. TNCs are often praised for their innovation, flexibility, customer service, and pricing options as well as their ability to provide new methods of transportation. At the same time, the TNC model raises a number of questions about their impact on communities, including traffic congestion and implications for public safety, as well as the appropriate approach to regulating the service.

The Legislative Assembly of British Columbia tasked the Select Standing Committee on Crown Corporations to examine and provide recommendations in regard to these questions and issues. The Committee met with and received submissions from a number of expert witnesses including academics, provincial authorities, municipalities, industry, and other stakeholders. Committee Members benefited from hearing about the experiences of other jurisdictions where TNCs have been allowed and who have been grappling with these issues for several years. At the same time, with evidence often illustrating different outcomes in different jurisdictions, the Committee acknowledges that the impacts in British Columbia are difficult to predict.

There are two main sections to this report: Community Impact, discussing the impact that TNCs may have on British Columbians and their communities; and Regulatory Regime, outlining considerations for a regulatory regime in regard to TNCs. The topics within each of the report sections are presented in alphabetical order.

The Committee agrees that TNCs should be permitted to operate in British Columbia and provides a number of recommendations for a provincial regulatory regime for TNCs in areas such as including availability and pricing, data reporting and enforcement, insurance, licensing, and vehicle and public safety. Committee Members want to recognize the potential positive and negative impacts that TNCs may have on communities and the importance of working with municipalities in this regard. The Committee feels that a regulatory regime for TNCs and other ride-hailing services must be comprehensive, inclusive, and innovative to allow for adaptation to future technologies. In light of this, the Committee expects that periodic reviews and adjustments to regulations may be required in the coming years.

Consultation Process

Consultation Methods

The Committee's Terms of Reference stipulated that the Committee was authorized to meet for up to three days to hear from expert witnesses to fulfill their obligation to examine, inquire into, and make recommendations on ridesharing in British Columbia. For the purpose of the Committee's work and this report, "ride-sharing" has been interpreted to mean those services provided by transportation network companies (TNCs). For more detailed definitions, please see the Definitions section on page 4.

Committee Members provided input and suggestions to determine the final list of expert witnesses representing various sectors and interests related to the topic of ride-hailing and TNCs. Expert witnesses were invited to either present at one of the Committee's meetings held in Vancouver on January 8, 9, and 10, 2018, or to make a written submission to the Committee before the January 15, 2018 deadline.

Presentations and Written Submissions

The Committee invited 67 expert witnesses to participate and was pleased to hear 26 presentations and receive 12 written submissions from a broad range of stakeholders representing various interests related to the topic of ride-hailing. Stakeholders included representatives from the Ministry of Transportation and Infrastructure, academics, representatives from various municipalities, journalists, law enforcement, representatives from industry, and others.

A complete list of presentations is available in Appendix A, and the list of written submissions received by the Committee is available in Appendix B.

Presentations and written submissions are available on the Committee's website at <https://www.leg.bc.ca/cmt/cc>

Cross-jurisdictional Information

The Committee's Terms of Reference indicated that the Committee should undertake a study of how provinces with public auto insurance have provided, or are looking to provide, insurance to both TNCs and the taxi industry.

In addition to this, the Committee undertook a cross-jurisdictional review of municipal and provincial regulatory regimes in Canadian jurisdictions where legislation related to TNCs has been introduced or implemented.

Meeting Schedule

DATE	TYPE	LOCATION
November 30, 2017	Organizational Meeting	Victoria
December 12, 2017	Planning Meeting	Victoria
January 8, 2018	Public Hearing	Vancouver
January 9, 2018	Public Hearing	Vancouver
January 10, 2018	Public Hearing	Vancouver
January 22, 2018	Deliberations	Vancouver
January 24, 2018	Deliberations	Vancouver
January 29, 2018	Deliberations	Vancouver
February 7, 2018	Deliberations; Adoption of Report	Vancouver

Definitions

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

Ride-hailing / Ride-sourcing

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.

Ride-sharing

An arrangement between two or more people to travel together in a single vehicle to a common or proximate destination(s).

Transportation Network Company

A company that provides for pre-arranged transportation in a privately owned vehicle for financial compensation that is paid to the driver and to the transportation network company. The transportation network company engages exclusively in app-based ride-hailing services, connecting passengers with drivers willing to use their personal vehicles to drive paying passengers.

Community Impact: Accessibility

A number of expert witnesses outlined their priorities and concerns regarding accessibility requirements in relation to the potential provision of ride-hailing services by transportation network companies (TNCs) in BC. Several submitters raised concerns that the introduction of TNCs may lead to an overall decrease in the availability of accessible transportation options, particularly wheelchair accessible rides, while others noted that the implementation of regulatory requirements or the use of incentives may be able to counteract these concerns and possibly even increase the supply and geographic scope of transportation services for people with disabilities and seniors.

Employment Opportunities

A number of expert witnesses highlighted the potential for new employment opportunities through the introduction of TNCs. The Canadian Hearing Society noted that several provinces in Canada, including BC, have regulations in place which allow Deaf drivers to operate commercial motor vehicles, such as large trucks. Currently, in order to operate a taxi in BC, people who are Deaf or hard-of-hearing are required to obtain a Class 4 (restricted) commercial license and incorporate accommodation devices into their vehicles which can be costly and time-consuming for the driver. The Society also noted that traditional barriers to communication could be overcome through the use of accessible features already available in some TNC apps which allow Deaf or hard-of-hearing drivers to communicate with their passengers.

A submission from the Spinal Cord Injury Organization of BC noted that an existing stock of accessible vehicles owned by individuals for personal use often sits idle during the day. The Committee heard how this might represent an opportunity for accessible vehicles owners to either use them to earn income by working for TNCs or to lease the vehicles to other drivers who work for those companies.

Enhanced Services and Accessible Features

The Passenger Transportation Board, the City of Vancouver, the Spinal Cord Injury Organization of BC, Lyft, Uber, and the BC Taxi Association noted the importance of ensuring that an adequate number of accessible vehicles be available in order to provide safe, reliable, and individualized transportation options for people with disabilities. Some presenters suggested that regulations could specify that a certain percentage of TNC vehicles on the road at any given time must be accessible. The Spinal Cord Injury Organization of BC suggested that incentives could be provided to drivers to encourage them to accept accessible rides and provide assistive services, in conjunction with inclusion training, to serve passengers with a wide range of disabilities.

Colin Basran, Mayor of the City of Kelowna, noted that other jurisdictions have required TNCs to provide accessible services for people with disabilities and argued that the same should be required of TNCs wishing to operate in BC. As an alternative approach, the Committee heard that some municipalities, including Ottawa, Winnipeg, and Waterloo have added a per-trip fee to help fund increased access to accessible transportation. Some TNCs have also implemented pilot programs to look at ways to increase driver participation in providing accessible rides, particularly for those passengers not requiring a wheelchair.

Seniors

In her written submission, Isobel Mackenzie, the BC Seniors Advocate, told the Committee that by 2040, half a million BC seniors could be retired from driving or be non-drivers and looking for alternative transportation options. Ms. Mackenzie noted that accessible and affordable transportation can support seniors to continue to live independently, potentially decreasing homecare costs and preventing premature entry into residential care. Conversely, lack of access to affordable and reliable transportation options can lead to social isolation for seniors which is detrimental to maintaining good health.

Some seniors face barriers to accessing some forms of transportation, such as public transit, due to physical or cognitive impairments and TNCs could provide an alternative option for them. In addition, seniors who do not have mobility issues can access regular vehicles used by TNCs which could help reduce demand and free up supply of accessible transportation services, such as handyDART.

To ensure ease of use, the BC Seniors Advocate suggested that TNCs deploy a variety of options for seniors to book and pay for their rides, in addition to app-based functionality, including telephone access and cash payments or prepaid accounts.

Conclusions

Committee Members discussed the importance of ensuring that appropriate numbers of accessible vehicles are available for people with disabilities and seniors to ensure equitable and timely access to transportation options through TNCs. The Committee discussed two main options: require that a percentage of vehicles within a TNCs' fleet be wheelchair accessible; or impose a levy on TNCs whereby a small percentage of monies collected from non-accessible vehicle-for-hire trips is used to fund or subsidize accessible vehicle trips. The Committee suggested that levy funds could be managed internally by each company or collected and redistributed by government to support accessible transportation in BC.

The Committee emphasized that people with disabilities have the right to the same transportation options as people without disabilities, while also recognizing that providing accessible transportation presents challenges. Accessible vehicles are more expensive to buy, insure, maintain, and fuel. Ride-hailing drivers may also provide assistance to passengers with disabilities in the time before the fare starts and after the fare ends which impacts profitability. For example, passengers may require more time to get from their door to the vehicle and may need more assistance getting settled before the vehicle can leave—all parts of the trip that are not usually part of the fare.

Committee Members highlighted the importance of inclusion training for drivers providing services and supports to people with disabilities and seniors. They also want to see better data reporting in terms of trip refusals, unreasonable delays, and missed calls in relation to ride requests from people with disabilities and seniors.

There should be a full range of options for seniors and people with disabilities to access rides through smartphone-based applications or a central telephone number. Committee Members also discussed the need to ensure fare equity for those who require accessible vehicles and/or additional services to procure trips in TNC vehicles.

Recommendations

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

1. Require all ride-hailing companies with fleets over a reasonable size to achieve a wait-time standard or service guarantee for accessible service that is equal to that of non-accessible trips.
2. All non-accessible trips (across the ride-hailing industry) should be assessed a levy that can be used to enhance accessible services.
3. Require all transportation network company online applications to meet or exceed established mobile accessibility standards (W3C), such as the inclusion of screen readers and a high contrast colour scheme as well as the option for customers to input additional notes or prompts to the driver.
4. Ensure that transportation network companies provide access for their drivers to inclusion training that has been established/certified as an industry standard, such as Serving Customers with Disabilities through the Justice Institute of British Columbia, TaxiHostPro, WorldHost, and ACT.
5. Require ride-hailing companies to provide an accessible trip bonus to drivers of wheelchair accessible vehicles, in recognition of the extra time required to deliver accessible service, and the cost of operating an accessible vehicle.
6. Ensure that transportation network companies and their drivers are not permitted to charge a higher fee to a customer who requires the services of an accessible vehicle.

Community Impact: Employment

Disruptive technology has had a significant impact on the labour market by challenging existing norms and creating new relationships and employment structures. While some expert witnesses touched on the benefits of the TNC structure, others discussed issues regarding the nature of the employment relationship between TNCs and their drivers.

Flexibility

According to Lyft, Uber, and other expert witnesses, TNCs provide drivers with a flexible work arrangement that allows them to choose when, where, and how much they work. This provides individuals with additional or transitional income opportunities including supplementing a primary source of employment and providing employment while in between jobs.

According to Uber, 80 percent of their drivers have other primary forms of employment. A study by Stanford and Yale found that, “Uber drivers benefit significantly from real-time flexibility, earning more than twice the surplus they would in less flexible arrangements.” Lyft likewise reported that 82 percent of their drivers work part-time and, as such, regulations should preserve flexibility.

Terms of Employment

While some expert witnesses pointed to flexibility and income opportunities as key benefits of TNCs, others expressed concerns about the employment relationship between drivers and TNCs. Dr. Garland Chow, Associate Professor Emeritus in the Operations and Logistics Division at the University of British Columbia Sauder School of Business explained that the TNC model relies on classifying drivers as independent contractors, allowing them to remove certain labour costs which would be incurred by firms who employ staff or have dependent contractors. Dr. Chow and other witnesses pointed out that court cases in the United States and Europe are testing this assertion that drivers are independent contractors.

Opinder Singh with the Taxi Drivers’ Association of Southern BC brought forward a number of employment-related cases in regard to the taxi industry which may have a bearing on TNCs and their drivers. In one case before the Labour Relations Board, it was conceded that taxi drivers are dependent contractors. In that same case, the Board ruled that taxi owner-operators are also dependent contractors. In another instance, a Judge found that owners of a taxi license were employers of the drivers to whom they leased their vehicles and are therefore responsible for paying their employment insurance premiums.

Irene Lanzinger with the BC Federation of Labour and Alex Hemingway with the Canadian Centre of Policy Alternatives raised further concerns about the applicability of labour standards and how TNCs contribute to precarious and low-wage work and mentioned studies that show TNC drivers make less than the minimum wage. They discussed the importance of ensuring that drivers are protected by appropriate labour laws and benefits, including earning minimum wage and the right to unionize as well as the right to employment insurance, Canada Pension Plan, and worker’s compensation benefits.

Uber referenced a study by Princeton economist Alan Kruger which showed that the average Uber driver, “is likely to earn at least as much per hour, and probably more, than the average taxi driver and chauffeur.” He also pointed out that existing labour laws allow workers to contribute on their own behalf to employment insurance, Canada Pension Plan, and worker’s compensation benefits.

Conclusions

Defining and regulating the employment relationship between TNCs and their drivers is a complex issue. A number of variables influence this complexity, including the degree to which drivers have control over their own work, and how they view their relationship with a TNC, given that flexibility and choice are key characteristics of providing TNC services. The Committee discussed the implications of different employment relationships (e.g., independent contractor versus employee) and recognized that the court decisions referenced by the BC Taxi Drivers Association of Southern BC may affect TNCs and their drivers. The type of employment relationship may also have potential impacts on the right to a minimum wage, particularly if individuals are engaged with more than one TNC at the same time.

TNCs need to be monitored for their labour practices, including the degree to which they set minimum commitments or hours. They should also be required to provide data on hours of work and income. Recognizing that transportation is changing at a rapid pace, the Committee suggested that it may be appropriate for the Emerging Economy Task Force to proactively consider the implications of emerging economies on the labour market, such as the use of autonomous vehicles by TNCs.

TNCs must respect existing labour laws and standards and treat drivers fairly. In support of this, the Committee felt it important that the Ministry of Labour provide TNC drivers with information about their responsibilities and obligations as independent contractors and how this differs from an employer-employee arrangement.

Please see Recommendation #13 on page 20 for the Committee’s recommendation in regard to this section.

Community Impact: Public Transportation, Traffic Congestion and Environment

Many expert witnesses commented on the impact of TNCs on urban transportation systems and the environment. The effect of TNCs on traffic congestion and greenhouse gas emissions was very commonly discussed, with opposing views and studies referenced on whether TNCs will help or undermine in this regard. The Committee also heard similar arguments in relation to how TNCs complement or hinder existing public transportation systems. Committee Members expressed concerns about possible negative effects and debated different interventions and solutions for mitigating potential problems.

Traffic Congestion and Environment

The City of Port Moody and the Vancouver Board of Trade described Metro Vancouver's current transportation challenges and how congestion and a lack of adequate transportation options in some areas, particularly at certain times of day, contribute to automobile dependency and decreased economic productivity. Committee Members heard that TNCs may reduce the need for private vehicle ownership by providing individuals with new mobility options, encouraging riders making the same trip to share a single vehicle, and reducing the need for parking. As a result, TNCs can reduce traffic congestion and provide environmental benefits as individuals shift some trips from private vehicle use.

In contrast, the Canadian Centre for Policy Alternatives argued that TNCs increase access to private vehicles regardless of who owns or drives the vehicle. In reference to potential future shifts, they further noted that electric or self-driving cars are still private vehicles requiring the use of limited road space. Several witnesses also shared evidence that total vehicle kilometres travelled increased with the introduction of TNCs in some jurisdictions, such as New York and San Francisco, resulting in more congestion, accidents, pollution, and greenhouse gas emissions. The City of Vancouver expressed particular concern about the potential for TNCs to reverse the city's trend of declining vehicle kilometres travelled. The City, along with Robert Campbell representing the Victoria Transport Policy Institute, discussed incentivizing the use of low- or zero-emission vehicles and hybrid vehicles to mitigate carbon emissions and other negative environmental impacts.

Along with Clark Lim, Master of Engineering degree from University of British Columbia and a guest lecturer on transportation engineering and planning at University of British Columbia, the City of Kelowna and the City of Vancouver expressed concerns regarding the impact of ride-hailing pick-up and drop-off activity on curbside space and on interactions between cyclists, pedestrians, buses, and other road users. Dr. Anthony Perl, Professor of Urban Studies and Political Science at Simon Fraser University noted that increased congestion will impede public transit service and the movement of goods. Witnesses encouraged Committee Members to study and monitor traffic and consider policies and mechanisms, such as road pricing, to mitigate effects accordingly.

Public Transportation

The Committee heard opposing views about the impact of TNCs on public transit. Some submitters argued that people may choose to engage the services of a TNC over public transit, thus causing a decrease in ridership. Others emphasized the potential for TNCs to complement public transportation by providing off-

peak service and first/last mile solutions, thereby increasing the reach and flexibility of public transportation's fixed-route, fixed-schedule service. This potential benefit may also extend to complementing bicycle- and car-share programs. Timothy Burr Jr. with Lyft expressed a willingness on the part of TNCs to partner with transportation agencies and municipalities to close transit gaps and make it easier to use public transit. TransLink's Chief Executive Officer, Kevin Desmond, shared this perspective, acknowledging that even if transit expansion plans are fully funded and delivered, people in Metro Vancouver will still require more mobility choices. At the same time, he emphasized that TNCs need to complement, and not duplicate, the publicly-funded transit system. Mr. Desmond drew Committee Members' attention to Section 5 of the South Coast British Columbia Transportation Authority Act which provides TransLink with the authority to approve independent transit services in the Metro Vancouver region. He shared that some types of pooled services provided by TNCs may fall under the category of independent transit services that require approval from TransLink.

According to Dr. Jonathan Hall, Assistant Professor in the Department of Economics and the School of Public Policy and Governance at the University of Toronto, Uber reported that in several cities 24-40 percent of pickups and drop-offs are near a transit station. He also reported that when the London Underground extended their service hours Uber ridership increased during those hours. However, Dr. Hall also shared that 33 percent of those using a TNC app in San Francisco stated their next best alternative was public transit, suggesting that TNCs may be drawing ridership away from that service. The City of Vancouver also raised this as a concern and referenced a University of California, Davis study that found transit use decreased by six percent across seven major cities in which TNCs were operating. On the other hand, TransLink pointed to an American Public Transportation Association study which indicated that where ride-sharing and TNCs are prevalent in urban areas, public transportation ridership improves. TransLink further noted that part of the challenge in some jurisdictions which have experienced ridership declines in public transportation is the quality of their transportation services which makes a new service, such as ride-hailing provided by TNCs, more attractive.

Conclusions

Traffic congestion is a complex issue that has a number of contributing factors and was a major concern for many witnesses, particularly as it relates to the Metro Vancouver area. The Committee discussed different outcomes in cities where TNCs have been introduced and emphasized that without data, anticipating the effects that TNCs may have on traffic congestion in communities across BC is challenging.

Some Members shared concerns that the introduction of TNC services could result in increases in congestion, higher greenhouse gas emissions, and diversion from public transit, biking, and walking. They suggested that a levy be placed on all TNC trips, which could be collected by government and distributed on a regional basis to support public transit or community-specific transit needs. Other Members were opposed to recommending such a levy without knowing if TNC services will in fact increase congestion and draw ridership away from public transit, especially given that the effects are likely to vary between urban and rural communities.

Members also discussed the fact that mechanisms such as the carbon tax are already in place to address issues related to greenhouse gas emissions and, in Metro Vancouver, the Mobility Pricing Independent Commission is currently undertaking work on congestion pricing. While the Committee was unable to reach a consensus on the merits of a levy, they agreed that if the Commission recommends congestion pricing this should also apply to TNCs. They also emphasized the importance of collecting and monitoring traffic data and

continuing to review the experiences of other jurisdictions for solutions to any traffic or congestion-related problems arising from the introduction of TNCs.

Please see Recommendation #13 on page 20 for the Committee's recommendation in regard to this section.

Community Impact: Small, Rural and Remote Communities

While much of the conversation regarding TNCs tends to focus on large metropolitan areas, Committee Members heard from smaller communities in British Columbia about how they hope this service will benefit their residents. The City of Enderby and the City of Fort St. John described the challenges their communities have with accessing health, social, and other services due to a lack of transportation options. Brian Scheiner, Councillor for the City of Enderby explained that because of their market size small communities are less likely to sustain public transit, taxi, or other alternative transportation options. Enderby itself has been without a taxi service since 2015 and transit service is very limited. In her written submission, the BC Seniors Advocate highlighted transportation as a particular challenge for seniors in rural and remote communities and stated that taxi services in communities are often cost-prohibitive for low-income seniors.

The City of Enderby and the BC Seniors Advocate described the reliance on the current informal system of volunteer and family drivers as akin to TNC services. Provincial regulation of the service would formalize these arrangements, allowing for assurances of safety and reliability, direct reimbursement for drivers, and an incentive for residents to provide this type of transportation service.

Lyft and Uber discussed the positive impact that TNCs may have on smaller communities where only a handful of drivers are required to address transportation needs and where traditional transit options may not be viable. However, Uber described challenges in providing service in small communities, including concerns that customers may become frustrated if they logged onto the app and found no available drivers. The Passenger Transportation Board cautioned that internet connectivity and accessibility may be an issue in some areas of the province as these TNCs are app-based. The BC Taxi Association expressed concerns about how TNCs may negatively affect taxi operators in smaller communities, given their narrow financial margins.

In discussing a potential regulatory regime, the City of Enderby emphasized the need for flexibility as small, rural, and remote communities will have different needs than larger, urban ones. Fort St. John Mayor Lori Ackerman suggested a review of the regulatory environment for taxi companies to address some of their costs for providing services.

Conclusions

Committee Members acknowledged the widespread demand for TNC services in small, rural, and remote communities and appreciated the value TNCs could provide to residents in these communities. Recognizing that those who choose to drive for a TNC in a small community are more likely to participate on a casual basis, the Committee agreed that barriers to entry should be low, but not at the expense of public safety.

Large, established TNC companies may only choose to focus their services in larger markets. Given this, the Committee was particularly interested in seeing the development of small, local TNCs providing this service.

Although there are no formal recommendations in this section, the Committee suggested that regulations be implemented with a lens that takes into account small, rural, and remote communities as they may have different challenges that will need to be considered.

Community Impact: Taxi Industry

Kristin Vanderkuip, Registrar of the Passenger Transportation Branch in the Ministry of Transportation and Infrastructure provided the Committee with an overview of the taxi industry. She explained that approximately 110 municipalities in BC are currently serviced by taxis and that 215 taxi licensees operate almost 3,200 taxis across the province. 65 percent of taxis are in Metro Vancouver; 14 percent on Vancouver Island; three percent in Kelowna, three percent in Prince George; and 15 percent in other areas of the province. The taxi industry employs an estimated 8,000 drivers, plus dispatch and office staff.

The taxi industry, economic organizations, municipalities, academics and TNCs highlighted possible impacts that the introduction of TNCs may have on the existing taxi industry in BC.

Expert witnesses submitted different and at times opposing information in regard to potential impacts. Dr. Jonathan Hall, explained that TNCs reduce the number of taxi drivers, but that the drivers that remain do not see an impact on their earnings. Dr. Garland Chow indicated that in areas where taxis have high service levels, they are able to compete with TNCs, but where service levels are poor, taxis lose business. Michael van Hemmen with Uber added that in Calgary taxi trips decreased by only four percent in the first 12 months following the introduction of Uber.

Benn Proctor who, as part of the requirements for his Master's degree in Public Policy from Simon Fraser University, completed a thesis entitled "Assessing and Reforming Vancouver's Taxi Regulations", estimated that taxi fares may fall by as much as 15 to 25 percent due to new competition from TNCs, but clarified that taxi drivers were unlikely to see material declines in their incomes as lease fees would likely fall as well, decreasing overhead costs for drivers. Mr. Proctor and Dr. Thomas Ross, Professor in the Strategy and Business Economics Division at the University of British Columbia noted that owners of taxi licenses are likely to be the primary group who may be affected by the introduction of TNCs as the value of licenses may drop, specifically if they were purchased at peak prices. The Committee heard about the impact that this may have on individuals and families who potentially invested large sums to acquire a license, and who may, in certain markets, experience a substantial loss as a result of devaluation.

The Greater Vancouver Board of Trade, the Vancouver Airport Authority, the BC Chamber of Commerce, the City of Port Moody, the City of Surrey, the BC Taxi Association, and Ripe Rides highlighted the need for change within the existing taxi industry, including a way to ensure fair competition between taxis and TNCs. One way of addressing some of these issues would be to review the Passenger Transportation Act and other applicable legislation. Dr. Ross suggested that certain business could be protected for taxis, such as taxi stands, hotel taxi queues, street-hailing, and airport, train and bus terminals.

Conclusions

The introduction of TNCs will have an impact on the taxi industry, and Committee Members agreed that this issue merited further consideration as regulations are developed to enable TNCs to operate. Recognizing that the government has tasked Dan Hara of Hara Associates to review the taxi industry within this context, the

Committee chose to generally defer to that process and only make recommendations which relate directly to the potential impact of TNCs on the taxi industry.

The Committee emphasized that the goal of their work as well as the review being conducted by Dan Hara is to make recommendations that will support a thriving transportation industry that involves TNCs, taxis, and other transportation networks. It is likely that a review of the existing legislation that governs taxis will be required in order to ensure a level playing field between TNCs and the taxi industry.

The Committee considered the possibility of allowing only taxis to provide certain dedicated services, such as taxi stands, hotel taxi queues, and street-hailed trips. For example, some jurisdictions, such as the Cities of Edmonton, Calgary, and Ottawa do not permit TNCs to accept street-hailed trips.

In addition to Recommendation #11 on page 18, the Committee made the following recommendations.

Recommendations

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

7. Consider protecting specific types of business for the traditional taxi industry only, such as taxi stands, hotel taxi queues, airport taxi queues, cruise ship terminals, and street-hailing.
8. Ensure that legislation governing the existing taxi industry is reviewed and updated in concert with the drafting and introduction of any new transportation network company-specific legislation in order to allow for fair and equitable competition between the two industries.

Regulatory Regime: Availability and Pricing

During the Committee's public hearings, Uber and Lyft advocated for a regulatory framework that enables their existing business model to operate as it relates to on-demand pricing, no caps on the number of transportation network company (TNC) vehicles permitted on the road, and no boundary restrictions on where vehicles are allowed to go. These companies, along with other witnesses, described the interaction between these factors as essential to their success in providing and improving access to ride-hailing services. However, some witnesses expressed reservations about pricing practices, including concerns about predatory pricing as well as the effect a lack of vehicle caps and service boundaries may have on traffic-related issues and the distribution of service.

Access to Service

One of the key potential benefits of TNCs is improved access to transportation services. Several witnesses discussed the challenges and wait times British Columbians experience in trying to hail a taxi, particularly during peak demand times, such as evenings, weekends, and holidays. Uber described TNCs as a solution to this problem in that it provides a reliable and affordable mode of transportation when public transit or other transportation options are limited, particularly between the hours of 10 p.m. and 3 a.m. Benn Proctor further stated that increased competition from TNCs provides consumers with more choices, thereby improving customer service. On the other hand, Dr. Garland Chow noted that TNCs may cause increased congestion which contributes to increased wait times.

Fares and Pricing

According to Dr. Sumeet Gulati, Associate Professor of Environmental and Resource Economics at the University of British Columbia, TNCs are typically cheaper than taking a taxi. The Committee learned that TNCs vary their pricing depending on real-time demand using an algorithm. Lyft and Uber described that when the demand is higher than the supply of drivers, prices will temporarily increase to ensure that a rider is offered a ride quickly. This is known as surge or primetime pricing. The higher price encourages more drivers to offer rides and, as more drivers come online, the price decreases. Uber noted that they have policies in place to refund surge pricing charges to riders when demand increases significantly as a result of emergencies, such as natural disasters.

While many submissions advocated for limited regulation of pricing, some advocated for consumer protection against fare shocks resulting from surge or primetime pricing by instituting a limitation or ban on it. The BC Chamber of Commerce recommended that TNCs be transparent and display the rate upfront to a rider. Dr. Anthony Perl supported variable pricing for peak versus off peak hours and suggested that rates should differ according to community. He also mentioned adding user fees in jurisdictions such as Vancouver to subsidize new mobility services in smaller communities, noting that any fees would need to be considered within the context of an integrated pricing framework that accounts for carbon and mobility pricing.

Several witnesses, including Dr. Chow, Steven Hill, a journalist, author and political professional, and Alex Hemingway with the Canadian Centre for Policy Alternatives, raised questions about the sustainability and

motives of pricing practices. Uber customers are reportedly paying 42 to 50 percent of the cost of their ride, with the remainder paid by venture capital subsidies and, as a result, the company is losing billions of dollars every year. This could be viewed as a means of increasing market share by driving competitors out in order to gain a dominant market position and raise fares later.

Service Boundaries and Vehicle Caps

The BC Taxi Association shared that existing regulations currently restrict taxi drivers to picking up passengers within a given boundary (i.e., their home jurisdiction). If a taxi driver drops off a passenger outside of this boundary, they are not permitted to pick up a new passenger until they return to their home jurisdiction. This creates a situation known as deadheading, where a driver is unable to accept a return fare because of boundary restrictions. Taxi drivers commonly refuse trips to outside their home jurisdiction for this reason.

Many expert witnesses referred to the cap on the number of licenses issued to taxi companies. The Passenger Transportation Board and the Passenger Transportation Branch in the Ministry of Transportation and Infrastructure explained that while the number of taxi licenses are regulated, caps are not established. A taxi company must apply to the Board for a license. In considering the application, the Board considers whether there is a public need for the service, if the applicant is fit and proper and capable of providing the service and, if the application is granted, whether it would promote sound economic conditions in the passenger transportation sector in BC.

The Committee heard arguments in favour of and against the creation of boundaries and caps for TNCs. Dr. Chow advocated for limits in consideration of externalities such as congestion, emissions, and accidents. Uber stated that no jurisdiction in North America has instituted caps on the number of drivers and that doing so would limit the benefits of TNCs and would effectively duplicate the existing taxi system. Dr. Thomas Ross and Mr. Proctor agreed, suggesting that the market would effectively determine the need.

Conclusions

Differential pricing influences supply and demand for TNC services, but the Committee expressed some concern about reported situations where surge or primetime pricing increased significantly. Committee Members also expressed concern about predatory pricing and discussed introducing a floor or ceiling on price. In the interest of transparency and consumer protection, they determined that consumers must be made aware of the total price of a ride at the time of booking and, moreover, that consumers should be reimbursed for surge pricing during natural disasters or other emergency events. The Committee further felt that individuals should not be charged a higher fare on the basis of whether or not they require an accessible vehicle.

Committee Members discussed service boundaries and vehicle caps at length, noting how the two matters are interrelated. If a cap on TNC vehicles was implemented without service boundaries, all TNC drivers in the province may choose to drive in densely populated urban areas, such as Metro Vancouver, during times of peak demand, such as on weekends or during special events. This scenario may then leave small neighbouring communities with limited access to TNC services.

Some Members favoured a cautious approach, suggesting that gradually increasing the number of TNC vehicles allowed over time may help proactively manage increases in congestion and other traffic related problems while recognizing that, in order for this to work, service boundaries would need to be maintained,

even if extended to include larger areas such as Metro Vancouver. Critics of this approach noted that instituting a cap on the number of vehicles would not align with the market-driven model for TNCs and could result in insufficient supply.

Other Members of the Committee favoured allowing TNCs to operate without implementing a vehicle cap or service boundaries. These Members suggested that if the existing system of requiring taxis to operate within given service boundaries was maintained, with the exception of addressing the issue of deadheading, this would work well as all communities would have access to ride-hailing services and TNC drivers would have the flexibility to provide service to meet market demand. Within this model, TNC services are complementary to those provided by taxis and may fill the gap when the demand for service outweighs the current supply of taxis. Critics of this approach are concerned about increased congestion in urban areas as a result of a sudden influx of vehicles onto already congested road networks, noting that other jurisdictions are struggling to reverse the effects caused by the introduction of TNC vehicles.

The Committee was unable to come to a consensus on vehicle caps and service boundaries. However, Members agreed that, regardless of the approach, TNCs will need to be closely monitored for effects on traffic congestion as well as other service standards, such as wait times.

In addition to Recommendation #6 on page 7, the Committee made the following recommendations.

Recommendations

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

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.
11. If transportation network companies are permitted to operate without defined service boundaries, then taxis should be permitted to accept a fare outside of their home jurisdiction if the taxi has recently dropped off a fare in that jurisdiction, and the destination of the new fare is within the taxi's home jurisdiction.
12. Ensure all ride-hailing companies in BC be subject to the same tax regime.

Regulatory Regime: Data Reporting and Enforcement

Academics, including Dr. Garland Chow, Benn Proctor, and Clark Lim, all suggested requiring TNCs to report on performance in order to allow the government to monitor the impact of TNCs and implement any required improvements. The City of Vancouver, the City of Kelowna, TransLink, and the Passenger Transportation Board agreed that TNCs should be required to provide data to enable those bodies to monitor and study the impacts of traffic congestion and assist in policy planning.

The Vancouver Police Department highlighted the importance of access to data from an enforcement perspective, explaining to the Committee that 24/7 timely access to transportation network company data was essential, particularly in the event that a citizen's personal safety is at risk. In regard to general monitoring and enforcement, the Vancouver Police Department cited the City of Ottawa as an example where Uber is required to provide regular batches of data to police that can be audited to ensure drivers meet all of the necessary screening and other requirements. Uber suggested that trip origin and destination data be disaggregated to protect privacy and confidentially and shared with regulators on an annual schedule for monitoring, compliance, and enforcement purposes.

The Passenger Transportation Branch in the Ministry of Transportation and Infrastructure explained that there are several TNCs operating illegally in Metro Vancouver and the Capital Region District, connecting riders with unlicensed drivers and vehicles. As of January 29, 2018, the Passenger Transportation Branch had issued over 20 cease and desist orders and 23 fines of a maximum of \$1,150 each to drivers identified as operating without a license. There is currently no mechanism to fine the TNC itself and the Committee heard that this inability, along with the low fine maximum of \$1,150, presented challenges for enforcement. The Vancouver Police Department advocated for significant penalties to be applied to TNCs that are in breach of rules and suggested that a ride-hailing enforcement committee be established to address specific issues and cases as they arise. Many submitters, including the City of Vancouver, stressed the importance of effective enforcement mechanisms and sufficient enforcement resources.

Conclusions

As there are still many questions regarding the impact of TNCs, Committee Members supported collecting and monitoring data to make evidence-based adjustments if required in the future.

Committee Members expressed concern that the current allocation of resources for enforcement is insufficient. Recognizing that proper enforcement requires proper resources, sufficient funding must be provided to the authorities tasked with this responsibility.

The Committee also discussed the challenges of the current fine system, particularly the fact that fines can only be issued to individual drivers and not to the TNC. To support effective enforcement, the Committee favoured implementing a system that allows for fines and administrative penalties to be applied to both drivers and TNCs, with the majority of the fine applied to the company itself. Committee Members also supported daily fines for ongoing violations and the need to significantly increase fines.

Recommendations

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

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.
14. Ensure that transportation network companies are subject to the same legal framework as taxi companies in regard to releasing information to police for safety purposes.
15. Allocate sufficient resources to ensure proper enforcement of regulations that apply to transportation network companies.
16. Allow enforcement to administer penalties and fines to both transportation network companies and their drivers for violations, including daily fines for ongoing infractions, and set penalties and fines at a sufficient amount to ensure compliance.

Regulatory Regime: Insurance

The provision of suitable insurance coverage for TNCs, including their drivers and vehicles, is a complex topic. Depending on which province they operate in, taxi companies and TNCs rely on public or private automobile insurance, or a combination of both products, in order to ensure appropriate coverage is in place for their drivers, passengers, and vehicles. While TNC drivers may have their own personal insurance coverage, additional coverage is required in order to ensure adequate coverage for the purposes of commercial passenger transport.

Cross-jurisdictional Information

British Columbia is one of four Canadian provinces, along with Quebec, Saskatchewan, and Manitoba, with mandatory public auto insurance. The three other provinces have either already instituted provisions for TNCs, or have introduced legislation to allow TNCs to operate in their jurisdictions in the near future. Quebec and Saskatchewan require TNCs or their drivers to hold insurance policies of at least \$1M in liability insurance.

Saskatchewan and Manitoba have indicated that they will work with their respective public insurance providers to provide insurance products that are comparable for all ride-hailing companies, including taxis and TNCs. Saskatchewan Government Insurance has stated that it will provide insurance based on the number of kilometres a driver records which is different than the commercial insurance coverage currently available for taxis. Manitoba Public Insurance has outlined a different approach for the provision of insurance which is based on time bands priced according to the risks associated with each time band, using current claims data.

In 2016, coinciding with the introduction of Uber services in that province, Quebec entered into a pilot project with Intact Insurance to provide TNC-specific commercial insurance products to Uber drivers, in addition to the driver's personal insurance policy. This product provides coverage to vehicles, drivers, and passengers while the driver is logged onto the Uber app to accept rides.

The Insurance Corporation of British Columbia (ICBC) requires all drivers to purchase Basic Autoplan insurance coverage. Businesses with 20 or more vehicles insured for commercial or business use are required to participate in Fleetplan which offers discounts and administrative cost savings. Businesses with between five and 19 vehicles may choose to participate in Fleetplan if they wish, or they may choose to purchase other commercial insurance products offered by ICBC or private insurance providers.

Suggested Approaches

Expert witnesses stressed the importance of ensuring public safety by implementing a regulatory framework for TNCs and, in the interest of fairness, including standardized insurance requirements for taxis and TNCs. In their submissions, the Insurance Bureau of Canada and Dr. Sumeet Gulati suggested that government should set minimum insurance requirements for vehicles to reflect the risks associated with using these vehicles for both personal and commercial use. This aligns with a recommendation made by Dr. Garland Chow who indicated that the public should be provided with the same level of protection through insurance coverage no matter who is providing the service (whether through a TNC or a taxi service).

Many submissions noted that in British Columbia, drivers and vehicle owners have the opportunity to purchase additional insurance products or increased liability coverage either through ICBC or private insurance companies to suit their own individual needs or requirements.

Blanket Insurance Policy Coverage

Ripe Rides, Uber, Lyft and the Insurance Bureau of Canada all highlighted the use of “blanket” insurance policy coverage for TNCs and noted that this approach appears to be working well in many jurisdictions. This type of company-wide insurance coverage could be applied uniformly to all TNC drivers, passengers, and vehicle owners, based on timeframes, in addition to the Basic Autoplan coverage required by ICBC. Coverage is applied from the moment a driver logs on to a TNC application until they log off. The driver’s own personal auto insurance applies when they are not driving for the TNC.

Expert witnesses noted that blanket insurance coverage can address many of the logistical and administrative challenges associated with providing minimum coverage to TNC drivers based on the transitory and part-time nature of the work. Uber also suggested an alternative form of blanket insurance where costs are calculated based on distance driven or kilometres travelled rather than timeframes. This type of blanket insurance is sometimes referred to as “pay as you go.”

Conclusions

Committee Members were interested to learn about insurance products available in other jurisdictions where mandatory public auto insurance exists and considered what approaches might be suitable for BC. Fair and comparable insurance products should be made available to all ride-hailing companies and their drivers.

Discussions focused on practical solutions to ensure adequate insurance coverage is in place, with the recognition that many TNC drivers might choose to work on a part-time or casual basis. Recognizing the relationships between auto insurance and driver licensing and how these relate to vehicle and public safety, Committee Members wanted to ensure that any new insurance products geared towards TNCs are introduced in a seamless manner. The Committee would also like to see the creation of an appropriate insurance policy that would be made available to all ride-hailing companies, including taxis and TNCs.

Recommendations

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

17. Direct the Insurance Corporation of British Columbia (ICBC) to create or provide access to insurance products for transportation network companies and ensure fair and appropriate coverage is available for all ride-hailing providers.
18. Prescribe minimum insurance levels for transportation network company vehicles that reflect the risks associated with using a vehicle for mixed personal and commercial purposes.
19. Require transportation network companies to confirm that a driver has a personal insurance policy in place before onboarding them to a transportation network company app and providing them with associated commercial passenger transportation insurance.

Regulatory Regime: Licensing

The current licensing process in British Columbia for passenger directed vehicles, such as taxis, is regulated by the province and municipalities. Kristin Vanderkuip from the Passenger Transportation Branch in the Ministry of Transportation and Infrastructure outlined what is required in order to operate in BC. First, a company is required to get a Commercial Vehicle Safety Enforcement safety certificate from the provincial government, a passenger transportation license from the Passenger Transportation Board, and a municipal business license in each community the company wishes to operate in.

Each vehicle is then required to undergo a provincial inspection and obtain appropriate insurance. An additional municipal inspection may also be required. In order to drive, a Class 4 unrestricted license is required and municipalities may also require customer service training and a chauffeur permit. A chauffeur permit often includes a criminal record and driving background check, but is only required in 40 percent of municipalities that are currently served by taxis.

Uber, the BC Chamber of Commerce, and the Canadian Centre for Policy Alternatives suggested that TNCs should be required to obtain a license to operate provincially. In turn, the TNCs should then be directly responsible for ensuring that their drivers meet any provincial safety criteria outlined in legislation or regulations.

Conclusions

Committee Members want licensing requirements to continue to undergo rigorous oversight and monitoring to ensure public safety standards are met or exceeded.

They discussed opportunities to streamline the current provincial licensing process to ensure that TNCs adhere to the same criteria and requirements and agreed that a provincially-managed licensing process would be the best approach. Per-trip fees could be used to determine payment amounts to municipalities based on usage of services, essentially acting in lieu of a municipal business license. In order to ensure consistency across the province, particularly in regard to public safety standards, Committee Members favoured empowering one provincial body with overseeing chauffeur permits in place of municipal chauffeur permits. This new process would ensure that all driver screening criteria is met and monitored.

The Committee would also like to ensure that the Passenger Transportation Board is appropriately resourced and modernized to collect, analyze, and provide data to support evidence-based decision making, performance analysis, and reporting.

Recommendations

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

20. Provide a provincial, centrally-managed licensing program and require transportation network companies to obtain provincial licenses.
21. In place of municipal chauffeur permits, establish a provincial chauffeur permit system which ensures that driver screening criteria set out in Recommendations #24 and 25 are met and require transportation network company drivers to obtain provincial chauffeur permits through this process.
22. In lieu of a municipal business license, consider establishing a per-trip fee.
23. Require the Passenger Transportation Board to collect, analyze, and provide data to support evidence-based decision-making.

Regulatory Regime: Vehicle and Public Safety

The importance of ensuring the safety of vehicles, passengers and drivers was a high priority for many submitters. Current provincial and municipal regulations establish minimum standards for vehicle mechanical conditions which help to mitigate safety concerns and risks to both passengers and drivers. TNCs and legislation governing them should empower passengers and drivers with new levels of transparency, accountability, safety, and certainty when they request or provide a ride. Witnesses also referenced public safety as a beneficiary of TNCs as more options are made available for getting home, particularly when bars and restaurants close on weekend nights.

Public Safety

In their presentation to the Committee, Kristin Vanderkuip and Steven Haywood from the Ministry of Transportation and Infrastructure cautioned that without safety standards and accountability passenger safety could be compromised and vehicle-related accidents could increase. It was further noted that the Passenger Transportation Board is mandated to implement public safety policy initiatives. The Greater Vancouver Board of Trade suggested that it is critical to consider implications related to ensuring public safety when developing a regulatory regime.

Vehicle Safety

All vehicles used for commercial purposes, including taxi services, must undergo a mandatory yearly inspection, compliance audits, and random spot checks or roadside inspections. In their written submission, ICBC noted that, as a condition of issuing or renewing commercial vehicle insurance, all commercial vehicles must meet National Safety Code and Commercial Vehicle Insurance Program standards as well as Passenger Transportation license requirements. Representatives from the Vancouver Police Department, the Ministry of Transportation and Infrastructure, and the BC Taxi Association highlighted the need to ensure that current vehicle safety codes and regulations are followed by prospective TNCs.

Driver Criteria and Screening

Expert witnesses spoke about driver criteria, including licensing and screening. The Vancouver Police Department, BC Taxi Association, Lyft, and Uber supported mandatory criminal record and vulnerable sector checks as well as driver background checks. These would include a full driver's abstract containing any information regarding accidents or infractions. A predetermined "look-back" timeframe could also be put in place to ensure that historical information regarding criminal or driving infractions are included in background checks. In conjunction with driver licensing, the BC Chamber of Commerce suggested that medical examinations for TNC drivers could take place on a sliding scale according to age of the driver with more frequent examinations for older drivers.

Information Disclosure

The BC Chamber of Commerce, City of Kelowna, and the Greater Vancouver Board of Trade felt that driver identification, permits, or licenses should be displayed in vehicles as well as an identifying decal clearly indicating they are associated with a TNC. Drivers for TNC companies should not be permitted to solicit or accept street hails and all transactions must be initiated and completed through the TNC app.

Representatives from Lyft and Uber noted that their companies' proprietary apps have built-in functionality to allow for proactive disclosure of information, including: driver and vehicle information (e.g., driver name and photo, vehicle make, model, and license plate number); feedback mechanisms for driver and passenger rating; electronic receipts which provide details regarding the fare paid; starting and ending locations; ride duration; and distance, time, and date. TNC companies typically retain this data on all rides for at least one year.

Additional GPS capabilities in TNC apps allow drivers and passengers to track their location at all times in real time and, in some instances, share this information with their contacts for an additional sense of security and safety, particularly when travelling in remote or isolated locations.

Service Quality

Expert witnesses raised the issues of standardized customer service training and the provision of assistive services for people with disabilities and seniors, indicating that technology could be used to reinforce or oversee established service quality standards.

Representatives from Lyft and Uber told the Committee about the feedback systems embedded in their apps and how these tools are used to improve service quality and enhance driver and passenger safety. Web or smartphone-based apps used by TNCs have embedded tools and driver and trip rating systems which can be used to provide real-time feedback on service quality standards to ensure that issues are monitored and addressed.

Road Safety

Richard Campbell representing the Victoria Transport Policy Institute, the City of Kelowna, and Clark Lim highlighted road safety and increased opportunities for traffic accidents, particularly as a result of increased exit or entry of vehicles to and from the curbside as unintended consequences related to the introduction of TNCs in other jurisdictions. An increase in "unofficial" pick-up or drop-off points or double-parking could potentially lead to an increased number of vehicle and cyclist collisions.

Impaired Driving

A number of presenters raised concerns about public safety as it relates to entertainment districts in larger cities and how an increased number of citizens flood the streets looking for transportation options when bars and restaurants close. The Vancouver Police Department outlined issues related to delays in securing safe transportation for citizens late at night, including: greater potential for violence; waiting for transit services in isolated areas; or walking home when all other options fail. It may be particularly challenging for suburban residents to secure safe rides home as taxis are not able to pick up passengers on the return trip back to the city from suburban destinations due to service boundary regulations (see Availability and Pricing section).

Representatives from the Vancouver Police Department, the City of Port Moody, and other expert witnesses, including Benn Proctor and Dr. Jonathan Hall spoke about perceived improvements in public safety and, in particular, fewer instances of impaired driving as a result of the introduction of TNC services in a number of jurisdictions. Representatives from Uber noted that in Edmonton the instances of impaired driving had dropped by 30 percent since Uber had launched its service in that city.

Conclusions

Any regulations currently in place regarding passenger transport vehicles, such as taxis, should be expanded to similarly include new entries into the market, such as TNCs. The Committee discussed how the provision or renewal of vehicle insurance through ICBC can provide confidence in public safety as this relates to mandatory vehicle inspections, driver testing, and certification.

Legislation is already in place to ensure road safety standards through provincial highway regulations, including requirements for winter tires, and some municipalities may have bylaws or rules in relation to the use of winter tires, chains, and traction devices which may differ from provincial highway regulations.

In recognition of the sometimes transitory nature of driving for TNC companies, including the trend towards part-time work, the Committee did not feel that it was necessary for TNC drivers to obtain a Class 4 (restricted) driver's license. Rather, drivers who work for a TNC should be required to have a Class 5 driver's license with additional provisions for a medical examination and appropriate background checks. The Committee also discussed the possibility of setting a "look back" period for the driver's abstract and criminal record checks and explicitly identifying infractions and convictions that would render a person ineligible to drive for a TNC. In the interest of public safety, Committee Members favoured prohibiting TNC drivers from soliciting or accepting street hails, in order to discourage the public from entering unmarked vehicles that have not been prearranged.

Committee Members recognized that drivers, passengers, pedestrians, and cyclists must be able to access roads, streets, and highways in a safe and secure manner. They encouraged the provincial government to study best practices from other jurisdictions in regard to promoting increased safety for citizens, including the use of cameras in TNC vehicles. Committee Members acknowledged that the Information and Privacy Commissioner should be consulted in regard to the collection, storage, and use of any video data, if cameras were implemented in TNCs.

Recommendations

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

24. Require transportation network company drivers to submit to a driver's abstract check, national criminal record and vulnerable sector check on an annual basis, to be performed by a third-party provider.
25. Require transportation network company drivers to meet Class 5 driver's license requirements, with additional provisions for medical exams, similar to what is currently required under Class 4 licensing, and consider extending this to taxi drivers.
26. Require ride-hailing apps to include safety features, including GPS tracking of every trip, and full disclosure of driver and vehicle information to the customer, including name and photo of driver and make, model, year and license plate number of the vehicle.
27. Require transportation network companies to provide an electronic receipt to the customer that includes the following information: amount of fare quoted; amount of fare paid; pick-up and drop-off points; time of pick-up and drop-off; duration and distance of ride; and driver information.
28. Require an identifying decal on vehicles to indicate that they are associated with a transportation network company.
29. Require transportation network company drivers to prominently display their permit license with photograph inside their vehicle.
30. Ensure that a system is in place to allow drivers and passengers to provide feedback or rate each other in order to monitor service quality levels, and address concerns or issues in a timely manner.
31. Require transportation network companies to provide a 24/7 customer service team.
32. Ensure that transportation network companies and their drivers follow the National Safety Code, and require comprehensive and mandatory inspections of transportation network company vehicles, carried out by provincially-certified technicians, and institute a standard inspection schedule based on total kilometres driven on the vehicle.

Summary of Recommendations

The Select Standing Committee on Crown Corporations recommends to the Legislative Assembly that the provincial government:

Community Impact

Accessibility

1. Require all ride-hailing companies with fleets over a reasonable size to achieve a wait-time standard or service guarantee for accessible service that is equal to that of non-accessible trips.
2. All non-accessible trips (across the ride-hailing industry) should be assessed a levy that can be used to enhance accessible services.
3. Require all transportation network company online applications to meet or exceed established mobile accessibility standards (W3C), such as the inclusion of screen readers and a high contrast colour scheme as well as the option for customers to input additional notes or prompts to the driver.
4. Ensure that transportation network companies provide access for their drivers to inclusion training that has been established/certified as an industry standard, such as Serving Customers with Disabilities through the Justice Institute of British Columbia, TaxiHostPro, WorldHost, and ACT.
5. Require ride-hailing companies to provide an accessible trip bonus to drivers of wheelchair accessible vehicles, in recognition of the extra time required to deliver accessible service, and the cost of operating an accessible vehicle.
6. Ensure that transportation network companies and their drivers are not permitted to charge a higher fee to a customer who requires the services of an accessible vehicle.

Employment

See Recommendation #13.

Public Transportation, Traffic Congestion and Environment

See Recommendation #13.

Small, Rural and Remote Communities

Although there are no formal recommendations in this section, the Committee suggested that regulations be implemented with a lens that takes into account small, rural, and remote communities as they may have different challenges that will need to be considered.

Taxi Industry

7. Consider protecting specific types of business for the traditional taxi industry only, such as taxi stands, hotel taxi queues, airport taxi queues, cruise ship terminals, and street-hailing.
8. Ensure that legislation governing the existing taxi industry is reviewed and updated in concert with the drafting and introduction of any new transportation network company-specific legislation in order to allow for fair and equitable competition between the two industries.

See also Recommendation #11.

Regulatory Regime

Availability and Pricing

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.
11. If transportation network companies are permitted to operate without defined service boundaries, then taxis should be permitted to accept a fare outside of their home jurisdiction if the taxi has recently dropped off a fare in that jurisdiction, and the destination of the new fare is within the taxi's home jurisdiction.
12. Ensure all ride-hailing companies in BC be subject to the same tax regime.

See also Recommendation #6.

Data Reporting and Enforcement

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.
14. Ensure that transportation network companies are subject to the same legal framework as taxi companies in regard to releasing information to police for safety purposes.
15. Allocate sufficient resources to ensure proper enforcement of regulations that apply to transportation network companies.

16. Allow enforcement to administer penalties and fines to both transportation network companies and their drivers for violations, including daily fines for ongoing infractions, and set penalties and fines at a sufficient amount to ensure compliance.

Insurance

17. Direct the Insurance Corporation of British Columbia (ICBC) to create or provide access to insurance products for transportation network companies, and ensure fair and appropriate coverage is available for all ride-hailing providers.
18. Prescribe minimum insurance levels for transportation network company vehicles that reflect the risks associated with using a vehicle for mixed personal and commercial purposes.
19. Require transportation network companies to confirm that a driver has a personal insurance policy in place before onboarding them to a transportation network company app and providing them with associated commercial passenger transportation insurance.

Licensing

20. Provide a provincial, centrally-managed licensing program and require transportation network companies to obtain provincial licenses.
21. In place of municipal chauffeur permits, establish a provincial chauffeur permit system which ensures that driver screening criteria set out in Recommendations #24 and 25 are met and require transportation network company drivers to obtain provincial chauffeur permits through this process.
22. In lieu of a municipal business license, consider establishing a per-trip fee.
23. Require the Passenger Transportation Board to collect, analyze, and provide data to support evidence-based decision-making.

Vehicle and Public Safety

24. Require transportation network company drivers to submit to a driver's abstract check, national criminal record and vulnerable sector check on an annual basis, to be performed by a third-party provider.
25. Require transportation network company drivers to meet Class 5 driver's license requirements, with additional provisions for medical exams, similar to what is currently required under Class 4 licensing, and consider extending this to taxi drivers.
26. Require ride-hailing apps to include safety features, including GPS tracking of every trip, and full disclosure of driver and vehicle information to the customer, including name and photo of driver and make, model, year and license plate number of the vehicle.

27. Require transportation network companies to provide an electronic receipt to the customer that includes the following information: amount of fare quoted; amount of fare paid; pick-up and drop-off points; time of pick-up and drop-off; duration and distance of ride; and driver information.
28. Require an identifying decal on vehicles to indicate that they are associated with a transportation network company.
29. Require transportation network company drivers to prominently display their permit license with photograph inside their vehicle.
30. Ensure that a system is in place to allow drivers and passengers to provide feedback or rate each other in order to monitor service quality levels, and address concerns or issues in a timely manner.
31. Require transportation network companies to provide a 24/7 customer service team.
32. Ensure that transportation network companies and their drivers follow the National Safety Code, and require comprehensive and mandatory inspections of transportation network company vehicles, carried out by provincially-certified technicians, and institute a standard inspection schedule based on total kilometres driven on the vehicle.

Appendix A: Expert Witnesses who presented at a Public Hearing

BC Chamber of Commerce, Val Litwin (08-Jan-18)

BC Federation of Labour, Stephen Howard, Irene Lanzinger (09-Jan-18)

BC Taxi Association, Don Guilbault, Mohan Singh Kang (08-Jan-18)

Canadian Centre for Policy Alternatives, Alex Hemingway (10-Jan-18)

Dr. Garland Chow, Associate Professor Emeritus in the Operations and Logistics Division at the University of British Columbia Sauder School of Business (10-Jan-18)

City of Enderby, Tate Bengston, Brian Schreiner (08-Jan-18)

City of Fort St. John, Mayor Lori Ackerman (09-Jan-18)

City of Vancouver, Jerry Dobrovolny, Kaye Krishna (10-Jan-18)

Dr. Sumeet Gulati, Associate Professor of Environmental and Resource Economics at the University of British Columbia (08-Jan-18)

Steven Hill, journalist, lecturer and political professional (09-Jan-18)

Insurance Bureau of Canada, Henry Blumenthal, Obaid Rahman, Aaron Sutherland (09-Jan-18)

Clark Lim, Master of Engineering degree from the University of British Columbia and a guest lecturer on transportation engineering and planning at University of British Columbia (09-Jan-18)

Lyft, Timothy Burr Jr. (09-Jan-18)

Ministry of Transportation and Infrastructure, Commercial Vehicle Safety and Enforcement, Steven Haywood (08-Jan-18)

Ministry of Transportation and Infrastructure, Passenger Transportation Branch, Kristin Vanderkuip (08-Jan-18)

Monark Group, Kush Parikh, Navroop Sehmi, Monty Sikka (09-Jan-18)

Passenger Transportation Board, Jan Broocke, Catherine Read (10-Jan-18)

Benn Proctor, Master's degree in Public Policy from Simon Fraser University, thesis entitled "Assessing and Reforming Vancouver's Taxi Regulations" (08-Jan-18)

Ripe Rides, Ricky Goraya, Nitesh Mistry, Otis Perrick (09-Jan-18)

Dr. Thomas Ross, Professor in the Strategy and Business Economics Division at the University of British Columbia Sauder School of Business (09-Jan-18)

Taxi Drivers' Association of Southern BC, Opinder Singh (09-Jan-18)

TransLink, Kevin Desmond, Andrew Devlin (10-Jan-18)

Uber Canada, Michael van Hemmen (08-Jan-18)

Vancouver Police Department, Jeff Rice (10-Jan-18)

Vancouver Taxi Association, Emon Bari, Carolyn Bauer, Robbie Dhillon, Kulwant Sahota (08-Jan-18)

Victoria Transport Policy Institute, Richard Campbell (08-Jan-18)

Appendix B: Written Submissions from Expert Witnesses

Arete Hub Inc., Shreyans Jain

Canadian Hearing Society, Gary Malkowski

City of Kelowna, Mayor Colin Basran

City of Port Moody, Mayor Mike Clay

City of Surrey, Mayor Linda Hepner

Greater Vancouver Board of Trade, Iain Black

Dr. Jonathan Hall, Assistant Professor in the Department of Economics and School of Public Policy and Governance at the University of Toronto

Insurance Corporation of British Columbia, Steve Crombie

Office of the Seniors Advocate, Isobel Mackenzie

Dr. Anthony Perl, Professor of Urban Studies and Political Science at Simon Fraser University

Spinal Cord Injury Organization of BC, Chris McBride

Vancouver Airport Authority, Scott Norris

