Getting the Vehicle-for-hire cap right

Presentation to City of Toronto Executive Committee

December 10, 2024

Staff advice to Council (2014)

MEASURING THE APPROPRIATE NUMBER OF TAXICABS

“The City of Toronto Act gives authority to limit how many taxicabs are licensed to operate … to balance availability and affordability.

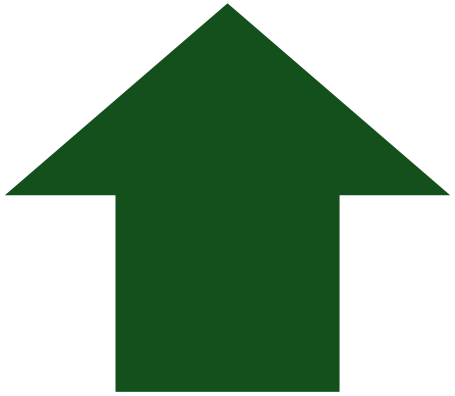
Too many taxicabs can cause traffic congestion and nuisance.”

Then Uber happened

- 2014: Uber starts operating illegally in Toronto
- 2016: Toronto deregulates its vehicles-for-hire regs, legalizes ride-hailing
- Safety, training and emission requirements removed
- Platforms given control over driver licensing, fares and service levels

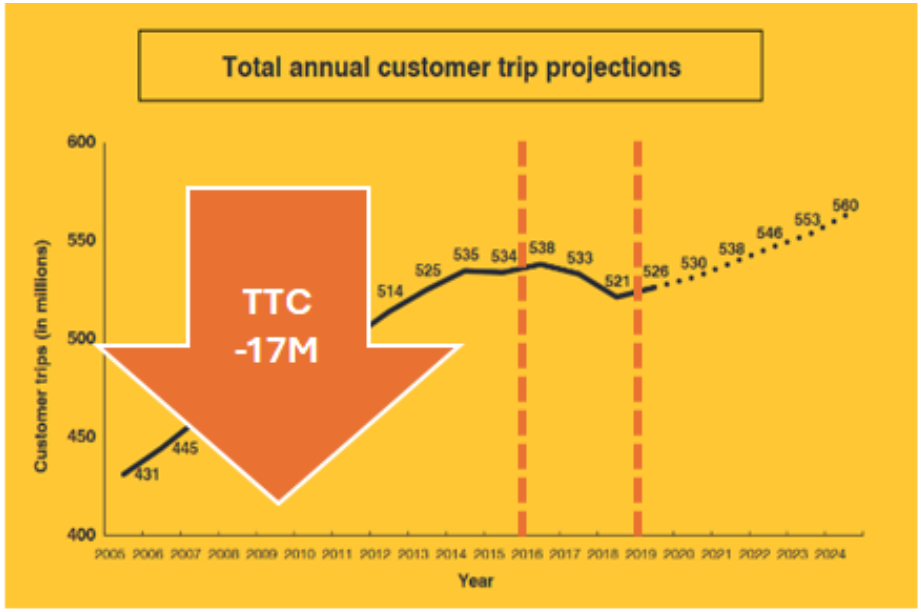
Impact of ride-hailing (2014-2024)

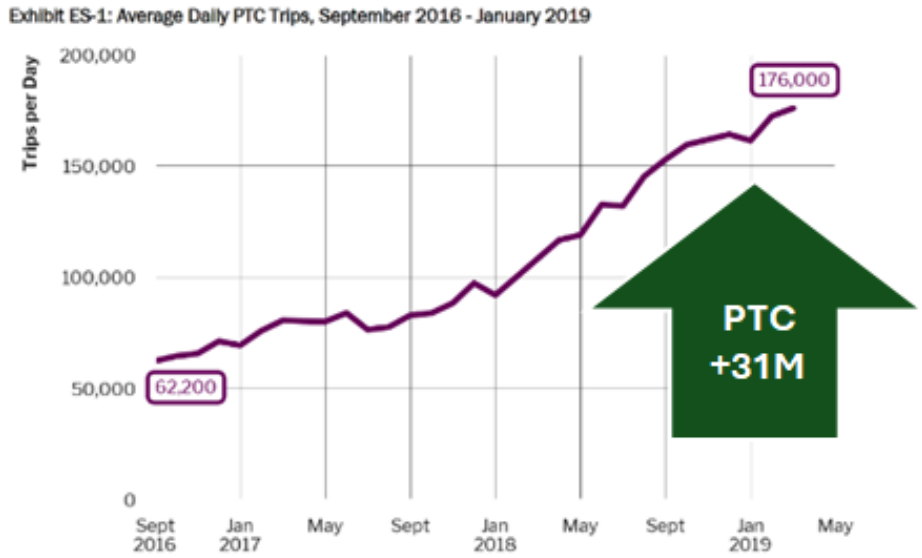
- Pick-up times
- Transit ridership
- Driver income
- Safety + training



- Personal vehicle ownership
- Vehicle KM traveled
- Traffic congestion
- Emissions from vehicles-for-hire

TTC ridership drops, ride-hailing trips spike: 2016-19





Impact on TTC (RideFair, 2019 data)

54% of PTC trips diverted from TTC = 31.4M

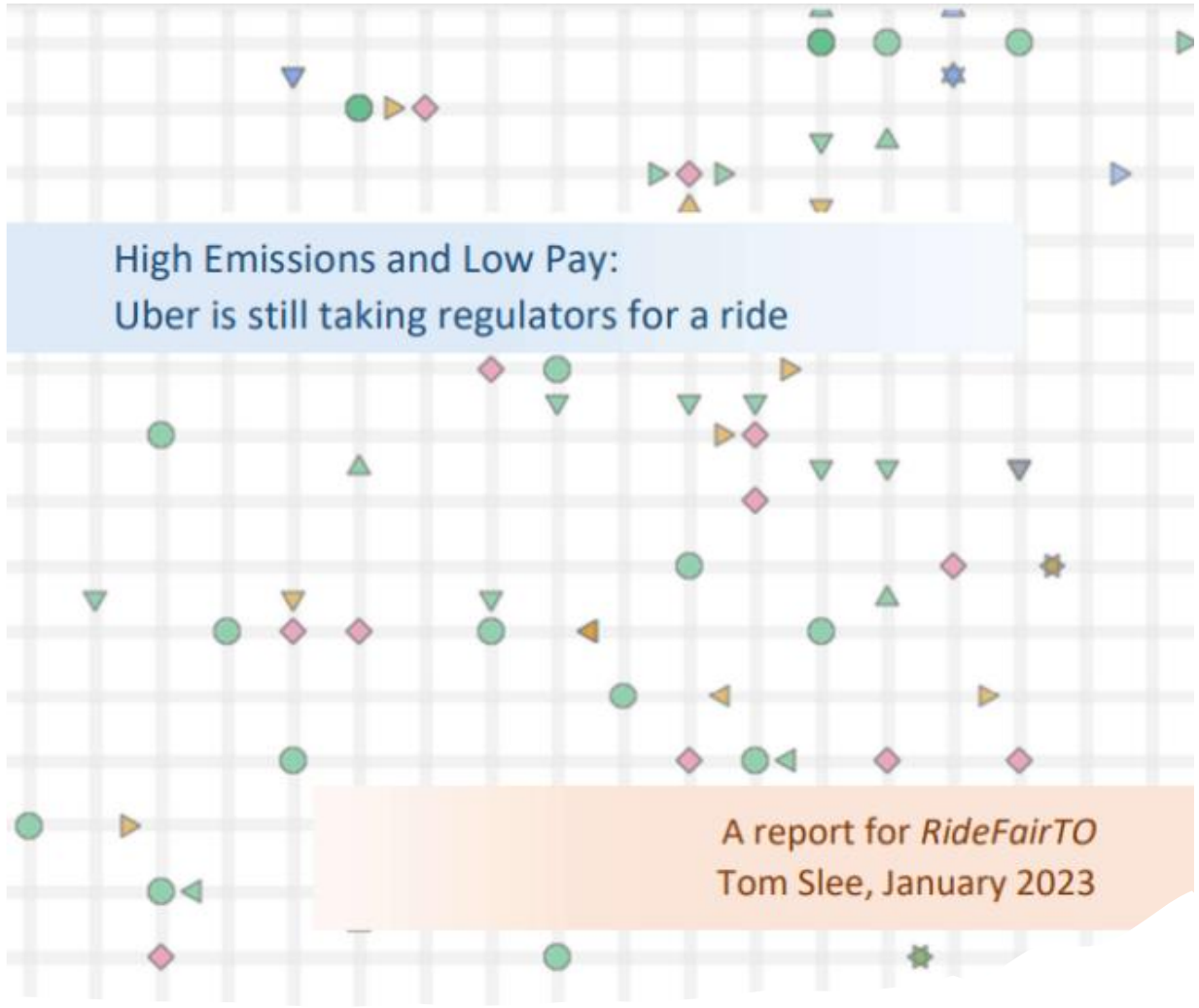
31.4M X $2.35 TTC average fare = $74M

Impact on TTC (City, 2024)

41-61% of PTC trips diverted from transit =
4.6%-6.9% of TTC trips

Annual lost revenue: around $68-112M

Impact on pay (RideFair 2023)



Impact on pay (City 2024)

- Net driver earnings in down to $5.97/hour.
- 95% of drivers had net earnings below minimum wage
- 17% of drivers lost money

All to say …

- Analysis is always based on reliable, public data.
- Methodology is sound and conservative.
- Conclusions are accurate and credible.
- Reality is even worse.

Where are we now?

Council direction 2021(1/2)

Council direct the General Manager, Transportation Services to **develop a framework** for the vehicle-for-hire sector, supported by an independent report, to **maximize the efficiency of the sector by matching active vehicles in service with demand, and balancing public policy priorities,** including customer service, economic impacts on drivers, impacts on public transit, efforts to reduce traffic volumes, City policies such as TransformTO, ActiveTO, VisionZero, and our greenhouse gas reduction targets.

Council direction 2021 (2/2)

This framework therefore shall include, but not be limited to:

a. **public availability** and **competitive impacts**;
b. **equity and accessibility**;
c. measurement and optimisation of **service for disabled passengers;**
d. **environmental impacts**, including environmental policies and imperatives, such as the congestion, greenhouse gas emissions, pollution and barrier impacts of transport provision;
e. **safety impacts**, including but not limited to public safety, individual pedestrian, driver and road user incident costs, and any mitigation thereto; and
f. any direct and associated **socio-economic impacts**, including the societal cost and benefits of such provision, as may include potential for and avoidance of monopolistic or anti-trust abuses as may result from excess market access, and/or uncontrolled pricing.

Recommendation 2024

City Council cap the number of driver licences such that the number of drivers to whom a licence may be issued shall be no greater than 80,429.

Note: There 80,429 licenced drivers,

holding 122,666 licences.

Our comment

- We welcome the City’s reaffirmed commitment to a cap on fleet size.
- Attrition is correct approach – no layoffs, no impact on current drivers.
- Need to clarify "licensed drivers" vs. "driver licenses."
- EV exemption means there is not cap at all.

How to determine the right number of licenses?

Four possible methodologies.

1. Business as usual

- There were 49,264 active September vehicles.
- Out of over 80,000 licensed drivers, only 26,300 active on any given day.
- The top 50% of drivers are responsible for 96% of the trips.
- Meets peak demands, allows full + part time.
- Maintains emission + congestion increase, transit financial impact, fails to meet climate goals.

2. 2014 drivers + population growth

- Builds on independent analysis, the last credible, data-based City calculation.
- Addresses negative impacts of congestion and emissions.

3. 2016 drivers + population growth

- Builds on last credible, data-based City calculation.
- Includes shift from more sustainable modes to private cars.
- Does NOT address negative impacts of congestion and emissions.

4. New York City Model

- Comparable PTC and Taxi coverage
  - Licensed drivers to residents
  - Trips to drivers
- After instituting a cap in NYC, driver pay went up 8% and wait times went DOWN 18%

License drivers in each scenario

• Match 2024 demand	25,000
• 2013 drivers + population growth	17,000
• 2016 drivers + population growth	32,000
• NYC drivers to residents	39,000
• NYC trips per driver	27,000

How to decide

- What fleet size meets City policy goals, addresses congestion + emissions?
- Do you want to bring riders back onto TTC, or increase subsidy to compensate?
- Do you want the VFH sector to be able to fund its own transition?
- Should we regulate fares to protect the public and manage demand?

Thank you!
Merci!

Transportation impact report (2024)

3.2 PTC Impacts on Transit Usage and Other Mode Share

Given the procedure described in Section 3.1, the model predicts that the NO-PTC scenario results in the aggregate changes mode shares shown in Table 3.1. The model predicts that, in the absence of PTC, 60.72% of PTC trips change to transit, followed by 31.05% shifting to active modes (walking and cycling). A smaller proportion (6.6%) of PTC trips switch to taxis, and 1.3% to the combination of either auto driver or auto passenger.

Table 0.1 NO-PTC Scenario Shift of PTC Users to Other Modes

Base case mode choice	NO-PTC scenario mode choice	Trip counts	%
PTC	Active Travel	48943	31.05%
PTC	Auto Driver	1079	0.68%
PTC	Auto Passenger	881	0.56%
PTC	Public Transit	95714	60.72%
PTC	School Bus	672	0.43%
PTC	Taxi	10344	6.56%
Total		157633	100%