

Recommendations of the Board of Trade of Metropolitan Montreal presented to the Committee on Transportation and the Environment as part of consultations on passenger transportation by automobile for remuneration



February 23, 2016

Preamble

The Board of Trade of Metropolitan Montreal (the Board of Trade) has over 7,000 members. Its mission is to be the voice of Montréal's business community and to promote the city's prosperity. The Board of Trade is involved in key areas of economic development, promoting a philosophy of action based on engagement, credibility, proactivity, collaboration and innovation. The Board of Trade is the largest private economic development organization in Quebec.

Background

On February 3, 2016, the Government of Quebec announced a Parliamentary Committee on passenger transportation by automobile for remuneration. The purpose of these consultations is to determine the oversight mechanism for this sector of activity to create a fair, competitive and innovative business environment. This environment should also eliminate the risk of tax evasion in the industry. The consultations initiated by the Minister of Transport, Sustainable Mobility and Transport Electrification, Jacques Daoust, are being carried out against the backdrop of emerging new business models, particularly that of the American company Uber, which began operating in Montréal in fall 2013. Its activities are generating a great deal of controversy, and their legality has been contested.

The Board of Trade has been studying this issue for a number of months. In May 2015, it hosted a strategic forum on urban mobility and intelligent transportation, bringing together representatives of the Comité provincial de concertation et de développement de l'industrie du taxi, Uber and Taxelco (Téo Taxi). The Board of Trade then took part in a consultation meeting on the taxi industry at the Palais des congrès de Montréal on July 8, 2015. It presented the principles it believes should guide the industry in its move to meet new user expectations and become innovative and competitive in a changing market. Finally, last fall, it held two events. In September, David Plouffe, senior advisor at Uber, presented his argument justifying the company's international activities. Then in November, as part of the launch of Téo Taxi, Alexandre Taillefer addressed the Board of Trade to explain the company's business model in an effort to gain its support.

As is the case for all major cities, taxi activities in Quebec are largely concentrated in the metropolitan area. In Montréal, there are 4,522 owner licences among the 8,365 circulating in the province, or 54% of all licences. This is in addition to 213 licences in Laval and 343 in Longueuil. Obviously, the findings of this parliamentary committee will have a direct impact on the Ville de Montréal's regulatory framework. It is also of interest for the members of Montréal business community who use taxis, whether via the traditional route or through apps. Furthermore, innovation and technology progress have strategic importance for the economic development of Greater Montréal.

The president and CEO of the Board of Trade, Michel Leblanc, thanks the committee for inviting him to present, on February 23, 2016, the Board of Trade's recommendations on passenger transportation by automobile for remuneration.

This brief covers the Board of Trade's recommendations on the topic.

Introduction

For a number of years, business people have regularly raised with the Board of Trade the issue of the discrepancy between the service delivered by the taxi industry and customer needs. The growing dissatisfaction relates to a number of aspects of the industry, including the fact that until recently passengers could not pay by credit card, cars that were sometimes in poor condition, the drivers' lack of courtesy, the spotty cleanliness of vehicles, a lack of knowledge of destinations and an inability to obtain service improvements.

For the city's business community, it is clear that the system that governs the Quebec taxi industry has not encouraged it to take advantage of advances in technology for ordering a taxi online or paying for a trip by credit card, whether pre-registered or not.

These systematic criticisms, no doubt shared by the public at large, explain Uber's instant popularity in the city. Uber's arrival has created upheaval in the taxi industry and has prompted us to ask what shape the industry should take in the 21st century. From the business community's point of view, Uber's strength is not so much the price, but its ability to meet their needs. There was similar enthusiasm for the launch of Téo Taxi. During the first trial period, the company was looking for 500 citizens to try the service; in just a few days, it received 2,000 requests to participate.

The issue of the legality of Uber's activities is one of serious concern for the business community. The Board of Trade would like to reiterate that companies have the duty to comply with the laws and regulations in effect. Court decisions offer important clues in determining what is legal and what is not. But recent judgements about Uber and its activities leave room for interpretation and doubt. With respect to collecting business and income tax on corporate profits and personal income, the Board of Trade believes that the government must take all necessary measures to ensure it collects taxes in full and that everyone is subject to the tax regime and pays their fair share of taxes.

The Board of Trade has noted the rising tensions among the parties and believes that the situation has become untenable and justifies the parliamentary consultations under way. The decisions made in the coming weeks should, in the short term, help temper reactions and, in the long term, promote innovation and creativity in the industry, which should anticipate other revolutions that will cause even greater upheaval in the coming years. We need to ensure that users are central to any decisions.

1. Help the industry adapt and integrate technological advances quickly

The revolution created by the arrival of the Uber app and its counterpart Uber X would not have had the same impact if the Quebec taxi industry had been operating in an environment of strong competition and been searching for innovations to satisfy customers. Uber was not born in Montréal, but in San Francisco in 2009. It took four years for the innovation to hit the city, which it did in the fall of 2013. Did the industry think it was untouchable during those four years?

The Quebec taxi industry took a long time to adjust to serve customers better. And yet credit card payment technologies have been used in many cities around the world for some time now. It is extraordinary that we had to pass a city by-law to deliver this service, which users consider basic. This is why we need to ensure the measures adopted following these consultations enable the industry to benefit from upcoming technological advances. We need to pay attention to what is going on in other places to be better prepared.

1.1 Other applications exist and more will follow

We have known for years that e-commerce is expanding rapidly. Once again, the Board of Trade raised Quebec's serious lag in this area at an October 20, 2015 event as part of its Business Outlook Series, organized in partnership with the CEFRIO. All sorts of applications are constantly appearing on the market, at a pace that will accelerate in the coming months. We have barely integrated Expedia, iTunes, Airbnb and other online services that point to the prospect of new players in other sectors.

Uber is just one application among many in the taxi industry. It is of course the one that has shown vision in its deployment, but it is essentially just a sign of things to come. A quick review of mobile apps for personal transportation on the market confirms that in a few months, or even a few weeks, other apps could very well try to break into Quebec.

- Lyft: Uber's main competitor, with a presence in 195 American cities, which is planning its international expansion.
- FreeCab: Parisian counterpart of apps that put clients in touch with drivers.
- BlaBlaCar: European long-distance paid car-sharing application.
- Paxi: Uber substitute for drivers of regulated taxis.
- Hailo: British version of Uber which operated in Montréal and Toronto for one year, in 2014.

If service usage figures recently released by Uber are accurate, around 450,000 requests for transportation were processed by the application in January 2016. In 2015 in Montréal, over 180,000 unique users called on the service. And further according to Uber, a request is sent every nine seconds in the city.

These statistics, which are plausible although not verified, show that users will quickly adopt an application that meets their needs. The same applies to the enthusiasm generated by Taxelco taxis during their trial period. The challenge now for the company is not finding clients, but taxis.

We are convinced that the passenger transportation industry should have a range of applications for the public. The regulatory framework must not be changed in a static fashion to simply allow or curb Uber's deployment. It must be reviewed to be clear, predictable and uniformly applied to all current and future players in the industry.

Recommendation no. 1: Adopt a regulatory framework that governs new applications for passenger transportation by automobile for remuneration, which applies to all players already in operation, including Uber, and any other player that could open its doors in Montréal and Quebec.

1.2 Open the door to innovation

Quebec needs to be fertile ground for innovation in all fields, both home-grown innovations and those developed elsewhere. Innovation is a pillar of economic growth. One of the distinctive aspects of the city's brand is its creative power. With our success in the fields of multimedia, video games and visual effects, we want to establish an innovation hub in e-commerce. It is ironic to be so vehemently against what is actually the result of innovation in a sector of private services.

The launch of Téo by Taxelco illustrates the potential for innovation that we should embrace. The Montréal business community enthusiastically welcomed Alexandre Taillefer and his partners' deployment of a new app offering taxi service in top-of-the-line electric vehicles, using a competitive remuneration model for drivers. This is the sort of attitude that needs to emerge from the current debate. The message needs to be that it is commendable to innovate and take risks, particularly in fields that seem reticent to change. Young people in Quebec need to want to create in order to move beyond existing models and allow us to advance as a society and ensure our collective prosperity.

The regulatory framework must not constrain the personal transportation for remuneration service offer, but must instead recognize the value of innovation and set the conditions for deploying these services.

Recommendation no. 2: Adopt a regulatory framework that recognizes the value of innovation and sets the conditions for deploying services.

1.3 Prepare for self-driving cars

The review of the regulatory framework is an opportunity to prepare for an even more fundamental transformation in the passenger transportation by automobile for remuneration industry. Since the summer of 2015, the Google Car, a self-driving car, has been circulating on California streets. Many car manufacturers have submitted applications to test their own prototypes in the coming years.

Google's goal is to market its cars by 2020. There are rumours that Ford is in discussions with the company to collaborate on the project. GM plans to deploy driverless cars on one of its campuses this year. Even Uber is investing in designing self-driving cars. The deployment in the next five years of complete fleets of self-driving cars in major American cities was on the agenda for the most recent meeting of presidents of the 25 largest metropolitan chambers of commerce in North America.

While the arrival of this technology in Quebec may seem a long way off, these consultations should take this revolution into account. We do not need to immediately answer all the questions that this revolution in transportation will raise, but we should prepare for them. The issue is no longer whether the technology will be deployed one day, but rather when it will be. Obviously, the taxi industry will undergo a profound shift beyond the limits of the current debate. We need to think about the role of Quebec and Montréal in this new era.

Recommendation no. 3: Adopt a regulatory framework that will serve as a basis for governing the deployment of self-driving cars and stay on top of technological advances in the field.

2. Establish clear rules and conditions to ensure the transition of the taxi industry

The revolution we are experiencing has brought into focus how out of date the regulatory framework is and how unsuited it is to the new challenges Quebec's taxi industry is facing. This framework has created a false sense of security by insulating the industry from customer criticisms and limiting competition, even local. This sort of situation often results from management systems that have been in place for many years.

This false sense of security creates a guaranteed income for licence holders, which in turn has resulted in a disproportionate increase in the value of taxi owner licences. It was surprising to see that the price for a licence in Laval was \$290,000, where there were only 213 taxis for the entire territory according to the Commission des transports du Québec. According to different sources, the most recent prices in the Montréal area range between \$160,000 and \$180,000, but were close to \$200,000 before the arrival of Uber.

Taxi licence holders are obviously not responsible for how the offer is managed or the control of licences being issued. This system was instituted by the government, which received the initial value of the licences issued. According to information available today, 6,555 licence holders have the 8,365 taxi owner licences in Quebec (6,459 licence holders who have just one and 96 who share the remaining 1,810 licences). According to the Commission des transports du Québec, there are 20,600 taxi driver licence holders in the province. We should note that the current Taxelco pilot project involves renting 50 licences. According to the Taxelco business model, ultimately almost half the licence holders in Montréal would rent their licences to the company. In other words, for the time being Taxelco's arrival on the scene does not mean an increase in the number of taxis on the road.

Uber reports that it does business with 8,000 "partner drivers," almost all of them registered in the Montréal area. These partners have variable schedules, working on average around ten hours a week. According to information released by Uber, most of them are workers who want a second income or students who want to earn money while in school.

The current system requires taxi drivers to pay for a licence (either as owners or as renting drivers) or Taxelco to rent licences it holds, creating an unfair situation. Competition is distorted: Uber, or any other future company that will offer passenger transportation services for remuneration without having to buy a licence, has an unfair advantage.

Furthermore, the part-time service offered by Uber driver partners shows that it is profitable to provide this service, even part time, if the driver does not have to pay or reimburse a loan to obtain a licence. There is reason to believe that competition could work if the same rules applied to everyone and drivers would not have to acquire expensive licences.

2.1 Buy back taxi owner licences

The current system of taxi owner licences, the initial goal of which was to ensure drivers earned a decent income, is not an effective mechanism for overseeing passenger transportation for remuneration. The government needs to recognize this and prepare to buy back taxi licences or, at the very least, partially compensate drivers for the loss in value in their licences.

Buyback value

The issue will be to determine the buyback price for existing licences. The most recent licences were largely delivered before the Government of Quebec took over regulation in 1973. In 1984,

when it was starting to plan the voluntary buyback of certain licences to reduce the numbers in Montréal, it was estimated that the average cost of a licence was \$10,000, whereas the same licences were exchanged for around \$200,000 in the past five years. During the most recent buyback imposed by the Government of Quebec at the end of the 1980s following deliberations, the price was set at an average of \$14,000 (around 1,000 licences in the city had been bought back by the taxi industry for \$14 million.¹⁾

Different scenarios could be considered to finance this buyback. As a reference point, the region of New South Wales (NSW) in Australia announced in December following the arrival of Uber that it would compensate licence holders in the amount of CA\$20,000 per licence, according to Transport NSW, to make up for the financial losses from the new regulations governing Uber. According to a study by the Montreal Economic Institute, based on numbers provided by the Australian Taxi Association, the average cost of a licence in NSW was CA\$367,000 in December 2014. In Sydney, the largest city in NSW with 4.6 million residents, there are 7,347 licences, or almost 3,000 more than in Montréal, where the average price of a licence is significantly lower. If Quebec adopted this model, it would cost \$171 million to buy back all licences in the province, or \$20,500 per licence.

In his brief submitted to the committee, Alexandre Taillefer proposed an average buyback value of \$150,000 per licence, putting the total cost to buy licences in Montréal at \$660 million. For all licences in Quebec, the total would therefore be around \$1.25 billion.

The Board of Trade does not believe that the government should compensate for the increase in value of licences resulting from speculation caused by their scarcity. However, it seems fair that it buy back at a reasonable price the licences it put on the market as part of a system it imposed.

Financing the licence buybacks

Many cities have introduced a tax to finance the buyback of taxi licences.

- In New South Wales, Australia, regional authorities have planned to levy a tax of one dollar per trip for five years to finance compensation for taxi driver licence holders.
- The City of Edmonton entered into an agreement with Uber as part of which a tax of \$0.06 per trip is collected.

In Quebec, a few scenarios have recently been suggested.

- Uber proposed to the Government of Quebec in August 2015 a tax of \$0.10 per trip.
- Before a parliamentary committee, Taxelco called for a tax of \$1.10 per trip.

We evaluated what most of these scenarios would mean for Quebec. Our first assumption is that this buyback tax should not be paid only by new players in the industry if the buyback of licences is industry-wide. We assume that this buyback tax would be largely passed on to users. They are the ones who will end up financing the transition to a new system.

Based on numbers provided by Uber, 450,000 trips per month,² the 8,000 partner drivers for the company each make 56 trips per month on average, so around 13 trips per week. To this we can

¹According to *Évaluation du plan de rachat de permis de taxi dans l'agglomération de Montréal*, a study conducted in October 1988 by the Ministère des Transports.

² According to results announced by Uber in January 2016.

add an estimated average volume of 79 trips per driver per week for traditional taxis.³ This is how we can estimate the amount that the buyback tax would bring in if it were applied to all trips involving passenger transportation by automobile for remuneration, according to the data gathered. As we noted above, according to data from the Société de l'assurance automobile du Québec, there are 20,600 taxi driver licence holders in the province, which means that many drivers share the same operating licence and car. However, 90% of the cars are used by a single driver daily.⁴ Our calculation therefore reflects the fact that each of the 8,365 taxi owner licences in Quebec is used by a single driver each week.

The annual volume of trips is therefore estimated as follows (not taking into account variation in time for any of the categories of transportation):

- Transportation by sharing company (according to Uber data): 450,000 trips per month x 12 = 5,400,000 trips a year;
- Passenger transportation by traditional taxi company: 79 trips per week x 50 weeks (2 weeks of vacation) x 8,365 taxi drivers = 33,041,750 trips per year;
- total trips per year = 38,441,750.

<i>Buyback tax - based on a volume of 38.44 million trips per year in Quebec⁵</i>					
<i>Amount per trip</i>	<i>Annual revenue</i>	<i>Revenue over 5 years</i>	<i>Compensation per licence</i>	<i>Revenue over 10 years</i>	<i>Compensation per licence</i>
<i>\$0.10*</i>	<i>\$3.8 M</i>	<i>\$19 M</i>	<i>\$2,271</i>	<i>\$38 M</i>	<i>\$4,543</i>
<i>\$0.50</i>	<i>\$19.2 M</i>	<i>\$96 M</i>	<i>\$11,476</i>	<i>\$192 M</i>	<i>\$22,953</i>
<i>\$1.00**</i>	<i>\$38.4 M</i>	<i>\$192 M</i>	<i>\$22,953</i>	<i>\$384 M</i>	<i>\$45,906</i>
<i>\$1.10***</i>	<i>\$42.3 M</i>	<i>\$211 M</i>	<i>\$25,224</i>	<i>\$423 M</i>	<i>\$50,568</i>

**Amount per trip reported by Uber, August 2015.*

***Amount per trip according to the Australian model.*

****Amount per trip reported by Taxelco, February 2016.*

The different scenarios applied to the Quebec situation would make it possible to raise between \$19 million and \$211 million over five years and between \$38 million and \$423 million over ten years. If we consider the scenario at \$1 per trip, Quebec would be able to reimburse up to \$45,900 per taxi owner licence in circulation in Quebec. This amount is almost five times higher than the market value of \$10,000 established by the Government of Quebec in 1984 for a taxi licence, which would be \$21,000 in 2016, calculated at an average inflation rate of 2.39%.

Recommendation no. 4: Buy back the 8,365 taxi owner licences by partially financing this measure through a buyback tax per trip applied to all drivers.

³ According to the *Étude sur la demande dans l'industrie du transport par taxi* by the Commission de transport du Québec, March 2011.

⁴ *Ibid.*

⁵ 92 trips per week for 16,365 drivers (8,365 taxi trips and 8,000 Uber trips).

2.2 Require full payment of sales and income tax

The new regulatory framework must ensure income earned is declared for tax purposes and that taxes are collected on the first dollar earned.

While according to the company half of Uber's partner drivers work fewer than ten hours a week, the Board of Trade believes that all drivers must charge clients GST and QST and remit it to the government, even if the total earnings of the driver, who is self-employed, do not exceed \$30,000 at the end of the fiscal year, as Uber claims. This measure will ensure healthy competition with taxi drivers who are required by law to remit taxes to Revenu Québec in spite of their status as self-employed workers and even if their income is under \$30,000.

Furthermore, to ensure the government collects taxes in full and that everyone is subject to the tax regime in effect and pays their fair share of taxes, the government should require that all taxi intermediaries, including businesses that offer a dispatch service through a digital app, send data quarterly about the number of trips and total revenue for each driver/partner along with the associated social insurance number.

Recommendation no. 5: Require intermediaries and businesses that offer a dispatch service through a digital app to submit quarterly reports indicating the number of trips and revenue earned by drivers/partners and require that sales tax be collected on the first dollar earned, even if the worker does not anticipate earning more than \$30,000 annually.

2.3 Ensure passenger and driver safety

The issue of passenger and driver safety is fundamental, and the models currently used by the different players should be compared. Everyone agrees that drivers' files and insurance policies should be as up to date as possible and checked periodically. A mechanical inspection should be performed every two years, as taxi drivers are required to do.

Taxi drivers need to have a class 4C driver's licence, are subject to a background check at their expense and have to have their vehicle inspected every six months.

In terms of passenger transportation by another citizen as part of a service such as UberX, the company checks the driver's criminal record with the security company Garda and the driving record with the Société de l'assurance automobile du Québec. Basic maintenance on the partner driver's vehicle is also required.

The Board of Trade believes that ratings that can be done quickly and easily through new apps contribute to a sense of security for users and drivers and make it possible to identify inappropriate or delinquent behaviour. Unsatisfied clients or drivers who have served clients who behaved inappropriately can more easily report the situation.

Finally, the committee should introduce a mechanism to limit the number of consecutive hours a driver spends at the wheel, to improve passenger and driver safety. The City of Chicago passed such a by-law in 2014, limiting the number of hours of work to 10 in a 24-hour period.

These evaluations and mechanisms would be established and required by the government's regulatory framework, but the cost of insurance, background checks and mechanical inspections

should be assumed by the industry, which should send them to the Committee on Transportation and the Environment.

Recommendation no. 6: Establish an evaluation method for drivers, regularly check insurance, criminal records and the condition of vehicles, and limit the number of consecutive hours drivers spend at the wheel through a regulation put in place by the government with the cost assumed by the industry.

2.4 Set rates for taxi services in a context of true competition

There are currently two opposing visions of rates for taxi services: a fixed rate no matter the time or day of the trip and a rate based on supply and demand.

Competitive systems frequently offer varying prices based on supply and demand. For example, the price of flights and train travel varies. This principle applies even to the movies, with tickets costing more in the evening and on Saturday than for matinees or Tuesday nights.

Once a market opens to true competition, prices for trips are naturally set based on the day and time for all cars that transport passengers for remuneration. This would mean that more drivers could drive part time. This additional supply would create a drop in prices in off-peak hours, which would benefit consumers, and the increase in prices during peak hours or for special events would be more fair for drivers.

It is important to ensure that a cartel or oligopoly does not try to set prices and that amounts are clear and agreed upon in advance. If competition does not keep unreasonable increases in check, suggesting that players are acting as a cartel, the system should impose price ceilings.

Recommendation no. 7: Apply the principle of rates based on supply and demand for all vehicles transporting passengers for remuneration in Montréal.

Conclusion

The taxi industry is a private service offered to the public that should be subject to the pressures of an open, competitive market. The current tensions result from a system that for too long has insulated industry players from the expectations of clients. We need to do away with this system and ensure that the new one encourages innovation and customer satisfaction.

The taxi market must be open to new players, including Uber. However, the company, along with its existing or future competitors, needs to respect the legal and regulatory framework and the province's tax system.

The government is justified in creating an operational framework for the taxi industry in the public interest. The current framework, which leaves room for interpretation and doubt, should be replaced. The Board of Trade recommends an open system of free competition.

Should current or future players refuse to follow the rules, the government must take the action necessary to ensure the law is respected. Simply put, companies that refuse to abide by the law or fulfil their tax responsibilities should not be allowed to operate in Quebec.

SUMMARY OF RECOMMENDATIONS OF THE BOARD OF TRADE OF METROPOLITAN MONTREAL

Recommendation no. 1: Adopt a regulatory framework that governs new applications for passenger transportation by automobile for remuneration, which applies to all players already in operation, including Uber, and any other player that could open its doors in Montréal and Quebec.

Recommendation no. 2: Adopt a regulatory framework that recognizes the value of innovation and sets the conditions for deploying services.

Recommendation no. 3: Adopt a regulatory framework that will serve as a basis for governing the deployment of self-driving cars and stay on top of technological advances in the field.

Recommendation no. 4: Buy back the 8,365 taxi owner licences by partially financing this measure through a buyback tax per trip applied to all drivers.

Recommendation no. 5: Require intermediaries and businesses that offer a dispatch service through a digital app to submit quarterly reports indicating the number of trips and revenue earned by drivers/partners and require that sales tax be collected on the first dollar earned, even if the worker does not anticipate earning more than \$30,000 annually.

Recommendation no. 6: Establish an evaluation method for drivers, regularly check insurance, criminal records and the condition of vehicles, and limit the number of consecutive hours drivers spend at the wheel through a regulation put in place by the government with the cost assumed by the industry.

Recommendation no. 7: Apply the principle of rates based on supply and demand for all vehicles transporting passengers for remuneration in Montréal.

Appendix

In the summer of 2015, the Board of Trade asked its fellow chambers of commerce in some 15 North American cities to report on the situation in their territory.

The Board of Trade also put together an overview of the situation internationally to evaluate the impact of this issue, which has quickly become a global one, showing that taxi industries around the world were not prepared for these technological advances in their field.

It would be informative for the committee to evaluate three models: Edmonton, Chicago and Australia, in light of recent events in December 2015.

The case of Edmonton

On January 27, 2016, Edmonton became the first Canadian city to legalize Uber. The regulatory framework will come into effect on March 1.

A new class of transportation was created, "private transportation providers," or PTP, which will include car sharing services.

Every year, Uber will pay the City \$70,000 for operating its service: \$50,000 for the licence and \$20,000 to an accessible transportation fund. A special tax of \$0.06 per trip will be paid by private transportation provider users.

Both taxis and private transportation providers have a base fixed price of \$3.25 when transportation is ordered using a mobile app. Only traditional taxis will be able to pick up customers who hail them in the street. The price of these trips will be predetermined, and meters will not be used for them. Anyone who illegally offers passenger transportation by automobile for remuneration will be fined \$5,000.

There are 1,265 taxi licences in Edmonton, and their market value ranges from \$70,000 to \$110,000, considerably less than in Montréal. But the Edmonton model's reference points can still be used by the committee in regulating the situation in Montréal.

The amount that a private transportation provider like Uber and its competitors must pay annually can be established using the Edmonton model. It is a good idea to keep the annual contribution for running the service low. The idea is to have an open, competitive market. Plus a base set rate is beneficial for drivers, guaranteeing them a profit even on shorter trips.

The case of Chicago

When car sharing companies were legalized in September 2014, the City of Chicago developed a complex process for establishing rates for "transportation network providers," or TNP.

With respect to annual fees, companies that plan to offer a remunerated transportation service need a licence based on time spent on the road: a \$10,000 licence for 20 hours or less on the road per week (class A) or a \$25,000 licence for 20 hours or more on the road per week (class B). A tax of \$0.02 per trip is also collected as an administration charge. The licence is granted annually, from April 1 to March 31, and is not transferable.

Drivers offering private transportation services for remuneration must also pay a transportation tax to the City of Chicago (City of Chicago Ground Transportation Tax Rate), which is \$0.40 per trip for class A licences and \$0.80 per trip for class B licences. As a basis of comparison, taxi drivers must pay a monthly tax of \$98 if they circulate within Chicago. The City of Chicago Ground Transportation Tax is \$3.50 per day for taxis that do not circulate in the city.

Furthermore, a tax of \$5.00 is required from TNPs that drive clients to or from one of Chicago's two airports.

Finally, accessible class A taxis (wheelchair accessible vehicles) pay a tax of \$0.10 per trip, and those with class B pay \$0.20 per trip.

A trip to or from the Chicago airport therefore costs a service provider like Uber \$5.52 in tax for class A licences and \$6.02 for class B licences. For other trips, the tax is \$0.52 for class A licences and \$1.02 for class B licences.

Unlike Edmonton, where there are significantly fewer taxi licences than in Montréal, there are 12,700 licences in Chicago, a city with a population of 2.7 million.

Chicago has also instituted a policy limiting the number of driving hours to 10 hours per 24-hour period.

Finally, the TNP regulation governs rate increases related to supply and demand. The multiplier used and the estimate of the cost in dollars must be clearly displayed in the application, along with a link to the City's 311 municipal services site.

The case of Australia

At the end of 2015, two regions of Australia decided to legalize passenger transportation by automobile for remuneration: New South Wales, where Sydney is, and the Australian Capital Territory, where the capital Canberra is located. Another region, West Australia (where Perth is located), plans to do likewise in the coming weeks.

New South Wales has introduced a system that will raise \$250 million, which will serve to compensate taxi licence holders. They could receive \$20,000 per licence, and up to \$40,000.

The some 6,000 taxi drivers will still have exclusivity over trips initiated in the street, as is the practice elsewhere. The government of New South Wales estimates that 70% of trips in the local taxi industry are spontaneous.

To finance the \$250 million, a tax of one dollar will be collected for five years for each taxi or car sharing trip. Taxi and car sharing companies will have the choice of paying this tax themselves or passing it on to the client.