Passenger Transportation Board
MOVING FORWARD, TOGETHER

Sound economic conditions

Context

Section 28 (1) of the Passenger Transportation Act (Act) sets out the criteria the Board must consider on an application. The first two criteria (fit and proper, and capable) are a threshold test. The Board must first consider that an applicant is a fit and proper person and capable of providing a service before it can continue on to other criteria. If the applicant passes the threshold test, the Board will then consider whether there is a public need for the service and whether the application, if granted, would promote sound economic conditions in the passenger transportation industry in BC. The public need and sound economic conditions criteria are also part of section 28(1) of the Act.

The Board's sound economic conditions policy explains how the Board interprets this concept. The policy does not list all the ways in which the Board might consider sound economic conditions, as the Board has discretion to consider other factors. However, the policy should give an idea of how the sound economic conditions criteria may be demonstrated by applicants and submitters and interpreted by the Board.

Applicability

This policy applies to:

- Applicants for a new or amended special authorization licence.
- Urgent public need applicants (section 26(3) of the Act).
- Any person making a submission to the Board respecting an application.

This policy does not apply to:

- Applications to transfer a licence (section 30 of the Act)
- Rate change applications (section 35 of the Act)
- Temporary operating permit applications (section 38 of the Act).

Policy

An applicant must explain how their application, if granted, would promote sound economic conditions in the passenger transportation industry in BC. The applicant must provide information and evidence to support this.

The Board considers sound economic conditions in terms of the overall passenger transportation business, rather than the interests of individual applicants, submitters, or businesses, including (but not limited to) the following factors: competition, innovation, sustainability, and variety. While an application does not need to demonstrate that the proposed service would address all of these sound economic conditions factors, the applicant should provide as much information and evidence as possible to show that sound economic conditions exist for the proposed service.

Sound economic conditions factors

The following sections provide more information on what the Board may consider for each of these factors of sound economic conditions.

Competition: Will the proposed service promote the market forces that keep businesses accountable to customers?

The proposed service may address the sound economic conditions competition factor if it:

- Encourages healthy competition among various service providers.
- Prevents market saturation in well-served areas.
- Provides a competitive option where only one type of service exists, so long as it is economically feasible.
- Is providing service to a niche market or under-served areas.
- Encourages competition to promote efficiency, reliability, and quality service for customers.
- Promotes price and/or service competition in an area.

Innovation: Will the proposed service move the Industry forward?

The proposed service may address the sound economic conditions innovation factor if it:

- Encourages modernization of the passenger transportation industry overall or of a particular sector.
- Promotes innovation in products or services relevant to passenger transportation.
- Embraces emerging technology that will benefit customers.
- Offers a service that is new and valuable to customers.

Sustainability: Will the proposed service help the Industry stably meet demand into the long term?

The proposed service may address the sound economic conditions sustainability factor if it:

- Promotes long-term stability for the passenger transportation industry.

- Encourages resiliency in the passenger transportation industry.
- Balances economic opportunity equitably across different sectors.
- Minimizes significant market disruption.
- Protects the taxi sector from rapid disruption to ensure its long-term stability as an essential service.
- Promotes overall profitability and economic sustainability of the Industry.
- Promotes adequate driver incomes to contribute to a stable supply of drivers.
- Contributes to environmental sustainability over the long term.
- Focuses on reducing greenhouse gas emissions, other pollution, and/or congestion.
- Reduces harm to or enhances Public Transportation.

Variety: Will the proposed service increase the diversity of services available to customers?

The proposed service may address the sound economic conditions variety factor if it:

- Encourages a variety of passenger transportation options in an area, where economically feasible.
- Supports a sector or service that is under-represented in the market.
- Considers how to serve low density markets in a stable way.
- Serves the unique qualities of the community in which the service will operate.

Legislation

26 (1) If the registrar receives an application for a licence in which a special authorization is sought, the registrar must forward that application to the board.

27 (1) If an application is forwarded to it under section 26 (1), the board

(a) must, in the case of any application other than one referred to in section 26 (3), defer its consideration of the application for a period of at least 7 days after the date on which the notice referred to in section 26 (2) is published, and

(b) may require further information from the applicant, including written or oral submissions.

(2) Any person may, within the time period specified by the board and on payment of the prescribed fee, make a written submission to the board respecting the application forwarded to it under section 26 (1).

28 (1) The board may approve, in whole or in part, an application forwarded to the board under section 26 (1) [other licence applications] after considering the following:

(a) whether the applicant

(i) is a fit and proper person to provide the service the applicant proposes to provide under the special authorization, and

(ii) is capable of providing the service;

(b) if the board considers that the applicant is a fit and proper person to provide the service and is capable of providing the service,

(i) whether there is a public need for the service, and

(ii) whether the application, if granted, would promote sound economic conditions in the passenger transportation industry in British Columbia.

31 (1) Subject to subsection (4) and section 32, a licensee wishing to amend a licence must apply to the registrar and, in that event, …

(b) Division 3 applies to an application to amend a licence issued under that Division.

Related topics:

- Public need policy
- Demonstrating public need and sound economic conditions