

Submitted by Kristine Hubbard, Beck Taxi on June 24, 2019

## Executive Summary

This report presents a retrospective review of the regulatory frameworks for the Vehicles-For-Hire (VHF) industry in Toronto. The VHF industry is dominated by two types of service providers, namely the taxicabs and the Private Transportation Companies (PTCs), such as Uber and Lyft. Other VHF services include Limousine operators. Whereas the City has regulated the taxicab industry over a more extended period, the recent emergence of PTCs has made it necessary for the regulators to bring PTC operations under the municipal purview.

The 2006 City of Toronto Act defines the operating parameters for the municipal government. The Act enables the municipal authorities to devise rules and regulations to facilitate the lives and livelihoods of those who live, visit, and work in the City of Toronto.

The report identifies specific sections of the Act, and other regulations and bylaws that empower the City to regulate businesses and facilitate residents. At the same time, the Act holds the municipal government responsible for maintaining and improving the welfare of all within the city boundaries.

The report then presents a detailed review of the Vehicle-For-Hire bylaw. The report presents a side-by-side comparison of regulations and bylaws for taxicabs and PTCs. The report uses PTC specifically for companies like Uber and Lyft and at times uses VFH to refer to taxicabs only. The italicized text in the document either represents verbatim quotations from source documents or the text is italicized to suggest emphasis.

## Background

Private Transportation Companies first entered the Canadian mobility markets in September 2012 with the launch of Uber in Toronto. In September 2014, UberX was launched in Toronto connecting riders and drivers of personal unmarked vehicles through a smartphone app. On December 12, 2017, Uber's biggest competitor, Lyft, began operating in Toronto.

The City of Toronto was concerned about the potential adverse effects of PTC-induced increased congestion and tailpipe emissions, and other matters such as inadequate driver training and capability, and a lack of clarity about driver and vehicle insurance. The City sought a court injunction against Uber in November 2014 on the grounds that the company might endanger public safety by not adhering to the established taxi regulations.

In July 2015, the Ontario Superior Court dismissed the injunction against Uber declaring the company had not broken any existing by-laws and was not required to follow the existing regulations.

The City of Toronto Council on May 3, 2016, voted 27-15 in favour of the new Vehicle-for-Hire by-law which introduced the Private Transportation Company class, effectively legalizing Uber and other PTCs in Toronto. The Vehicle-for-Hire by-law officially came into effect on July 15, 2016.

## Findings

This report presents a retrospective review of the regulatory frameworks that have governed VHF operations since July 2016 in Toronto. The report first reviewed City's stated goals and objectives for outcomes related to VHF operations and then evaluated whether the regulatory regimes either

facilitated or impeded achieving those goals. The report focusses on the following impacts of VHF operations in Toronto.

1. Traffic congestion
2. Impact on public transit
3. Traffic safety
4. Accessibility for passengers with special needs
5. Environment
6. Driver rights in dispute resolution
7. Insurance implications
8. Application Fees
9. Worker/driver welfare

#### Traffic Congestion

Relying on the recently released analysis by the City of Toronto, this report concludes that the PTCs are responsible for a significant increase in vehicular traffic in Toronto. Millions of additional trips resulting from PTC operations are contributing to an increase in traffic volumes and harmful tailpipe emissions. PTC trips are concentrated in morning and evening peak hours of traffic. Also, PTC trips are predominantly situated in the downtown core and the former municipality of East York.

The analysis by the City of Toronto revealed that PTC vehicles were making on average 176,000 trips every day in Toronto. Given the spatial and temporal concentration of trips in places and times of high travel demand, it is quite likely that the increase in the vehicular traffic is contributing to traffic congestion in the City of Toronto.

Whereas the number of taxicabs in Toronto is restricted to approximately 5,000, the estimated number of PTC licenses issued is 70,000, with no cap specified in the regulations. Whereas many other municipal policies and regulations are designed to discourage the reliance on the private automobile, permitting 70,000 additional vehicles to operate on the City streets does not conform to the stated objectives of reducing city's reliance on the private automobile.

Given that numerous City policies are focused on reducing reliance on the private automobile, the current VFH regulatory frameworks have done little to curb the demand for travel by car.

#### Impact on public transit

A recently released report by the City of Toronto revealed that 49% of the PTC passengers would have made the same trip by public transit in the absence of PTC services. This finding suggests that PTC operations are taking trips away from public transit in Toronto. This report estimates that the increase in PTC trips is likely to have shifted more than 20 million annual trips from public transit. Transit ridership losses will also result in a significant loss of revenue for the transit authorities.

The City of Toronto, Metrolinx, the Province of Ontario, and the federal government have invested billions of dollars in improving and expanding public transit operations and service in Toronto. Various City and provincial policies and planning regulations are designed to reduce travel by automobiles and increase travel by public transit. The VFH regulations, however, have not been successful in supporting the stated objectives for improving public transit mode share. Instead, the reports commissioned by the

City suggest that a significant number of trips, which would have been made by public transit, end up on PTC vehicles.

#### Traffic safety

The report finds that the differences in regulation between taxicabs and PTCs have significant implications for safety. The existing regulations require three years of driving record to apply for driving a taxicab, but only a one-year record for operating a PTC affiliated vehicle. The bylaw does not explain why a longer driving safety record is required for taxicab drivers than the one for PTC drivers. The report notes that the recently proposed revisions by the City staff recommends three years record for PTC drivers as well.

The differences in regulations suggest that PTC drivers could be as young as 18 years old. However, given that taxicab drivers are required to obtain commercial insurance, the insurance companies in Ontario are unlikely to provide commercial insurance to drivers under the age of 25. Thus, taxicab drivers are more likely to be 25 years or older.

For taxicabs, driver screening records are collected by the City of Toronto. However, for PTC drivers, the records are compiled by the PTC and may be made available for auditing by the City of Toronto. Furthermore, taxicab drivers must personally apply and pay for a criminal background check through the local police service and take an original copy of the record to the licensing authority. By contrast, PTC drivers' criminal background checks are completed by third-party private companies and are not provided to or by the driver who is the subject of the check.

The regulations require taxicabs to be equipped with cameras for the safety of passengers. PTC vehicles are exempted. At an estimated cost of \$1000, the provision of cameras is a large overhead for taxicab operators. However, the measure is necessary for ensuring the safety of passengers. In case of a dispute or an assault, the absence of cameras in PTC vehicles will result in compromising the safety of both the driver and passengers.

#### Accessibility for passengers with special needs

The taxicab industry in Toronto has made a concerted effort to provide wheelchair accessible taxis. At present, 680 wheelchair accessible taxicabs are operating and comprise roughly 13% of the entire taxicabs fleet in Toronto.

The compliance with accessibility regulations for passengers with special needs varies for PTCs. In Toronto, PTCs have outsourced accessible services to other operators. The regulations require PTC operators to provide accessible transportation to passengers such that the wait time does not exceed the average wait time for regular passengers and the trip must not cost more than the price of a regular comparable trip. Lyft might require passengers with special needs to book the trip 24 hours in advance. And in instances where it cannot provide service, Lyft may send a text message advising the passenger about other accessible services. Uber has partnered with Dignity Transportation in Toronto, which offers a fleet of accessible vehicles and trained drivers. Uber calls its accessible service uberWAV. Unlike PTC vehicle drivers, taxicab drivers are required to take a refresher course for accessible vehicle training once every four years.

## Environment

As stated earlier, the significant increase in PTC trips in congested parts of the city during peak demand hours is likely to generate additional GHG emissions. Interestingly, PTC vehicles are not required to be lower emission vehicles. In comparison, taxicabs are required to be either accessible vehicles for passengers with special needs, or they must be alternative fuel, hybrid, or low-emission vehicles.

Current regulations impose fuel efficiency and emission standards on taxicabs, but not on the 70,000 estimated PTC vehicles in Toronto. Given that the stated objective of numerous municipal policies and regulations is to reduce GHG emissions, it is not apparent why PTC vehicles have been exempted from the requirements for fuel efficiency and emissions.

The report notes that the City staff has recently recommended to remove low-emission vehicle requirement for taxicabs and in its place has recommended an incentive program.

## Driver rights in dispute resolution

In case of a dispute, taxicab drivers have access to an open process for determining whether a licence should be suspended or revoked. The driver faces a tribunal of appointed individuals who examine the case and hearings are open to the public. Hearings are also documented and available for review by the public.

PTC drivers have no recourse in case of a dispute. For instance, if the City wants to suspend or revoke a PTC licence, it may contact the PTC and order the company to remove the driver from the platform. In doing so, there is no requirement of a tribunal and no recourse for the PTC driver. This puts PTC drivers at a disadvantage. The regulation is not in line with the City's goal to ensure due process and job security. As a result, there is often no data being collected on PTC drivers and no information available to the public regarding incidents or outcomes.

## Insurance implications

Taxicab drivers are required to obtain commercial insurance for \$2 million. The insurance is always available whether a passenger is in the vehicle or otherwise. PTC vehicles are not required to be covered 24 hours a day. Uber vehicles, for example, are only insured commercially at the required minimum of \$2 million while completing trips, during which they are carrying passengers. While deadheading or waiting for requests between trips, vehicles have a commercial insurance coverage of \$1 million and are not covered at all when not on the Uber platform.

The ad hoc commercial insurance coverage could drive up the cost of insurance in the general market. This is because, in the event of an accident involving a PTC vehicle during a PTC trip, there is no fool-proof method of ensuring the accident is covered by commercial insurance as opposed to the driver's private insurance since PTC vehicles can fluidly switch between operating as PTC vehicles and as personal vehicles.

## Application Fees

Taxicab drivers must pay \$130 as application fee. Also, taxicab drivers are required to pay \$130 for renewal. In comparison, PTC drivers are required to pay \$15 each for application and renewal fees.

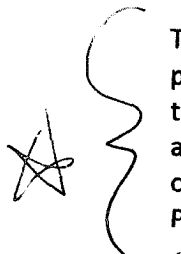
## Worker/driver welfare

In its Official Plan, the City of Toronto has outlined a vision to create a competitive and robust economy with a vital downtown that creates and sustains well-paid stable, safe and fulfilling employment opportunities for all Torontonians. It is important that all Torontonians, including PTC and taxicab drivers, should have the opportunity to earn living wages to sustain their livelihoods. The anecdotal evidence to date suggests that the proliferation of PTC vehicles has adversely affected the revenue potential for taxicab drivers. Studies commissioned by the City of Toronto revealed that 33% of the passengers who travelled by PTC would have taken the same trip by a taxicab. At the same time, with tens of thousands of PTC drivers competing for a finite demand for the vehicle-for-hire services, the total revenue is distributed over a large number of drivers, resulting in lower average revenue for individual PTC drivers.

While this report was being finalized, the City of Toronto has put forward new recommendations to amend the City of Toronto Municipal Code Chapter 546. If enacted, these recommendations will come into force on January 1, 2020, as recommended in the City's June 21, 2019 report on the *Review of the City of Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire*. Some of the new recommendations made in the June 21, 2019 report include provisions affecting certain safety and environmental issues discussed in this report. These recommendations are yet to undergo the necessary review by the City of Toronto General Government and Licensing Committee and by the City Council.

## Recommendations

This report recommends that the City of Toronto should eliminate discrepancies in regulations that may adversely impact one set of operators while benefiting another. Regulations must be streamlined to improve the well-being of drivers, operators, owners, and, more importantly, passengers.



This report recommends that the vehicle-for-hire regulations should be revised so that the stated policies and priorities for reducing traffic congestion and harmful tailpipe emissions, improving public transit ridership and traffic safety, and improving accessibility for passengers with special needs can achieve their intended goals. Furthermore, given the stated goal to provide fulfilling employment opportunities for all Torontonians, it is incumbent that the City should continue to observe the impact of PTC operations on the welfare of drivers and others involved in the vehicle-for-hire industry.

Lastly, this report endorses the recent recommendations by the City Staff for improving mobility in the City of Toronto. The City staff recommended:

1. "Transportation Services [at the City of Toronto] to build a monitoring program as part of the Congestion Management Plan to monitor the impacts of Vehicles-for-Hire on VKT, traffic congestion and GHG emissions and to better-understand the relationship with traffic congestion trends in the city.
2. "Transportation Services to continue to study the impact of Vehicles-for-Hire on the Curbside Management plan and related policies.
3. "Transportation Services to investigate whether there is a road safety impact of Vehicles-for-Hire and to collaborate with MLS and the Toronto Police Service to collect appropriate data.
4. "In order to be able to continuously monitor and evaluate the impact of vehicles-for-hire on the transportation network, changes are required to the data currently being collected to include information on PTC volumes, wait times, trip cancelations, deadheading and curbside activity."