

The graphic features a stylized network of yellow and blue lines on a dark background, with the word "Alberta" written vertically in a white, cursive font on the left side. The main title "Transportation Network Companies" is centered in a large, white, bold, sans-serif font.

# Transportation Network Companies

## Frequently Asked Questions

### 1. What is a Transportation Network Company (TNC)?

A TNC is an entity or individual that connects passengers with its drivers for pre-arranged transportation exclusively through a transportation network. TNCs and drivers are operating on a for-profit basis.

It is fundamentally different than traditional carpooling where a friend or colleague offers a ride to someone where both people are going to the same destination. With a TNC, a driver is going out of their way to pick up and drop someone off, and being compensated for more than just straight expenses or the vehicle's wear and tear.

### 2. When can TNCs operate? What comes next?

TNCs with full commercial insurance have always been able to operate in Alberta, provided their drivers have Class 4 driver's licences and they meet any municipal licensing requirements.

By July 1, 2016, the Alberta government will have a new TNC-specific insurance policy form ready for use. Along with the new TNC regulation, the provincial insurance rules for TNCs come into force.

All TNCs will be required to register with the Government of Alberta, providing contact information and location of operation, prior to operating. Those TNCs operating before the regulation and rules come into effect will have 30 days to register.

### **3. Why does the government need the authority to regulate this industry? Are there not rules in place already?**

Transportation Network Companies (TNCs) are a new industry. They do not meet the definition of any of the current regulated organizations under Alberta's *Traffic Safety Act*. As a result, the authority to create enforceable rules for TNCs was missing.

While both provide passenger transportation, TNCs are different from taxis. A taxi is a full-time commercial vehicle and can connect with passengers directly or through a dispatch service. A TNC vehicle is typically not engaged in commercial activity – it is operating as a personal vehicle used to transport family or drive to work. This is the important distinction and why new rules are needed.

Some rules are already in place for TNC drivers. For example, they have to hold the proper class of driver's licence that covers the type of driving they do, that is, commercial driving. However, if a company chooses not to follow the rules, we need to be able to tell the company to stop, rather than try to identify and stop each driver individually.

### **4. How does this compare to municipal bylaws/rules?**

To date in Alberta, only Calgary and Edmonton have amended their bylaws to address TNCs (also known as private transportation providers). The framework for these services announced in February 2016 aligns with these bylaws. The regulation is in effect province-wide and, therefore, will also apply to municipalities and communities that do not have municipal bylaws or rules that specifically address TNCs.

### **5. Are there penalties if TNCs do not comply with the regulation?**

If TNCs do not comply with the regulation, they can be fined up to \$50,000 per offence per day.

### **6. How did Government arrive at the penalty amount?**

Administrative penalties for regulated entities are generally found in the *Traffic Safety Act* (other such entities include commercial trucking companies, vehicle inspection facilities, and driver training schools). Bill 16, passed on May 27, 2016, provides for a maximum of \$50,000 per offence per day. This amount reflects a penalty significant enough for this industry to encourage compliance with the rules. Based on the potential size and scope of the industry, a lesser penalty could be considered the cost of doing business.

## **7. When would the government apply for an injunction?**

An application for an injunction would be a last resort. If a TNC continues to operate after it has been warned and issued a penalty because of safety concerns, the government can ask for a court-ordered injunction to force the TNC to cease operations.

## **8. What is happening with insurance?**

The Superintendent of Insurance has approved an insurance policy that will be available July 1.

TNC drivers have always had the option of obtaining commercial insurance, similar to the coverage purchased by taxis. A TNC-specific insurance option is ready for July 1.

## **9. How does this insurance differ from the commercial insurance taxi companies use?**

The commercial insurance that taxi companies use is in place 24 hours a day, seven days a week.

The TNC insurance was specifically designed for TNC activities. As a TNC driver, there are three different periods of coverage.

Period 1 starts when a driver opens the app. Personal insurance may NOT cover this period, therefore if a crash occurs while the driver has the app open and is looking for a passenger, the driver may be driving without any insurance coverage since personal insurance may not apply during this time. Under the *Traffic Safety Act*, this is illegal. The TNC insurance policy will provide at least \$1 million of coverage in this period.

Period 2 is when a driver has secured a fare, and Period 3 is when a passenger is in the car with the TNC driver. The TNC policy will provide at least \$2 million of coverage during these periods.

Under the terms of the SPF9, TNC drivers are not permitted to accept street hails. TNC passengers must always book their TNC rides through the TNC's network. Hailing a TNC vehicle on the street or phoning the driver directly may invalidate the insurance policy.

## **10. How will police information checks for TNC drivers be mandated?**

The responsibility for mandating police information checks for TNC drivers belongs with the company, not the driver. The TNC will collect, retain and validate the police information check. Peace officers can review these records. This is similar to the requirements a trucking company must meet for its drivers.

## **11. What enforcement measures will be in place to ensure TNCs operate under the rules laid out by the new amendments?**

A TNC must not allow any of its drivers to operate under the company unless the driver has the appropriate insurance coverage, driver's license and police information check. The TNC must make these records available to peace officers and/or Government of Alberta staff for review upon demand. A provision will enable the Registrar of Motor Vehicle Services to levy administrative penalties of up to \$50,000 against a TNC.

## **12. Will TNCs be able to appeal penalties they incur?**

A provision under the Act will allow TNCs that are affected by an administrative penalty to appeal to the Alberta Transportation Safety Board.

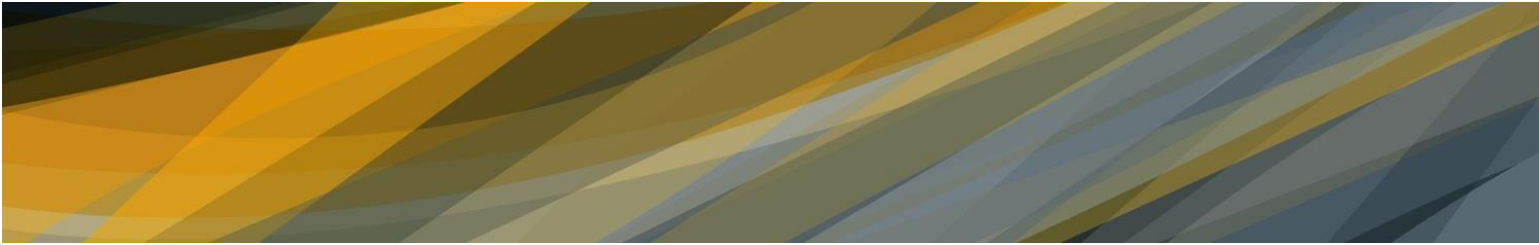
## **13. Will the penalty apply to any and all violations of the regulation? Will the penalty amounts be imposed on a per driver basis, per TNC incident basis and per day basis?**

Penalties will apply to all violations of the regulation. These details are under discussion with stakeholders. The Registrar will have discretion, guided by policy, to impose a penalty on a per incident and/or per day basis. So, for example, if a TNC chooses to ignore one of the rules for all of its drivers, the penalty could be multiplied accordingly.

## **14. Why did the government decide to put the onus to comply with the TNCs instead of the drivers?**

The onus is placed on the TNC rather than the drivers. The TNCs control access to their platforms that connect drivers and passengers. They also establish driver policies. This framework ensures the TNCs are responsible for knowing who their drivers are and that they meet the safety requirements before and while they use a TNC's services to meet passengers. TNCs are typically doing these checks already. This provides the Province with a practical enforcement tool. The Province can talk to a TNC directly rather than trying to identify hundreds or thousands of individual drivers.





Drivers still have all of the existing responsibilities under the *Traffic Safety Act*. They can still receive a ticket for having an improper driver's licence or not following the rules of the road.

**15. Will the regulation affect the taxi industry?**

Not directly. The regulation will be focused on a baseline for TNC safety obligations. Municipalities have traditionally regulated the taxi industry and some have, or are considering, changes to regulate TNCs as well. The new provincial rules will ensure there is consistency across the province. In most cases, municipal requirements will exceed what the province is proposing.