Passenger Transportation Board
MOVING FORWARD, TOGETHER

Metered taxi rate structure in B.C.

The Board is beginning to implement new taxi rate structures in 2026. The new rate structures are being implemented one Passenger Transportation Region at a time. Depending on your Passenger Transportation Region, and your specific operating area, your company will be required to adopt either a rate bands structure or a standardized rate structure.

Regional implementation dates:

- Passenger Transportation Region 5 (effective January 1, 2026)
- Passenger Transportation Region 4 (effective April 1, 2026)
- Passenger Transportation Region 3 (effective August 1, 2026)
- Passenger Transportation Region 2 (Standardized Rates, early 2027)
- Passenger Transportation Region 1 (Standardized Rates, mid 2027)

Note: Until the Board implements rate bands in a region, existing rate structures for that region will remain in place.

Rate bands

Rate bands allow licensees to change their metered rates, within approved limits, easily and more frequently.

Rule 3 - Rate Bands defines the Board-approved minimum and maximum rates for each region for each of:

- flag rate
- 5km trip fare (flag rate + (distance rate x 5))
- time rate

Any combination of flag, distance, and time rates that meets all criteria of the rate band is permitted to be charged in the region without additional Board approval.

Benefits of rate bands

The rate band structure provides flexibility for licensees, allowing them to respond faster to changes in their business. Rate bands also make rate changes easier and more efficient from an administrative perspective.

Licensees can choose a rate within their region's band that best fits the service that they offer. For example, some licensees may want to offer a premium service at a higher cost; other licensees may prefer to offer a simple service at a lower cost.

Licensees can also choose a rate within their region's band that balances their operating costs with their margin of profitability, while addressing changing market conditions.

Setting rate bands

To set the minimum and maximum rates in the rate band for a given region, the Board reviews taxi cost data, trip data, and other business attributes, then conducts quantitative analysis and consults with licensees, as required. The Board considers:

- whether the proposed band minimum rate supports a reasonable rate of return for an average taxi business that is effectively operated, and
- whether the proposed band maximum rate is affordable to customers.

Under a rate band, licensees can have different rates from other taxi licensees in the region, provided their rates are within the established band.

Making changes to rates

As long as licensees choose a rate within the Board's rate band for the region, they are not required to submit an application, fees, or supporting documents to the Board. They are simply required to notify the Board following a streamlined process. This saves application fees and time.

Licensees may change their rate within the band six months after their last change, if they wish. Licensees can also keep the same rate, as long as it remains within the rate band.

Requesting rates outside bands

If a licensee wishes to have a rate outside their rate band (i.e., lower than the minimum or higher than the maximum), they will be required to submit a full rate change application to the Board. The licensee will need to pay an application fee and provide a compelling rationale and evidence for the unique rate as outlined in the Licensee-specific Metered Rates policy.

Changes to costs

Rates adjustments based on changes to business costs will be automatically applied by the Board to the minimum and maximum of each regional rate band using the Taxi Cost Index (TCI). No changes to rates that remain within the rate bands are required.

Board standardized rates

In standardized rate areas, all licensees are required to charge the same meter rate.

Board standardized rates offer key benefits for both customers and taxi licensees:

- They provide consistent, predictable, and transparent rates.
- They provide an efficient and streamlined administrative process for updating rates along with automatic adjustments for changes to business costs.
- They are set and monitored based on real taxi data and economic analysis.
- They allow the Board to proactively identify industry-wide changes and adjust taxi rates in a streamlined manner.

Setting Board standardized rates

As a first step, the Board establishes regional rate bands across the province. These are calculated based on cost data supplied by taxi licensees, as well as trip data and other business attributes. Then the Board conducts quantitative analysis, looking at profitability and sustainability factors to support a reasonable rate of return for an average taxi business that is effectively operated in the area, balanced with customer affordability.

Once the regional rate bands are established, the Board determines standardized rates that apply. These are expressed as a fixed percentile within the rate band for that region.

Making changes to rates

Licensees may request a review or recommend changes to the Board standardized rate. The Board will continue to monitor profitability, sustainability, and affordability as cost data is collected from taxi licensees and analyzed on an annual basis.

Changes to costs

Any rates adjustments based on changing business costs are calculated using the Taxi Cost Index (TCI) and automatically applied by the Board to the set standardized rate.

The transition period

In response to the changing passenger transportation landscape in B.C., the Passenger Transportation Board (Board) began reviewing taxi rates and examining potential changes in 2022.

Following more than a year of research and consultation with taxi licensees, the Board announced in January 2024 the decision to make the following changes to taxi meter rates:

- establish regional **rates bands** across the province.

- eliminate common rates rules meter rates in regions where they are in effect and replace these with Board **standardized rates**.

Responding to an evolving market

The sustainability and competitiveness of the taxi sector are key priorities for the Board, particularly since the government approved the introduction of TNS (ride-hailing) to the regulatory framework in B.C. in 2019.

In April 2022, the Board prioritized undertaking systemic decisions on rates in anticipation of market restructuring (from the introduction of TNS) and other issues as the passenger transportation industry emerged from the pandemic. From an economics perspective, rates or pricing are an important lever for regulators to make system-wide adjustments to the market.

The Board's focus is to implement systemic decisions on rates to better support its priorities. As outlined in the Board's Strategic Plan 2023-2026, these priorities include transitioning to data-driven and objective evidence-based decision-making, including making systemic decisions regarding how rates are structured in the sector.

The Board continues to undertake quantitative analysis of relevant data to inform its ongoing systemic decision-making in support of a healthy and sustainable taxi sector during market restructuring.

Consultation with taxi licensees

The Board consulted extensively with taxi licensees in 2022/2023 to discuss the possibility of new rates structures.

The first consultation occurred in October 2022. This was to gather preliminary concerns and issues from the industry regarding the rates topic. After extensive policy work, including consultations with economists and cross jurisdictional scans, the Board introduced more specific options to industry in March 2023.

The Board held five information sessions with taxi licensees between August and September 2023. These focused on a review of current taxi rates and consideration of new rates structures. The Board also invited taxi licensees to submit written feedback on the taxi rates review and new rates structures being considered.

Informed by the feedback from licensees, the Board announced its decision on new regional rates structures on January 17, 2024.

Implementing the rates structures

The timeline for implementing the new rates structures in each region has not yet been determined. For the time being, all rates are staying in place. The Board will start the process of implementing the new rates structures in phases in late 2024.

The Board will communicate with taxi licensees during implementation of the new rates structures to ensure they are implemented smoothly and effectively with minimal disruption of licensee operations.

Taxi Cost Index (TCI)

Cost increases due to inflation will be met by the new custom Taxi Cost Index (TCI).

Previously, the Board used its Taxi Limousine Cost Index (TLCI) to measure inflation and allow for rates adjustments. The taxi rates review found that the TLCI did not accurately reflect the cost of business increases affecting the taxi sector. The new TCI will calculate custom increases more applicable to the taxi sector. This new TCI will consist of only relevant Consumer Price Index (CPI) elements and gathered sector data specific to B.C.

The new TCI will continue to provide an option for the taxi sector to increase rates to offset rising operational costs. It will also reduce the administrative burden when paired with the Board's new rates structure, once implemented. In the future, whenever the Board adjusts the TCI, the increase will be automatically applied to the Board standardized rate and the rates bands in each region where they are in effect.

The Board's systemic decisions on rates, including the new rates structures and custom TCI, will provide the taxi sector with more support to respond to market restructuring.