

December 17, 2008 (amended December 18 2008)

Industry Advisory

Taxi Cost Index 2009

The Board has approved a Taxi Cost Index (TCI) increase of 3.16% that will take effect January 1, 2009. The increase is based on 2007 data. For that period, fuel costs increased 4%, wages increased 3%, the Consumer Price Index (for British Columbia) was up by almost 2%, and insurance costs across the industry increased by 7%.

The 3.5% fuel surcharge for taxis ends on December 31, 2008. The 0.34% difference between the 3.5% reduction and 3.16% increase will be factored into future reviews of taxi rates. The Board is not requiring a rate change as the net change of 0.34% is less than the minimum 1.75% change that the Board requires to implement a change to taxi meters. This policy was previously established in recognition of the costs and time that taxi companies incur when a meter is changed, and the costs and time incurred by some municipalities that inspect and seal taxi meters.

TCI is a tool that is used by the Board to assess rate increases based on objective measures of taxi operating costs. Each component has a separate weighting: Wages (31%); fuel (19%); insurance (13%) and the Consumer Price Index, or CPI (37%). CPI for BC is adjusted to 80% of the 37% to encourage business efficiencies and reduce duplication of fuel and other costs. The last TCI of 2.27% was calculated using 2006 data.

Taxi companies may opt out of TCI 2009 or request a lower increase. To do this, they must send a letter to the Passenger Transportation Board on or before January 31, 2009.

TCI 2009 is not available to licensed taxi operators who have had a non-TCI rate increase since January 7, 2008, that exceeds 3.16%.

Those licensees who want the TCI will continue to charge their current taxi rates. The Board will not be sending out updated rate sheets at this time. It will make the appropriate adjustments on future TCI changes.

The next review of the taxi cost data will take place in Spring 2009 when the data for 2008 is complete and available to the Board. TCI rate changes are considered by the Board each Spring, barring unforeseen circumstances.

More information and Board rules respecting taxi rates are posted at the Board webpage for rates: <http://www.th.gov.bc.ca/ptb/rates.htm>.