

November 14, 2007

Industry Advisory

Taxi Cost Index 2008

The Board approved a Taxi Cost Index (TCI) increase for implementation as early as January 7, 2008. TCI 2008 allows taxicab operators to request a permanent rate increase of up to 2.27%.

TCI is a tool that is used by the Board to assess rate increases based on objective measures of increased operating costs. TCI 2008 is based on net cost increases in British Columbia that occurred in calendar year 2006. During this period, fuel costs increased 5%, wages increased 3%, CPI (for British Columbia) increased closer to 2%, and insurance costs across the industry declined by 1%. 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 following deadlines apply to TCI 2008 requests:

- **December 8, 2007:** For Changes to take effect on January 7, 2008
- **January 31, 2008:** Final deadline for requesting at TCI 2008 increase

By November 16, 2007, the following TCI 2008 documents will be available from the PT Board office in Victoria and posted on the Board web site at www.ptboard.bc.ca:

- Request Form (TCI 2008)
- Board Rule for TCI 2008 Increases
- Board Rule for Non-TCI Increases

The Board last made TCI available in July 2006 and was based on cost increases that occurred in 2004 and 2005. TCI 2006 allowed taxi operators to request an increase of up to 5.77%. In Fall 2007, the Board completed a review of the TCI program with stakeholder input. The Board will continue to use TCI with the following changes:

- The next review of TCI data will take place in Spring 2009, and subsequent reviews will be conducted annually each Spring (instead of every 2 years)
- TCI increases will be made available where the data supports a rate increase of 1.75% or more; where data is less than 1.75%, the increase will be carried over for inclusion in the data review that occurs in the following year.

Implementation of TCI 2008 will coincide with the federal government's announced GST reduction from 6% to 5%. Although GST is anticipated to change effective January 1, 2008, this is not a practical date for changing taxi meters. Therefore, the Board is setting January 7, 2008, as the effective date for taxi meter changes.

