

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE Ministry of Transportation and Infrastructure Date: Nov. 18, 2014 Minister Responsible: Todd Stone	PASSENGER TRANSPORTATION BOARD Taxi - Uber
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ADVICE AND RECOMMENDED RESPONSE:

- **Safety is our main priority.**
- **The Passenger Transportation Act requires any vehicle operated by a person who charges or collects compensation for transporting passengers to have a licence.**
- **Limousine, taxi and other passenger directed services must be approved by the Passenger Transportation Board.**
- **The rates charged by taxis, limousines and other small passenger directed vehicles are set or approved by the Passenger Transportation Board.**
- **Smart phone apps operated by any company must reflect Board approved rates.**

Fines:

- **Any company or driver advertising or providing a service they're not licensed to provide is subject to being ticketed.**
- **A ticket for \$1,150 can be issued by the police, Commercial Vehicle Safety Enforcement officers or Passenger Transportation Inspectors at the roadside.**
- **Repeat offenders can be fined up to \$5,000.**

Key Facts Regarding the Issue:

On Nov. 18, the City of Toronto filed an injunction with the Ontario Superior Court of Justice requesting that Uber cease all operations in Toronto. The City was concerned that there could be lawsuits from the Taxi Association for not enforcing the bylaws. This could be the motivation for the injunction.

Uber has been operating in Toronto since 2012 without a licence from the City and currently operates its Black, Taxi, X, XL & SUV services. Uber X could operate if Uber applied for and received a broker's licence and Uber drivers applied for Ambassador plates (taxi licence for only one vehicle). Ian Black, GM for Uber Canada, met with the City and told them that Uber was not willing to register as a brokerage because of the impact that would have on other jurisdictions. Uber Canada Inc. is registered in Ontario.

Uber, which operates a smart phone app for taxi, limousine and rideshare services, has advertised, and held in-person recruitment sessions in Vancouver for drivers for its new venture called Uber X as well as their sedan limousine service, Uber Black. The company has threatened to start operating in Vancouver a couple of times, but the service has yet to start. On Nov. 6, Uber Vancouver launched an online petition

to drum up public support for the service. To date, the petition has 18,228 signatures. (Similar petitions have been posted in Toronto on Sept. 29 and Calgary on Aug. 20.) The petition page tells those signing the petition that, “an email may be sent to your local officials.” To date, no emails have been received in B.C.

If Uber enters the market without proper licensing and insurance, it will create significant regulatory challenges, compete directly with the regulated industry, and cause public safety concerns. If the Uber X service begins in Vancouver, drivers advertising or providing the service will be ticketed and the Passenger Transportation Registrar will send a Cease and Desist letter to Uber.

Uber X is a commercial ride sharing enterprise where drivers use their own car, insured for personal use, to provide transportation services arranged via a smartphone app. For the purpose of this note, 'ridesharing' is used to describe the practice of driving for hire using an online-enabled platform (app) to connect drivers—who are using their personal vehicles—with passengers to earn extra income. Carpool systems already exist in B.C. These programs are exempt from the Passenger Transportation Act because neither the driver nor the operator is making a profit.

Commercial ridesharing uses mobile technology to connect passengers to drivers. Instead of hailing a cab from the curb or calling a phone number, consumers download an app to their smartphones that allows the customer to request a ride. The app also allows users to get price quotes for their trips, track the driver's location, and pay their fare using a credit card on file. The three major rideshare apps operating in other jurisdictions are UberX, Lyft and Sidecar.

In other jurisdictions, such as California, rideshares must be licensed; however, rates and area of operation are not regulated. It does not appear that Uber X requires drivers to comply with B.C. laws for commercial passenger transportation such as the need for a class 4 taxi license, commercial insurance, vehicle inspections or a licence approved by the Passenger Transportation Board.

The Vancouver Taxi Association, BC Taxi Association and Greater Victoria Taxi Association met with Kristin Vanderkuip, Passenger Transportation Registrar on Sept. 16, 2014. At the meeting, the associations indicated that Uber had recruited about 800 drivers. On Sept. 17, Chris Schaffer, Uber's Public Policy Lead for Canada, met with Deborah Bowman, ADM Transportation Policy Programs and Kristin Vanderkuip. At the meeting, Schaffer provided a high level overview of the Uber app and Uber operations in other jurisdictions. Schaffer did not provide any information regarding Uber's current plans in B.C. other than that they would launch immediately if any of their competitors, Lyft for example, were to start offering service in B.C.

Uber has operated in a number of jurisdictions including Toronto, Halifax and Montreal. This September, Germany banned the use of the Uber app, following a court ruling that found the services violated Germany's Passenger Transportation Act. Uber services have been banned in several U.S. cities, including Miami and New Orleans, and the cities of Detroit, Dallas and Chicago have considered introducing regulations to bring unlicensed car services in line with traditional cab companies.

Background:

Uber operated briefly in Vancouver from May to November 2012. It was offering a sedan limousine service with rates based on time and distance that markedly undercut limousine rates, especially for short trips. Approved rates for licensed limousine operators were \$75 an hour for a sedan limousine. Uber rates were slightly higher than taxis.

The ministry's Passenger Transportation Branch became aware of Uber's Vancouver operations in the summer of 2012 when the limousine and taxi industries registered complaints. At that time, ministry staff contacted Uber to raise concerns that the rates being charged were in violation of the license conditions.

On Nov. 20, 2012 ministry staff met with the limousine companies using Uber to explain that they were operating in violation of their license conditions and could lose their license to provide limousine services if they continue to undercut the prescribed rates. Uber exited the Vancouver market in November 2012,

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creating an e-mail and social media frenzy. The PT Board alone received over 700 e-mails in a very short period of time, the vast majority supporting Uber and its rates.

In 2014, after consultation with industry, the Passenger Transportation Board confirmed minimum and maximum rates and rules for limousine services in Victoria, Vancouver and surrounding areas.

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