

TORONTO'S TAXICAB INDUSTRY

Taxicab Industry Review Preliminary Report

Licensing & Standards Committee
September 21, 2012

Taxicab Industry Review

The City of Toronto committed to undertake a review of Toronto's taxicab industry.

The purpose of the review is to:

- Analyze Toronto's taxicabs for customer service excellence, affordability, safety and viability
- Determine industry issues and opportunities and explore how to best resolve them

It was **critical** that the review be:

- **Participatory**
- **Transparent**
- And **Accountable**

Industry Review Plan / Project Charter

- **Planning Phase - December 2011 to March 2012**

- **Phase 1 - March - May 2012**

Consultation Phase

- **Phase 2 - May - September 2012**

Research, Analysis and the Preliminary Report

- **Phase 3 – September 2012 to end of 2012**

Final report

Revised – Phase 3 – September 2012 to March 2013

Continuance of Phase 1 and 2

Review Timeline

May 2011

L&S Committee directs the Executive Director of ML&S to bring forward a plan on how to review the taxicab industry

September 2011

The 'Industry Review Plan' was received by the L&S Committee

December 2011

First industry consultation session was held to identify issues and approach

March - May 2012

'Consultation Phase' of the Taxicab Industry Review

August 2012

Information sessions were held to discuss this preliminary report

September 2012

Preliminary report is before L&S Committee

Industry Consultations

- During Phase 1, staff engaged 1,300 participants through 19 consultations from December 2011 through to May 2012
- The issues and recommendations arising from these consultations are forming the foundation of the review
- During Phase 2, staff undertook the compilation of Phase 1 data, commenced research, and began to develop the preliminary report, in addition to ongoing meetings with Industry representatives
- Staff engaged 200 participants through 3 information sessions in August 2012, where this preliminary report was discussed
- **Further consultation is required** on specific issues before final recommendations can be developed

Introduction: Purpose of the Preliminary Report

Educate

Provide an overview of Toronto's taxicab industry

Inform

Discuss issues heard through the consultation phase

Discuss

Present concepts/principles as the foundation for discussion

PRINCIPLES FOR REGULATION

- Consumer Protection
- Health & Safety
- City Well-being

Principles for Regulating the Industry

The City regulates the taxicab industry to ensure:

- Consumer protection of residents and visitors
- Health and safety of passengers and drivers
- Sustainable industry that meets the needs of the City

Principles for Regulating the Industry

Consumer protection

Passengers should be able to enter any licensed taxicab in Toronto and be confident of their safety while also receiving a high level of customer service and accountability

- Consistent Service
- Accountability
- Reasonable Fares

Principles for Regulating the Industry

Health & Safety

The City regulates the taxicab industry to ensure the health and safety of passengers and drivers

- Passenger Safety
- Driver Safety

Principles for Regulating the Industry

City Well-Being

The City regulates the industry to ensure an adequate supply of taxicabs that meets the needs of residents and visitors to Toronto while not overburdening our streets

- Traffic Flow
- Essential Part of Toronto's Transportation Network

INDUSTRY OVERVIEW AND ROLES

- Scale of the Industry
- Types of Taxicab Licences
- Drivers, Lessees, Agents
- Brokerages and Garages
- 1998 Industry Review
- Customer Service Excellence

Scale of the Industry

- Toronto's taxicabs provide on-demand transportation and are a vital part of Toronto's transportation network
- 4,849 licensed Toronto taxicabs; 10,367 licensed drivers
- Estimate that more than 60,000 trips are taken in taxicabs every day in Toronto
- At an average fare of \$25 per trip - it estimates that \$1.5 M is generated through fare revenue each day
- Toronto's taxicab industry is estimated to account for more than one billion dollars when considering asset values and daily cash flows

Types of Taxicab Licences and Attributes

Ambassador Taxicabs (1,313)

- First issued in 1999
- Owner-operated model
- Owner cannot lease, transfer or sell taxicab

Standard Taxicabs (3,451)

- Original taxicab in Toronto
- Can be owner-operated, managed by an agent to be leased fully and/or rented by the shift
- Taxicabs can be sold subject to City approval: avg. market value \$210,000 *
* average is based upon all sale values reported to ML&S (\$1 to \$300,000)

Accessible Taxicabs (85)

- First issued as a separate licence in 2000
- Owner must drive, but can hire up to 3 additional drivers
- Owner cannot lease, transfer or sell taxicab

Drivers, Lessees, Agents

Drivers

- Licensed by the City to drive a taxicab (17 day training)
- Typically rent taxicabs by the shift – known as “shift” or “cash-in” drivers
- For owner-operated taxicabs, the owner is also the driver

Lessees (*Standard Taxicab Model Only*)

- Have a lease for the use of a Standard taxicab for longer than one shift/day
- Can only lease one taxicab
- Lessee must operate the taxicab, but can rent shifts to additional drivers
- Often, the lessee purchases the vehicle and equipment, but per the bylaw, vehicle ownership is put into the license holders name

Cont'd - Drivers, Lessees, Agents

Agents (*Standard Taxicab Model Only*)

- Standard taxicab owner may designate an individual person licensed as a driver, owner, or taxicab broker as agent for his/her taxicab
- A person can be the designated agent for multiple owners
- Almost half of all standard taxicabs (1,720 taxicabs) are reportedly managed by designated agents

Brokerages and Garages

Brokerages

- Licensed by the City to offer dispatched service requests to taxicabs
- Taxicab operators pay the brokerages for this service
- Brokerages do not own taxicabs
- Some brokerages employ a person who acts as an Agent, so they can manage multiple leased taxicabs

Garages

- Maintain a fleet of vehicles by employing a person who acts as an Agent, to manage multiple leased taxicabs
- Often affiliate with a single brokerage
- Not licensed by the City specifically to operate taxicabs, but are licensed for other regulatory purposes as a “Public Garage”

1998 Taxicab Review

Last comprehensive review of the industry was in 1998; primarily initiated to address issues of customer service.

Key Outcomes of the 1998 Review

- Improve Customer Service
 - Improve Toronto's Taxicabs
 - Improve Training
 - Create Ambassador Class Taxicabs
 - Strengthen Enforcement
 - Accessibility
-
- Changes have resulted in significant improvements to customer service and vehicle conditions

Customer Service Excellence

- The City continues to be committed to a high standard of customer service for Toronto's taxicabs, as does the Industry.
- The City regulates the number of taxicabs, mandates training, enforces the bylaw and provides an accountable complaints process in the interest of customer service
- Staff conducted 100 mystery rides and 100 interviews with the riding public
 - Results indicate high levels of customer service

THE REPORT

Improve Relationships and Communication

Stakeholders said:

“Need email service with 2 to 3 day turnaround”

“There should be...a source of information on taxi legislation that is easily accessible to the public and taxi industry stakeholders”

“Better communication within the industry, the City of Toronto, TTC, police, insurance providers, such as in a Taxi Advisory Committee”

“Advisory board should be 2/3 drivers, rest from public and brokers”

Improve Relationships and Communication

City staff are developing plans for:

- a Taxicab Advisory Committee (TAC)
- a streamlined complaints and compliments process

Taxi Advisory Committee

- A formalized industry committee is critically required
- The relationship between the City and the Industry has eroded, and this is a right step by which to move forward
- Various committee models are being considered, and the Industry will be consulted on the framework and terms of reference

Number of Taxicabs in Toronto

Stakeholders said:

“The number of taxis should be brought down to suit public need; that enables people who drive taxis to make a reasonable living”

“In Toronto there are now too many taxis”

“The number of cabs in the city should stay the same provided that they are all standard”

Number of Taxicabs in Toronto

- The appropriate number of taxicabs is critical to ensuring adequate service levels, driver livelihood and a sustainable business
- City staff with the assistance of Corporate Finance have used previous models to review the appropriate number of taxicabs (attached as Appendix “B” to the report)
- Many of these models suggest we have an **under supply**, while some suggest we **have enough**
- We have heard from many in the industry that there is an **over-supply** and this is impacting driver livelihoods
- Recommending the procurement of a consultant to assist in the review of relevant economic factors for a made in Toronto solution

Accessible Taxicabs

Stakeholders said:

“We need an accessible, dedicated brokerage to manage accessible taxicabs.”

“Anyone, including persons with disabilities, should be able to hail/flag a taxi for their needs.”

“Need more accessible taxicabs.”

“100 % of taxis should be accessible to persons with disabilities.”

Accessible Taxicabs

- Accessible taxicabs represent 3.5% of all taxicabs in Toronto
- The Accessibility for Ontarians with Disabilities Act (AODA) requires a strategy on how to achieve on-demand accessible taxicab service
- Staff will be working with the Disability Issues Committee (DIC) as a part of the ongoing Industry review to develop a strategy to provide sustainable **on-demand and metered** service

Taxicab Fares

Stakeholders said:

“Create flat rates to subway and transit stations.”

“Scrap the flat rate airport fee”

“Reduce the rates in Toronto to encourage business.”

“Don't have 'surprises' when it comes to extra debit card charges.”

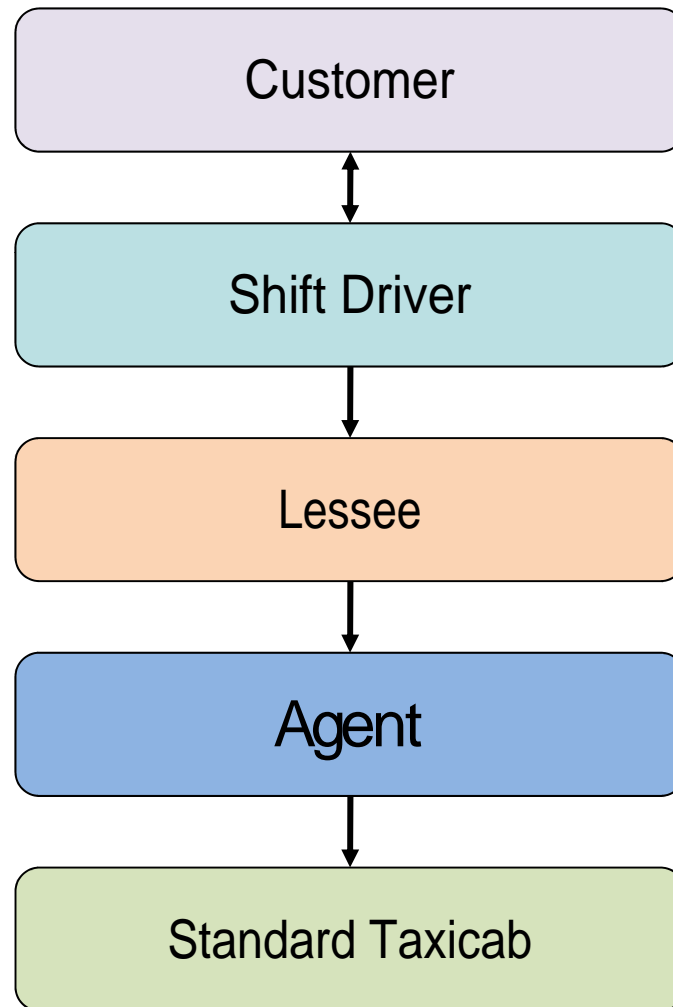
Taxicab Fares

- The fare is a fundamental aspect of review in the context of consumer protection and is one of the specific references in COTA as to what the City regulates
- A taxi fare consists of:
 - “the drop” = \$4.25 (includes the first 143 metres travelled)
 - Distance charges = \$.25 / per 143 metres distance
 - Wait time = \$.25 / per 29 seconds of wait time
- Staff will continue to examine, with the Industry, the impacts, if any, of the fare on ridership, driver livelihood, and industry viability
- Might **lower fares increase demand** for taxicabs?

Fare – Foundation of Revenue

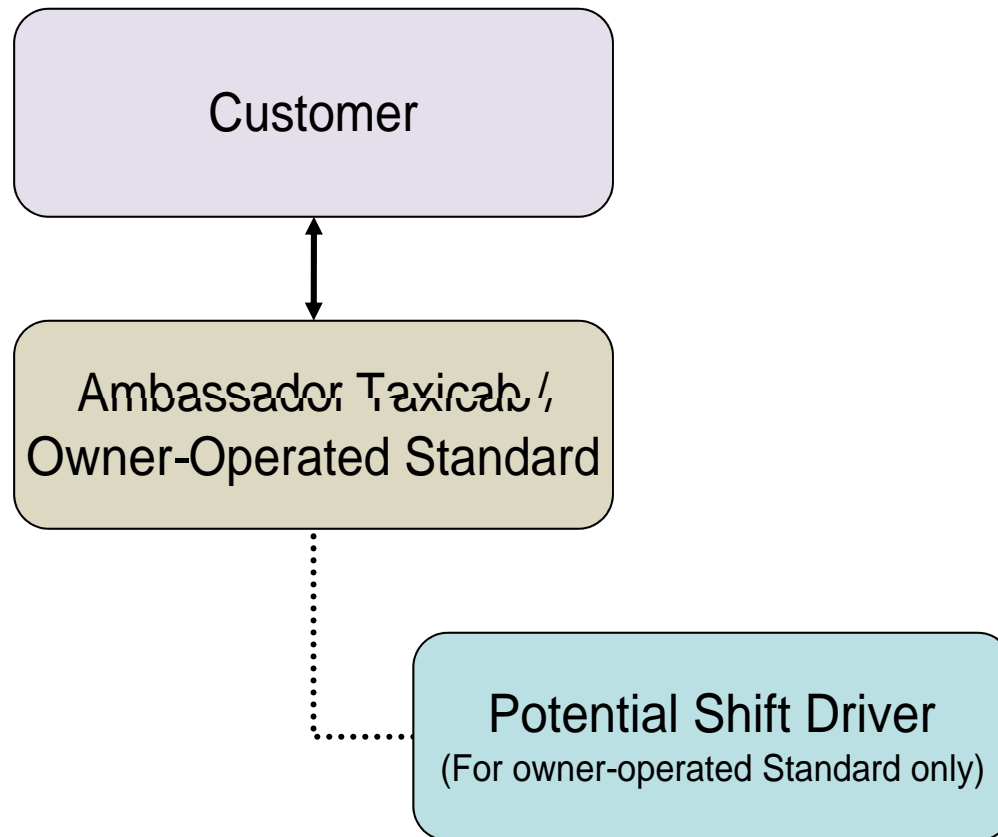
- The fare paid by the customer is the start of the revenue chain for the Industry
- The review is looking at the various operating models that currently exist in the industry, and their impact on the fare that consumers are charged
- **Do additional layers of participants result in higher costs and impact Industry economics?**

Revenue: Example of a Standard Taxicab Model



Many comments have been made regarding the role of Agents

Revenue: Owner-Operated Model



Approaches to Licensing

The Review team on behalf of the City:

- Remains committed to exploring all options that could address some or all of the issues raised, being cognizant of the impacts of any changes
- Remains committed to ensuring adequate taxicab service that is safe, affordable and accessible
- Remain committed to the principles of the review

Licensing Structures

Staff received **thousands of comments on licensing related issues** during the consultations

Common Themes:

- Conversion of Ambassador licences to Standard
- Ability of Standard licences to be bequeathed to spouses
- Role of Agents in the industry
- Hours of service of an Ambassador
- Additional driver for an Ambassador

Input on Ambassador Licences

Stakeholders said:

"Ambassador Drivers are overburdened by long hours (of) w

"I'm a driver and I want an ambassador license."

"Ambassador program is working fine, should stay..."

"Ambassador taxicabs should be standards plates, as ambassador taxicab owner, I do not own anything."

"Ambassadors are at a disadvantage when it comes to medical/disabilities and vacation..."

Input on Standard Licences

Stakeholders said:

"Standard plates should be allowed to transfer to family members."

"Allow incorporation of taxicab owners for tax and liability purposes"

"Multiple plate ownership of taxi plates should be allowed"

"Agents are driving costs up"

"Leasing should be between owner of the plate and driver. No more agent"

Approaches to Licensing

- Status Quo
- Revert
- Modify
- Create

Licensing Options - Revert

Return to a previous licensing system. Stakeholders said:

“Convert Ambassador to Standard plates.”

“Change Accessible plates to Standard plates.”

“Convert Ambassadors to Accessible then to Standards”

“Individuals or corporations allowed to own more than 1 plate.””

Licensing Options - Modify

Make small changes to the existing licence types to address specific issues. Stakeholders said:

“Whoever drives a taxi has to own the plate.”

“Ambassadors should be allowed to sublet their vehicles to 1 other co-driver on a contract basis.”

“Allow ambassador to hire driver in case of sickness.”

“The vehicle owner, in practice, should be the same as the plate owner.”

Licensing Options - Create

Create a 4th licence type or create a harmonized licence.
Stakeholders said:

"We need a single plate system."

"All taxi should have the same value therefore the city doesn't get trouble all the time about taxis."

"All taxicab licensing categories should be combined into one category using the positive aspects of all categories."

"Owner-operated system for the whole industry."

City's Review of Licensing

- The preliminary report discusses a few of the key attributes that differentiate the existing licence types, including the role of leasing and agents, transferability, and the differing operating rules (i.e. – second driver, hours of service)

City Staff:

- will continue to consult with the taxicab industry and the riding public
- recognize that changes to the licensing structure could have significant impacts on individuals, the health of the industry and service for the public

Standardized Taxicab Vehicles

Stakeholders said:

“There should be one vehicle for all taxis – cheaper servicing, cheaper acquisition, purchase cost, cheaper life cycle costs”

“All taxicabs should be hybrid to mitigate environmental damage.”

“Standardize the colour and look of taxis as a brand for Toronto.”

”No need for dedicated car in Toronto.”

“Expand the age of taxicabs”

Standardized Taxicab Vehicles

In considering the aspect of a standardized taxicab, the policy purpose for the decision should be understood. We propose they may be:

1. Accessibility
 2. The environment
 3. Tourism
- The impact to the public (fares) and industry (costs) are a necessary consideration.

Cabstands

Stakeholders said:

“More taxi stands downtown.”

“Need more taxi stands near hotels, hospitals, subways, etc, so we don't waste more gas and pollute the city.”

“Restrictions on designated stands to be removed.”

“Require more cabstands across the city.”

Cabstands

- Number and location of cabstands is a KEY issue for the entire industry.
- Is also important for the City to mitigate traffic impacts
- City staff have mapped current cabstands; which will be available online, and available on Open Data for anyone to create an App
- Staff have commenced discussions with Transportation and TTC on how to address the issue currently and going forward
- A Taxicab Advisory Committee would be a key participant in these discussions

Ongoing Work

- Driver Bill of Rights
- Bylaw review
- Review of the Training programs
- Technology impact to Industry – i.e. SmartPhone Apps
- GTAA Exemption – role of the City
- Enforcement strategy review
- Review of other issues

Next Steps

- Further research and industry consultation to assist in the formation of recommendations
- Procurement of the external consultant
- Further Industry consultations, including once recommendations are developed
- Final report with recommendations – March 2013

Summary

- The Review team recognizes the importance of the viability of the industry to its' participants and the City
- We are committed to the principles, as referenced in the report, as fundamental to this review
- The need for **continued participation** and **improved relationships** with the Industry will be key to the success of the review

TAXICAB INDUSTRY REVIEW
