



**STAFF REPORT
ACTION REQUIRED**

Taxicab Lease Agreements

Date:	May 27, 2008
To:	Licensing and Standards Committee
From:	Lance Cumberbatch, (Acting) Executive Director, Municipal Licensing and Standards
Wards:	
Reference Number:	p:\2008\Cluster B\MLS\ls08003

SUMMARY

Members of the taxicab industry have raised concerns related to the regulations governing the leasing for taxicabs contained in the Toronto Municipal Code Chapter 545, Licensing.

Therefore, it is proposed that a Working Group be established to further consult with the stakeholders, evaluate the existing licensing provisions, and if appropriate, recommend amendments to Chapter 545, Licensing, to address issues identified in the review. The proposed Working Group would include interested Councillors, staff and members of the industry and would report back to the Licensing and Standards Committee in September, 2008 with the results of its consultations and any recommendations it considered appropriate.

RECOMMENDATIONS

The Acting Executive Director, Municipal Licensing and Standards recommends that:

1. A Working Group, to include interested Councillors, staff and industry representatives, be established to review the existing licensing provisions related to taxicab leasing and to report back to the Licensing and Standards Committee in September, 2008 with recommendations for any necessary amendments to the City of Toronto Municipal Code, Chapter 545, Licensing.

Public notice has been given in a manner prescribed in the Toronto Municipal Code Chapter 162, Notice, Public.

Financial Impact

The recommendations will have no financial impact beyond what has already been approved in the current year's operating budget.

ISSUE BACKGROUND

Members of the taxicab industry have been raised concerns related to the current regulations governing the leasing of taxicabs contained in Chapter 545. The concerns identified include such matters as:

1. The seven day minimum notice period that licence holders are required to provide individuals to whom they lease their taxi owners' plates when they are seeking to terminate the lease; and
2. The 45-day time limit within which a vehicle owner must re-register their vehicle with Municipal Licensing and Standards, in the event their lease of a taxi owners' plate is cancelled.

The Licensing and Standards Committee, at its meeting on May 9, 2008, referred a memo from Councillor Howard Moscoe (see links below) to the (Acting) Executive Director, Municipal Licensing and Standards, with a request that he report to the Committee, at its next meeting on June 6, 2008, on amendments to the City of Toronto Municipal Code, Chapter 545, Licensing, regarding the leasing of taxicabs.

<http://www.toronto.ca/legdocs/mmis/2008/ls/bgrd/backgroundfile-12945.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ls/bgrd/backgroundfile-12946.pdf>

COMMENTS

Establishing the Working Group and Its Mandate

In order to facilitate a review of potential issues related to the leasing of taxicabs, it is proposed that a Working Group, to include interested Councillors, staff and members of the industry, be established. The Working Group could assess work previously done to evaluate leasing issues, build upon a recent consultation held on May 20, 2008 and carry out further consultations with stakeholders in order to recommend further amendments to Chapter 545, Licensing, if necessary.

The concerns raised by some members of the taxi industry with respect to leasing, as noted above, relate to the economic relationship between owners and drivers. The City may have regard for how the licensing regime impacts the economic interests of drivers and owners when it exercises its authority to regulate the taxi industry. Doing so is consistent with the Taxi Reform Report considered by Council in 1998, which noted that there is a correlation between the economics of the taxi industry with good driving and service for the public.

Therefore, the essential mandate of the proposed Working Group would be to evaluate how possible amendments to Chapter 545, Licensing could advance the objective of ensuring orderly and secure levels of service for the travelling public.

Background: Previous Consideration of Leasing Issues

For the Committee's information, some earlier analyses of these issues, which could be considered by the Working Group as part of its evaluation of the current status of the industry, are referenced below.

a. 1998 Taxi Reform Report

In undertaking the Taxi Reforms, adopted by Toronto City Council in November 1998, Council endorsed a set of guiding principles, which included:

- Drivers have the right to expect and demand a fair return for their labour; and
- Plate holders have the right to expect and demand a fair return for their investment.

Additionally, one of the stated goals of the Reforms was to permit people who work in the system to share fairly in the costs and benefits.

In 3.2.2 Industry Structure of the Report, it was noted under the heading 'Leasing' that, "There is no consensus on how to reform the industry structure to resolve issues associated with leasing. Some suggest that leasing should be abolished and others felt that leasing is necessary to ensure continuous service during the night and for periods of inclement weather. Others felt that leasing should continue within particular controls respecting rates and terms."

The Working Group could re-visit the leasing issues considered in the context of the Taxi Reforms adopted in 1998 and changes in the industry since that time to determine if amendments to Chapter 545, Licensing are necessary and ensure that any recommendations are consistent with the principles and goals established for the reforms.

b. Taxicab Advisory Committee Subcommittee on Leasing

In 2001, the Taxicab Advisory Committee (TAC) formed the Subcommittee on Leasing. This subcommittee held two meetings and decided to hold a workshop on taxicab leasing on November 28, 2001. A total of 40 taxicab industry stakeholders were invited to the workshop and 36 of the invitees participated. This subcommittee submitted a report to the TAC dated July 15, 2002 on the proceedings of the workshop on taxicab leasing. This report contained a number of recommendations for reform, including a recommendation that TAC evaluate and forward the subcommittee's recommendations to the Planning and Transportation Committee (P&T) for its consideration.

Among the issues considered by the subcommittee were the terms of the lease agreement, justification for cancellation of a lease, possible options for lessees when placing their vehicle in the name of a taxicab plate owner's name and the re-negotiation of new lease agreements. The recommendations were never forwarded to P&T for its consideration.

c. Taxicab Industry Stakeholder Consultation: Meeting on May 20, 2008

On May 20, 2008, a stakeholder consultation with members of the taxicab industry took place. This consultation group was comprised of Standard Taxicab owners, Ambassador Taxicab owners, Accessible Taxicab owners, Taxicab brokers and drivers. A presentation was made to the stakeholders regarding possible changes to the City of Toronto Municipal Code regarding taxicab leasing.

The stakeholders agreed that further consultation was required to fully address taxicab leasing. In order to facilitate further consultation, the stakeholders can participate in, or be consulted by the proposed Working Group.

At the May 20, 2008 meeting, the initial consensus of the stakeholders was that it would be appropriate to remove the provision regarding restricting the re-registering of a taxicab to the current 45 day period and to increase the period required for written notice of cancellation of a lease agreement to 60 days from the seven day notice currently in the Licensing By-law. The provision for more equitable notice periods prior to the cancellation of a lease for a plate would provide drivers with greater opportunities to arrange a new lease of a plate and the continued use of their vehicles as taxicabs.

The stakeholders were also in agreement that a provision be placed in the Licensing By-law that the lease agreement be accompanied by a signed and notarized affidavit, stating that the vehicle was purchased by the lessee and placed in the name of the taxicab plate owner for the purpose of meeting the requirements of the Toronto Municipal Code Chapter 545, Licensing. This agreement would facilitate the re-registration of vehicle into the name of the lessee when the lease expires or is terminated.

It is anticipated that the consultations proposed to be conducted by the Working Group could be complete and a report to the Licensing and Standards Committee be delivered by September, 2008.

This report has been prepared in consultation with the City of Toronto's Legal Services Division.

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SIGNATURE

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