

Uber hasn't rolled up, but taxi industry is in disarray

Licence values plummet as ridesharing giant expresses interest in B.C.

There are at least 100 licences on offer for sale. But there is no value at all at the moment. There is no certainty happening here. People are scared. KULWANT SAHOTA PRESIDENT, YELLOW CAB

Even before ride-hailing giant Uber has gained a foothold in B.C., it has fundamentally shifted the economics of the taxi industry, causing a precipitous plunge in the value of taxi licences.

On Tuesday, the Vancouver Taxi Association and Yellow Cab Co. acknowledged licences that once commanded nearly \$1 million each have little value because of the uncertainty Uber has created in the marketplace.

Moreover, the industry expects that when ridesharing is eventually permitted in the province, there will be a defection of taxi drivers to Uber and similar companies — a phenomenon experienced in many other jurisdictions.

At the same time, Peter Fassbender, the minister responsible for TransLink, says he's watching events in Alberta closely.

On Monday, Alberta Transportation Minister Brian Mason rejected Uber's request that its drivers not be required to have Class 4 commercial licences. He also insisted they will need to pass criminal records checks. That province also won't have insurance regulations in place before July 1. Uber responded by suspending its Edmonton operations until that time, even though Edmonton has a bylaw allowing it to operate.

Fassbender and Transportation Minister Todd Stone have said they want to modernize B.C.'s passenger transportation industry before allowing Uber and other car-hire operators to move into B.C., which remains the largest jurisdiction in North America without such services.

They have also said they won't tolerate Uber's methods in other jurisdictions, where it launched illegally and used public pressure to force changes to transportation laws.

But even without a single Uber driver operating in B.C., the company has already shaken the foundations on which the conventional taxi industry rests.

Just three years ago, taxi licences in Vancouver were worth \$800,000 to \$1 million, largely due to the restricted supply.

Those prices essentially guaranteed drivers' investment in a cab and a job. They are heavily underpinned by home and business mortgages.

But now, as in many cities where Uber has targeted its ridehailing app, Vancouver's taxi licence system is in disarray.

"There are at least 100 licences on offer for sale. But there is no value at all at the moment," said Kulwant Sahota, the president of Yellow Cab, the largest of Vancouver's four taxi companies. "There is no certainty happening here. People are scared."

Carolyn Bauer, president of the Vancouver Taxi Association and general manager at Yellow, said Fassbender has assured cab drivers that the province wants the taxi industry to remain viable.

“It is the uncertainty of not knowing if Uber does come, will there be a cap on their numbers. People don’t want to invest (in taxis), whether it is \$150,000 or \$200,000. They don’t want to put the money up because there is no guarantee they will make money in their job,” she said.

Uber and competitors like Lyft have also been draining away taxi drivers. In places like New York, Pittsburgh, San Francisco and Chicago, drivers have been attracted to Uber by easier or better hours, promises of better pay and reduced costs. One New York company lost 40 per cent of its drivers.

Sahota said Vancouver taxi companies are expecting defections. Earlier this week he was told that there are at least 73 drivers in Metro Vancouver who want to switch to Uber.

“There will be an impact. I won’t tell you that there won’t be an impact. Drivers have nothing to lose switching over, finding out if Uber comes to town. Anyone would (try it),” he said.

Dave Sutton, a spokesman for Who’s Driving You?, an information campaign by Maryland-based Taxicab Limousine and Paratransit Association, said many defecting taxi drivers returned after discovering they weren’t making full-time incomes.

Uber spokeswoman Susie Heath said a study done for Uber shows that at least one in five of its drivers comes from taxis or private limousines. She said the company was encouraged by a recent Vancouver Board of Trade report that called for distinct provincial rules reflective of the Uber business model.

“We are hopeful that Premier (Christy) Clark and the provincial government will say yes to ridesharing and move forward on new regulations this spring so that British Columbians in Metro Vancouver, Victoria, Kelowna and other municipalities are able to experience the benefits of ridesharing,” she said in a statement.

But Fassbender said neither he nor Stone will be pushed into a quick decision. Asked if he was concerned Uber will grow impatient, Fassbender said he’d already told them “you do not want to make us an adversary.” “I would say this. I think Uber has to recognize that the province of B.C. is different because of our insurance regime and a number of things and they need to recognize they need to work with us, not to challenge us by doing something that would force us to take a different stand,” he said.

Heath said Uber’s decision to temporarily suspend its Edmonton operations because of the lack of insurance rules from the province “is very unique to Edmonton and Alberta, and has no impact to services outside that city.”

But Fassbender said Edmonton’s decision to approve a ridehailing bylaw before provincial regulations had been approved is exactly what he doesn’t want to happen in B.C.

“We are looking at what happened in Alberta where individual cities started to move in a particular direction without an understanding of the bigger picture in the province of issues like insurance,” he said. “It put a little bit of the cart before the horse. Now the horse has been put back in the barn while Alberta deals with some of the important things we already recognize we need to do.”