

Analysis of Driver Wages in the Vehicle-for-Hire Industry

Date: November 26, 2024

To: Executive Committee

From: Executive Director, Municipal Licensing and Standards

Wards: All

SUMMARY

On February 29th, 2024, Executive Committee adopted [EX12.1 - Vehicle-for-Hire and Private Transportation Industries Update Request](#), requesting staff to analyze driver wages in the vehicle-for-hire industry, which includes taxicabs, limousines and private transportation companies.

A team of researchers specializing in research and analysis of the vehicle-for-hire industry in Toronto and internationally, consisting of Dr. Mischa Young from the Université de l'Ontario Français and Dr. Steven Farber and Dr. Mashrur Rahman from the University of Toronto, were retained to complete an assessment of the vehicle-for-hire industry to inform Council about the current state of driver wages. This academic study is supplemented by information about wages and incomes received during public consultations directly from drivers, companies and other stakeholders.

The researchers found that the median PTC driver gross earnings was \$33.52 per hour in 2023 and \$33.18 per hour in 2024 for every engaged hour of work, which includes the time between when a driver accepts a trip request and drops the passenger off. When accounting for all time spent logged onto a platform, including times where there is no passenger, the median driver gross earnings were \$25.23 per hour in 2023 and \$22.46 per hour in 2024.

The researchers also calculated driver expenses, including fuel, insurance, depreciation, maintenance, repairs, financing, fees and taxes and found that after expenses are accounted for, the median driver net earnings were \$15.31 per hour in 2023 and \$15.34 per hour in 2024 when accounting only for engaged time, and \$7.94 per hour in 2023 and \$5.97 per hour in 2024 when accounting for all time spent on the platform. Due to a lack of taxicab trip data provided to the City, the researchers were unable to conduct a similar data-driven study of taxicab and limousine driver wages.

Wages and employment standards are regulated by the Ontario government through legislation such as the *Employment Standards Act* and the *Digital Platform Workers'*

Rights Act. This report summarizes this legislation and provides context about their applicability to drivers in the vehicle for hire industry.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that:

1. Executive Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts arising from the recommendation in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

On February 29, 2024, Executive Committee adopted [EX12.1 - Vehicle-for-Hire and Private Transportation Industries Update Request](#), requesting the City Manager to report back on analysis and consideration of driver wages regarding vehicles-for-hire.

On May 11, 2022, City Council adopted [GL30.10 - Response to GL29.21 Ensuring Accessibility and Equity for Toronto Taxi Drivers](#), establishing a \$1.00 per trip surcharge paid by passengers, and directing the Executive Director, MLS to conduct a review of taxicab tariffs and charges.

On July 16, 2019, City Council adopted [GL6.31 - Review of the City of Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire](#), making several amendments to Chapter 546, including establishing new trip data regulations for PTC companies, taxicab brokers, and limousine service companies.

On May 3, 2016, City Council adopted [LS10.3 - A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry](#), establishing Chapter 546, Licensing of Vehicles-for-Hire and introducing new licensing classes and regulations for Private Transportation Vehicle and Companies.

COMMENTS

Vehicle-for-Hire Licensing

Toronto Municipal Code Chapter 546, Licensing of Vehicles-for-Hire regulates the vehicle-for-hire (VFH) industry in Toronto. The VFH industry consists of businesses that provide private, on-demand passenger transportation, and includes taxicabs, limousines, and private transportation companies (PTCs). Municipal Licensing and

Standards administers and enforces Chapter 546, which includes the issuance of licences to the various taxicab, limousine and PTC business classes.

The regulation and licensing of taxicabs and limousines has been a long-standing practice across many parts of the world. In Toronto, taxicab regulations date back to the 1950s. While the specifics of regulations of vehicles-for-hire vary across different jurisdictions, the regulations are generally designed for consumer protection of the travelling public.

The introduction of private vehicles and app-based companies into the market in 2014/15 led to the adoption of Chapter 546 in 2016, including updated regulations for the vehicle-for-hire industry and the addition of new regulations to licence PTCs and PTC drivers for the first time.

Taxi and Limo Drivers

Chapter 546 requires that any person wishing to drive a taxicab or limousine be licensed as a driver. Each taxi and limo driver will only hold one licence and can drive any licensed taxicab or limousine in Toronto. There is no requirement for a taxi and limo driver to register or drive a specific vehicle, although many taxicab owners are also licensed as drivers and likely drive their own vehicles. The number of licensed taxi and limo drivers has declined from 15,398 in 2017 to 6,981 as of December 1, 2024.

Private Transportation Companies and PTC drivers

Chapter 546 requires both PTCs and any person driving on a PTC platform to be licensed. A PTC driver must obtain a separate licence for each PTC they are affiliated with, meaning it is possible for a single driver to hold multiple PTC licences. As of December 1, 2024, there were 80,429 active licensed PTC drivers, holding 122,666 PTC licences.

While there are 80,429 licensed PTC drivers, only a portion of them are active at any given time. Analysis of PTC trip data shows that on average in September 2024, 26,300 PTC drivers completed at least 1 trip per day.

Table 1 below shows driver licensing activity since 2016.

Table 1: Volume of Licensing of Drivers in the Vehicle-for-Hire Industry

Category Name	2016	2017	2018	2019	2020	2021	2022	2023	2024**
Taxi and Limo Drivers	14,146	15,396	13,921	11,954	8,255	7,152	6,640	6,557	6,981
PTC Drivers*	29,051	51,161	76,168	95,434	51,835	46,078	50,831	61,906	80,429

* This represents the total number of licensed PTC drivers, regardless of the number of PTC platforms they drive for. A PTC driver is required to have a licence for each PTC they drive for.

**Number of drivers licensed on December 1, 2024

Consultations with the Vehicle-for-Hire Industry

In June and July 2024, the City, in collaboration with 3rd party facilitators from Gladki Planning Associates, hosted consultations with the vehicle-for-hire industry, including taxi, limo and PTC drivers, vehicle owners and companies as well as members of the public. This consultation process, which included 5 in-person and virtual town halls, 2 focus groups and a public survey, covered a range of topics in the vehicle-for-hire industry to support a bylaw review of Chapter 546. These consultations contained a specific opportunity for drivers to disclose direct information about their earnings and employment, to help staff better understand the current state of the industry. For a full summary of the feedback received during consultations, see Attachment 2.

Driver Demographics and Employment

To become a driver in the vehicle-for-hire industry, applicants must have a valid provincial driver's licence, three years' driving experience, access to a vehicle (for PTC drivers), pass a driver's abstract and criminal background check and complete the City-mandated driver training.

Throughout the 2024 consultations, drivers described various reasons for working in the industry including as full-time work, as income to supplement earnings from other employment, and as a short-term measure to generate income while between permanent jobs.

Trends in part-time and full-time work are reflected in the trip data received from PTCs. Looking at individual PTC drivers, about half of drivers worked an average of 3 hours or less on any given day that they completed at least one trip, while about 15% drove for 8 hours or more on an average day of work. Importantly, the City does not receive data on drivers' participation in other types of gig work, such as food and package delivery, and those that work part-time as a PTC driver may be also completing other types of gig work. Due to taxicab trip data limitations, the City does not have similar information about hours worked for taxicab drivers, however, during consultations many described themselves as full-time drivers.

According to a [2023 StatsCan report](#), of the 365,000 people in Canada providing transport or delivery services through digital platforms, which includes PTC driving, 57.5% were landed immigrants, while 70.5% belonged to racialized groups. Through the public survey that was a part of the consultation process for this report, 71% of PTC drivers and 76% of the taxicab industry members identified as a visible minority. Further findings from the public consultation are presented in sections below.

Based on data collected as part of the City's licensing process, drivers live throughout the GTA, with 37% of licensed PTC drivers and 60% of licensed taxi and limo drivers residing in Toronto.

The vehicle-for-hire industry is predominantly male, with 96% of PTC drivers and 99% of taxicab and limo drivers identifying as male, while the age of drivers within the industry varies significantly between PTC drivers and taxi and limo drivers, with PTC drivers tending to be younger. Table 2 below shows the breakdown of drivers by age.

Table 2: Age of Drivers in the Vehicle-for-Hire Industry

Age Group	PTC Drivers	Taxi and Limo Drivers
21-29	27.7%	2.8%
30-39	34.0%	9.4%
40-49	19.5%	15.8%
50-59	12.7%	32.6%
60+	6.1%	39.4%

Driver Wage Study

On February 29th, 2024, Executive Committee adopted [EX12.1 - Vehicle-for-Hire and Private Transportation Industries Update Request](#), requesting the City Manager to study and analyze driver wages in the vehicle-for-hire industry. To complete this assessment, a team of researchers specializing in research and analysis of the vehicle-for-hire industry in Toronto and internationally were retained: Dr. Mischa Young from the Université de l'Ontario Français, and Dr. Steven Farber and Dr. Mashrur Rahman from the University of Toronto . The complete academic study on driver wages can be found as Attachment 1.

To supplement the academic research, industry consultations provided an avenue for PTC and taxi and limo drivers to give information and feedback about their experience and their earnings. In addition to the public consultation sessions, staff also met directly with key organizations in the industry, including driver associations, taxicab brokerages and private transportation companies to obtain direct feedback and information about driver wages.

Taxi and Limo Driver Wages

Earnings for taxi and limo drivers are generally derived from the fares that passengers pay, with the exception of those that are contracted to the TTC to provide wheel-trans service or who have similar private-sector corporate contracts. A taxicab fare is calculated using a function of distance driven and time spent on the trip, plus any tip the passenger may choose to pay.

Taxicabs are required to charge fares in accordance with the tariff rate as set out in Appendix A of Chapter 546. Taxicab tariffs and fares were last comprehensively reviewed in 2014, although the "drop rate", or initial fee to begin a trip, was reduced by \$1 to \$3.25 in 2016 and then subsequently increased by \$1 to \$4.25 in 2022. In 2022, as part of the report that increased the drop rate, staff were directed to conduct a review of taxicab tariffs and charges, and to include consideration of inflation, the price of fuel

and other operating costs of a taxicab. The review of taxicab fares is planned to begin in 2025.

Trip Data and Wage Assessment

Chapter 546 requires taxicab brokers to submit trip data for every taxi trip booked through the brokerage. As this requirement is levied against brokers, and not individual drivers, it means that the taxicab trip data required to be submitted does not include street-hail trips, or trips completed by taxicabs that do not belong to a brokerage. Additionally, while MLS is actively engaging with taxicab brokerage on their trip data requirements and has received data sets from certain brokerages, the City has not yet received a full set of trip data from all licensed taxicab brokerages, in accordance with Chapter 546.

Staff continue to work with taxicab brokerages to fulfill trip data submission requirements, however the necessary information needed to complete a data-driven assessment of taxicab and limo driver wages is not currently available.

Feedback from Taxicab Industry Consultations

Throughout consultations, members of the taxicab industry reported difficulty earning a living in the industry, citing increasingly higher costs, particularly for insurance, longer hours of work and a level of passenger demand that has been decreasing over time. Of the 200 members of the taxicab industry who responded to the public survey, 51% stated they earn less than \$15 per hour after expenses, 59% reported working more than 30 hours a week, and 71% said that working in the taxicab industry is their main source of income.

Private Transportation Company (PTC) Driver Wages

PTC driver earnings are largely determined by the fares charged to passengers, tips a passenger may pay and any incentives the private transportation company may offer their drivers, minus any commission or fee retained by the PTC. The earnings will vary depending on the type of trip (shared, electric, luxury etc.), the amount of tip paid by a passenger, whether surge pricing is occurring, as well as the distance and timing of the trip.

PTC fares are regulated by Chapter 546, Licensing of Vehicles-for-Hire. There is a minimum trip fare of \$3.25, and a PTC must communicate the full cost of a booked trip to the passenger, prior to the commencement of the trip. For PTC trips, there is no by-law provision that mandates a set price for distance or length of time spent on the trip.

Academic Analysis of PTC Driver Wages

To complete the assessment of PTC driver wages, Drs. Young, Farber and Rahman from the Université de l'Ontario Français and University of Toronto were provided with a set of City-owned data, including details about each of the over 84 million trips taken by a PTC in Toronto between January 1, 2023 and May 1, 2024 as well as information on the make, model and year of each vehicle that completed those trips. While the City does not collect data on tips paid by passengers or about the frequency or amount of surge pricing, the researchers were able to make assumptions about the average amount of tip per trip based on past academic studies and on surge pricing by

comparing actual trip fares with expected trip fares (based on the PTCs' rate cards) to determine where fares were inflated by surge pricing.

This information, combined with information about the distance and time earnings each PTC pays its driver for trips, obtained directly from PTC drivers, allowed the researchers to calculate the average hourly earnings a PTC driver would expect to earn for two different scenarios:

- Hourly earnings when calculating only the amount of time that a driver is "engaged", meaning the period of time a driver has an active trip and is either driving to pick up the passenger, or has the passenger in the vehicle.
- Hourly earnings when calculating all time a driver is logged onto a PTC platform, including engaged time and time spent "cruising" or spent in between engagements waiting for a trip.

This information also allowed the researchers to calculate the median overall cost per hour that drivers incur, including costs for insurance, financing, gas, maintenance and depreciation. In addition to driver earnings and costs in Toronto, the study also contains a review of past academic studies looking at North American PTC driver income, as well as legislation and regulations other jurisdictions have adopted or considered surrounding driver wages.

Table 3 below lists the findings made by the researchers, based on the information available to them.

Table 3: Researcher Findings of Average Earnings per Hour for PTC Drivers

		2023		2024 (Jan 1- April 30)	
Earnings Type	Description	Per engaged hour	Per in-app hour	Per engaged hour	Per in-app hour
Gross hourly earnings	Median driver earnings before expenses	\$33.52	\$25.23	\$33.18	\$22.46
Net hourly earnings*	Median driver earnings after expenses	\$14.61 - \$15.31	\$7.35 - \$7.94	\$14.29 - \$15.35	\$5.19 - \$5.97

*two different methodologies were used to calculate net hourly earnings, for more information about the methodologies, see page 22 of the academic study

Full detailed information on the methodology, findings and limitations of the driver wage assessment can be found in the academic study attached to this report.

Feedback from PTC Industry Consultations

Throughout consultations, PTC drivers shared that they are facing increasing financial difficulties working in the sector for a number of reasons, including a decreasing number

of trips per day, the need to work longer hours, and a higher proportion of the trip fare being retained by the PTC. Of the nearly 1,000 PTC drivers who completed the public survey, full time PTC drivers were over-represented compared to the overall population of PTC drivers licensed by the city. 62% of drivers reported working more than 30 hours per week and 65% said that PTC work was their primary source of income. 59% of drivers indicated they earn less than \$15 an hour after expenses, while 63% stated that they are concerned they cannot make a living with their income.

Wage Regulation in Ontario

In Canada, labour relations are generally regulated by provincial governments. In Ontario, the two main provincial statutes that intersect with the question of vehicle-for-hire and PTC driver wages are the *Employment Standards Act, 2000* and the *Digital Platform Workers' Rights Act, 2022*.

Employment Standards Act

The *Employment Standards Act* defines an employee as anyone who performs work for or supplies services to an employer for wages. Conversely, an employer includes any person who has control over a persons work or is responsible for that person's employment. This legislation requires employers to maintain a set of standards for their employees, including paying them a minimum wage.

Digital Platform Workers' Rights Act

In April 2022, the Ontario Legislature passed the [Digital Platform Workers' Rights Act](#), which was subsequently proclaimed into law by the Lieutenant Governor in September 2024. The *Digital Platform Workers' Rights Act* (DPWRA), together with a regulation that was filed under the DPWRA, will come into force on July 1, 2025.

The DPWRA defines digital platform work as "the provision of for payment ride share, delivery, courier or other prescribed services by workers who are offered work assignments by an operator through the use of a digital platform" and requires that digital platform operators meet certain obligations for those who complete work on their platform. These obligations include:

- Minimum wage for each work assignment performed based on the time between when a worker accepts and completes an assignment through the platform,
- Regular pay periods and pay days,
- Protection against the unauthorized withholding of amounts earned and tips,
- The right of workers to receive written information about pay, including the amount that will be paid for the work and how that pay was calculated,
- The right of workers to receive, if they are removed from accessing a platform, a written explanation of why they were removed, and
- Two weeks notice for removal of a worker from a platform, if access is removed for 24 hours or longer, with certain exceptions.

It should be noted that the DPWRA does not designate platform workers as "employees" under the *Employment Standards Act*. The definition of "work assignment"

means that digital platform workers would not be guaranteed a minimum wage for any non-engaged time, even if they are logged into the digital platform waiting for an assignment.

The regulation adopted under the DPWRA also explicitly excludes the provision of taxicab or limousine services from the scope of the DPWRA. The City has no role in the enforcement of the provisions under the DPWRA, which will be conducted by Ministry of Labour compliance officers.

Study Considerations

This report and academic study represents the first time that the City has completed an analysis of wages in the PTC industry, as directed by City Council. In conducting the academic research into PTC earnings, Drs. Young, Farber and Rahman identified limitations in the data available that affected their findings, which should be recognized. This includes limitations on the amount of detailed information about surge pricing, tips, trip refusals and complete, up-to-date pay rate cards from all PTCs. Additionally, the City has no data for work completed in other areas of gig work (such as food delivery), or PTC trips made in other municipalities that drivers may also be completing.

At least one PTC has announced that it is moving to a different model for how it calculates pay for its drivers, known as the upfront pay model. This new model, which has been adopted in US markets such as San Francisco, calculates driver compensation using a pricing algorithm rather than a fixed per km and per minute pay rate. The algorithm could include additional variables such as day of the week, trip beginning and end location and driver supply at the time of the trip. The researchers have noted in their study that this move to upfront pay models by PTCs will make future iterations of driver wage studies more difficult to complete as the variables that go into the determination of pay will not be fixed or as readily apparent to drivers and researchers.

It is also important to note that the upcoming implementation of the Digital Platform Workers' Rights Act may also have an impact on PTC driver wage and employment conditions. While the specifics of how the provisions of the DPWRA will be interpreted and applied to PTC operations remain to be seen, the DPWRA could affect future analyses into the PTC industry.

Finally, the researchers noted that in order to conduct a data-driven study of the wages of taxi and limo drivers, it would be necessary to have a detailed understanding of all trips taken in taxicabs, including number of trips per day, the distance and timing of those trips, and the frequency of additional charges or surge pricing paid by customers, as well as operating costs borne by drivers such as brokerage fees and taximeter costs.

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ATTACHMENTS

Attachment 1: Analysis of Driver Earnings in Toronto's Vehicle-for-Hire Industry
Attachment 2: Vehicle-for-Hire Public and Stakeholder Consultation Summary