

April 10, 2018

The Honourable David Marit  
Minister of Highways and Infrastructure  
Government of Saskatchewan  
Room 322, Legislative Building  
2405 Legislative Dr.  
Regina, SK S4S 0B3

**RE: Regulation of Vehicles-for-Hire in Saskatchewan**

Honourable Minister:

On behalf of the Saskatchewan Chamber of Commerce, I am contacting you in regards to Government of Saskatchewan Bill No. 114, the *Vehicles for Hire Act* currently before the Legislature. The draft legislation was introduced on November 30, 2017.

The Saskatchewan Chamber of Commerce is a member-based advocacy organization that represents the interests of over 10,000 individual businesses and industry groups across the province through its Chamber Network.

As the voice of business in the province, the Chamber has a responsibility to advocate for sound public policies on behalf of its members. The Government of Saskatchewan, in conjunction with municipalities, have before them a tremendous opportunity to craft progressive policies that will provide consumers in the marketplace with greater choice and a better customer experience, all while fostering business growth.

In short, there is an opportunity to re-think how to regulate innovative new processes and how to utilize existing transportation assets more efficiently.

As a matter of principle, the Chamber believes that consumers are best served through a competitive and open marketplace. As an overarching consideration, we call on the Government of Saskatchewan to strive for a fair playing field, while also recognizing the differences in business models among the various forms of vehicle-for-hire.

Ideally, any regulatory regime should be designed in such a way so as to avoid favouring any one form of vehicle-for-hire over another. The Chamber is of the view that requiring Transportation Network Companies (TNCs) such as Uber, Lyft, or Sidecar to comply with existing taxi regulations misses the mark, as these regulations were created when TNCs and their related technologies could not have been imagined.

## **Safety Regulations for Drivers and Passengers**

The focus of any new regulations enacted should focus on passenger and driver safety. The main objectives for any safety-oriented regulations should be to ensure that drivers are competent and trustworthy, vehicles are safe, and that all forms of vehicles-for-hire carry commercial minimum liability insurance for their fleet.

Robust safety standards should be maintained at the provincial level, and not at the municipal level, so as to discourage a fragmented patchwork of different municipal-level regulations across the province. Where the province has addressed specific matters, municipalities should not duplicate efforts which simply lead to more red tape. Further to this, some sensible regulations around safety for TNCs should include the following:

- A required annual car inspection carried out by an SGI accredited garage.
- A mandatory criminal background check and vulnerable sector screening of all drivers undertaken by police.<sup>1</sup> It is recommended that criminal record checks be filed with either SGI or the relevant government regulator to ensure compliance.
- A requirement that TNC drivers have a valid driver's license and their vehicles be registered and insured through SGI.
- A requirement for TNCs to carry a minimum of \$1 million in commercial motor vehicle liability insurance for their fleet.
- Requiring TNC drivers to have a functioning camera placed in the cabin of their vehicle when in service, along with a GPS tracker to protect both the driver and the passenger.
- Requiring TNC drivers have a clearly visible decal on their vehicle when in service to prevent customers from mistakenly getting into the wrong vehicle.

## **Entry and Price Controls**

The Government of Saskatchewan and municipalities in the province should go to great lengths to avoid creating any artificial barriers to entry. The Chamber recommends that price controls in the form of rigid fare structures be reconsidered and phased out over time and instead, allow fares to be more responsive to changes in supply and demand. In order to allow the taxi industry to compete with TNCs and other forms of vehicle-for-hire on both price and service, municipalities should phase out the current regulated taxi meter fares before TNCs arrive to ensure a level playing field.

On matters related to entry controls, the current regulations as they are applied in the case of the taxi industry serve to restrict competition and innovation in the marketplace.

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<sup>1</sup> Note: In the city of Edmonton, TNCs are licensed by the province/city and are required to do background checks and retain documents that verify only drivers who meet the requirements stipulated by the province and city. Those drivers who meet the requirements are granted access to the app. The city has the ability to audit this data and can restrict a driver's ability to partner with a TNC per the regulations. This is referred to as unified licensing.

Applying entry controls to TNCs would be inappropriate. Over time entry controls should be reconsidered and phased out with extensive consultation with industry. Furthermore, specific recommendations that include removing the approval system for taxi carriers, along with the gradual phase out of seasonal plates, should be considered.

In lieu of seasonal taxi plates, the Chamber sees great merit in the Saskatchewan Taxi Cab Association's (STCA) Flex-Service Fleet concept, where during times of peak demand, part-time drivers using their own personal vehicles and aligned with a broker, would be deployed to service customers. Of course, the STCA's Flex-Service Fleet concept would compete alongside TNCs and other forms of vehicles-for-hire in a fair marketplace.

As a result of these recommendations, the Chamber also believes there needs to be some consideration around existing asset values for those who own taxi licenses, since many of those individuals and their families have made significant investment decisions around the existing regulatory environment.

### **Cost Recovery Model**

Should municipalities find themselves needing to craft regulations on the basis of cost recovery, getting the bylaws right is crucial to ensuring the industry remains vibrant and competitive. It is important that when developing regulations, the concept of marginal costs be at the forefront. This can manifest itself in the form of a fee-per trip in the case of TNCs and as a fee per driver or vehicle in the case of taxis and limousine services.

A marginal cost-based regulatory regime is more likely to encourage those prospective drivers who are unsure and want to try it out first. In contrast, a regulatory regime that relies on large up-front costs and flat fees is punitive to those drivers who work flexible hours on a casual basis, or those who work part-time to supplement their incomes. The Chamber strongly emphasizes that any per-trip fees be reasonable and no more than cost-recovery to ensure the viability of the vehicle-for-hire industry in our communities.

### **Recognition of Digital Dispatch**

In keeping with the current pace of technological change, any future regulatory regime should recognize and allow for the use of digital dispatching, like mobile phone-based applications to request a ride. The industry as whole is going in this direction anyway, as taxis and TNCs have made significant investments in digital dispatch infrastructure in recent years. From a resource allocation standpoint, digital dispatch efficiently matches the pool of available drivers to passengers, adding value for both.

## **Accessibility Standards**

Concerns have been expressed by some stakeholders in the vehicle-for-hire industry around the lack of an even playing field in relation to the servicing of customers with disabilities. As a practical solution to this, the Chamber recommends some sort of measure whereby all forms of vehicle-for-hire are required to designate a certain percentage of their fleet for wheelchair accessibility. Any such regulations should be developed with extensive consultation from both the vehicle-for-hire industry and the disability community. In terms of servicing customers in remote locations, the Flex-Service Fleet concept as referenced earlier might prove to be useful here should TNCs decide to forego service in these areas and instead, focus on larger markets such as Regina and Saskatoon.

## **Insuring Drivers**

The Chamber recommends that SGI work closely with TNCs to develop new insurance policies for contracted drivers. Such policies should recognize the fact that when the driver is in service and the app is on, a personal insurance policy would not apply since the driver is technically working, while also recognizing that having a commercial insurance policy applied full-time to a personal vehicle is impractical and expensive. For the STCA's Flex-Service Fleet concept and its part-time drivers, an insurance product could be offered on a pro-rated (or perhaps kilometer) basis at the same annual rate as a regular taxi.

## **Immunity for Municipalities Regarding Certain Licensing Powers**

On these matters, language around this provision, as contained in the draft legislation of the *Vehicles for Hire Act* needs to be further clarified and any such consequences, unintended or otherwise, must be fully considered. If the language around this proposed measure is too broad or subject to a wide degree of interpretation by a municipal civil servant, it could be applied unfairly and unevenly across the province. This would have serious implications across the industry.

## **Concluding Remarks**

TNCs are not a fad or a passing trend, but a manifestation of larger structural changes taking place in the economy. TNCs are one aspect of the new *sharing economy* phenomenon, in which access to commodities and otherwise underutilized assets is preferred over individual ownership. Such activities are often mediated or accessed through online or app-based, peer-to-peer activities that provide real-time feedback on user experience.

Given that the Chamber's own membership consists of companies representing various forms of vehicle-for-hire, it is imperative that any regulations being considered aim to create a fair playing field. The benefits of the recommendations being proposed above include a well-regulated marketplace more responsive to consumer needs, enhanced innovation, flexible earning opportunities for individuals that would otherwise not exist, as well as an expanded supply of safe transportation options that discourage impaired driving.

Once again, thank you for the opportunity to provide comments on the regulation of vehicles-for-hire. The Chamber would be pleased to discuss any of the comments or suggestions made here. We look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve McLellan', written over the word 'Sincerely,'.

Steve McLellan, CEO

Cc:

Saskatchewan Chamber of Commerce Board of Directors  
Hon. Perrin Beatty, President and CEO, Canadian Chamber of Commerce  
Hon. Joe Hargrave, Minister Responsible for SGI, Government of Saskatchewan  
Jay Meyer, Executive Director, Saskatchewan Association of Rural Municipalities  
Jean-Marc Nadeau, CEO, Saskatchewan Urban Municipalities Association  
Carlo Triolo, Saskatchewan Taxi Cab Association  
Kelly Frie, Saskatchewan Taxi Cab Association  
Sandy Archibald, Operations Manager, Regina Cabs  
Michael Van Hemmen, Senior Manager, Uber Canada