

An Examination of the Taxi Supply in the Lower Mainland

prepared for

**The Motor Carrier Commission
of
British Columbia**

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October 2001

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Acknowledgements

We would first like to thank the Motor Carrier Commission of British Columbia and its Chair, Claude Heywood, for the opportunity of preparing this report for the Commission.

We would also like to acknowledge the cooperation of the many organizations and individuals who participated in this consultation process. In particular we would like to thank the BC Taxi Association and the Vancouver Taxi Association as well as those companies and individuals within the taxi industry who took the time to answer our questions and provide us with information and statistics.

We are also grateful for the cooperation of the various municipalities, especially the City of Vancouver, as well as TransLink, the Port of Vancouver, the Vancouver International Airport Authority, the British Columbia Chamber of Commerce, the North Shore Disability Resource Centre, the B.C. Coalition of People with Disabilities, the Seniors' Advisory Council, and the Vancouver Hotel and Doorman's Associations.

The staff of the Motor Carrier Department, in particular Doris Sundquist, were always ready to answer questions and supply information.

The Taxi Advisory Committee of the Motor Carrier Commission not only supplied us with contacts and information, but also met with us to review draft sections of the report.

This report would not have been possible without the assistance and support of the staff of the Motor Carrier Commission. In particular we would like to thank Jan Broocke, Director and Secretary to the Commission, whose help and advice was invaluable, along with staffers Lisa James, Sharlene Ferguson and Michael McGee.

The individuals who gave so freely of their time and expertise in this process are listed in Appendix D.

Methodology

This consultation process was commissioned by the Motor Carrier Commission in May of 2001.

We were asked to address the issue of taxi supply in the Lower Mainland, an area that includes the Fraser Valley extending east as far as Harrison Hot Springs, and to attempt to find answers to a number of questions including:

- Is the current supply of taxis adequate?
- What criteria should the Motor Carrier Commission use to determine supply?
- What would be the impact of increasing supply?
- Are there objective factors or indices that can be used to assess the supply?

Under our terms of reference we were asked to consult with industry, municipalities, relevant government ministries or agencies, as well as other stakeholders such as the Vancouver Airport Authority, the Port of Vancouver, the Tourism Bureau, and advocacy organizations for people with disabilities and seniors. Along with those consultations, we undertook an extensive literature review, and telephone and email correspondence with other jurisdictions that have been grappling with the issue of supply in order that we might assess their methods and outcomes. In particular we looked at the process and outcomes of extensive review and reform in both Ottawa and Toronto. In addition we drew on data acquired during the taxi study of 1999 that resulted in *A Study of the Taxi Industry in British Columbia*, (the Lanyon Report) and from the submissions made in a public hearing on the issue of supply of taxis in the Lower Mainland held by the Motor Carrier Commission in September of 1999 (after the release of the Lanyon report).

It is important to note that our Terms of Reference do not ask for recommendations, but rather for a series of options along with an analysis of their relative strengths and weaknesses. We will attempt to lay out those options, drawing on both our exchanges with representatives of the various stakeholders and our extensive research into the repercussions of change in other jurisdictions.

Questionnaires were distributed to municipalities and other stakeholders and interviews were conducted either in person, by telephone or via mail/email.

Our research materials are listed in the Bibliography. Our terms of reference are contained in Appendix B. A complete list of individuals and agencies who participated in this review is listed in Appendix D and the questionnaires we distributed are reproduced in Appendix C.

Executive Summary

The taxi industry in North America and Europe has been subject to various regimes of regulation for the past 366 years. In Canada regulation of supply was imposed in most cities during the thirties and forties. An exception to this was Montreal, where the supply of taxis was actually deregulated following WWII.

During the latter decades of the twentieth century, major cities in most western and some eastern countries experimented with various forms of deregulation and selective regulation. Such changes were usually accompanied by studies, analyses, public hearings and reviews. British Columbia was no exception. A series of studies of the industry have been undertaken in this province, most recently *A Study of the Taxi Industry in British Columbia* (the Lanyon Report). While the Lanyon Report commented on all aspects of the industry, it specifically refrained from making recommendations on either taxi supply or territorial boundaries.

Background

There are 35 companies licensed to operate taxis in the Lower Mainland. These companies hold a total of 1,233 certificates (plates) including approximately 85 for wheelchair accessible vehicles. The largest companies are in Vancouver, Burnaby and Surrey, with an average fleet size of 112. By comparison, in municipalities with a population under 100,000, company size ranges from two or three cars to a high of ten.

Industry sources report that approximately 80 – 85% of owners drive their cars for at least one shift. Other drivers are either casual hires or, more likely, have a lease agreement with the owner. Lease rates, according to industry sources range from \$1,500 to \$2,000 per month. That rate does not include fuel, insurance, maintenance or dispatch fees. Dispatch fees average approximately \$850 per month.

The average ratio of taxis to population in the Lower Mainland is 1:1381, considerably below that of most other major Canadian metropolitan areas where the average ratio is 1:714.

The supply of taxis is limited through regulation. The Motor Carrier Commission (MCC) licences a fleet and stipulates the number of vehicles that a licensee may operate. Each vehicle must have a motor carrier certificate and plate. A licensee may apply, through the regulatory process to increase the number of certificates/plates held under the licence. Within this regulatory structure, the taxi industry has, through the creation of corporate structures, made it possible for individual shareholders to transfer (i.e. sell) individual shares in the company that represent all or part of a certificate/plate. The usual practice in Vancouver is for one share to represent the equivalent of one-half a certificate/plate – each plate being worth two shares. Because the value of certificates is very high, most sales are of one share, rather than of the whole certificate.

While Vancouver has one of the lowest ratios of taxis to population, it has one of the highest share values in North America. Purchase of a share essentially gives the owner the right to one-half of a certificate – in other words, the right to drive a taxi 12 hours per day. Share values are difficult to ascertain, and vary according to location and other factors, but industry sources tell us that the price of a single share ranges from a low of \$75,000 to a high of \$210,000.

Regulation

Taxi supply is controlled through both the issuing of licences and certificates by the Motor Carrier Commission of British Columbia and the issuance of municipal licences. The MCC also controls, through the conditions of licence, the territory in which the licensee may operate. Holders of MCC plates are also required to hold municipal business licences in the territories where they operate. Most municipalities also have bylaws which regulate some aspects of the taxi service in their municipalities. The most stringent standards are imposed by the City of Vancouver. In a few cases, municipalities have withheld approval of municipal licences to owners of MCC issued plates.

In 1998 the MCC imposed a moratorium on licensing for all forms of passenger services that would have an impact on taxi services. In September of 1999, that moratorium was lifted for other forms of passenger service, but continued for taxicabs.

Stakeholder Observations

Meetings with the two industry associations were dominated by discussions of boundary issues, enforcement and the need for greater flexibility in operations. Neither association was opposed to an increase in supply, although the Vancouver Taxi Association saw a greater need for an increase. They felt that Vancouver could accommodate another 25-30 taxis. Both associations were opposed to increasing supply through the issuance of licences to new companies, preferring to increase supply through the granting of additional plates to existing companies. Both also suggested that caution should be used in adding new plates while the impact on existing plates holders was assessed.

There were some differences between the companies operating inside Vancouver and those operating in other areas in assessing their peak busy times, but all agreed that a wait time of up to 25 minutes during busy times was not unusual. Wait periods were influenced by the time of day, weather, season and special events. Both associations pointed out that wait times during rush hours would not be eliminated by an increase in taxi supply as traffic congestion was the predominate factor at those times.

All companies are aware of an increased need and demand for wheelchair accessible vehicles. The Vancouver Taxi Association felt that a change to their conditions of licence, allowing them to use larger van-type vehicles would free up wheelchair accessible vehicles to more exclusively serve people with disabilities. Currently wheelchair accessible vehicles are in demand, because of their larger carrying capacity, for cruise ship passengers and downtown shoppers with large parcels.

Companies feel the need for more flexibility in the terms of licensing. They would like to be able to use a certain proportion of their plates on a part time basis in order to more efficiently respond to the peaks and lulls in their businesses. Presumably this could come

in the form of non-transferrable licences which, having no share value, would remain profitable despite operating for fewer hours.

The Associations are divided on the issue of boundaries. Companies outside Vancouver would like to see boundary restrictions removed or at least eased during peak times. The Vancouver companies want boundaries to remain in place at all times and enforcement of those boundaries to be stepped up.

Heavy users of taxi services, such as the Vancouver Airport, the Port of Vancouver and the major downtown hotels, all reported delays during peak hours. The Port has particular problems as it may need to transport as many as 6,000 to 9,000 passengers within a two-hour time frame during the summer cruise ship season. It feels it could use substantially more taxis than are now available, and would like to see boundaries opened in order to use companies from outside the city.

Hotel and doorman's associations pointed out that there is a high demand among their customers for luxury vehicles, a niche market that neither limousine or taxi companies have been able to fill. The MCC has recently issued 19 certificates to limousine companies for such vehicles in order to supply that market, however City of Vancouver bylaws will have to be amended in order for the City to grant municipal licences.

Municipalities, for the most part, feel that the supply of taxis, with the exception of wheelchair accessible vans, is adequate. While Vancouver and Burnaby have guidelines spelling out a certain ratio of taxis to population, neither are currently using those guidelines. Only Surrey and Vancouver clearly stated that more taxis were needed. The City of Vancouver has made representation to the MCC on the need for additional services in the city. On non-supply issues, the City of Vancouver would like to see the higher standards they impose on Vancouver taxis applied to companies in the rest of the region, in particular the Taxi Host program for drivers. It also sees a need to improve driver training for those drivers who operate wheelchair accessible vans and carry people with disabilities. Several municipalities said they would like to see an easing of

boundaries. Smaller municipalities prefer to leave the question of regulation to the province, pointing out that their resources are already stretched to the limit.

All stakeholders recognize the need for an increase in wheelchair accessible vehicles. Advocacy organizations representing people with disabilities had many complaints, not only about supply but about service and fares as well. In addition, a representative from the City of Vancouver reported that the City continues to receive complaints about this aspect of taxi service.

Seniors didn't perceive supply as inadequate, but also complained about service, driver attitudes and vehicle cleanliness. They noted that Vancouver companies had a higher standard of service than those of other parts of the region, and felt that was due to the TaxiHost program. They would like to see TaxiHost made mandatory throughout the region.

Other Jurisdictions

Regulators of the taxi industry are primarily concerned with providing a quality service to the public. Among the objectives of regulation are public safety, consumer protection, availability of service, quality of service, reasonable profitability of service and reduction of traffic congestion and pollution. How to accomplish these objectives is the subject of debate, much of it ideologically driven by those who support free market principles of supply and demand, and those support government intervention and regulation.

Ideology aside, it would appear that deregulation of the industry usually results in oversupply, increased fares and consumer complaints, increase in traffic congestion and aggression, and the elimination of equity in shares/plates or licences. New Zealand appears to be an exception to this rule. While the supply, at least in urban areas, has increased dramatically, observers note lower fares, higher standards and a more diverse range of services. However there are some reports out of New Zealand that indicate drivers have had a substantial reduction in earnings despite driving longer hours.

The government of Australia and most Australian states and territories have undertaken various extensive reviews of the taxi industry. Both Western Australia and the Northern Territories have deregulated supply in their regions. In both cases, compensation equal to the full market value of existing licences was offered to owners at the time of deregulation.

Both Greater Toronto and Ottawa, as a consequence of amalgamation, have undertaken extensive reviews and regulatory changes to their taxi industry. Both municipalities focussed on service quality, driver standards, share/plate value and boundaries. Toronto introduced a new class of taxis, known as "Ambassador" taxis. With the exception of wheelchair accessible vehicles, only Ambassador taxis are eligible for new licences in Toronto. While holders of licences granted before this new regime was introduced continue to be able to operate and to lease or sell their licences (now known as "Standard" licences), Ambassador licences are non-transferrable and vehicles can only be driven by the owner of the licence.

Ottawa, after commissioning two studies and reviewing the various options has adopted Toronto's Ambassador system, and is moving toward a gradual elimination of boundaries within the new municipality.

Toronto, despite a review of criteria for determining taxi supply commissioned in 1997, has not yet decided on criteria and is considering yet another study. Its current bylaw stipulates that a maximum of 100 new Ambassador licences may be issued each year. Ottawa has settled on a taxi/population ratio of 1:668.

Factors Affecting Taxi Supply and Availability

Supply can be regulated in two ways, either directly through restricting the number of licences or plates issued, or indirectly through stringent vehicle and driver standards combined with high licence fees. As already noted, the supply of taxis in British Columbia is controlled through the issuing of licences and plates by the Motor Carrier Commission at the provincial level and municipalities at the local level. Most companies

must obtain municipal business licences and in a few instances, municipalities withhold those licences or impose additional regulations on the licence holder. With the exception of wheelchair accessible vehicles, no new permanent licences or plates have been issued by the MCC since 1998.

Criteria for determining supply vary greatly. Some municipalities use a simple population ratio, others rely on complaints from the public. Perceptions about the adequacy of supply are heavily influenced by the availability of the existing supply. Availability depends on a number of factors including time of day, day of the week, time year, weather and traffic. Competition also plays a role in determining if more taxis are needed. Communities well served by alternate means of transportation are less likely to perceive the taxi supply as inadequate, even if population ratios would indicate otherwise. Generally speaking, the ratio of taxis to population in the Vancouver area is substantially below that of other cities.

Boundaries also play a role in the calculation of supply. Drivers who have to return to their home territories with empty taxis waste hours and fuel and are unavailable to the public during that time.

Neither the issue of supply nor that of boundaries can be discussed without acknowledging the underlying issue of share/certificate value. Restricted supply has resulted in a steady increase in the market price for shares, with prices in Vancouver going as high as \$210,000 for one share. Historically it has been difficult for jurisdictions to strike a balance between the companies' need for market stability and the public's need for increased and improved service, whether the issue has been undersupply or oversupply.

In areas where supply has been too tightly controlled a whole new shadow industry of unlicensed, unregulated cabs has evolved. In both New York and Los Angeles, these unlicensed cabs out-number licensed taxis. Major centres in Canada are beginning to experience similar problems. The Pearson Airport has a high number of unlicensed cars soliciting passengers.

Toronto and Ottawa have both attempted to balance the competing interests of the companies and the public through the implementation of a new licensing classification under which new licences can be neither transferred nor leased. Called “Ambassador taxis”, these vehicles can only be driven by their owners and therefore can only operate for a 12 hour shift. With the exception of wheelchair accessible vans, both cities have stopped issuing transferable certificates (plates) although taxis licensed under previous regulations can still be bought and sold.

Summary of Options	
Supply	<ul style="list-style-type: none"> • Maintain the moratorium on all vehicles
	<ul style="list-style-type: none"> • Maintain moratorium with the exception of wheelchair accessible vehicles
	<ul style="list-style-type: none"> • Continue the moratorium on new licences but grant additional plates to existing companies.
	<ul style="list-style-type: none"> • Lift the moratorium and resume the normal process for new plates and licences.
	<ul style="list-style-type: none"> • Give primary responsibility for determining supply to municipalities, the Greater Vancouver Regional District, or another regional authority
	<ul style="list-style-type: none"> • Lift the moratorium but only issue a new class of non-transferable licences with specific standards for driver training and experience and vehicle age
Criteria	<ul style="list-style-type: none"> • Issue plates based on a set ratio of population to taxis
	<ul style="list-style-type: none"> • Issue plates based on perceived need within communities as expressed in the application process.
	<ul style="list-style-type: none"> • Issue plates based on a formula that considers population, competition, number of visitors, availability of public transit and other factors.
Boundaries	<ul style="list-style-type: none"> • Retain existing boundaries
	<ul style="list-style-type: none"> • Retain existing boundaries, but allow wheelchair accessible vehicles to pick up and deliver passengers in any region
	<ul style="list-style-type: none"> • Ease boundary restrictions at certain times of day and/or for certain events.
	<ul style="list-style-type: none"> • Phase in boundary elimination over a period of several years
	<ul style="list-style-type: none"> • Eliminate all boundaries immediately

Introduction

The current interest in the regulation of taxi supply is not new. In 1635, King Charles I of England ordered the licensing of London hackneys so as “to restrain the multitude and promiscuous use of coaches”.¹ And in the same century, a system of licensing “sedan chairs” was introduced in Japan.² In the more than 300 years since those first licences were issued, the business of transporting small numbers of passengers on short trips has been subject to legislation, regulation and review.

Regulation in Canada began in earnest during the nineteen thirties and forties when first unemployed workers and later soldiers returning at the end of WWII began to flood the market with taxis. By the end of the 1940s most cities in Canada as well as the United States had put in place regulations limiting the supply of taxis. An exception to this was Montreal, where supply was actually deregulated following WWII. Since then, particularly over the past twenty years, the taxi industry has been regulated, de-regulated, and re-regulated – in North America and throughout the rest of the world.

Countries as diverse as the United States, Sweden, Australia, New Zealand, Korea, Ireland and Japan have been reviewing and experimenting with various forms of regulation.³ In every case, changes to the regulations governing the supply of taxis have been highly controversial and subject to the competing interests of existing licence holders, regulatory bodies, municipalities, and the various stakeholder groups that represent the general public.

On the positive side, there is a wealth of information available to anyone considering changes to their own supply regulations. Nearly every possible combination of regulatory regime has been tried somewhere in the world and the results documented. Most major cities and/or provinces in Canada have, in recent years, undertaken at least one detailed studies of their taxi system, and have, as a result, implemented changes.

In British Columbia there have been several such studies. Most recently, in 1999, the Ministry of Transportation and Highways commissioned *A Study of the Taxi Industry in British Columbia*, (the Lanyon Report) that looked at the state of the industry

throughout the province and made a series of recommendations, some of which have been adopted through legislation and/or regulation.

Although the Lanyon Report commented on the issue of regulation versus deregulation of taxi supply, it did not make any recommendations on that subject or on the issue of boundaries which affect availability. Specifically it said:

There are two issues of primary importance to the industry that we do not directly address within the framework of this study – that of taxi supply and territorial boundaries. . . . This issue [territorial boundaries] along with the issue of supply, is of paramount concern to many in the industry. It is our view that these issues ought to be included in the long-term public planning process involving not only the MCC and industry, but the GVTA and the municipalities.⁴

In this report, we will look at both of those issues. One cannot consider the *supply* of taxis without also considering their *availability*. While supply is directly controlled through licensing and regulation, availability is subject to many factors, including time of day, weather, airport and/or port demands, traffic congestion, availability of alternate means of transportation and, most significantly, geographical boundaries.

Background

Current State of the Industry

Currently there are 35 companies licensed to operate taxis in Regions 14, 14A and 15. These regions include all of the Lower Mainland and extend up the Fraser Valley as far as Harrison Hot Springs (District of Kent). These 35 companies hold a total of 1,233 certificates (plates) including approximately 85 plates for wheelchair accessible vans.⁵ Table 1 lists existing licence holders, their location and the number of plates allocated to them by the Motor Carrier Commission (MCC).⁶

The two largest companies in the region are located in Vancouver where Yellow Cab is the largest single licence holder with 198 certificates. Black Top, also of Vancouver, is second in size with 160 certificates, while Bonny's Taxi of Burnaby is third with 98 certificates. The average number of certificates per company in the three largest municipalities (Vancouver, Surrey and Burnaby) is 112, while in municipalities with a population of 100,000 to 175,000, the average number per company is 20. For municipalities with populations under 100,000, numbers range from two or three cars to a high of ten cars.

Industry sources report that approximately 80 – 85% of owners drive their cars for at least one shift. The second shift is usually covered through a lease agreement negotiated on a monthly or yearly basis. Non-owner driven cars are also leased. According to industry sources, lease rates for a single shift range from \$1,500 to \$2,000 per month. In addition the lessee is responsible for fuel, insurance, maintenance, dispatch fees which average \$850 monthly – and in some cases – must also provide the car.

The ratio of taxis to population in the Lower Mainland varies from place to place, but on average is 1:1381. Table 2 shows a breakdown of ratios by municipality. Because some companies are licensed to serve in more than one municipality, these figures are not totally accurate, however, they give a general idea of the range of ratios within the region. Most other large municipalities in Canada have substantially lower ratios, the national average being 1:714.

Table 1: Licensed Taxi Companies Operating in the Lower Mainland

Location	Company	#Plates	Accessible Plates
Abbotsford	Abbotsford Taxi	15	0
	Central Valley Taxi Ltd.	18	n/a
	Matsqui Taxi Ltd.	5	0
Agassiz	Agassiz-Harrison Taxi Ltd.	3	0
Aldergrove	Aldergrove-Langley	6	n/a
Burnaby	Bonny's Taxi Ltd.	98	5
	Burnaby Select Taxi Ltd.	4	1
	Queen City Taxi Ltd.	11	2
Chilliwack	Bob's Cabs (1973) Ltd.	10	n/a
	Chilliwack Taxi Ltd.	10	2
	Sardis Taxi Ltd.	5	0
Coquitlam	Gordon Wayne Wilgosh	1	0
	Bel-Air Taxi (1982) Ltd.	34	2
	Coquitlam Taxi (1977) Ltd.	26	0
	Port Coquitlam Taxi Ltd.	12	0
	Alouette Transit Systems Ltd.	7	n/a
Delta	Delta Sunshine Taxi Ltd.	26	3
	Tsawwassen Taxi Ltd.	23	n/a
Maple Ridge	Meadow Ridge Taxi Ltd.	10	0
	Syd's Taxi (1984) Ltd.	10	1
Mission	Mission Taxi (1980) Ltd.	6	0
New Westminster	Royal City Taxi Ltd.	46	2
North Vancouver	North Shore Taxi (1966) Ltd.	84	1
	Sunshine Cabs Limited	38	n/a
Richmond	Coral Cabs Ltd.	19	0
	Kimber Cabs Ltd.	18	18
	Richmond Cabs Ltd.	56	2
Surrey	Guildford Cab (1993) Ltd.	33	n/a
	Newton Whalley Hi-Way Taxi Ltd.	50	2
	Surdell Kennedy Taxi Ltd.	54	7
	White Rock South Surrey Taxi Ltd.	45	4
Vancouver	Black Top Cabs Ltd.	160	1
	McClure's Cab (1984) Ltd.	40	0
	Albert Gary Tarantino	1	0
	Yellow Cab Company Ltd.	198	2
	Vancouver Taxi	51	30
Total		1233	85

Table 2: Ratio of Taxis to Population: Lower Mainland			
Location	Population	Taxis	Ratio
Vancouver	543,071	450	1:1206
Burnaby	187,992	113	1:1164
Surrey	323,509	182	1:1778
Abbotsford	111,708	38	1:2940
Richmond	157,537	93	1:1694
Coquitlam/Port Coquitlam	157,081	80	1:1964
New Westminster	52131	46	1:1133
Chilliwack	63,080	25	1:2523
North/West Vancouver	126,655	122	1:1038

The overall supply of taxis is limited through regulation. The licence to operate a taxi company with its accompanying certificates and plates can only be obtained initially through the regulatory process. The MCC licences a fleet and stipulates the number of vehicles that a licensee may operate. Each vehicle must have a motor carrier certificate and plate. The Motor Carrier Act says that a licence may not be assigned or transferred without the approval of the Commission, and that licensees must maintain “care and control” of their operations. Nor may a “plate or certificate” be sold independently of the licence. Each licensee is issued a specific number of plates which may be increased from time to time through application to the MCC.

Within these parameters, the industry has created corporate structures through which the transfer of certificates/plates is possible. Companies are structured so that all or a part of individual plates/certificates are owned beneficially by individual shareholders. Each share in a company gives the purchaser a portion of the company's assets (real estate, dispatch system, etc.) and a 50 per cent interest in one plate. So, for example, Yellow Cab, a licensee with a total of 198 plates would have 396 shares – each share including a 50 per cent interest in a certificate/plate. An individual shareholder with two shares (i.e. 100 per cent of a certificate/plate) will commonly retain one share while

selling the second share. Because the value of shares is very high, most sales are of one share rather than the equivalent of a whole certificate.

The value of a share depends on various factors, including market demand, location, whether the share is for a day or night shift and whether an airport licence is included. The purchase price for the share may or may not include an actual car. While we cannot state definitively the market value of a share, industry sources tell us that the price of a single share (i.e. the equivalent of half a car) can range anywhere from \$80,000 in Coquitlam to a high of \$210,000 for a taxi licensed for use in Vancouver and at the airport. This means that the cost of a single certificate or plate (two shares) can be as high as \$420,000. This is considerably higher than any other major municipality in Canada, and higher even than most of the major metropolitan areas in the United States for which statistics are available. In New York City, for example, where only a handful of licences were issued after a moratorium that lasted for more than fifty years, individual plates (the equivalent of two shares in Vancouver) currently have a market price of between \$180,000 and \$190,000 (US). Plate prices in Sydney, Australia are valued at around \$350,000 (AU)⁷ while in Dublin, Ireland the average plate costs £80,000.⁸ Table 3 shows the range of estimated prices paid for shares in the Vancouver area.

Vancouver	\$140,000 - \$210,000
Burnaby	\$75,000 - \$100,000
New Westminster	\$60,000 - \$80,000
Surrey	\$75,000 - \$100,000
Coquitlam	\$80,000
* Note: These are estimates only and don't necessarily reflect actual sales.	

Regulation

The number of taxis in the Lower Mainland is controlled through the licensing structure of the Motor Carrier Commission (MCC) and the bylaws of municipal governments. In addition, the Vancouver International Airport Authority contracts with individual companies for airport service. If the contracted companies do not have airport service as part of their condition of licensing, they must request a change from the MCC. Most licences in the Vancouver area, issued by the Motor Carrier Commission, are for five passenger sedans. Competing forms of transportation such as limousines, shuttle buses and courtesy cars either operate under different conditions of licence or are unregulated and are not specifically included in this study.

The MCC, as a condition of licensing, stipulates the territory in which a company is authorized to conduct its business. Companies can deliver passengers to any destination, but are not generally allowed to pick passengers up or solicit business outside their designated zones. That means, for example, that a Burnaby company licensed only to operate with the City of Burnaby can deliver a passenger to Vancouver or White Rock, but cannot be dispatched to or pick up passengers in those municipalities. Some companies operate within one municipality, but many are licensed to operate in more than one. Thus Surrey companies may also serve Delta, and North Vancouver companies operate in West Vancouver. Any company whose area of operation includes more than one municipality generally has to obtain a municipal licence for each separate municipality.

In October of 1998, the MCC issued notice that it would not accept any applications for licensing in the Lower Mainland which would alter the supply of taxis, or any other applications for passenger services which would impact on taxi services.

The MCC delayed hearings on this matter until the completion of a study commissioned by the Ministry of Transportation and Highways, *A Study of the Taxi Industry in British Columbia*, (the Lanyon Report).

The Lanyon Report did not comment directly on issues of taxi supply, although it did touch on many of the factors that affect supply. It reviewed the effects of deregulation of supply in various other jurisdictions, but did not make recommendations concerning deregulation. It also refrained from making recommendations on the issue of boundaries which is one of the primary factors influencing both supply and availability.

As a result of the recommendations of the Lanyon Report, the Province passed legislation that eliminated the issuing of municipal taxi licences to companies lacking MCC licences. Thus the Commission became the primary licensing body for taxi companies throughout the province. At least some municipalities continue to grant or withhold municipal licences to MCC authorized companies as well as to regulate service and safety standards.

Municipal bylaws controlling licensing and standards for taxis vary from municipality to municipality and are complicated by the confusion among some municipalities about their powers under the Local Government Act (previously called the Municipal Act). Several representatives of municipalities commented that they didn't implement standards and/or criteria for their local taxi companies because they felt they had no authority to do so. Others have set in place vehicle and driver standards. The City of Vancouver has the most stringent standards for taxi companies operating within its jurisdiction, including standards of vehicle age, size and safety, driver qualifications and means of operation.

In September of 1999, the MCC held a public hearing on the issue of the supply of taxis in the Lower Mainland. As a consequence of that hearing, the MCC continued its moratorium as it applied to "taxicabs" as defined by the Commission. However, the moratorium was lifted on other forms of passenger transportation systems, for example, limousines.

In March of 2001, the Commission notified the industry that it would be undertaking consultations with industry, municipalities and other agencies and stakeholders in order to gain a better understanding of perceptions about the supply of taxis and in order to

identify factors that influence the supply of taxis in the region. The moratorium would be continued until that consultation process was completed. (Appendix A: Notice to Industry)

Stakeholder Observations

Industry

Meetings were held with the two industry associations. The Vancouver Taxi Association represents three of four companies operating within the City of Vancouver, Yellow Cab Company, Black Top Cab Company and McClure's Cabs. The BC Taxi Association is a provincial organization representing many of the companies outside of Vancouver and one company in Vancouver. The meetings were dominated by issues of boundaries, enforcement, and regulatory flexibility. On the specific question of supply, there was general agreement among the representatives of the Vancouver Taxi Association that the city could sustain another 25 – 30 taxis with certain provisos, while the BC Taxi Association was less certain of the need to increase supply.

Both associations, understandably, were strongly opposed to issuing licences to new companies who might wish to enter the market. They would like to see any increase in supply come in the form of additional certificates/plates issued to existing companies. As noted above, share prices are very high in this region and shareowners were especially concerned with protecting the value of their investment. There were suggestions by both associations that new licences and/or plates should be added incrementally or as temporary, time-limited plates while the impact on existing business is studied.

Both Associations said that the use by specific client populations as well as the weather, season, and the time of month/week/day determine how busy they are. The Vancouver Taxi Association reported a marked difference in demand between daytime and night time shifts, as did several members of the BC Taxi Association. However, one representative from a Surrey company said that an analysis of their trips sheets showed no difference between the day and night time shifts – that both shifts averaged 1000 trips per day with 30 cars.

One company, operating in the City of Vancouver and at the Vancouver International Airport, provided us with their statistics for the year 2000 which are detailed in Table 4.

Average trips per cab	15,020
Trip cost average	\$7.70
Average vehicle revenue	\$115,647.77
Average wait time (normal conditions)	8 minutes
Average wait time (inclement)	14 minutes
Average travel time	14 minutes
Average distance traveled	3.25 kms.
YVR trips as percentage of total trips	1.56%
Percentage of YVR trips to downtown core	70%

Vancouver taxis are busiest at rush hour on a rainy day, and wait times for customers during those times can be very long. Average wait times during normal periods for both associations were reported as averaging 10 minutes under normal conditions (i.e. not rush hour) and up to 25 minutes during peak times or inclement weather. With the exception of Burnaby, whose patterns closely follow those of Vancouver, taxi companies in the outlying municipalities, such as Surrey, New Westminister, and Coquitlam, are busiest during the winter. Vancouver and Burnaby companies both profit from Vancouver's summertime tourism industry, while other municipalities experience a slowdown in summertime business. In the words of one representative of a taxi company in Surrey, "People don't come to Surrey in the summer; people leave Surrey in the summer."

All companies report that they are very busy near the end of the month when social assistance cheques are issued. They also reported a dramatic increase in the use of taxis by social service and other agencies (e.g. Ministry of Human Resources, Insurance Corporation of British Columbia, Workers' Compensation Board) to transport their clients.

Table 5: Consumer Demand by Type and Time of Day		
	Vancouver Taxis	Suburban Taxis
4– 6 am	Airport trips	Airport trips
6 – 9 am	(Rush hour) Airport, Workers, schools, cruise ships	(Rush hour) workers, schools, post office, airport
10 am – 2 pm	(Lull) workers moving around downtown, seniors, medical appointments, MHR, WCB clients	(Steady) Seniors, medical appointments, courier services, MHR, WCB clients
2 pm- 5 pm	(Rush hour) workers, schools	(Rush hour) workers, schools, post office, ball teams
5 pm – 7 pm	End of rush hour, restaurants, shows	Handidart overruns, tour bus drop-offs, restaurants
7 pm – 3 pm	(Very slow) except for mini-rush at bar closing	bars, casinos, restaurants, shows (including employees of those businesses)
Weekends	(Busy) tourists, shows, bars, restaurants	(Slow) shows, bars, casinos, restaurants
Summers	(Busy) extra tourist volume	(Slow) Very limited tourist activity, little school activity

Proximity to major transportation centres such as the Port of Vancouver and BC Ferry terminals has an impact on demand, although in the case of the Port, the demand comes in a very narrow window. Both associations complained about competitors who either operate under different conditions of licence from the taxi companies, such as limousines and shuttle buses, or who are unregulated, for example, vanpools. HandiDart, a service for transporting people with disabilities, came in for a large share of

the criticism as a subsidized competitor. While several companies also have working relationships with HandiDart, taking their overflow, it is an uneasy relationship at best.

The associations suggested a variety of criteria for evaluating the need for an increase in the supply of taxis. Wait times, population increases, increase in arrivals at the airport and port were all suggested as factors to be considered. One representative from Surrey felt strongly that no single formula is really workable because local factors vary significantly from place to place. Several representatives from both associations pointed out that wait times during rush hour are not likely to be significantly affected by an increase in the supply of taxis, as traffic conditions (traffic gridlock, construction) are the dominating factors during that time.

Both associations agree that there is a need for an increase in wheelchair accessible vans. One company in Vancouver reported that demand for wheelchair accessible service exceeded their capacity by 600%. A Surrey representative reported that the addition of four wheelchair accessible vans to their company fleet had no negative impact on ridership in the rest of their fleet, but rather brought them new ridership and increased referrals from HandiDart.

The Vancouver Taxi Association pointed out that the wheelchair accessible vans currently on the road are often used at venues like the Port of Vancouver, where passengers tend to have more luggage than will fit in a conventional taxi. They pointed out that the acquisition of non-wheelchair accessible vans would meet the demand for increased carrying space. This would have the effect of freeing up wheelchair vans to serve the customers who need them. The City of Vancouver recently amended its bylaws to allow the use of non-wheelchair accessible vans. Companies wishing to take advantage of this change by adding such vans to their fleets will have to apply to the MCC for a change in their conditions of licence.

Both associations feel that the restrictions imposed by regulations make it more difficult to run profitable businesses, and in discussing the possibility of an increase in supply, had several suggestions as to the issuance of licences that would allow them to operate

more efficiently. They talked about the need for more flexibility in hours of operations – that a system whereby some plates could be used on a part time basis during busy periods, rather than 24 hours a day would give them much needed flexibility.

It should be noted, however, that there appears to be some misunderstanding as to regulation. There is no Motor Carrier licensing requirement that compels licence holders to operate their vehicles 24 hours per day, so it may be that the motivation to keep cars on the road all the time has more to do with the need to cover lease or share costs than with regulation.

The associations are sharply divided on the issue of boundaries. Because specific geographic locations are designated as part of a company's conditions of licence, taxis can deliver, but generally cannot pick up passengers outside of those locations. At dispute is the lucrative Vancouver market with its high volume of business, hotel and airport traffic. The Vancouver Taxi Association supports the current system of closed boundaries and complained about cabs from other municipalities who poach rides in their territory. The BC Taxi Association, on the other hand, pointed out that allowing their companies into the Vancouver market, at least during rush hours, would go a long way toward solving the problems of availability without necessitating an increase in overall supply. They also noted that driving an empty cab back to their licensed districts is a waste of fuel and drivers' time and only contributes to the traffic and pollution problems of the Lower Mainland.

A further argument was made by the BC Taxi Association on behalf of consumers. They pointed out that clients, especially tourists, were unlikely to understand that certain companies were unable to pick up in Vancouver, and that it created a bad impression of the city and its taxis when the drivers of obviously empty cabs refused to pick up passengers. There are conflicts at hotels as well. If a suburban cab drops a customer off at a hotel and there are people waiting for a taxi, the doorman is likely to insist that the suburban taxi take his customers. As one representative put it, "Hotels don't care about boundaries. They just want service for their customers."

The Vancouver Taxi Association, on the other hand, argued that opening boundaries would mean an influx of taxis from areas such as Surrey and New Westminster into the most profitable areas of the city, and that once there, they would be reluctant to leave, thereby reducing the Vancouver companies' ability to make a living while leaving suburban areas underserved by their own companies. There is some evidence from cities like Seattle, and Cleveland that this might indeed be a consequence of removing boundaries. However, because the removal of boundaries was part of a general deregulation of the industry in those cities, it is difficult to tie specific regulatory changes to specific consequences. The Vancouver Taxi Association would like boundaries to remain in place and enforcement of those boundaries increased. They argued that increased enforcement could be covered through the increased revenue from tickets.

It should be noted, however, that the issue of boundaries cannot be resolved without cooperation among municipalities. Even if the MCC changed the conditions of licence in order to eliminate boundaries, municipalities would have to issue municipal licences in order for companies to work in their jurisdictions. Experience in other jurisdictions has shown that municipal governments are reluctant to open boundaries if local companies feel it would have a negative impact on their business.

Vancouver International Airport Authority

Cars from sixteen companies in the Lower Mainland are licensed by the MCC and contracted by the Vancouver Airport Authority to pick up passengers at the international and domestic terminals of the airport. Contracts are signed with individual companies, and the Authority determines its own criteria for driver and vehicle standards. According to an airport representative, the supply of taxis is usually adequate except during afternoon rush hours, 4:00 to 6:00 pm, when they experience shortages. Demand is heaviest from May through September. The transit strike of last summer had a significant impact on passenger service to and from the airport. Shortages of transport were five times normal.

With the building of a new runway and the expansion of the terminals, there has been a steady increase in passenger volume at the airport, and that increase is reflected in volume of taxi trips, which were up by 9.4% at the end of 2000. However, much of the demand for increased transportation has been met through an increase in the number of hotel and shuttle buses, limousines and car rentals. Parking rates at the airport are also low enough that many people drive to the airport rather than taking alternate transportation.

The South Terminal has an exclusive contract with one taxi company. A representative of the sport-fishing industry whose passengers debark at South Terminal reports problems with taxi supply and driver attitude, that are especially severe during afternoon rush hour. It is important to note that her comments are almost exclusively confined to the time period of the transit strike. Her clients usually require taxis for trips to the main terminal to make connecting flights. The contracted company will not pre-book trips and provides only minimal service during rush hour. Drivers frequently refuse her "short trip" passengers. The problem is exacerbated by the fact that other companies frequently drop passengers off at South Terminal, but refuse (as is their legal obligation) to pick passengers up. She reports that on evaluation forms distributed by her company, airport service is consistently rated as poor or very poor, and that she or her staff frequently end up having to drive passengers to Main Terminal in their private cars.

Vancouver Port Authority

During the peak cruise months of June to September, the Port may have as many as 6,000 to 8,000 people disembarking from the larger cruise ships at the same time. Of that number, approximately 25-30 per cent are looking for a taxi, limousine or shuttle bus. When smaller ships come in, that number increases to 50-65 per cent of passengers who need transportation. On weekends, Friday to Monday, both terminals experience huge spikes in demand from 9:00 to 11:00 am.

The Port sees boundary restrictions as a major impediment to their ability to move people quickly. They would like to take advantage of the suburban companies' traditionally slow time on weekend mornings to absorb some of their traffic.

Representatives of the Vancouver Port Authority feel it would not be unreasonable to see an increase in the taxi supply of at least 80 new permanent plates and 80 temporary plates. While this number would undoubtedly eliminate many of the transportation problems faced by the Port, it would have major ramifications for Vancouver companies and probably result in a serious oversupply at those times when there is no Port demand for service.

Public Transit

It is interesting to note that, while Translink has compiled statistics on every other conceivable form of transportation – from walking and bicycles to buses, trains and carpool vans – they have omitted taxis completely. Regional trip surveys break modes of transportation down into automobile driver, automobile passenger, transit, walk/bike and other. If we assume that the category of “other” is comprised of all of the various forms of private transportation systems, then taxi service comprises less than one percent of transportation in the Greater Vancouver Regional District.⁹

Translink does mention shared rides as one of the essential links in the movement of people around the region. The Lanyon Report recommended granting a more flexible regime to the taxi industry that includes shared rides. Lanyon further recommended that the taxi industry be included in the planning of public transportation. However, implementation of public-private partnerships between a unionized public transit system and a private non-unionized company are fraught with difficulties, especially in respect to labour relations. One taxi company in Burnaby, for example, entered into a contract with Translink to provide a chartered trip service which led to job action by the transit union.

In their submission to the 1999 MCC hearing, the Amalgamated Transit Union, Local 1724, disputes the conclusions drawn by Lanyon that the use of taxis rather than subsidized public systems would save taxpayers money.¹⁰ While the gist of their submission is focussed on the issue of transporting people with disabilities (HandyDart versus subsidized taxi service), the general tenor of their comments made it clear that they are opposed to any shift of transit subsidies to the taxi industry.

Hotel and Doorman's Associations

The Hotel Association pointed out that there is a serious shortage of taxis during company shift changes (3:00 – 4:00 pm). In its recommendations, The Lanyon Report suggested that taxi companies “restructure their shift change procedures in order to ensure an adequate number of vehicles on the road at all times.”¹¹ At least one Vancouver company, Yellow Cabs has moved toward staggered shifts, but the change hasn't been sufficient to solve the problem.

Both the Hotel and Doorman's Associations reported a strong demand for a particular niche market – that of business people who want to ride in a luxury vehicle but don't want the ostentation of a stretch limousine. They feel there is a definite market for luxury vehicles such as Cadillacs or Lincoln Towncars to serve that niche market. The Hotel Association would like to see either limousine or taxi companies fill that demand, while the Doorman's Association believes that limousine regulations should be modified so that they could operate the smaller luxury cars. Subsequent to our interviews, the MCC moved to grant 19 certificates to eight limousine companies that will enable them to use luxury vehicles rather than stretch limousines. The City of Vancouver, however will have to change its bylaws to accommodate these licensees, and probably won't review the matter until late fall or early in 2002.

Municipalities

There was a marked contrast in the responses of municipalities to our questions. In general, smaller municipalities, especially those east of the Port Mann Bridge, felt that

regulation of the taxi industry was a provincial responsibility, and that beyond issuing business licences to local companies they neither had nor wanted authority. They pointed out that the resources of municipal governments were already severely stretched and they had no interest in adding taxi regulation to their workload. Several municipalities did state that there were areas within their jurisdiction that were not served by public transit, and therefore possibly in greater need of taxi services, but an improvement in taxi services simply was not something they as districts or municipalities had considered.

The larger municipalities, particularly those with companies who are licensed to pick up passengers at the Vancouver Airport, were more interested and more keenly aware of the various issues surrounding supply, accessibility and boundaries.

City of Vancouver

The City of Vancouver has the most stringent bylaws for taxis. Vancouver companies are required to comply with regulations of vehicle age and condition as well as driver training.

The City's Vehicle for Hire Bylaw stipulates that there shall be no more than 1.2 taxicabs for every 1,000 residents. Based on that formula, Vancouver could increase its current supply by 215 taxis. The bylaw also stipulates that new taxis are to be added at a rate of no more than 10 per year. In its submission to the MCC Hearing in 1999, the City stated that it would like to see an increase in the supply of taxis, particularly in the supply of wheelchair accessible vehicles.

The City is currently reviewing its own regulations concerning wheelchair accessible vehicles. When the City originally issued "dual licences" for vans that could be used for either general service or wheelchair service, it placed a cap on the total number of vehicles so designated. Only one company, Vancouver Taxi Ltd., applied for these dual licences and subsequently received all the available licences. Currently Yellow Cab has two wheelchair accessible vehicles and Black Top Cabs has one, but they are operating them under their general licences.

The City pointed out that while most residents experience delays at peak periods during the week and on weekend evenings, people in need of wheelchair vans experience delays at all times of the day. The City would like to see all Vancouver taxi companies have accessible vehicles as 10% of their fleet. It is the City's view that adequate service to people with disabilities probably can't be achieved without some sort of subsidy to the taxicab companies.

Vancouver would like the MCC to consider creative ways of issuing licences, for example, making use of time limited licences and increased shared ride vehicles. On non-supply issues, Vancouver feels that Taxi Host should be mandatory for drivers across the province. It further feels that additional training is necessary for drivers serving people with disabilities

City of Burnaby

Historically, the City of Burnaby has issued taxi licences whenever the ratio of licences to population reached 1:2,000 in order to reduce that ratio to 1:1,500. They have also relied on consumer complaints and reports from local companies of delays, long wait times and missed calls. Currently the ratio is approximately 1:1,900 which would suggest that more licences are needed. However, unlike ten years ago when complaints were frequent, Burnaby now receives virtually no service complaints from the public, nor have local companies indicated a need for more vehicles. The City would like to see a partial opening of boundaries so that companies could pick up or deliver customers who are travelling outside the boundaries.

Cities of Surrey and New Westminister

Both the City of Surrey and the City of New Westminister are currently assessing their taxi supply. Both cities have companies with MCC approval for additional plates that have not yet been granted municipal licences. Surrey auctioned its licences, but local taxi companies, who objected to the auction, sought and obtained an injunction This matter is now before the courts.

The City of New Westminster feels that boundary restrictions should be relaxed as should restrictions on supply. They feel that the deregulation of supply while maintaining strict regulation of safety issues would improve service. On the other hand, the City did not note any complaints as to inadequacy of service.

Cities of Richmond, North and West Vancouver

The City of Richmond and the City of North Vancouver also felt that the supply of taxis in their respective municipalities is adequate to their needs. Richmond relies on public complaints to assess the need for increased service. While they had little to say about supply, Richmond did want to comment on issues of vehicle inspection. They feel that provincial inspections are inadequate and that cooperation between provincial and municipal inspectors would improve the situation.

North Vancouver did point out that there was a need in their community for more wheelchair accessible vans, a situation they would like to see remedied through the granting of additional plates by the MCC.

The City of West Vancouver has no local taxi company. They are currently served by Vancouver and North Vancouver companies as well as Sunshine Cabs. They have received no complaints about that service.

Table 6 gives an overview of municipal responses.

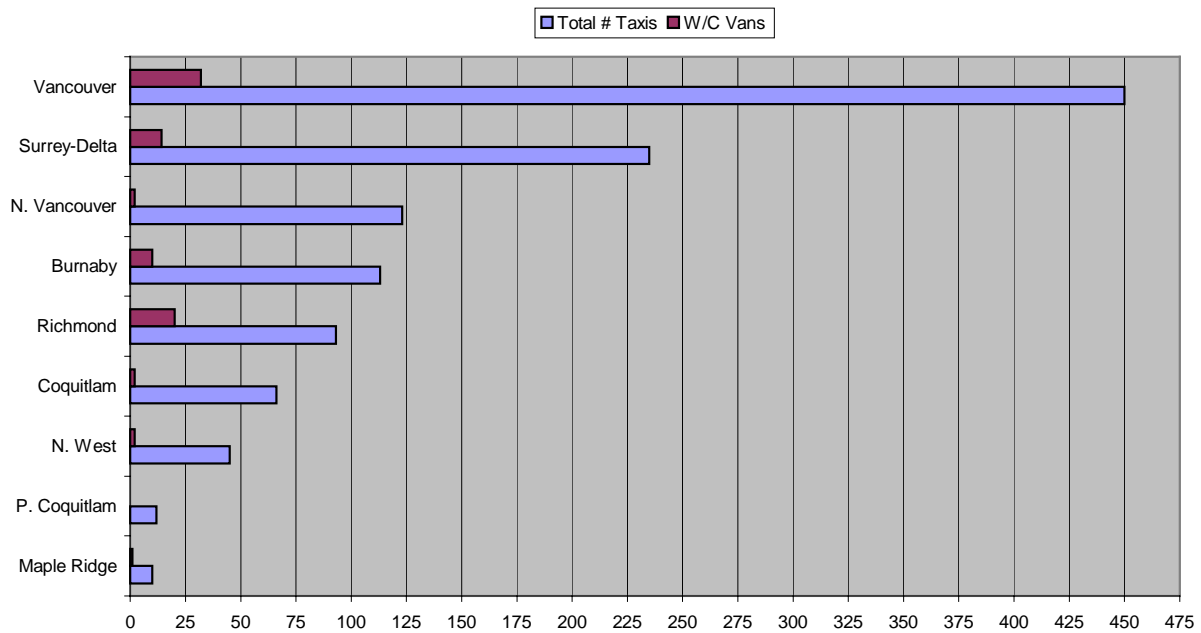
Table 6: Municipal Responses to questions of supply		
Municipality/District	Adequacy of Supply	Criteria to Determine Supply
City of Vancouver	Possibly 20-30 more vehicles need. Definitely more w/c vehicles. Quality of more concern than quantity.	Population ratio of 1.2 taxis per 1000 population, public complaint, feedback from companies.
City of North Vancouver	More than adequate with the exception of w/c accessible vehicles	Complaint process
District of West Vancouver	No companies in municipality. No complaints about service from outside companies.	None given
City of Burnaby	Current supply is adequate.	Historically determined by taxi/population ratio of 1:1500
City of New Westminister	Not sure. Would need an extensive review.	No set criteria, but historically has included service complaints, population and competition. Feel that supply should be deregulated.
City of Richmond	Supply is adequate. Have no complaints.	Supply and demand
City of Surrey	Current supply inadequate. Need at least 30 new vehicles	Population ratio (1:930), complaint process, evaluation of competition
Corporation of Delta	Current supply adequate except for w/c accessible vehicles.	No taxi bylaw. No criteria for establishing need.
City of Coquitlam	No response	
City of Port Coquitlam	Current supply appears to be adequate.	Only 1 complaint in past several years. No established criteria, left to MCC to establish levels
City of Port Moody	Serviced through Coquitlam company. No complaints about supply	No taxi bylaw. No criteria established for assessing need. Would like to see supply deregulated.
District of Pitt Meadows	No companies operating in district	Not applicable
District of Maple Ridge	No response	
City of Langley	No companies licensed by municipality.	Not applicable
City of White Rock	No local company, served via Surrey. Not aware of any problems	Not applicable
District of Chilliwack	No response	No response
City of Abbotsford	Supply adequate	Not applicable
District of Kent	Generally adequate. Only one small company	Not applicable
Village of Harrison Hot Springs	No problems	No comments
District of Mission	Supply is adequate	Doesn't regulate supply

Consumer Groups

People with Disabilities

Of the 1,233 taxicabs licensed to operate in the Lower Mainland, approximately 85 or 6.8 per cent are wheelchair accessible vans. Table 7 shows the distribution among the various municipalities.

Table 7: Proportion of Wheelchair Vans in the Lower Mainland



Most representatives of municipalities, as well as industry spokespeople, agree that there is a serious shortage of wheelchair accessible vans serving people with disabilities in the Lower Mainland. This general awareness is due in no small part to the advocacy efforts of organizations serving the needs of the disabled community. The City of Vancouver also noted that the majority of public complaints about both availability and service come from consumers in need of wheelchair accessible vehicles.

The Lanyon Report detailed shortcomings not only in vehicles, but in driver training and awareness. We heard that little has changed since that report was written. There is still a serious shortage of wheelchair accessible vans. The problem is compounded by their

use for other purposes. Their extra loading capacity makes them highly desirable for cruise ship passengers who tend to have a great deal of luggage, for shoppers with large items to transport, and for transporting students to and from school.

Representatives see the boundary issue as a real problem in improving the availability of wheelchair vans. They feel strongly that boundaries for such vehicles should be removed.

We heard that even pre-booked taxis are routinely anywhere from 30 minutes to 1.5 hours late, and that wait time can be as long as 1.5 hours for a van arriving from Vancouver after a dispatch call from the North Shore. In the opinion of one representative from the North Shore Disability Centre, consumer complaints are few because people in the disabled community are afraid that if they complain, companies will discontinue the service.

In their submission to the MCC Hearings of 1999, the Coalition for People with Disabilities pointed out that drivers routinely turn meters on at the beginning of loading and turn them off at the conclusion of unloading. The Coalition views this practice as discriminatory and feels the extra time should be paid via subsidies. They also proposed that British Columbia follow the London (UK) model whereby all vehicles due for licensing by January 1, 2000 must be capable of carrying a wheelchair passenger.¹² (It must be noted that the London system is an anomaly in the taxi industry and it is therefore difficult to draw parallels with other regions.) The British Columbia Paraplegic Association also made representation at the 1999 Hearings.¹³ They concurred with the Coalition's observations that there is a serious shortage of accessible vehicles in the Vancouver area. They further stated that boundary restrictions for accessible vehicles should be lifted – an opinion shared by those we interviewed in other advocacy organizations.

Seniors

The complaints we heard from seniors had less to do with supply than with quality. Like representatives of the disabled community, they felt that service standards need to be

improved and that drivers need more training in order to deal with seniors, especially those who have disabilities that require the transportation of walkers or service dogs in the taxi. Vancouver taxi companies were perceived to be far superior to other companies in terms of service, vehicle cleanliness and driver attitude. Seniors feel strongly that the TaxiHost program should be mandatory for all drivers. Supply is perceived as generally adequate, although wait times can be long during bad weather or rush hour.

Regulating Taxicab Supply: Other Jurisdictions

The objective, common to all governments or regulatory agencies, that motivates them to regulate, amend or remove restrictions on the supply of taxis is that of providing a quality service to the public. In a paper presented to the 7th Congress of the European Taxi Confederation, Michel Trudel of the Quebec Department of Transportation, spells out the objectives of public regulation of the industry as:

- public safety;
- consumer protection;
- availability of service;
- service quality;
- reasonable profitability of service; and
- reduced traffic and pollution.¹⁴

These objectives are echoed in the mandate of the Motor Carrier Commission which is charged under the Act to:

- promote adequate and efficient service to the public at just and reasonable charges;
- promote safety on the public highways; and
- foster sound economic conditions in the transportation industry.¹⁵

It is in the light of those policy objectives that regulations must be reviewed and reframed as necessary.

How that is best accomplished and what other factors must be considered is the subject of dozens of studies, reviews, commentaries and debates. For every study suggesting that a particular approach is effective, there is at least one other study that disputes that approach. As Trudel observed in his presentation, the answer to the question of regulation of the taxi industry can be “answered in two ways, depending on two schools of thought.”

“According to the first, local authorities or governments play no role in the private sector’s supply of services, and market forces are left to balance themselves based on supply and demand.¹⁶”

The second school believes that government authorities are obliged to intervene because of what economists call “market imperfections” which prevent the market from achieving a balance between supply and demand.”

That issue of “market imperfections” means, in part, that the taxi industry does not respond to economic conditions in the same manner as other businesses. Historically in an unregulated environment, bad economic times have brought an influx of drivers into the taxi industry, while in good economic times drivers leave for more lucrative occupations. This pattern is diametrically opposite to usual business practices. A pulp mill, for example, will add employees and shifts during good times and cut back during bad. Taxi operators drive fewer hours in good times (when they can make enough money to meet expenses in fewer hours) and more in bad times. In order to make enough money to cover expenses, a taxi driver will expand hours of operation for as long as is possible.

An unregulated increase in the supply of taxis has essentially the same effect as a business slowdown. More taxis means fewer trips per cab, and that means longer hours of operation in order to cover expenses.

Unlike other industries, competition in the taxi industry does not lead to a balance of supply and demand. While some operators may go out of business because of oversupply, others will enter the market. In Sweden, for example, 1000 taxi companies went out of business between 1991 and 1995. Driver and journalist Pepe Arninge, commenting on the situation in Stockholm seven and a half years after deregulation offers an explanation:

“While many taxi owners have now given up their jobs and sent their permits back to the City Council, there are always newcomers who want to try to make

some fast money. By establishing a small company, which is easy and takes a week, they then run their business without any dispatch services or book-keeping for the permitted 18 months and then put the company into bankruptcy. The money they have made, without paying any taxes or social welfare, is placed abroad on [sic] an account that isn't reachable for the taxation authorities."¹⁷

Many cities in the United States deregulated taxi supply during the 1980s. If we look at the outcomes of that deregulation, certain patterns, with a very few exceptions, appear to be consistent across the board. They include:

- A sudden and dramatic increase in the supply of taxis.
- An increase in customer complaints about service, driver attitudes and/or skills, trip refusals and fares
- An end to any market value inherent in the purchase or lease of plates
- Destabilization of larger established companies
- Increase in traffic congestion and aggressive competition.

Because of these factors, most jurisdictions in the United States, 21 out of 25, who had experimented with deregulation, re-regulated at least some part of the industry within five to ten years. That has not prevented other jurisdictions from continuing to consider deregulation as a panacea to cure the ills of the taxi industry, but most observers now feel that it is less of a case of deregulation, than one of selective regulation to achieve public policy objectives.¹⁸

By contrast, deregulation in New Zealand appears to have been quite successful. New Zealand deregulated its industry in 1989 as part of sweeping reforms at a time of economic crisis in the country. Both taxis and limousines were defined as "Small Passenger Vehicles" and owners of such vehicles were required to obtain a licence. However, licensees could then operate as many vehicles as they wished. Fares were set by individual taxi organizations (i.e. dispatch services), and licensees were required to belong to such an organization.

In 1996, the New Zealand Transport Department found that taxi fares had decreased by as much as 10% from 1989 to 1995, and the number of taxis in urban areas had significantly increased. In the Wellington region, for example, there were 454 taxis operating prior to deregulation and 932 five years later. At least one industry observer in New Zealand claims that, as a result of deregulation, “. . . many new specialized taxi services sprung up, including taxi vans and executive cabs. There is also a new taxi charge credit system and more advertising on cabs. Some taxi companies have also begun tendering for public bus routes.”¹⁹ On the negative side, there are some reports that drivers have had a substantial reduction in earnings despite driving longer hours. Statistics New Zealand reported that in 1999 approximately 33 per cent of drivers earned between \$20,000 and \$30,000 per year, while a nearly equal number earned between \$10,000 and \$20,000 per year.

There have been a number of studies of Australia’s taxi industry, spurred by the anticipation of rising demand due to both increased population and an influx of visitors for the Sydney Olympics, as well as by the example of its nearest neighbour, New Zealand. Both Western Australia and the Northern Territories have, as a result, deregulated taxi supply in their regions. In both districts, existing licence holders were paid full market value for their licences at the time of deregulation. Other districts, including New South Wales (Sydney), have done extensive studies, but have not yet implemented changes. The Australian Competition Commission undertook a review of the whole industry in 1999, and made a series of observations that indicate a trend toward deregulation of supply coupled with compensation for current licensees as well as the standardization of regulations for all categories of passenger service vehicles.

In surveying the extensive literature available on taxi regulation and deregulation, it is difficult to ignore the part that political pressure plays in determining if recommended changes will be implemented. Unlike British Columbia where there is an Commission that is independent of the political process, municipalities or regional governments determine supply in most other jurisdictions, and taxi regulation is left to the local or regional council. Consequently decisions are frequently based less on objective study than on either lobbying by various interest groups, in particular the taxi industry, or on

ideological stances. Jeffery Narten, former cab driver, in his Master's thesis for the Urban Studies program of Cleveland State University is blunt in his assessment of the impact of ideology on the industry.

It has been fashionable, in some quarters of late, to champion the "deregulation" of the taxi industry to spur competition and increase the number of cabs to service the community. I will not cover that debate, except to note that the clarion calls for "market freedom" represented by deregulation do not come from those that have studied this industry, but from ideologues and political figures. The former like to recite the "low entry levels" that deregulation would bring about, thereby allowing the very poor to hang a shield on any car and ply the community as a taxi. Atlanta's experience in the 1970s tends to suggest that this is an invitation to disaster. Most of the claims of lower fares, more taxis, and better service are countered by a lack of evidence in those cities trying it, or by the bedlam that followed which called forth re-regulation.²⁰

The Ontario Experience: Changing regulations in Toronto and Ottawa

Both Greater Toronto and Ottawa have undergone amalgamation in recent years, and as a consequence have done extensive reviews of their respective taxi regulations and industry. Both jurisdictions focused on service quality, driver standards, share/plate value, supply and boundaries.

In looking at the issues and remedies imposed in these two cities, it is important to keep in mind that in Ontario, it is the municipality, rather than an agency of the provincial government that regulates taxi supply and standards. Both cities were therefore faced with rationalizing a multiplicity of taxi bylaws already in place before amalgamation in the previously independent municipalities. Furthermore, both cities had a very low proportion of owner-operators within their respective industries. Licences were accumulated primarily as investments by absentee owners, a situation that was perceived as the cause of the generally inadequate standards for both drivers and vehicles. While this report cannot provide an in-depth analysis of the various studies and

changes to regulations in Toronto and Ottawa, there are several points that are worth noting.

Both cities moved to improve the quality of vehicles and drivers. Age limits on vehicles and mandatory driver's training were instituted for new licensees. Perhaps the most significant change, made first in Toronto and later adopted in Ottawa came in the issuance of a new classification of licences. In order to foster quality and encourage new entrants into the market, Toronto devised a new class of licences known as "Ambassador" taxis.

Ambassador Taxis in Toronto

In July of 1999, Toronto initiated their "Ambassador" taxi classification.²¹ As of that date, only Ambassador taxicabs and wheelchair accessible vans can receive new licences, although licences issued before July 1999 (known now as "Standard taxis") can still be renewed, sold, leased or transferred. The Ambassador classification includes the following requirements.

- Initial licence can only be issued for a vehicle that is not more than two years old and that must be replaced when it is five years old. Replacement vehicles cannot be more than one year old.
- Ambassador taxis can only be driven by their owner. Since drivers are restricted to driving a maximum of 12 hours/day, this means these taxis are only on the road for 12 hours. Nor can the owner lease the vehicle to another driver.
- Ambassador licences are non-transferable. They cannot be sold or leased.
- All drivers must complete the Ambassador training course before they receive their licences.
- All vehicles must contain a passengers' Bill of Rights, an automatic receipt dispenser, and either a camera or a GPS system.
- All drivers must read, write and speak English.
- Only individuals on Toronto's "Driver's List" are eligible to apply for an Ambassador licence. Owners of Standard licences can apply to change

their licence to an Ambassador licence, but no owner, company, or shareholder in a company that owns a Standard licence, or has owned a Standard licence within the past five years, can apply for a new Ambassador licence.

Regulations for the newly designated "Accessible Taxi" (i.e. wheelchair accessible vans) are similar, although there are three significant points of departure. Up to three individuals, other than the owner, can be designated as the drivers of an Accessible taxi as long as those designated have completed the Accessible Taxi Training Course. Furthermore, licences for Accessible taxis can be sold. While a vehicle cannot be more than two years old when presented for licensing, and cannot be replaced by a vehicle that is more than one year old, licensed vehicles can stay on the road for seven years. The City felt these measures were reasonable because of the considerable investment required for one of these vehicles.

Ottawa's Taxi Review

Ottawa's amalgamation which includes 11 municipalities and districts is more recent than Toronto's having come into effect only at the beginning of 2001. It approached the problem of rationalizing the various taxi bylaws by commissioning a review of the industry led by the former Chair of the Ottawa Carlton Region, Andrew Haydon.²² The result, The Haydon Report, made a number of highly controversial recommendations. Among them:

- Creation of an independent Taxi Commission, a non-political body, complete with dedicated enforcement staff to oversee implementation of changes and enforcement of new standards.
- Merging of all existing zones to one zone, encompassing all of the geographic territory of the new city;
- Elimination of artificial restrictions on numbers of vehicle licences (plates) issued by allowing entry to the industry of all applicants meeting high new standards of driver qualifications, vehicle quality and safety.

Haydon also argued against any compensation for the deflation of value for existing licences, which at the time of his report, were estimated to be worth approximately \$100,000.

Reaction to the report by the taxi industry and, to some extent, by the public was extremely negative and received widespread media attention. As a result of the controversy, the City commissioned another study, this time by KPMG, which recommended:

- Rejecting the proposed taxi commission
- Phasing in the elimination of boundaries
- Retaining control of taxi supply²³

The City adopted many of the KPMG recommendations including the phasing in of boundary elimination. In order to solve the outstanding issue of easing the entry of new licensees while retaining control of the supply of taxis, Ottawa adopted the Ambassador system, described above, as implemented in Toronto.

Criteria determining supply in Toronto and Ottawa

As mentioned, no new Standard taxi licenses will be issued in Toronto. Its licensing bylaw (Bylaw 574-2000) stipulates that a maximum of 100 Ambassador licences will be issued in any given year. Because Toronto has a serious shortage of wheelchair accessible vehicles, the bylaw also allows for the granting of 50 Accessible licences in the year 2000 and an additional 25 in 2001. It goes further to state that any licences for Accessible vehicles not taken through the normal application process will be issued to qualified taxi brokerages. All drivers of Accessible vehicles must complete the Accessible Taxicab Training Course. It should be noted that, unlike British Columbia, accessible taxis in Toronto work through contracts between taxi brokers (i.e. dispatch services) and the Toronto Transit Commission, in a manner similar to our Handi-Dart system. Thus independent operators must come to an agreement with an established broker before they can operate a wheelchair accessible taxi.

Historically, Toronto used a statistical formula weighted for factors such as population, transit ridership, and increases in airport and convention traffic as its criterion for issuing new licences. In 1997, the City commissioned a study which found the old criterion to be ineffective and proposed a new formula based on a number of factors including, population, employment figures, leased retail space, consumer confidence, and competition from other forms of private transportation services.²⁴ City Council did not adopt the new formulation and is currently considering commissioning yet another study.

In Ottawa the supply of taxis will be determined through a population ratio of 1 taxi to every 668 residents. New licences will be allocated through a lottery system.

Factors Affecting Taxi Supply and Availability

Supply

Supply can be regulated in two ways, either directly through restricting the number of licences or plates issued, or indirectly through stringent vehicle and driver standards combined with high licence fees. In British Columbia, the supply of taxicabs is controlled through the issuing of licences and plates by the Motor Carrier Commission at the provincial level and municipalities on the local level. Recent amendments to provincial legislation abolished the ability of municipalities to issue licences to companies lacking a MCC licence.

Municipal bylaws governing taxis within their jurisdiction range from none (there being no distinction made between taxi companies and any other business seeking a municipal licence) to extensive. Generally speaking, municipal bylaws focus on issues of safety, liability and accountability. Larger municipalities also stipulate certain standards for vehicle age, appearance, and driver skill and knowledge.

Usually an application for a municipal licence by a company already granted a licence or additional plates by the Motor Carrier Commission will be routinely accepted. Some municipalities in the Lower Mainland have population ratios that they may or may not use as guidelines for increasing the number of taxis. Burnaby, for example, historically maintained a ratio of 1 cab to every 1,500 citizens. Its present level of service is considerably below that ratio, but the city is satisfied that current service is adequate.

Licence fees vary among municipalities. A sampling of licence fees from various municipalities is detailed in Table 8. The City of Vancouver held an auction of municipal licences in 1986 (preceding Expo) which garnered a substantial sum for the city. Surrey recently held an auction of municipal licences, and New Westminster is considering offering municipal licences through tender or auction. It is worth noting that licence fees in other jurisdictions can be considerably higher than in the Lower Mainland. In Sydney, Australian, for example, new licences cost \$36,000 (AU).

Vancouver	\$275.00
Richmond	\$100.00 plus \$91 per car
Burnaby	\$354.00 new/ \$198 renewal
New Westminster	\$80.00
North Vancouver	\$90.00 per car
Abbotsford	\$115.00
District of Kent	\$100.00
Surrey	\$100.00 plus \$25 per car

Availability

While the *supply* of taxicabs is controlled through the various licensing structures, the *availability* of taxis is subject to a great many other factors. The public's perception of supply is more likely to be influenced by availability than by actual supply. Factors influencing availability include the time of day, day of the week, time of year, weather, traffic and – in the case of people requiring wheelchair accessible vans – availability of such vans in their communities.

Perceptions about the adequacy of supply are also influenced by the number of alternate forms of transportation available in the community. If a community is well served by public transit, shuttle buses, and courtesy cars, the demand for taxis is considerably lessened.

Boundaries must also be figured into the calculations on supply. With boundary restrictions in place, many taxis delivering a passenger to an area outside their boundaries end up making an empty run back to their own zone. That results in many wasted driver hours and a large number of taxis being unavailable for passenger pick-up as well as higher operational costs with no attending revenue.

Other jurisdictions have dealt with the boundary issue in various ways. Toronto chose to retain its old taxi zones after amalgamation, while the newly amalgamated Ottawa is moving toward a gradual elimination of boundaries. In New York City there are no boundaries and taxis are allowed to operate across all five boroughs, however, medallion cabs (i.e. cabs that are hailed on the street) operate almost exclusively in the business districts of Manhattan.

While several municipalities, along with the Port of Vancouver and the various organizations representing people with disabilities, would like to see boundaries eliminated, there is sharp division within the industry itself.

Formulae and Ratios

Formulae to determine how many taxis are enough range from simple population ratios to complex statistical calculations that take into consideration demographic and economic factors as well as competitive forces. No matter how simple or complex the formula, however, no one ever seems entirely satisfied that their method accurately assesses the need for licences. Toronto's struggle to find an appropriate formula is a case in point.

Table 9: Taxi-Population Ratios in Major Metropolitan Areas			
Municipality	Ratio	Municipality	Ratio
Halifax	1:338	London (UK)	1:374
Toronto	1:675	Stockholm	1:160
Calgary	1:554	New York	1:728
Montreal	1:314	Boston	1:367
Edmonton	1:575	Sydney (AU)	1:888
Vancouver	1:1,138	Auckland (NZ)	1:341
Canadian Average			1:714
US Average			1:814

Population ratios vary widely from one location to another, although it is worth noting that the Lower Mainland has a very low ratio compared to other North American jurisdictions. Table 9 gives an overview of major Canadian cities along with other major metropolitan centres around the world.

Share/Plate Values

Underlying any discussion of increased supply, either through an easing of restrictions or through the elimination of boundaries, is the industry's very real concern over protecting their markets and therefore the value of their businesses. Generally speaking, all taxi companies see the entry of new licensees into the market as a threat to their competitive position. Companies located in Vancouver and represented by the Vancouver Taxi Association, whose territory is the most lucrative in the region, see any relaxation of boundaries as a threat to the value of their licences and/or shares.

While these strong vested interests must be factored in when considering the issue of supply, maintaining plate values should not be the reason for adopting various regulatory approaches. In fact, the very high estimates of share/plate values in the Lower Mainland would suggest that supply has been over-restricted. High values for shares or licences, not only restricts entry into the market, but adds a substantial operating cost that is then passed on to the consumer. The Industry Commission of Australia, in 1993, found that the high price of licences equalled 25% of the cost of a fare.²⁵ In Ottawa, the debate around deregulation, focussed on a market value of \$100,000 for licences (i.e. two shares in Vancouver terms) which, in that region, was deemed excessive.

Striking a balance between the need of existing companies for stability and a reasonable rate of return on their investment, and the needs of the public for increased and improved service has proved difficult in every jurisdiction that has attempted reform of its industry whether they were dealing with an oversupply of taxis or an undersupply.

Montreal, for example, deregulated supply in 1946 in response to consumer complaints, and out of a desire to create jobs for returning veterans. This resulted in an increase from 765 licences at the end of World War II, to 4,978 by 1952. To deal with the oversupply, the city instituted a buy-back scheme for licences in 1985. Initially the price negotiated with the industry was \$10,000 per licence, but it wasn't until a third set of negotiations were completed and compensation rose to \$30,000 per licence that the scheme saw any real measure of success. The buy-back plan continued until November of 1990 and resulted in a 25% reduction in the number of licences and increased the value of remaining plates to approximately \$80,000.

At the other extreme, New Zealand deregulated its taxi industry in 1989 without any compensation to existing license holders. It should be noted, however, that deregulation occurred there during a time of radical reform of the New Zealand economy. According to Jason Soon, Assistant Editor of *Policy*, a journal published by the Centre for Independent Studies, ten years after deregulation, the total number of companies operating in Auckland has increased to 28; only 9 of those companies existed before 1989.²⁶

In Australia, where the debate over deregulation continues, the general consensus among those studying the industry seems to favour compensation for existing licensees if deregulation occurs. A report from the Australian Competition Commission²⁷ notes that the current market value of licences in the Sydney area is well over \$1 billion, and sets the annual lease value of taxis in that same region at \$75 million. An Australian economics group rates a Sydney taxi licence as the third best investment in Australia – after thoroughbred horses and wine.²⁸

In many areas where the supply of licences is very strictly controlled, a whole new shadow industry evolves of unlicensed, unregulated cabs – called “gypsy cabs” in New York and “bandit” cabs in California. New York, where a strong taxi lobby ensured that no new licences were issued for over 50 years, is the best example of protective regulation resulting in more competition rather than less.²⁹ In 1937, the number of “medallion” (i.e. licensed cabs) in New York was frozen at 13,595. By the late forties

that number had, through attrition, decreased to 11,787 and remained at that level until 1966. By 1950 a whole new industry of unlicensed cabs had developed and by 1996, it was estimated that there were 30,000 gypsy cabs operating in the five boroughs of the city. The City attempted to control the problem by licensing 14,000 gypsy cabs under a Vehicle For Hire (VFH) regulation. They also tendered an additional 400 medallions for sale in 1996-7, but the unregulated market continues to thrive. Current estimates of the number of gypsy cabs in New York range from 14,000 to 30,000.³⁰

Los Angeles, where taxi companies are franchised by the city, also has a problem with unlicensed cabs which, as in New York, outnumber licensed taxis. There are 2,303 licensed taxis in Los Angeles and an estimated 3,000 so-called bandit cabs,³¹ In Santa Ana County, which includes San Diego and runs to the Mexican border, police estimate that there is one bandit cab for every square mile of the county.³² The problem in California is serious enough to be routinely highlighted in police and tourist bulletins.

In Canada the same problem is beginning to emerge. Toronto's Lester B. Pearson Airport is experiencing severe problems with unlicensed cars picking people up at the airport. The drivers of these cars often send a helper into the parking garages, to arrival gates and baggage areas to solicit passengers.³³ While some are ticketed and fined, the fines aren't sufficiently high to act as a deterrent, nor are there sufficient personnel available to find and ticket all the cars.

Both Toronto and Ottawa have chosen to deal with the issue of balancing existing licence values with the need for new services through the implementation of their Ambassador taxi system. Standard taxis (those taxis licensed to operate before reforms were introduced) continue to be leased, traded and sold. (Licence fees for standard taxis, however, are considerably higher than those for Ambassador or Accessible taxis.) Ian Redfearn, Acting Manager of Enforcement in Toronto's Taxi Industry Unit, reports that the market value of standard licences has dropped only marginally since the implementation of the ambassador system. While it may be too early to measure the long-term success of the Ambassador system, it does appear to accomplish its goal of re-invigorating the system while protecting existing economic interests.

Other Issues

Enforcement and Regulatory Process

While both of these issues are outside the scope of this review, we did hear a great deal of feedback from the industry about both enforcement and regulatory issues.

Both taxi associations expressed serious reservations about the efficacy of the current enforcement regime – especially around the enforcement of boundaries which they saw as both sporadic and arbitrary. Both associations said that the lack of personnel to uniformly enforce boundary restrictions led to some drivers regularly flouting the rules, accepting the occasional ticket as part of the cost of doing business.

The City of Richmond had concerns about overlapping jurisdictions around vehicle safety inspections which in its view was inefficient and confusing.

The representatives of at least two municipalities expressed the view that regulation should be left with municipalities rather than a provincial body, and several questioned the need for regulation at all.

Both taxi associations had serious reservations about the process whereby new licences/plates were awarded. They felt it was both expensive and time-consuming, whether one was an applicant or an objector. They also felt that the criteria used for determining need, especially letters of support, were an easily manipulated and ineffective measure of actual need.

Options

Because there are so many factors affecting supply and availability, and because those individual factors can be combined in so many different ways, we have grouped them into three categories: supply, criteria, and boundaries. An option from any one of the three categories can be combined with options from the other two in order to devise new strategies and policy. A summary of options is presented in Table 10.

It is also important to point out that strengths and weaknesses often depend on the point of view of the respondent. There are competing interests to be considered in the design of any public policy, and the taxi industry is no exception. The public, various levels of government and other private passenger services are likely to view any regulatory regime as containing different strengths and/or weaknesses. Even within the taxi industry itself, there is no agreement on contentious issues that affect a company's bottom line. For example, the elimination of boundaries would most assuredly be seen as a weakness by Vancouver companies, who would face increased competition and a shrinking market, and as a strength by those companies located outside of Vancouver who would profit from entry into the Vancouver market.

Table 10: Summary of Options	
Supply	<ul style="list-style-type: none"> • Maintain the moratorium on all vehicles
	<ul style="list-style-type: none"> • Maintain moratorium with the exception of wheelchair accessible vehicles
	<ul style="list-style-type: none"> • Continue the moratorium on new licences but grant additional plates to existing companies.
	<ul style="list-style-type: none"> • Lift the moratorium and resume the normal process for new plates and licences.
	<ul style="list-style-type: none"> • Give primary responsibility for determining supply to municipalities, the Greater Vancouver Regional District, or another regional authority
	<ul style="list-style-type: none"> • Lift the moratorium but only issue a new class of non-transferable licences with specific standards for driver training and experience and vehicle age
Criteria	<ul style="list-style-type: none"> • Issue plates based on a set ratio of population to taxis
	<ul style="list-style-type: none"> • Issue plates based on perceived need within communities as expressed in the application process.
	<ul style="list-style-type: none"> • Issue plates based on a formula that considers population, competition, number of visitors, availability of public transit and other factors.
Boundaries	<ul style="list-style-type: none"> • Retain existing boundaries
	<ul style="list-style-type: none"> • Retain existing boundaries, but allow wheelchair accessible vehicles to pick up and deliver passengers in any region
	<ul style="list-style-type: none"> • Ease boundary restrictions at certain times of day and/or for certain events.
	<ul style="list-style-type: none"> • Phase in boundary elimination over a period of several years
	<ul style="list-style-type: none"> • Eliminate all boundaries immediately

Supply

1. Maintain the moratorium on new licences and plates; or maintain the moratorium while making an exception for wheelchair accessible vehicles.

Strengths

- Only two of the municipalities surveyed, Vancouver and Surrey, felt they needed additional taxi services for the general public. However nearly everyone surveyed acknowledged the need for more w/c accessible vehicles.
- Maintaining the general moratorium would ensure stability among existing companies, while increasing plates for w/c accessible vehicles would address a need almost universally noted.

Weaknesses

- Both Vancouver and Surrey, the two largest municipalities, feel they need increased taxi services. The Port of Vancouver also noted their need for many more taxis during their busy season.
- Would certainly ensure a steady increase in the market value of plates – already the highest in the country.

2. Continue a moratorium on new licences, but grant additional plates to existing companies where they can demonstrate need. Designate a certain percentage of those new vehicles as wheelchair accessible vehicles.

Strengths

- Would ensure the stability of existing companies.
- Would motivate companies to either increase the number of wheelchair accessible vans or to add such vans if they currently have none.
- Would enhance service to consumers who need wheelchair accessible vans.

Weaknesses

- Would make it impossible for new companies to enter the market.
- Would act as a disincentive for existing companies to improve service standards, especially those companies with a monopoly in their markets.
- Might result in accessible vans being used primarily for the general population, especially at times of high demand.

3. Lift the moratorium and allow new applications for both licences and certificates to go through the normal process.

Strengths

- Would open the market to new companies, thereby increasing competition and providing an incentive to existing companies to improve service.
- Could enhance service to the public.
- Could provide an opportunity for either new or existing companies to introduce innovations in order to secure new nich markets.
- Might possibly bring the market value of plates more into line with other major metropolitan areas.

Weaknesses

- Might push marginal operations into bankruptcy if additional applications were approved.
- Might destabilize other existing companies and discourage innovation and improvements in service quality if additional applications were approved.
- Existing companies could apply immediately to increase plate/certificates for their companies, thereby effectively blocking new entrants into the market.

4. Initiate a process giving primary responsibility for supply to either the municipalities, or to a regional body such as the Transit Authority or the Greater Vancouver Regional District.

Strengths

- Likely to get a more accurate assessment of need from municipal officials knowledgeable about local conditions.
- Allows local government to accept responsibility for their own transportation issues.

Weaknesses

- Could result in an oversupply of taxis in some municipalities.
- Could lead to conflicting and confusing regulations among municipalities.
- Would create extra work for already heavily burdened municipal governments who prefer to leave the question of supply to the MCC.
- Might be an abrogation of MCC responsibility.

5. Lift the moratorium but issue only a new class of licences, non-transferrable and/or time limited with restrictive criteria including driver training and experience, and vehicle age and condition.

Strengths

- Would increase supply without initial impact on the stability and financial viability of existing companies and their shareholders.
- Would allow companies some flexibility in the efficient deployment of their vehicles.
- Might, over the long-term, gradually reduce the market value of plates to something more closely approximating values in other regions of the country.
- Might allow new entrants into the market who could otherwise never afford to buy a plate or licence.
- Would allow MCC to retain control of the licence/plate.

Weaknesses

- New entrants would have to obtain a dispatch service willing to dispatch their car.
- Increased enforcement would be required.
- Would have to have the cooperation of the municipalities who also control licensing.
- Might encourage new operators to apply for licences who lack an understanding of the industry or the financial acumen to operate successfully.

Criteria

1. Issue plates based on a ratio of population to taxis.

Strengths

- Easy to calculate, no cost involved.
- Easily understood by everyone concerned.

Weaknesses

- Difficult to establish what that ratio should be.
- Doesn't take into account other factors, such as competing services that may influence the actual need for additional service.
- Hasn't necessarily been successful in other jurisdictions.

2. Issue plates based on perceived need within communities as expressed in the application process.

Strengths

- Gives stakeholder groups such as seniors, people with disabilities, and others an opportunity to comment on local service issues.
- Allows for impartial judgement based on submissions from both the applicant and objectors.
- Provides stability within the industry.

Weaknesses

- Is expensive and time-consuming for all concerned.
- Is open to at least the perception of bias. Whoever loses is likely to find the process flawed.
- Submissions, especially letters of support, can be manipulated by the applicant.

3. Issue plates based on a formula that considers population increase, competition, number of visitors and availability of public transit.

Strengths

- Would probably give a more accurate reading of actual demand than a simple population ratio.
- Would take into account the special needs of certain venues and groups.

Weaknesses

- Very expensive to establish, verify and adjust the various criteria.
- Difficult to determine how to weigh the various factors.
- Would need to be adjusted frequently in order to allow for changes in the factors that establish demand.
- Adjustments upward in supply could be easily made, but way to decrease supply when economic factors warrant.
- No evidence that regions using this method have fewer problems with supply and demand than other regions.

Boundaries

1. Retain boundaries of currently established zones.

Strengths

- Would protect the investment of Vancouver companies who would have the most to lose from an easing of boundaries.
- Would guarantee that less lucrative areas would continue to have adequate service.
- Would prevent an oversupply of taxis at high-volume points such as hotels and restaurants in the downtown core.
- Industry and stakeholders understand the current rules and system.

Weaknesses

- Taxis deadheading back to their own territories are inefficient, cutting into the driver's ability to earn an income, as well as contributing to traffic congestion and pollution.
- Could not compensate for shortages during peak periods or for special events by bringing in taxis from other areas.
- Enforcement is inadequate, thereby encouraging drivers to risk breaking the rules.
- Visitors to Vancouver unaware of the rules are apt to consider empty taxis who refuse to pick them up as bad service.

2. Allow wheelchair accessible vehicles to pick up and deliver passengers on a dispatch basis in any region.

Strengths

- Increases the availability of wheelchair accessible vehicles to those who need them.
- Compensates somewhat for the uneven distribution of wheelchair accessible vans among municipalities.
- Gives taxi companies a financial incentive to convert some part of their fleet to wheelchair accessible vans.

Weaknesses

- Doesn't address the issue of accessible vans being used for transporting the general public rather than specifically for those people who need their specialized services.
- Enforcement would be difficult.
- Might increase numbers of vehicles, but wouldn't necessarily guarantee better service for people with disabilities.

3. Phase in boundary elimination over a period of several years starting with areas adjacent to Vancouver, e.g. eliminating the boundaries between Vancouver and Burnaby, or Richmond and Vancouver.

Strengths

- Could ease supply problems through more efficient deployment of vehicles.
- Would allow companies time to plan and rationalize their fleet size and quality.
- Would minimize impact on plate values for Vancouver companies.
- Would move all companies and municipalities toward a single standard of driver and vehicle quality.

Weaknesses

- Might, to some extent destabilize Vancouver companies and provoke strong reaction from those companies.
- Would require the cooperation of the affected municipalities.

4. Eliminate all boundaries immediately.

Strengths

- Allow drivers to operate more efficiently with no deadheading.
- Allow demand to control availability rather than arbitrary zones designations.
- Ease inadequacy of supply during peak periods in Vancouver.
- Encourage companies to compete on the basis of superior service rather than on the basis of territory.
- Would eliminate the necessity of enforcing boundary regulations, freeing personnel to concentrate on areas of standards and safety.

Weaknesses

- Would have an immediate impact on the share value of Vancouver companies.
- Could result in Vancouver companies demanding compensation for the deflation of their share values.
- Could result in lengthy legal cases around the issue of compensation. (Rulings on such cases in other jurisdictions have had mixed results.)
- Might result in a glut of taxis in certain high-volume areas, especially downtown Vancouver, while suburban municipalities experience a decrease in service.

Choosing Among the Options

It is extremely difficult to know which, among the various options open to regulators of the taxi industry, will lead to a stable, efficient and quality service for the public. As was so amply demonstrated in the 1980s, when so many jurisdictions moved to deregulate the industry, anticipating all of the consequences of reform is difficult if not impossible. Furthermore, reforming a system that already has strongly entrenched economic interests adds significant political pressures to the process.

Complicating matters is the fact that no two jurisdictions regulate or even define their taxi industry in quite the same way. Some make sharp distinctions among the various modes of hired transportation. In New York, for example, a “medallion cab” is restricted to picking up passengers hailing a taxi on the street, while “VFH cars” (vehicle for hire) are restricted to dispatched trips or contracts with private firms. In Toronto, wheelchair accessible vehicles operate under contract and are not part of the commercial taxi fleet. Other jurisdictions are moving toward a single set of regulations for all forms of hired passenger cars, including limousines, wheelchair accessible vehicles, vans, shuttles and other niche market vehicles.

It is possible, however, to look at some of the lessons learned over the past twenty years of experimentation, and make a broad assessment of some of the current recommendations and implementation of new policies and procedures in other jurisdictions in order to minimize mistakes and comprehend the range of possible outcomes.

Generally speaking, in the first wave of reform two decades ago, many jurisdictions moved to virtually complete deregulation of the industry, including restrictions on supply and areas of operation. (It should be noted that most jurisdictions retained some control over the licensing of drivers.) There is general agreement that the primary outcome of deregulation was a dramatic increase in the number of taxis. This was true in every case. Other outcomes were less consistent. In most deregulated jurisdictions, there was

an increase in fares and a decrease in service standards. However in a few jurisdictions, fares decreased, and, some would argue, service improved. In the long run, however, deregulation proved problematic enough that most jurisdictions moved to re-regulate at least some aspects of the industry.

We are currently in the midst of a second wave of reform. Having learned from the experience of those who deregulated in the 1980s, regulators are attempting to strike a balance – improving access and service without destabilizing the existing industry.

Most jurisdictions seem to be moving toward a new classification of taxis that have non-transferable licences. This is seen as a way to encourage new entries into the business, especially owner-operators, while at the same time minimizing the impact on existing license holders. The Ambassador taxi classification now in place in both Toronto and Ottawa is one such example. Other jurisdictions, notably Australia through its Competition Commission, seem to be moving toward removing supply-based entry restrictions, while increasing vehicle and driver standards as well as licence fees. The Competition Commission does state that such reforms can not take place without compensation to owners of existing licences.

Information on how other jurisdictions have dealt with the issue of boundaries is not as readily available. However, as a result of amalgamation, both Ottawa and Toronto looked at that issue, although they made different choices. Ottawa is gradually eliminating boundaries, while Toronto chose to leave existing boundaries in place.

Because the structure and definition of the industry varies so much from place to place, it will be ill-advised for any jurisdiction to import solutions without a close look at how they would translate to local conditions.

For example, the new class of non-transferrable licences implemented in Toronto and Ottawa – or for that matter, the unregulated industry in New Zealand – can work smoothly because dispatch services in those jurisdictions are independent of the taxi

owners. In the Lower Mainland, where dispatch services are an integral part of the taxi company, it is difficult to see how new entrants would be dispatched.

The boundary issue is another case in point. Because of amalgamation, both Toronto and Ottawa ultimately have only one municipality to consider. Despite that, Toronto could not come to a consensus on the easing of boundaries, and even in the newly amalgamated city of Ottawa, there are rural areas where boundaries are deemed necessary and will remain in force. Boundaries in the Lower Mainland are a product not only of conditions imposed by the MCC, but also licensing restrictions among municipalities and districts who have their own set of priorities and interests – and whose character may be primarily urban or primarily rural. Add to that the sharp division on this issue within the taxi industry itself, it is difficult to see how to resolve this issue.

It is also clear that there is a general trend in other regions toward an expansion of the taxi industry into new markets. Again, niche marketing would appear on the surface to be advantageous to both the taxi industry and the consumer. However, taxis are defined very differently in different regions. In British Columbia, they are generally defined as five-passenger vehicles providing service at a metered rate. There are several other passenger services that operate under different conditions of licensing. Any move to expand the role and flexibility of the taxi industry would necessarily have an impact on those other services and could only be undertaken with a clear understanding of the overall implications for the entire passenger service industry.

If there is any lesson to be learned from the experience of other venues, it is that no reform of the industry should be undertaken without careful assessment of local conditions, continued dialogue with stakeholders and ongoing assessment of the results.

Appendix A: Notice to Industry

March 5, 2001

Moratorium on Taxis in the Lower Mainland—Annual Review

On December 6, 1999, the MCC published its decision on the supply of taxis in the Greater Vancouver Region. This decision continued the 1998 moratorium as it applied to “taxicabs” and was made following a public inquiry into the matter. It lifted the moratorium relating to other types of passenger transportation services. The Commission undertook to review this decision annually.

The MCC has received some complaints relating to the supply of taxicabs in Greater Vancouver. As well, some municipalities have indicated that the current supply of taxicabs does not adequately meet their needs. Moreover, the Commission is receiving more applications for services that are outside the moratorium but will have an impact on commercial passenger vehicle service.

At the public hearing in September, 1999, licensed carriers were well represented as were specific interest groups, such as persons with disabilities. Other groups such as municipalities and tourism groups were not well represented. These groups, however, have valuable perspectives on the transportation issues in the Lower Mainland.

Over the next six months to a year, the Commission will be undertaking further consultations with industry, stakeholders, municipalities and other agencies to get a better understanding of perceptions about the supply of taxis in the lower mainland and identifying factors that influence the supply of taxis in this area.

Decision:

The Motor Carrier Commission will undertake further consultations as outlined above. The current moratorium will be maintained for the duration of the consultation process.

Appendix B: Terms of Reference

TERMS OF REFERENCE FOR THE REVIEW OF TAXI SUPPLY IN THE LOWER MAINLAND PROJECT

Context

On October 5, 1998, the Motor Carrier Commission issued a notice that it would not accept applications for licensing in the Greater Vancouver Region which would alter the supply of taxis. This was to permit the Commission to inquire into the supply of taxis in the region. The notice applied to all applications for passenger services which would impact on taxi services. The Commission postponed a public hearing until the completion of a taxi study, commissioned by the Minister of Transportation & Highways.

A public hearing into the supply of taxis was held in September, 1999 and on December 6, 1999, the MCC published its to continue the 1998 moratorium as it applied to “taxicabs” as defined by the Commission. The moratorium relating to other types of passenger transportation services was lifted.

In March 2001, the Commission issued a Notice to Industry indicating that it will be undertaking consultations with industry, stakeholders, municipalities and other agencies to get a better understanding of perceptions about the supply of taxis in the lower mainland and identifying factors that influence the supply of taxis in this area. The moratorium will be maintained for the duration of the consultation process.

Commission Mandate

The legislative framework and regulatory requirements pertaining to the Commission and its related duties and powers are established under the *Motor Carrier Act* and regulations.

Section 39(1) of the Act vests the Commission with the duty to:

- ◆ promote adequate and efficient service to the public at just and reasonable charges;
- ◆ promote safety on the public highways; and
- ◆ foster sound economic conditions in the transportation industry

The Commission has recently consolidated its policies into a Policies and Procedures Manual.

An application must be made to the Motor Carrier Commission by a party who wants to obtain or alter a motor carrier authority. The Commission must consider all applications in terms of its mandate and its authority under the Act. Generally, the Commission requires that applicants establish that there is a need for the service.

The issue with regard to the supply of taxis in the lower Mainland is whether there are any external methods, formulas or statistics that may be used to assist the Commission in determining need. This would only be one aspect of the decision making process. The Commission would have to consider each application in terms of its mandate and the quality and fitness of the applicant.

A. KEY PROJECT ACTIVITIES

I. Literature/Internet Review

MCC staff to provide some background reading on the issue of supply generally. Some additional background work via the internet may be warranted; however, the focal point of the review is the consultation as outlined below.

II. Consultation

- (a) Consult with various stakeholders to determine their perception with regard to the supply of taxis in the Lower Mainland. Is the supply adequate, too high, too low? Can they provide any evidence to support their conclusions? What could be the impact of increasing the supply? What criteria should the MCC use to determine the need for taxis? What would be the effect of increasing the supply on current providers? Are some places/areas served well but others not? Are all groups well served by the current supply of taxis? What objective factors or indices should be used to assess the supply of taxis?

Consultation should be undertaken with the following individuals or groups:

- appropriate tourism representatives, such as Tourist Bureaus, Tourist Boards, etc.),
 - representatives of the taxi industry, such as the Vancouver Taxi Association and the BC Taxi Association
 - consumer group representatives, such as the Seniors' Advisory Council, the BC Coalition of People with Disabilities
 - the Vancouver Airport Authority
 - municipalities (Vancouver, Surrey, Burnaby, Richmond, etc)
 - MCC staff
 - relevant government ministries or agencies such as the Office for Disability Issues and ICBC
- (b) In consultation with MCC staff, undertake a targeted telephone or e-mail consultation with other jurisdictions to review methodologies they use and assess their strengths and weaknesses.

III Report

Prepare a report for the Commission which summarizes the results of the consultations, presents options, including strengths and weakness. This report may be shared with stakeholders or posted on the MCC web site.

B. PROCESS

The Project Team will be under contract to the Commission and will report to the Director & Secretary.

There will also be a stakeholder Reference Group that will meet with the Project Team periodically to provide advice on the project.

Prior to undertaking consultations, the team will develop an outline or proposed action plan that will be presented to the Director & Secretary as well as the Reference Group.

Appendix C: Questionnaires

Questions for municipalities, districts

Name of municipality or district _____

Department responsible for taxi cabs _____

Contact person and title _____

Contact phone number _____

Do you feel that that, in general, the supply of taxi cabs in your community is adequate to demand? _____

What criteria are used in your municipality to determine the number of cabs allowed in your community? What is the basis for using these criteria? _____

Do you feel the criteria used are adequate to maintain an appropriate level of service? If not, why not? _____

Is the number of cabs regulated by bylaw? (If so, please attach a copy of the pertinent bylaw). _____

If there is a bylaw, does the current supply match the bylaw? _____

What is your present fee structure for taxi cabs? (i.e., taxi license/municipal license)

Are there particular geographical areas of your community, or groups within your community who are under-served by current taxi availability? Are there areas without public transit in your community? _____

If the Motor Carrier Commission decided to grant more licences in your community, what would be a reasonable number? _____

Are there other issues relating to the supply of taxis in your municipality that you wish to comment upon?

Questions for Taxi Companies

Name of company _____

Contact person/phone number _____

How many taxis are dispatched by your company? (Including corporately owned, shareholder owned/ leased.) _____

Do you feel there are an appropriate number of taxis operating in your area to offer adequate service to the public? Too few or too many? Why? If too few, what would be an appropriate number?

Are all of your cabs in service full time? Do some operate only during peak demand? Please explain. _____

Do you keep statistics on the number of rides per taxi per day? If so, could you give us an average of those figures?

Can you tell us the approximate wait time for a taxi from your company during peak periods? _____

Are there particular neighbourhoods or groups (e.g. students/seniors) in your area of service that are currently being underserved? _____

Who are your primary clientele? _____

What is your primary competition? _____

Are your drivers required to take special training, i.e. Taxi Host, defensive driving courses, etc.? _____

Are there other issues relating to the supply of taxis in your service area that you wish to comment upon?

Questions for other stakeholders (Hotels/Tourism/Port/Community Groups)

Name of company/organization: _____

Contact person/title: _____

Contact phone number: _____

What geographic area are you concerned with? _____

Are there a sufficient number of taxis available to adequately serve the needs of your business/customers/members? _____

Is public transit normally available to your customers/members? _____

What criteria are used by your company/members/customers to determine who gets your taxicab business? _____

Are you satisfied with the level of service you receive for your customers/members?

Are average wait times for your customers/members reasonable? If not, please explain.

Are there particular issues around the supply of taxis that are especially pertinent to your members/customers? Please explain. _____

Appendix D: List of Respondents

Industry

Vancouver Taxi Association

John Palis

Mohinder Mann

BC Taxi Association

Mohan Kang

Yellow Cabs

John Palis

Bonny's Taxi

George Laphorne

Jasminder Mattu

Royal City Taxi

Hafiz R. Khan

Black Top Cabs

Kanwal Sahota

Gurdeep Virk

Delta Sunshine Taxi

Ken Robinson

Maheshinder Sidhu

Guildford Cabs

D.R. Guilbault

Pacific Cabs

Tim Land

Northshore Taxi

Subag Singh

Coquitlam Taxi Group

Mike Loree

Surdell-Kennedy Taxi

Parm Bains

Ted Allen

Municipalities and Districts

City of Vancouver

Pam Hayes

Paul Teichroeb

City of New Westminster

Keith Coueffin

City of North Vancouver

David Owens

City of Richmond

M. J. Freeman

Joanna Hikida

City of Surrey

J. E. Sherstone

District of Maple Ridge

Brock McDonald

City of Port Moody

Susan Binns

City of Port Coquitlam

Jenny Feher

District of West Vancouver

Rob Metcalfe

City of Delta

Ron Dickinson

City of Burnaby

Craig Collif

Other Stakeholders

B.C. Coalition of People with Disabilities
Pam Horton

BC Chamber of Commerce
John R. Winter

North Shore Disability Resource Centre
John Neumann

Seniors Advisory Council
Marjorie Weir

Vancouver Doorman's Association
Mark Brailey

City of Ottawa
Sharon

Vancouver International Airport Authority
Sev Araujo
Sat Gill

Vancouver Port Authority
Doug Moore
Captain Michael P. Cormier

Vancouver Hotels Association
Rolf D. Osterwalder

BC Transit
Steve Segal

Translink
Stephen Rees

Special thanks to Ian Redfearn of the City of Toronto and Susan Jones of the City of Ottawa.

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