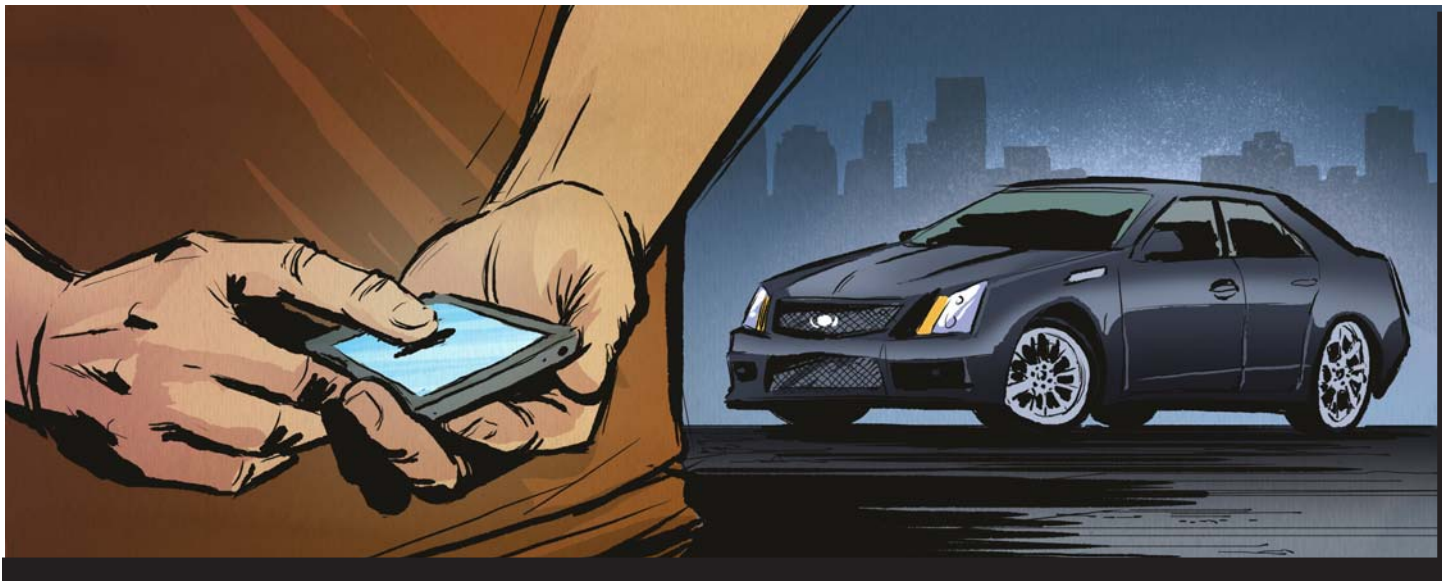




NATIONAL

# UBER: CAR-FOR-HIRE CONTROVERSY



Have you heard about Uber? This **innovative** ride service is based in San Francisco. It was started in 2009 by two people. Now it is worth about \$18 billion, and operates in over 200 cities.

Uber has been astonishingly successful – but it has also made a few enemies along the way.

## APP-BASED RIDING

The service works like this. Customers download a smartphone app that finds the location – via GPS – of privately-owned cars for hire. Customers indicate where they want to be picked up and what kind of car they want. Then, Uber finds and sends the nearest available driver with the right vehicle to that location.

Joining is free for drivers and passengers. The fare is determined by the length of the trip and the driver's time. Credit cards are used instead of cash. Uber takes a 20 percent cut of the driver's fare.

## DID YOU KNOW?

Cab drivers in London, England must take a test called The Knowledge to get a licence. To pass, they have to memorize the names and locations of 25,000 streets and roads.

## A 'CLASSY RIDE'

At first, Uber only used full-sized luxury cars.

"We just wanted to push a button and get a ride," says Travis Kalanick, Uber's **Chief**

**Executive Officer.** "And we wanted a classy ride."

But in 2012 Uber became more ambitious. Under the brand name UberX, it expanded to include sedans and SUVs. This meant Uber could compete for customers with taxi services.

## UNDERCUTTING THE COMPETITION

Uber is so popular because users like the convenience of using an app – and because it is able to charge, on average, 30 percent less than traditional taxis. Why? Because drivers don't have to buy an expensive license to operate. The service also doesn't have to follow other industry rules that can cost taxi companies money.

Taxi drivers say that's unfair. They warn that Uber could

## DEFINITIONS

**CHIEF EXECUTIVE OFFICER (CEO):** the top manager with the greatest responsibility and most decision-making power in a company

**INNOVATIVE:** featuring new methods; advanced and original



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# UBER: A NEW CAR-FOR-HIRE SERVICE

put many of Canada’s roughly 50,000 taxi drivers out of work.

“There’s a lot of people that make a living at this [whose lives] are at stake and the company, Uber, is not really fair competition for us,” stated Ottawa cabbie Estas Absa Mwakyeledzi.

## BREAKING THE RULES?

Others are opposed to Uber because they believe that the service is unsafe. Since Uber drivers don’t have to follow the same rules as other taxi drivers, there’s no guarantee that they have good driving skills. They may not have had criminal record checks, either.

“I wouldn’t get into a plane... with an amateur pilot. So why would you take that risk and go into an unregulated vehicle?” asked taxicab spokeswoman Carolyn Bauer.

Insurance companies also warn that Uber drivers aren’t covered if one of their passengers is injured.

## SAFE AND INSURED

For its part, Uber insists that its service is safe. The company says it requires its drivers to complete background checks, and has its own insurance to cover all Uber passengers.

“Every ride on UberX in Canada is backed by \$5 million of auto **liability insurance**,” said Lauren Altmin of Uber, “so... the community at large can rest assured knowing that ride-sharing partners are covered.”

Moreover, the Uber app allows both drivers and riders to rate each other. Bad drivers won’t last long with the service, the company says.

## UBER IN CANADA

In Canada, Uber operates in Montreal, Ottawa, and Toronto. It is also seeking drivers in Calgary and Edmonton. However, Ottawa and Toronto want to ban the controversial company. Officials in Calgary and Edmonton say they don’t want it in their cities either.

Meanwhile, Uber tried to expand into Vancouver in 2012, but was blocked by provincial rules. So, the company responded by starting a petition through social media.

In November 2014, Vancouver’s taxi industry filed a lawsuit against Uber hoping to prevent it from starting up there. City council voted to stop Uber for a further six months, but may change its taxi licensing rules.

## GETTING A LIFT

Most North American cities restrict the number of taxicabs in service. So taxi licences are hard to get, tightly regulated and expensive. They cost as much as \$800,000 in Vancouver, for example. Cab companies buy licences, then charge a lot to lease their cars to drivers. For instance, taxi drivers pay up to \$700 weekly for shifts in Toronto.

Those who support regulations say the rules ensure that drivers receive standard training. They are also meant to prevent bad behaviour like over-charging.

Critics of the regulations argue that more competition could lower prices and operating costs for all taxis. Demand could also increase as service improves.

Change can’t come fast enough for Uber.

“Many **jurisdictions** have recognized that their current, outdated regulatory framework doesn’t account for new technologies such as ours,” Uber said in a statement. “We look forward to working with policymakers to create smart regulations that would recognize Uber’s role in Vancouver’s transportation ecosystem.” ★

## DEFINITIONS

**JURISDICTIONS:** countries or areas in which a particular legal system operates

**LIABILITY INSURANCE:** protects an individual or business from lawsuits and being held legally responsible for something such as malpractice, injury or negligence