

Rationale

Currently, customers who choose to use a debit and credit card to pay their taxi fare are charged an additional fee of \$1.50. During the consultation process, customers expressed concern regarding this fee as payment by credit card is a common occurrence and the surcharge adds to the cost of the fare. In the research conducted when writing the Case Studies discussion paper, the six other jurisdictions reviewed had no similar fee. Drivers however, did raise concerns that they will lose revenue as a result of this fee being eliminated. However, there were also suggestions to reduce fares as Toronto has done, to make taxis more competitive with the TNCs. This approach has much the same effect for many customers and reduces the fare component that is most unusual. While no broad fare reduction is proposed at this time, Section 6.1 suggests that taxi brokers be permitted to introduce fare reductions where they believe this is warranted.

As discussed above in Section 7.1- Apps, it is suggested that the apps be capable of accepting payment by credit card or debit payment (through PayPal or otherwise). These are standard payment options which customers have come to expect.

Accepting payment by cash is part of the business model of taxis. This payment option will be limited to taxis because, as was discussed in Section 4, Public Safety, there is an increased risk associated with carrying cash and taxis would be equipped with in-vehicle cameras to address this risk.

The principle of “customer service” is addressed by providing customers with various payment options, depending on the type of vehicle-for-hire service chosen. Customer service will also be enhanced as customers will not be subject to the extra \$1.50 fee for paying with a credit or debit card. This approach is also consistent with the design guideline “fostering innovation” by suggesting that regulations should adapt to alternative payment methods that are a result of new technology and emerging trends.

8 Other Issues

Several other issues that are core to the taxi and limousine industry were identified through this review and the associated consultations but do not fit into the previous sections of this document. They are however, relevant to the review of taxi and limousine regulations and/or have been raised as part of the consultation part of this engagement.

8.1 Geographic Limits

The City should consider the following regarding geographic limits:

- The regulated area for taxi licensing be expanded to include the entire City of Ottawa.
- The TNC licensing apply to the entire City of Ottawa.

Rationale

The former townships of West Carleton, Goulbourn, Rideau, Osgoode and Cumberland are currently excluded from the regulated area for taxicab service. The urban area of the City of Ottawa has expanded and some of these areas are now more densely populated but remain unregulated. Accessible taxis currently provide service in the rural areas of the City, outside the regulated area, as do some sedan taxis. It is believed that there are no unregulated taxis operating in the rural areas that would be impacted by this change. The limousine licensing regulations currently apply to the entire City of Ottawa.

Application of licensing by-laws to all vehicles-for-hire in the entire City of Ottawa will apply the public safety, accessibility and consumer protection provisions to all vehicle-for-hire services in the City. It will also meet the design guideline of establishing a level playing field.

8.2 Plates

The City should consider the following:

- Enact a by-law formula of one taxi plate holder license per 806 Ottawa residents in the short term.
- Include in the taxi and TNC by-law provisions requiring taxi brokers and TNCs to provide data concerning calls, dispatches and trips that will allow analysis of industry service levels
- Once baseline service levels have been established, issue additional taxi plates or accessible taxi plates, if and when warranted to maintain target response times.

Rationale

The current by-law formula is a maximum of one taxi plate holder license for every 784 Ottawa residents within the regulated area. The City estimates Ottawa's population to be 957,150 in 2015, and the population of the urban area (roughly the "regulated area" described in the by-law) to be 863,140. Based on the population of the urban area, the formula yields a target of 1,110 taxis (1,221 if the population of the entire city is considered). There are currently a total of 1,188 taxi plates already issued (187 of which are accessible), as extra accessible plates were issued to ensure enough accessible taxis to provide a level of service reasonably comparable to that available to standard taxi users.

Expanding the service area to the entire City will not increase the demand for taxi services proportional to the increase in population as taxis are a less attractive model for long distance rural transportation and car ownership rates are high. Further, the creation of the TNC category will have some impact on demand for taxi services. The one taxi plate-per-806 residents' formula would match the current supply to the population of the City. It would not require issuance of additional plates at this time, but would facilitate issuing more plates to cover future growth.

With the availability of more extensive data from current dispatch systems, it would be possible to conduct analysis of vehicle-for-hire service levels in a meaningful way, identifying the actual response times at least for dispatched trips in various parts of the City at various times of day and days of the week, for both standard and accessible taxi service. This would allow a determination of changes in service levels over time, and make it possible to tie future taxi plate issuance to changes in service levels, or actual service levels relative to targets. It would also make it possible to determine whether response times with accessible vehicles are reasonably comparable to those of standard taxis, and to fine tune the ratio of accessible taxis, if appropriate.

This approach will facilitate innovation and customer service.

8.3 License Fees

The City should consider the following:

- Charging TNCs a licensing fee that is equal to the taxi broker fee, plus the equivalent of the taxi driver and taxi plate renewal fees, calculated on a per fare served basis, as shown in Appendix B
- Providing an option that taxi drivers may pay their renewal fee either as a fixed annual amount, or as a charge per fare served, in order to facilitate part-time vehicle-for-hire operation
- Reducing the taxi plate transfer fee to be equal to the annual taxi plate renewal fee.

Rationale

The City does not have the authority to use license fees as a form of taxation, therefore the fees collected from the vehicle-for-hire industry should be relatively consistent with the costs of managing the licensing and enforcement process. The requirements vary as salaries and other costs adjust over time, but they may be reduced through this process both as a result of modernizing and simplifying regulation, through self-regulation by providers, and through reductions in “bandit cab” activity that are likely to occur with TNC service in place. The amount of particular fees will require adjustment from year to year in recognition of these factors, so the suggestions deal with changes in the fare structure, rather than suggesting specific amounts.

The key factor suggested is creating a level playing field between the taxi industry and the TNCs, ensuring the regulatory burden is equal between the services.

The second theme is to design fees in a manner that is consistent with working a reasonable day in the vehicle-for-hire industry (as compared to the very long days often worked), and that accommodates part time drivers. This is a key component of the TNC service model, but could also become a more important element of the taxi industry. The taxi industry is currently based on full-time work, and some members of the taxi industry, particularly the local taxi union representatives, oppose the idea of part-time employment in the taxi industry as they feel that being a taxi driver is a full-time profession and they do not want this profession to turn into “precarious employment”.

The option to pay City licensing fees on a per-ride basis would not force any change in the industry structure, but it would facilitate innovation by allowing other models to be developed should that add value.

The average cost of licensing per taxi ride is about 10.5 cents (see table in Appendix B). This option would allow vehicles equipped with suitable technology to contribute a fee per fare, to an annual maximum of the annual license fee.

The plate transfer fee stands out as higher than warranted based on the level of work required. Reducing it to the level of a typical transaction fee is consistent with modernizing and simplifying regulation, and minimizing regulatory impact.

8.4 Training

The City should consider the following changes to training for all vehicle-for-hire operators:

- Eliminate the training requirements prescribed in the Taxi By-Law, except as they relate to the training course for drivers of accessible vehicles, and introduce a requirement that taxi brokers and TNCs provide training to their drivers before they begin service.

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- Review the contents of the training course for drivers of accessible vehicles and consider merging delivery with Para Transpo driver training.

Rationale

Customer service concerns have been raised by users of the traditional taxi service, while customer service provided by Uber drivers has been reported as generally being very good. This raises a question as to the effectiveness of the course currently required, relative to other mechanisms, such as driver rating. Drivers no longer need to rely on the use of a map as they can now input an address into a GPS to receive directions, raising questions about the need for way-finding training.

In a new competitive vehicle-for-hire environment requiring providers to compete on quality and price, with driver rating apps allowing customers to apply effective “discipline” on particular drivers, it is suggested that vehicle-for-hire operators innovate in their delivery of training to maximize the level of business they attract. This will also create a level playing field between various service providers.

Drivers will of course require some training. They will need training on using GPS systems more than on the location of particular streets or destinations, and on the particular business models and rules of the services with which they are affiliated. The importance of customer service should be emphasized, and key legal and human rights issues covered. But these requirements are continually changing, and are different with different service providers. It is suggested that all taxi brokers, TNCs and limousine operators establish and facilitate training for all of their drivers, but consistent with the principle of modernizing and simplifying regulation, the training content and format does not need to be included in the by-law.

An in-person training course is still a requirement for drivers of accessible vehicles, where there is likely to be less competition, and where there are requirements for service to persons with particular circumstances and technical issues, such as properly securing a wheelchair, that need to be considered. With the elimination of the taxi drivers’ course at Algonquin College, working with Para Transpo, which has similar requirements for its drivers, will likely improve the economics of course delivery, and may provide more consistency in the delivery of Para Transpo services.

8.5 Enforcement

The City should consider the following approaches regarding enforcement:

- Support provincial legislation allowing higher fines, suspension of drivers’ licenses, and assignment of demerit points for operating a vehicle-for-hire contrary to a municipal by-law.
- Give taxi brokers, TNCs and limousine operators responsibility to self-regulate in the following areas:

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- Compliance with driver screening regulations
- Compliance with vehicle regulations, including camera requirements
- Compliance with insurance regulations
- Compliance with fare pricing and related meter and notice regulations
- Self-enforcement would be subject to audit by the Chief License Inspector, with the licensee subject to penalty if they fail to uphold the by-law provisions.
- Consider eliminating the requirement for taxi drivers' licenses once self-regulation mechanisms are in place.
- Develop a contingency plan for aggressive enforcement of TNC and taxi regulations in the event there are substantial operations in contravention of the by-laws, in addition to ongoing routine enforcement.

Rationale

The Taxi By-law is enforced by Ottawa's By-law Officers. Enforcement activities include regular vehicle inspections, change of vehicle inspection, patrols and investigation of complaints. Taxi-related enforcement seems to require substantial time and effort on the part of By-law Officers. Enforcement efforts by the City would be reduced by placing some of that burden on the taxi brokers and TNCs since some of what By-law Officers must do currently seems to be a duplication of what taxi brokers do (e.g. checking driving records and police records). Taxi brokers and TNCs would be responsible for ensuring drivers and their vehicles are in compliance with all applicable regulations, including ensuring insurance is in place (once the City has approved the insurance approach). The City could audit the process at any time, and the by-law would contain penalties for failure to meet the requirements. This would make taxi brokers and TNCs accountable for ensuring their drivers are following the rules or risk facing penalties, or potentially for repeat violations, having their business license suspended or revoked.

Enforcement by the City would shift from carrying out the administrative tasks to conducting periodic audits. However, it is likely there would still be vehicle-for-hire drivers operating outside the by-law (bandit cabs), drivers that don't follow the by-law (resulting in customer complaints, street hails by TNC drivers, etc.) and there may be new TNCs that would require considerable attention.

A consistent theme from consultations was the need for more aggressive, effective and widespread enforcement when taxi regulations are not being followed. The presence of Uber operations in Ottawa for the past year was frequently raised in this context. Other jurisdictions, such as Quebec and Vancouver, have resolved this issue by establishing tougher punishments for breach of the law, and that approach could be used by the Province of Ontario so that municipalities can enforce their by-laws effectively (through demerit points, increased fines and vehicle seizures).

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Even if the Province does not act, the City should develop more effective means of preventing a “ride sharing”, app-based service model company, or TNC-like operation, from operating in Ottawa without meeting the proposed regulatory requirements and obtaining the required license.

Recent decisions in Calgary suggest that injunctions may be a useful part of the process. Although a Court chose not to support an injunction in Toronto, City officials indicated that Ottawa’s current by-laws are different than those in Toronto and, as such, would likely support an injunction if it was determined that approach is to be taken.

It may also be possible to conduct time-limited “campaigns” with significant resources applied to lay enough charges that most drivers of the offending TNC are charged, repeatedly if they continue, until the effect is sufficient to deter continued operations. It may be appropriate to make arrangements with the Police to use off-duty officers if necessary and with other enforcement personnel, such as possibly the Special Constables at OC Transpo, to support effective short term campaigns^{xii}.

Throughout the consultation process, members of the public and users of taxis raised complaints regarding taxi drivers. The competitive environment and driver rating apps should result in substantial improvements. However, from an enforcement perspective, greater random enforcement efforts on the street may be more effective than the scheduled spring and fall inspections that currently consume considerable time of City staff.

These approaches are required to protect public safety and provide consumer protection, and to provide a level playing field for the vehicle-for-hire industry.

8.6 Implementation

The City should consider allowing adequate time for the taxi industry to achieve the changes proposed.

- While the City should consider permitting and encouraging earlier implementation, the first major stages, implementing the full featured apps, connecting meters to apps/GPS systems, and implementing the quickest response dispatching, should be completed within twelve months.
- The implementation timeline for self-regulation, and replacement of meters and cameras, should be determined following industry input.
- The City should consider enacting TNC regulations as soon as possible, accompanying that with effective enforcement, as required.

Rationale

The changes proposed in the vehicle-for-hire industry are far reaching, and will take some time to achieve. The taxi industry will need to develop additional features in their apps as a first step, but will also need to develop an appropriate approach for using the fare flexibility and the hardware and software to support it. It will also need to build systems to support self-regulation of their operations to gain the full benefits of the modernizing and simplifying regulation approach.

TNCs face a significant challenge in resolving the insurance issues. They are clearly working on them, but have not been able to indicate a specific timeframe for the resolution. However, there is no reasonable way to phase-in this requirement, and the services should not be licensed until they have insurance. Thus, the full requirements of the TNC portion of the by-law can be implemented when adopted.

Appendix A – Accessible Service Levy Calculation

Approximate Annual Operating Costs Sedan vs. Accessible Taxicab

Item	Sedan Taxicab	Accessible Taxicab	Difference
Operating Costs:			
Insurance	\$8,000	\$ 8,500	
Vehicle Maintenance	\$4,800	\$ 8,400	
Fuel Costs	<u>\$25,550</u>	<u>\$ 36,500</u>	
Total Annual Operating Costs	\$38,350	\$ 53,400	\$15,050
Capital Costs:			
Vehicle Cost	\$15,000	\$ 40,000	
Estimated Life Expectancy (years)	<u>4</u>	<u>3</u>	
Cost per Year	\$3,750	\$ 13,333	<u>\$9,583</u>
Difference in Total Operating Costs			\$24,633
Number of Accessible Taxicabs			<u>187</u>
Annual Difference in Total Costs for all Accessible Taxicabs			\$ 4,606,371

Costing information provided by Coventry Connections. It was not corroborated by KPMG. See Accessibility discussion paper for detailed explanation of assumptions

Appendix B - Licensing Fees on a Per-Fare Basis Calculation

The calculation below estimates the cost of licensing fees, if charged on a per-fare basis. The City of Ottawa provided KPMG with the estimated number of taxi drivers and annual taxicab rides for the purposes of this review. Municipalities do not have authority to charge a fee that is equivalent to a tax. Licensing fees must therefore approximate the costs to administer and enforce regulations related to the vehicle-for-hire industry. Assuming the costs of \$1.26 million and the total number of annual rides remain consistent, the licensing cost per ride is approximately 10.5 cents.

	Total Number	Fees	Total
Taxi Drivers	2,600	\$217	\$564,200
Plates	1,188	\$584	\$693,792
Total			\$ 1,257,992
Estimated annual taxicab rides			12,000,000
Cost per ride			\$ 0.105

Figures and fees are estimates provided by the City of Ottawa, not corroborated by KPMG.

Endnotes

- ⁱ The Taxi By-law currently mandates that just over 15% of all taxicabs must be accessible and that 15% of the cabs operated by any taxi broker with over 25 taxis must be accessible.
- ⁱⁱ A Vulnerable Sector Check is an enhanced criminal record check. This type of record check was initially created in 2000 to protect children and vulnerable persons and is now governed by the Police Record Checks Reform Act 2015.
- ⁱⁱⁱ See Section 5 This could be adjusted by the City.
- ^{iv} This is a suggested number that should be assessed by the City for suitability.
- ^v Core Strategies, City of Ottawa Taxi and Limousine Regulations and Services Review “Customer Experience”, (October 2015)
- ^{vi} A Vulnerable Sector Check is an enhanced criminal record check. This type of record check was initially created in 2000 to protect children and vulnerable persons and is now governed by the Police Record Checks Reform Act 2015.
- ^{vii} This is a suggested number that should be assessed by the City for suitability.
- ^{viii} Core Strategies, City of Ottawa Taxi and Limousine Regulations and Services Review “ Customer Experience”, (October 2015)
- ^{ix} O. Reg. 429/07, s. 3 (2), Ontarians with Disabilities Act
- ^x The Taxi By-law currently mandates that just over 15% of all taxicabs must be accessible and that 15% of the cabs operated by any taxi broker with over 25 taxis must be accessible.
- ^{xi} This is a suggested value that should be assessed by the City for suitability.
- ^{xii} Suggestions noted here would need to be validated by City officials with the Police and/or OC Transpo to determine their viability.