

City of Ottawa
Taxi and Limousine Regulation
and Service Review
Policy Options



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Disclaimer

This document has been prepared by KPMG LLP (“KPMG”) for the City of Ottawa (“Client”) pursuant to the terms of our engagement agreement with Client dated August 25, 2015 (the “Engagement Agreement”) for the purpose of informing discussion during the City of Ottawa Taxicab and Limousine Regulations and Services. KPMG neither warrants nor represents that the information contained in this document is accurate, complete, sufficient or appropriate for use by any person or entity other than Client or for any purpose other than set out in the Engagement Agreement. This document may not be relied upon by any person or entity other than Client, and KPMG hereby expressly disclaims any and all responsibility or liability to any such person or entity in connection with their use of this report is hereby disclaimed.

Our procedures consisted solely of inquiry, observation, comparison and analysis of project participant-provided information. It was augmented by limited research of publicly-available information. We relied on the completeness and accuracy of the information provided or research. Such work does not constitute an audit. Accordingly, we will express no opinion.

1 Executive Summary

KPMG was engaged by the City of Ottawa to perform a comprehensive review of the City’s taxicab and limousine industries based on achieving three guiding principles:

- Public Safety
- Accessibility
- Consumer Protection

As part of the process, KPMG conducted and commissioned a number of research reports, and consulted extensively with industry stakeholders, users and members of the public. Based on the analysis to date, and input from the public and industry stakeholders, it seems clear that many customers believe they are better served by app-based service models (ABSMs), Uber specifically, than they are by the taxi industry. Key differences are the lower price, convenience of the Uber app, and better customer service. Customers have not been dissuaded by the different approaches to public safety and consumer protection that Uber employs.

The taxi industry has already started to respond, particularly with the taxi apps that have been introduced, but further improvement seems necessary.

This paper identifies three different strategies the City could follow in regulating vehicles for hire:

Strategy A	Strategy B	Strategy C
Reform the current taxi regime and implement new concepts	Establish a New Transportation Network Company licensing category, setting regulations for ABSMs that operate in Ottawa	Expand the existing taxi industry to allow competition and reduce costs

These strategies are not mutually exclusive.

The paper also reviews different options for specific regulations to address each of the principles outlined above, to improve customer service, and other related topics.

The current Uber services are not in compliance with City by-laws, but the City’s efforts to prevent Uber operations have not been successful, despite laying 168 charges over the course of the last year. Two private members bills are before the Ontario Legislature, both of which have passed second readings. MPP John Fraser’s Bill 53 proposes to tighten regulations by strengthening enforcement options under the Highway Traffic Actⁱ. At the same time, MPP Tim Hudak has introduced Bill 131 which proposes to consider the sharing economies more broadly, including legalizing and creating a new licensing class for ABSM (or “Transportation Network Company”) operations, while also strengthening the enforcement optionsⁱⁱ.

Some stronger municipal powers may be required to ensure Uber follows the rules, even if a new licensing category is established. The options outlined in this document may or may not be influenced and impacted by the possible enactment of Bills 53 and/or 131.

Your input on these options is invited. You may comment by email to taxi@ottawa.ca, by phone at 613-580-TAXI (8294) or by participating in the webinars being planned. You may register for the webinar at by going to [the City's website](#)

Input is invited until November 30th. The final report of the Taxi and Limousine Service and Regulation Review will be presented to the City by the end of December, 2015.

2 Introduction

KPMG was engaged by the City of Ottawa to perform a comprehensive review of the City's taxicab and limousine industries in respect of service delivery to residents and visitors, together with a review of the City's current regulatory framework. Three guiding principles set out by the City for use in the review are:

- Public Safety – including vehicle condition, insurance coverage, driver and other screening processes
- Accessibility - service delivery model that considers aging population and meets the needs of the accessible community
- Consumer Protection - including measures to protect both the passenger and the driver; means by which to establish reasonable fares for service; and a thorough complaint resolution process.

Customer service, the customer experience and customer satisfaction are also factors that have been considered throughout the review.

As a result of emerging issues, new technologies, and non-traditional service models (e.g. app-based models such as Uber), a complete and thorough review of Ottawa's taxicab and limousine industries, as well as the existing regulatory framework, is necessary to determine if they meet the needs of residents and visitors.

As part of the review, KPMG met with various stakeholders including taxi drivers, taxi brokers, taxi driver union representatives, Uber representatives, customers of both taxis and Uber, and providers of accessible service including taxis and Para Transpo. KPMG and its partners also conducted extensive research on the taxi industry and released six discussion papers. Through this process, a number of key findings were identified and are outlined in the next section. Based on the findings and on the input from review participants, KPMG has identified different approaches that the City may consider. This document does not repeat all the background information and analysis provided in the six discussion papers, but does draw on the information presented in those discussion papers.

The policy options included in this discussion paper are ideas for consideration. In some cases, the preferred approach is quite evident, but in most areas it is not yet clear what approach is most appropriate. KPMG will be seeking feedback from all interested parties with respect to these policy options in order to ensure that our final report can accurately identify the key implications of each option. The final decision regarding the future regulatory framework remains the responsibility of City Council.

This document is organized as follows:

- Chapter 3 some of the key themes that have emerged from our research, and from the consultation process

- Chapter 4 identifies the high level, strategic options that could be pursued to respond to the findings as they relate to the taxi industry, and to app-based service models like Uber
- Chapter 5 deals with the details that need to be fleshed out with respect to the strategic option(s) which are pursued to ensure public safety, accessibility, consumer protection, customer service and other issues related to the traditional taxi and the app-based service models
- Chapter 6 deals with issues in the limousine industry.

3 Key Findings

Based on the analysis to date, as reflected in the six discussion papers that have been prepared and released on [the City's website](#), and on the input from review participants to date, some key findings have been identified, which could influence the future directions taken. These are listed below.

- Uber and Uber drivers offer a service which is essentially the same as dispatched calls the taxi industry handles and which should be regulated in the public interest, like the taxi industry.
- The introduction of UberX services to Ottawa has met a customer need, attracting customers primarily based on a lower price, and the features of its app, which includes quicker and more predictable pick-ups, the driver rating system, which seems to produce more driver courtesy and professionalism, and the ability to pay easily by credit card or debit (through PayPal). Most users participating in the research or consultation processes, like using Uber much better than taxis.
- A significant portion (though likely not all) of the UberX business has come from the taxi industry, reducing driver incomes (particularly evening drivers), and reportedly reducing the stand rents, plate rents and plate values in transactions between private individuals.
- The taxi industry is already implementing some significant changes as a result of competition from Uber, launching its own apps which allow taxi hailing and tracking the taxi on its way to a pick-up. Further design improvements of the apps are in progress, including driver rating and payment through registered credit cards.
- Taxi plate market values seem to have risen substantially over the decade before Uber's launch, even though 187 accessible plates were issued by the City starting in 2003, with most going into circulation in 2007 through to 2010. The majority of Ottawa plate owners have held their plates for a long time, with only 25 plates per year being transferred, on average. Most acquired their plates when they were far less expensive, or in the case of accessible plate holders, they received their plates recently for a modest fee.
- The lack of clear insurance coverage is the largest public/customer hesitation with Uber. Although Uber vehicles do not have the cameras found in taxis, women reported feeling safer using Uber – and rated safety the second most important service characteristic (after price).
- Ottawa has a very strong accessible taxi industry. Uber does not provide any accessible service in Ottawa, or in most cities in which it operates, although it has introduced some services in some cities.

4 Strategic Options

Traditionally, the vehicle-for-hire regulation in Ottawa has established two different regimes – one for taxis and another for limousines. Taxis are subject to stricter requirements for fares, vehicle inspection and equipment, record-keeping, and driver selection and training. Limousines require pre-arrangement and have a minimum price, but fewer regulations overall.

Taxis are limited in number, while there is no limit on the number of limousines. Taxi brokers, vehicles and drivers are all licensed, while only limousine companies are licensed. Regulations keep the two services separate, based on the markets they serve. Taxis have a prescribed fare, while limousines only have a minimum fare, advance booking is required, and they generally use luxury vehicles. One reason to keep the regimes separate is to prevent a taxi-like service from evading stricter oversight by operating as a licensed limousine.

With distinct products, the taxi and limousine markets co-exist. Profitability in the taxi market can be maintained, even though limousines are not limited in number.

UberX does not fit in this model and the Uber vehicles currently operate without any oversight from the City, in contravention of the Taxi By-law, but with a service model that has attracted considerable customer support. Going forward, continuing a substantial Uber operation outside the regulated environment is not an option. Similarly, continuing the operation of the taxi industry in its current form should not be seen as an option either. Uber has demonstrated that vehicle for hire services can be much better than the services the taxi industry has been providing in recent years.

We see some alternative strategies that could capture some of the features of Uber that customers like, with varying levels of impact on the existing taxi industry. The strategies discussed herein are not mutually exclusive. The City could choose to adopt more than one of the strategies identified, unless otherwise suggested. At a high level, the strategies are as follows:

Strategy A	Strategy B	Strategy C
Reform the current taxi regime and implement new concepts	Establish a New TNC Licensing Category	Expand the existing taxi industry to allow competition and reduce costs

4.1 Strategy A: Reform the current taxi regime and implement new concepts

This option would seek to implement key features of an app-based service model such as the Uber service, within the existing taxi industry. This could include:

- Expanding the taxi apps to include driver rating and credit card payment features to encourage better customer service and ensure easy credit card payments all the time
- Dispatching the closest vehicle (or at least a close vehicle) to improve response times
- Allowing competition between taxi groups offering reduced fares in some, or all, circumstances.

This approach may produce some improvements in customer service within the taxi industry, but it may be difficult to achieve significant change to the existing industry with the collective agreement limiting innovation to improve customer service, and with a small number of inter-related brokerages limiting competition. However, reform of the taxi industry could be accelerated if combined with one of the options below.

4.2 Strategy B: Establish New TNC Licensing Category

This option would involve establishing a new licensing category for Transportation Network Companies (TNCs) under which App-Based Service Model companies (ABSMS) like Uber would be able to operate. Many jurisdictions in North America have in place or are in the process of considering this approach. Features of this Strategy would include the following elements:

- Drivers operating under a TNC would not be permitted to use taxi stands or to pick up street hails (cannot be flagged down).
- The TNC and its drivers would be required to meet various screening requirements (police record checks for work in the vulnerable sector) and would be required to carry proper insurance.
- TNCs would be required to include many of the positive aspects of Uber's service, recognizing other operations could also be set up in this category.
- Where appropriate, regulations could be tailored to "level the playing field" between the TNCs and taxis with a combination of new regulations for TNCs and changes in taxi regulations.

This approach would allow Uber to continue operating in Ottawa, provided it met the licensing conditions, and would also allow other TNCs like Lyft to begin operations here. Allowing Uber operations to continue would perpetuate the current impact on taxi operations, although improved taxi operations and potentially higher costs for Uber operations may limit the impact. As referenced in the Taxi Economics discussion paper, previous studies of open licensing found deleterious effects, but noted that most new entries flocked to large stands

like the airports and major taxi stands. Limiting the TNCs to dispatched fares may limit that effect.

Some plate owners have indicated during the consultation process that they may seek damages from the City should this step be taken and result in significant reduction in taxi plate values.

Should this option not be selected, enforcement activities above and beyond the current level would be required, using stronger enforcement powers should these be provided by the province.

4.3 Strategy C: Expand the existing taxi industry to allow competition and reduce costs

If the overall supply of taxi licenses were expanded by eliminating the limit on the number of plates in operation, there would be a potential to accommodate new licensed vehicles.

The expansion of the industry could be approached by entirely removing the limit on the number of plates. This would allow anyone who met the qualifications to obtain a plate and drive a taxi, to have a taxi plate. This approach would reduce the costs of operating a taxi as it would eliminate the need to lease a plate, or to buy a plate, which for the taxi driver usually means borrowing funds which need to be paid back in monthly loan payments. However, it would also lead to many more taxis entering the industry, particularly in times of high unemployment. As referenced in the Taxi Economics discussion paper, deregulation in the 1970's led to lower driver incomes, less investment in cars and services like dispatch, and long lines of cars at all available stands. It is unclear whether such factors as app-based driver rating systems in use today would be enough to prevent these outcomes. Strong regulation of vehicle and driver standards would likely be required to maintain quality.

Based on the findings through the consultations undertaken, this approach might also eliminate the values associated with transferring taxi plates, which may lead to hardshipⁱⁱⁱ, particularly for those who purchased plates recently for elevated values and who may still have debts related to the transactions, or those who have planned their final future or retirement based on the plate having value. Some plate owners have indicated during the consultation process that they may seek damages from the City should this step be taken.

Although ABSMs like Uber could obtain taxi plates and operate as taxis, this may not be consistent with their operating model. It would require drivers to use cars that look like taxis (roof signs, etc.) and to follow the training and other requirements for taxi drivers, which would discourage recruitment of part-time drivers using their family vehicles. Thus, this option alone may not bring existing services like Uber to comply with the regulatory environment.

5 Key Issues

This section deals with particular aspects of vehicle for hire regulation that relate to taxis and TNCs, and identifies different approaches that could be adopted. Issues in the limousine industry are dealt with in Chapter 6. Note that each of these areas needs to be addressed in some fashion regardless of the over-all strategy or strategies that are pursued.

5.1 Public Safety

Public Safety can be achieved under any of these strategies by adopting appropriate regulations, such as insurance requirements and protective measures such as panic buttons, cameras etc., as appropriate. Ensuring the safety of the public is a key reason for preventing controlling “bandit” or unlicensed taxis from operating. However, the approach to ensuring public safety could be tailored to the circumstances. For instance:

- Taxis accept both pre-arranged customers and street hails/cab stand customers. Thus, the driver and the passenger will not be known to each other, or to anyone else after the fact if an event occurs. Further, taxi drivers accept payment by cash.
- In the TNC context, both the driver and the passenger – and a third party (the TNC) know the identity of the driver and the passenger, and the rating systems provide some information about the other party before they meet. TNC drivers do not accept payment by cash.

Thus, the risks are different, and the appropriate measures to ensure public safety may be different.

5.1.1 Insurance

The issue of insurance is important in the discussion of ABSM companies, as it goes to the core of public safety. Currently, there is much uncertainty regarding insurance protection in this emerging industry, with apprehension that passengers, other drivers, pedestrians, etc. could be at risk.

The standard Ontario Automobile Policy (OAP 1) states the following “Except for certain Accident Benefits coverage, there is no coverage under this policy if... the automobile is used as a taxicab, bus, a sightseeing conveyance or to carry paying passengers”^{IV}.

Uber reports that it carries a \$5 million insurance policy with AIG that applies when the drivers’ insurance company declines coverage. However, this policy is not primary coverage -- it only protects third parties (passengers, pedestrians, other cars and their occupants) and does not provide any protection for the Uber driver or his/her car. Thus, if the insurance is as Uber suggests, the risk is actually to the driver, not to the users or the public. However Uber has not provided any documentation to confirm the nature of its insurance.

Uber is currently working with Intact Insurance to develop a policy that will provide full coverage for third parties and for drivers, but this policy has not yet been fully designed nor approved by regulators. Uber reports that the insurance policy will be the first of its kind

designed exclusively for the ABSM industry^v. However, it may be some months before the policy is available.

Taxicabs are currently required to carry insurance with a minimum \$2 million liability coverage. The requirement provides insurance for drivers, but they are not required to obtain collision insurance for their vehicles. In practice, taxi drivers carry the \$2 million liability coverage and the taxi broker carries additional insurance coverage which provides a total of \$7 million in liability coverage. Increasing the minimum liability coverage from \$2 million to \$5 million would further protect public safety while having little to no impact on the costs to existing operators.

Limousines are only required to carry \$1 million in insurance coverage.

To ensure public safety, the regulations should require adequate liability insurance for all providers of vehicle -for-hire transportation, including taxis, limousines, and a TNC category, if one is created. A minimum level of \$5 million of insurance would seem to be suitable for all categories. All insurance policies should be reviewed and approved before licenses are issued.

5.1.2 Driver screening

In order to receive a Standard Taxicab Driver's license, applicants must provide the results of a Police Record Check for persons seeking employment to serve the vulnerable sector of the population, and an acceptable Statement of Driving Record. What constitutes an acceptable Statement of Driving Record is not defined in the by-law; however, in practice, it is a record showing fewer than seven demerit points and free of certain convictions, such as driving while impaired.

There have been questions raised over the validity of record checks completed for drivers by Uber. Uber reports its contractor completes a criminal background check, local police checks, lifetime sexual offences background check, lifetime traffic offence checks, and a lifetime DUI background check. Uber indicates that it will not accept a driver with any criminal record showing, although it has not verified this information.

The Ottawa Police has recently adopted the LEARN Guidelines established by the Ontario Association of Chiefs of Police for record checks related to persons working with the vulnerable sectors. This is likely to be replaced with the provisions of Bill 113 under consideration by the Province of Ontario, which are intended to standardize the process.

The only option under consideration is that the same or equivalent driving and criminal record checks be required for all vehicle-for-hire drivers.

5.1.3 Vehicle age and inspection

Currently taxis must be less than 8 model years old for a standard taxicab or less than 14 model years old for a London Black taxicab. Uber indicates it only accepts vehicles under 10 years old.

Taxicabs 5 model years old or less must be inspected by City by-law officers annually each fall. Older vehicles are inspected twice annually, in the fall and spring. Taximeters are also

checked during the fall inspection. As part of the inspections, taxis must show a Safety Standards Certificate produced by a licensed mechanic. If the Inspector finds the vehicle to be unsafe, they can require work and may suspend the license. Insurance and other paperwork are also inspected at this time.

An alternative would be to place a maximum age and total mileage on the vehicle. For example, the regulation could allow a maximum vehicle age of less than 10 model years or a maximum odometer reading of 300,000 kilometres, whichever comes first. This would allow for vehicles which are used less frequently to be permitted for use, while still maintaining a standard to preserve public safety.

Regular vehicle inspections are a safeguard to reduce the likelihood of an unsafe vehicle being used as a taxi. A possible change might be to remove the need for a second annual inspection for any vehicles that travel less than 30,000 kms per year (e.g. more than 15,000 kms by the time of the spring inspections).

It is suggested the same regulations should apply to all vehicles for hire.

5.1.4 Vehicle identification

Licensed taxicabs operating in the City of Ottawa are required to be marked and have a roof light. Vehicle identifications allow customers to identify a vehicle as a taxicab when hailing or using a taxi stand. Drivers of ABSMs, such as Uber use their unmarked, private vehicles when providing vehicle-for-hire service. The business model of Uber does not involve the use of taxi stands or street hails. Customers receive a description of the vehicle upon booking a ride through the Uber app.

It is suggested that vehicle identification not be permitted for vehicles who operate under a TNC. This will benefit traditional taxicabs by reducing the potential for TNC drivers to accept street hails, as the vehicles will not be distinguished from regular private-passenger vehicles. However, by-law inspectors would have to be able to identify TNC vehicles, perhaps by use of a suitable GPS powered app (which would however require a review of potential privacy concerns). Public safety will also be enhanced by ensuring customers only street hail vehicles regulated for this purpose (i.e. taxis).

5.1.5 Cameras in Vehicles

As of July 2, 2008, all licensed taxicabs were required to be equipped with a security camera. Cameras became a requirement to enhance safety for both the driver and the passenger. For privacy reasons, data from cameras is only accessible by Ottawa Police for use in investigations. All comments from within the taxi industry indicate that cameras have helped reduce the number of conflicts between drivers and passengers (both ways) and resolve those that have still occurred.

Uber has no requirement for its drivers to have a camera in their vehicles, and the limousine licensing regulations do not require cameras in limousines, although some Uber drivers use dash cams or similar informal means to create a record of events in their cars.

The current cameras are aging and better technological solutions are available, including forward and backward facing cameras that provide a record of traffic incidents as well as in-

car incidents. Any regulation should detail specifications that the cameras must meet and drivers will be free to select a make and model of camera that meets or exceeds those specifications.

For either of the camera-related options, there may be privacy implications which must be reviewed.

5.1.5.1 Option 1: Cameras in Taxis, Optional for TNCs

Cameras continue to be a requirement in the taxi industry as they pick-up unknown persons on the street and at taxi stands. Any vehicle that only accepts rides arranged through an app (with driver and vehicle information and ratings provided to the customer, and customer identification provided to the driver, with computerized records of the information) and that does not accept payment by cash, would not require a camera. This will avoid adding a barrier to entry to those drivers who drive for a TNC on a part-time basis.

5.1.5.2 Option 2: Cameras Required for Taxis and TNCs

All vehicles, including vehicles dispatched through apps, would require cameras. This would provide additional security, possibly reducing the likelihood of illegal behaviour within TNC vehicles, and improving the potential to resolve any that do occur.

5.2 Accessibility

Accessibility, the second guiding principle set out by the City for consideration in this review, deals with ensuring the service delivery model considers the aging population and meets the needs of the accessible community, including those in wheelchairs.

5.2.1 Accessible Service

The Taxi By-law currently mandates that 15% of all taxicabs are accessible and 15% of the cabs operated by any broker with over 25 taxis be accessible. Of the 1,188 taxi plates issued, 187 have been issued on the condition that they be used for vehicles that can accommodate a passenger in a wheelchair, including a motorized wheelchair. About 40 of the accessible taxis may be used for Para Transpo service on any given day, but this still leaves about 147 available for calls for immediate service. This provides essentially the same level of service available to able-bodied people with the same fare levels and roughly equivalent wait times. Accessible vehicles cost more to purchase, retro-fit and operate than sedan taxis. Thus, some incentive is required to ensure owners carry on operating accessible taxicabs. Currently, it is the availability of a highly-valued license that can only be used on an accessible vehicle. Removing the limit on the number of plates issued would remove this incentive unless all new plates were required to be used on accessible vehicles.

Persons with limited mobility but not requiring a wheelchair can also be accommodated in standard taxis.

Ottawa currently requires, and Toronto has contemplated requiring, that all new taxi plates, and perhaps eventually all taxis, to be accessible. However, accessible taxis are significantly more expensive to operate, and those not dedicated to Para Transpo service carry wheelchair bound passengers for a small minority of trips.

Uber does not offer any vehicles in Ottawa suited to serve those with mobility issues, particularly those with wheelchairs, and its service model, based on the use of a family vehicle that drivers already own, is not readily adaptable to incorporate accessible vehicles. It is exploring the potential to launch a door-to-door service to support mobility impaired (but not wheelchair bound) passengers, but has not yet done so. It does provide wheelchair accessible service in Toronto, by dispatching licensed accessible taxis to the calls.

Uber currently has features that help accommodate those with vision or hearing disabilities built into its app and its service model. The next taxi meter upgrade should include talking meters that state the total fare upon completion of the ride. This technology is important to those who are visually impaired or have limited visibility. It also protects the customer from being advised of a fare other than the meter fare by the taxi driver.

5.2.1.1 Option 1: All Taxis Become Accessible

Require all taxis to become accessible over time, with all new plates continuing to be accessible plates, and requiring all existing taxis to become accessible over time, perhaps as new vehicles are introduced, or by some specific date in the future. This would provide the ultimate in accessible service, but would add to industry costs, which must be recovered from passengers in some way.

5.2.1.2 Option 2: Keep Current Rate of Accessible Vehicles

Continue to ensure approximately 15% of the taxi industry is comprised of accessible vehicles and monitor service levels to ensure they remain adequate. The percentage could be adjusted if Para Transpo expands its purchase of taxi service, or if the taxi coupon program, which provides discounted taxi coupons to Para Transpo users, is expanded. This approach would not work well with Strategy C. The accessible plates are only attractive because standard plates are difficult (expensive) to obtain. If standard plates were available without restriction, owners would tend to prefer them, as standard taxis are cheaper to operate.

5.2.1.3 Option 3: Levy of TNCs to Support Accessible Service

Establish a levy on rides in the new TNC licensing category or on non-accessible taxis under Option C that could be used to support accessible taxi service. An accessible levy of perhaps \$0.30 per ride could be established to support provisions of accessible service. Based on the Uber report of 150,000 rides in September, this could potentially produce \$540,000 per year, or, with the estimated 12 million taxi rides per year, the per-ride levy under Option C could generate approximately \$3.6 million. The funds would be used to support accessible service. Options for the distribution of this funding could include:

- Grants provided to owners of accessible taxis to help cover a portion of the capital cost of an accessible taxicab
- Grants provided to owners and operators of accessible taxicabs to cover a portion of both the capital and the operating costs of an accessible taxicab
- Expanding the taxi coupon program which gives registered Para Transpo users a 40% discount on the cost of a taxi fare, or supporting the purchase of more accessible taxi service to support Para Transpo services.

It should be noted that there is currently no legislative authority for the City to implement this option. Bill 131 may provide the authority, if passed as currently drafted.

5.3 Consumer Protection

Consumer protection is the third of three guiding principles set out by the City for consideration in this review. It includes measures to protect both the passenger and the driver such as establishing a reasonable fare for service and a thorough complaint resolution mechanism. In the taxi industry, consumer protection has been set by having a fixed, legislated fare; by setting out extensive requirements on the service to be provided (e.g. shortest route) and how it is to be provided (e.g. courteously); and by providing the opportunity to complain to the City or the Broker about breaches of the by-law provisions. In the consultation process, many customers indicated that they have complaints, but have not bothered to report them to the City or to the Broker.

Uber has established a different model. Its fares vary depending upon conditions, but it requires the consumer to be aware of the fare that they will be charged and to consent to that fare (or wait until it will be lower). Uber makes it very easy to register a concern (a low star rating) and to submit a more detailed complaint (text a message). Uber has also stated, and some customer comments confirm, that it responds very quickly to these complaints, and that it takes action, ranging from refunding customers, to training, to warning and then de-registering drivers.

Fare pricing

Ontario's Municipal Act gives the City legislative authority to regulate the taxi industry, including establishing rates or fares. The by-law currently gives taxicabs no discretion over the fares charged to customers. They must use a meter and charge the fare outlined, no more and no less. Fares in Ottawa are the second highest in Canada, the highest for those paying by credit card. Uber's lower rates are attractive to customers and have contributed to the company's success in Ottawa.

Surge pricing is an Uber innovation, where the price varies according to demand. When there is a shortage of Uber vehicles to answer calls (a "surge" in demand), the price rises. The surge pricing is not a fixed amount, it varies according to the gap between demand and supply at that moment. For customers, surge pricing is a source of irritation, but also a benefit as it brings out more drivers to provide service. Surge pricing means that service is reliably available, provided that one is willing to pay the premium during busy periods.

However, the higher price is a different experience from a taxi, where the price is the same at all times in Ottawa.

5.3.1.1 Option 1: Fixed Fare

Fares would remain unchanged, and any new TNC category (if TNCs are permitted) would be required to charge the same fares taxis now charge. This gives a totally predictable fare, regardless of when or where the customer uses a vehicle for hire service. It does not encourage increases in supply (more drivers working) when demand is highest.

5.3.1.2 Option 2: Maximum Fare

The current regulated fare would be set as a maximum, and taxis allowed (and TNCs, if they are permitted) to charge any amount up to the current taxi fare level – subject to rules about advising and gaining consent of the customers in advance. This would encourage innovation and competition, allow customers to benefit from lower fares, and allow “surge” pricing, but only up to the current taxi fare level, providing an upset fare limit to protect customers. However, the limits on still higher fares may reduce the interest of drivers coming out to work the highest peaks, slowing response to high demand situations. Specific high demand days or events could have a higher maximum fare to encourage as much service as possible is made available.

5.3.1.3 Option 3: Mostly Unregulated Fare

Fares currently charged by TNCs, such as Uber, are unregulated, although customers, through the app, are advised of, and must consent to, the fare level that will be charged. This model is hard to apply to the taxi industry as a whole, as customers generally have to take the first car in line at a taxi stand, so the concept of a fixed or maximum price is important for consumer protection. However, taxi rides booked through an app could also be deregulated, with a requirement for customer information and consent.

This option would make fares unregulated but would include a requirement for the customer to consent to the fare prior to the service being provided through the use of an app. This would allow the market to determine fares through factors such as supply and demand.

An exception to this rule would be for vehicles-for-hire providing service at the airport. Fares would be charged as a flat rate based on the zone to which the customer is traveling. This will provide consumer protection to visitors to the City who are not familiar with the transportation options.

5.3.2 Complaint Resolution Process

The importance of a clear, effective and timely complaint resolution process has been raised by users of traditional taxis and ABSMs, such as Uber. Customers have reported confusion regarding who to contact in order to report a complaint. Currently, customers can report complaints through the City, by calling 311, or by contacting the broker directly. The by-law does not specify that taxi brokers are responsible to have a complaint resolution process.

Customers have reported a very positive experience when reporting complaints to Uber. Reports include that when a star-rating of less than 3 out of 5 is made, the customer is contacted by Uber and asked for the particulars of the problem. Another customer reported that her driver did not take the most direct route – when she called to complain, Uber was able to verify the route taken and refunded her the difference between what she was charged and the fare associated with the most direct route. Uber reports that the average response time to complaints of any type is 1 hour.

Consideration might be given to providing customers the option to direct their complaint to their service provider (e.g. the taxi broker or TNC, if permitted) or to the City, as regulator, depending on the nature of the complaint. However, the brokers (or TNCs, if permitted) could be expected to make it easy to register a complaint, and to provide a rapid response. The submission of complaints might best be tied to the dispatch process, e.g. by phone or app for the taxis, and by app for TNCs, if permitted.

5.3.2.1 Option 1: Taxi and TNC Complaint Processes

Brokers and TNCs (if permitted) would be required to establish and implement a complaint resolution process that would at least:

- Refer any immediate major issues such as sexual assaults, assaults or robberies to the police immediately and to By-law Services in a timely manner
- Define timelines for initial contact with the driver and passenger or other parties involved in the complaint, and for resolution of the complaint
- Provide some criteria to be applied to resolve various types of incidents
- Inform complainants of their right to raise their concern with the regulator through By-law Services if they are not satisfied with the outcome
- Track complaints and report monthly on the number of complaints by type, and the resolution achieved.

5.4 Customer Service

Customer Service is not a set guiding principle set out by the City for consideration in this review, although the issue of customer service has been continuously raised by various stakeholders, particularly customers, throughout the review. At the core of the issue is that taxi, or any other vehicle-for-hire service, only exists to meet customer needs. Consumers expect it and will turn to other options if they do not receive an adequate level of customer service.

5.4.1 Dispatching

The primary method to order a traditional taxi is by phone. A taxicab broker is defined as one “who accepts calls in any manner for the dispatch of taxicabs”, reflecting the historic dominance of telephone based dispatching. A taxicab broker license is required for “accepting calls”, except for those dispatching a taxi operating under their own plate, or the plate of immediate family members. At present, taxi dispatch service under the various roof signs is provided through a single dispatch operation, Coventry Connections.^{vi}

Since the popularity of Uber has increased, the taxi companies have introduced their own apps as an alternate way for customers to request a taxi. Coventry Connections has been developing the apps and making them available to all the fleets they dispatch. The current apps are less functional than the Uber app, but continued improvements are expected over the coming months. They are expected to provide a driver rating function (although it is not clear potential passengers will have access to the ratings of previous passengers) and the ability for direct payment using pre-registered credit cards.

The by-law will require amendments to make it clear that any process to facilitate ordering a vehicle for hire, whether by phone, by app, by text message or any other means constitutes dispatching and requires a broker's licence and needs to be done in a manner consistent with the by-law. Regulation will need to address dispatches and specifically the modes by which customers can interact with the dispatcher. Will dispatchers be required to take requests by app, by telephone, or both? Are there other modes of communication which need to be addressed? It will also need to consider how vehicles are assigned to provide adequate service. Options to address these questions are outlined below.

5.4.1.1 Option 1: Broker/TNC Choice on Dispatch Approach

Dispatch approaches would be left up to the industry. Taxi brokers (and any TNC, if permitted) could use telephone dispatching and/or dispatch by app, as best meets their needs. This would allow innovation, but would not guarantee all customers could order vehicles for hire by their preferred method.

5.4.1.2 Option 2: Taxi Dispatch by Phone and App

The by-law would require that taxi brokers over a minimum size dispatch both by telephone and by app. TNCs (if permitted as a separate license category) would be only be able to accept ride requests through an app. Customers who do not own or feel comfortable using a cell phone would still have the ability to book a taxi by telephone. Traditional taxis would also be able to accept rides through more channels than TNCs (telephone, street hail, taxi stands and apps).

5.4.1.3 Option 3: Dispatch Customer Oriented

The by-law could be more specific about how dispatch services operate. In particular, the by-law could require dispatching of the closest available vehicle, perhaps with some limitations to prevent drivers circling an expected call. The by-law could also require connection of the meter to the dispatch system, so vehicles are only assigned to a new call when they are in fact free. These approaches are consistent with Uber's approach, and would improve taxi service if implemented for taxis. This could be combined with either option 1 or 2 above.

5.4.2 Apps

ABSMs, such as Uber, run on apps which have a number of features, many of which customers have reported to be highly desirable. Features typically include the following:

- Driver rating: Passengers give the driver a star-rating at the end of a ride. Average driver ratings are displayed on the app and passengers can use this information when choosing a driver.
- Passenger rating: Similar to the driver rating, passengers are given a star-rating by their driver which is then displayed to other drivers on the app before they choose whether to accept a fare.
- Driver information: Provided to the passenger, including first name and photo, before the ride is booked, and full name after the ride.
- Vehicle information: Provided to the passenger, including vehicle make, model, colour and license plate number.
- Vehicle location: Provided to the passenger continuously. This information helps the passenger know when to expect their ride to arrive.
- Payment: Credit card information is entered into the app when a person signs up for the app. When the ride is finished, the credit card is automatically charged. There is no need for cash handling, or the use of a debit/credit machine.

Taxi companies have been developing similar apps, but not all features are being implemented in the same way. There is also some concern about the potential of the rating systems to reflect discriminatory views and leave passengers unable to get a ride based on past negative ratings.

5.4.2.1 **Option 1: Apps Optional**

Apps would not be regulated. Taxi drivers or brokers may choose to implement their own app, but from a regulation stand point, they would be under no obligation. This would give taxi drivers and brokers the freedom to do as they wish when it comes to apps and would not create an additional regulatory burden on the industry.

5.4.2.2 **Option 2: Apps Mandatory**

Subject to any issues related to intellectual property, which would have to be investigated, apps would be regulated and mandatory for taxi brokers to implement within 1 year of the implementation of the amended regulation, and for any TNC, if a new category is created. The following aspects of the app would be required:

Driver rating: Driver ratings in the Uber app appear to produce positive results in terms of customer service. The taxi brokers plan to implement the system but based on reaction from the union, the driver rating might be used for the driver's information only and not provided to future customers. The process would make it easier for customers to lodge a complaint (give a poor rating rather than having to phone the broker or the City), but without passengers being able to view ratings, it would not significantly influence driver behaviour and passengers would have little reason to bother giving positive ratings. If the by-law is to

require an app, a driver rating system with information available to future customers would seem to be an essential element.

Driver and vehicle information: There is more standardization within the taxi fleet and the vehicles are readily identifiable, so less information is required before a ride is accepted. However, the taxi plate number and driver photo and license number should be provided allowing the passenger to confirm that this is the correct cab, and that the driver is the same as the driver who earned the ratings and received the license. Some information on taxi capacity (accessible or sedan, seating capacity and perhaps size or model) would be useful for some users.

Vehicle location: Vehicle location should be a requirement as well, and is included in the current taxi apps. Customer service would be improved as customers will be able to gauge when they need to be ready for their taxi. This will reduce the number of occasions where customers are waiting outside, sometimes in adverse weather conditions, for extended periods of time.

Payment: Accepting payment by credit card should be a requirement as well, and is a planned addition to the existing taxi apps. Consumer protection would be improved as customers would have an additional method of making a payment which is easy and quick. Drivers would benefit from this option as well by saving time at the end of each ride, allowing them to move onto the next ride sooner. Brokers may add an additional tipping option where upon conclusion of the trip, the passenger can select an option for a tip, as tips are customary in the traditional taxi industry.

Additional features may be added at the discretion of the broker.

5.4.3 Payment options

The current by-law requires taxi drivers to accept cash (including US currency), debit and credit card payment. Customers who choose to use debit and credit card are charged an additional fee of \$1.50. The current model for Uber is for customers to input their credit card or PayPal information into the app. The credit card or PayPal account is automatically charged at the end of the ride. There is no option for cash payments, which limits use of this service to those with a credit card or PayPal account. Uber reports that driver safety is enhanced since its drivers do not carry cash; however, this only works if TNCs are a modest part of the overall vehicle for hire industry. Traditional taxi drivers will continue to attract customers who want to pay with cash.

5.4.3.1 Option 1: Ride is Free if Credit Card Not Accepted

Many customers have indicated during the consultation process that taxi drivers frequently claim that the debit/credit machine is down. To ensure compliance, the by-law could indicate customers can get their ride for free if they are told the debit/credit machine is not working. This would motivate drivers to ensure their debit/credit machine is working at all times. Customers would not be left scrambling, or forced to pay for a ride to an ATM machine at the end of a ride when they learn that the machine is not working.

5.4.3.2 Option 2: Eliminate \$1.50 Credit Card Charge

The by-law could recognize that payment by credit or debit card is the norm today, and eliminate the \$1.50 charge for use of a credit card in a taxi. Taxi drivers will still be required to accept cash, debit and credit card. TNCs (if permitted) would be required to take debit and credit, directly, or through a service like PayPal. Customer service will be maintained as customers can choose the service based on their preferred payment method.

5.5 Other Issues

Several other issues that are core to the taxi and limousine industry were identified through this review and the associated consultations that do not fit into the three guiding principles set out by the City for the purposes of the review. In some cases, such as with driver training, it can be argued that they fit into all three categories. Other issues such as plates, including plate limits and plate values do not fit under any of the guiding principles, but are of importance.

5.5.1 Plates

The by-law formula is one taxi per 784 Ottawa residents within the regulated area (excludes parts of the former townships of West Carleton, Goulbourn, Rideau, Osgoode and Cumberland). 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 1,188 taxi plates already issued, as extra accessible plates were issued to ensure enough accessible taxis to provide a level of service reasonably comparable to that available to other taxi users.

Limiting the number of plates issued results in the plates having a value when they are transferred from one individual to another. Fifteen plate transfers have been reported to the City over the last year. Some have occurred for nominal value between related parties. The others have been transferred for values ranging from \$100,000 to \$250,000. Note that these are payments between individuals in the industry. The City is not involved in the transaction, although it does charge a fee to record the change. These high plate values create a barrier for entry to new entrants into the market, limiting the ability of new participants to join the industry during times of high unemployment. It also results in high fees charged to drivers who need to "lease" a plate, with fees ranging from about \$750 per month to as much as \$1,500 per month, according to drivers participating in the consultation process. Some drivers paying to lease plates expressed the feeling that these costs contribute little or nothing to the industry, ultimately leading to lower income for taxicab drivers. However, plate owners have invested to join the industry, and believe the value of that investment should be protected, whether they are active drivers or not.

Cities have tried various approaches to controlling the transfer of plates and to prevent the sale of plates at these high prices. The City of Ottawa did require the new accessible plates issued in 2007 to be restricted to "single plate owners" and prohibited the transfer of plates, but that was changed in the 2012 by-law amendments to allow transfers. It is very difficult to

limit the transfer of the plate value, once it exists. The City could require transfer of the plate for \$1, but how could the regulator prevent a simultaneous transaction, perhaps the sale of the car attached to the plate, for \$200,000 or whatever the market value is? The union agreement limits the lease rate that multiple plate holders can achieve, but that has only created a second class of interests in the plate. Those entitled to lease the plates at the preferred rate have been reported re-leasing the plates at the market value, and even selling the right to lease the plate at fees reported during the consultation process to be as high as \$100,000.

Options for addressing the issue of plates is discussed directly with each strategy option in section 3 of this report.

5.5.2 Part-timer- Reasonable Time

Taxi drivers in Ottawa are predominantly full-time workers. Taxi drivers participating in the consultation process reported working 12 hours a day, sometimes up to 15. The reason cited for the long working hours was that taxi drivers must first work to cover their high fixed costs before they are able to make a profit, and it is the last money earned that they get to keep. As a result, the industry model is not tailored towards those seeking part-time employment – in fact, it encourages longer days than most employment.

The Uber model better accommodates part-time drivers, with most of the costs being variable, so a driver can earn the same amount of money after expenses in the first hour of work as they can in the last hour of a long shift.

Some participants expressed concern that part-time drivers cannot be as professional as full-time; however, customer ratings do not support this suggestion. Part-time drivers may serve to better tailor the supply of service to meet demand, which would address customer complaints regarding long wait times during particularly busy periods.

5.5.2.1 Option 1: Pro-rate License Fees

Accommodate part-time work in the taxi industry (and in TNCs, if allowed) by converting more expenses to be variable costs (e.g. pro-rating license fees or converting them to a cost per ride). There may however be legislative impediments to this option.

5.5.2.2 Option 2: Peak Period Plates

Add peak-period taxi license plates, which would only be permitted to work during peak periods, or for a maximum number of hours per week. Following Uber pricing strategies suggests peak demand is not always at the same time of day, so setting “peak hours” could be a challenge. Enforcement would also be a challenge.

5.5.2.3 **Option 3: Allow TNCs, but only for part-time drivers**

If a TNC category is allowed, it could be limited to providing part-time service or having part-time drivers. This would have some of the same drawbacks, and may not be economic for the TNCs, but would reduce the impact of TNCs on the taxi industry.

5.5.3 Collection/Remittance of HST

There was considerable concern raised in the consultation process that HST may not be remitted on all Uber rides, contributing to the price advantage Uber has. The Canada Revenue Agency requires every self-employed taxi or limousine driver to register for, and remit, HST, but it defines a taxi as having regulated fees. We understand Uber does not consider its service to be regulated, so it is understood many Uber drivers do not remit HST unless their earnings exceed \$30,000 per year (the reporting level for most taxpayers). If Uber participated in a TNC category, this approach would have to change.

5.5.4 Training

Licensed taxicab drivers are currently required to take a 5-week training course at Algonquin College and receive additional training for providing accessible taxicab service. A significant component of the training program is “Area Knowledge”, which covers major locations in the City of Ottawa, as well as map reading skills. Another significant component deals with customer service which covers by-laws, safety, customer service techniques, etiquette, communication skills, tourism, sensitivity training and service to special needs clients^{vii}. Requirements for service in accessible cabs is a major component.

Uber’s training is reported to be an on-line course that can be completed in under 2 hours. It includes reference to customer service and tips on serving customers with disabilities, but not with use of accessible vehicles as there are few or none in service.

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 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.

5.5.4.1 Option 1: Reduced Training Course for All

Training requirements, specifically initial course length, could be reduced, with more emphasis on continuing education and reinforcement, perhaps phasing out the course over time. Accessibility training, covering a wide range of disabilities, would be the main focus. The more in depth accessibility course would be retained for drivers of accessible cabs. Costs of training and the opportunity costs associated with attending full-time training for 5 weeks would be reduced for taxi drivers. A shorter course would also reduce the barriers to entry for new entrants.

If TNCs are permitted, drivers would be required to take the same basic course, but not the accessible cab training.

5.5.4.2 Option 2: TNCs Operate Own Training

If permitted as a separate category, TNCs such as Uber could be required to establish and facilitate training for all of their drivers. Minimum topics (customer service, sensitivity training, accessibility training) and duration of training would be regulated. The course content would require City review and approval. TNCs would be required to provide the City with proof that driver training actually occurred on an annual basis. Taxi drivers would take the shortened course described in Option 1.

5.5.4.3 Option 3: Flexible Training with Driver rating

Taxi brokers (and TNCs, if allowed) who have implemented driver rating systems transparent to customers, could be permitted to design and implement the training program they believe is appropriate.

5.5.5 Fees

Annual fees to operate a Taxicab in Ottawa are \$217 per taxi driver and \$584 per plate holder. Ottawa’s licensing fees are in the middle of other rates sampled from across Canada.

5.5.5.1 Option 1: Comparable Annual Fees

Taxicab drivers and plate holders would continue to pay annual licensing fees. Fees for TNCs, if approved, would be comparable.

5.5.5.2 Option 2: City Fees Per Fare

Drivers would have the option of paying a flat annual fee, or a fee on a per-ride basis. The average cost of licensing per taxi ride is 10.5 cents (see table below). This option would allow vehicles equipped with suitable hardware and software to manage the process to contribute a fee per fare, perhaps 15 cents, to an annual maximum of the annual license fee. The approach would accommodate part-time vehicle for hire drivers.

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

Data from Current Regulatory Regime discussion paper.

The technical feasibility of collecting a fee per trip using modern technology has been demonstrated in Washington D.C. Since 2014, the DC Taxicab Commission is funded by a 25 cent fee per trip. The funds are collected automatically electronically. The Commission required all taxis to acquire a modern meter that could accept credit cards, along with required affiliation to either a Payment Services Provider (e.g. VeriFone, Creative Mobile Technologies) (a PSP), or a Digital Dispatch Service (e.g. Uber Taxi) (a DDS). Both PSP and DDS operators also require a licence from the Commission. Fees are collected electronically for all fares (not just credit card fares) and deposited in the Commission accounts.^{viii} The system is automatic and paperless.

This option would however have to be reviewed in the context of legislative authority related to cost recovery.

5.5.6 Geographic Limits

The former townships of West Carleton, Goulbourn, Rideau, Osgoode and Cumberland are 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.

5.5.6.1 Option 1: Urban Area

The regulated area could be expanded to take in the full urban area, as outlined in the Official Plan. This would include areas such as Stittsville that have become part of the urban area in every sense.

5.5.6.2 Option 2: City Boundaries

The regulated area could be expanded to include the entire City of Ottawa. Accessible taxis currently provide service in the rural areas of the City, outside the regulated area, as do some sedan taxis. It is not believed there are unregulated taxis operating in the rural areas that would be impacted by this change.

5.5.7 Enforcement

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. From 2010 to 2014, the City reports there were an average of 826 by-law service requests related to taxis, the majority of which were some form of complaint. Depending on the year, roughly 6% to 10% of complaints result in by-law charges being laid. With the large number of vehicles and drivers, regulating the taxi industry takes a substantial portion of By-law Officer time.

October 2014 saw the entry of Uber into the Ottawa market. Cumulative until November of 2015, the City reports that 168 charges have been issued against unlicensed drivers believed to be working with Uber, and there have been 112 convictions, some charges not having reached a disposition as of the writing of this report. Proving breach of the by-law requires

considerable effort and the low penalties may not be a sufficient deterrent. The majority of charges are under the Taxi By-law for offences related to unlicensed taxi drivers (\$615 fine) and the operation of unlicensed taxicabs (\$260).

Additional by-law enforcement resources would be required if the City were to effectively prevent ABSMs such as Uber from operating in Ottawa. Even with more enforcement activities, more severe penalties would also be required to stop ABSM drivers from continuing with their illegal operations.

Concern was also expressed during the consultation process that Uber may not follow the law even if changes are made to allow its operations. The concern is that Uber does not follow the rules now, why would they follow rules in the future, if they don't like the rules that are adopted? Other jurisdictions have resolved this issue by establishing tougher punishments for breach of the law, and that approach could be established in Ontario to ensure municipalities can enforce their by-laws.

There are Private Members Bills currently in the process which would stiffen penalties against unlicensed persons transporting passengers for compensation. Ontario MPP John Fraser has introduced a Bill which, if passed, would amend the Highway Traffic Act (HTA) to increase the penalty for transporting a passenger for compensation without a license, permit or authorization. Bill 53, "Protecting Passenger Safety Act, 2015" passed a second reading and has been referred to the Standing Committee on Social Policy. Drivers would face greater fines, ranging from \$500-\$30,000, and 3 demerit points if found violating this law. The consequences are greater for repeat offenders who were convicted of a similar offence in the past 5 years. An officer may seize and impound the vehicle for a period of 30 days; the impound costs, including storage costs at an impound facility would be the responsibility of the owner. The driver also risks having their license suspended for a period of 30 days^{ix}. This Bill, if passed would serve to deter drivers from operating illegal for-hire transportation services and would strengthen enforcement efforts of a ban on ABSMs. Seizing vehicles may not be an essential part of the changes, and higher fines, assignment of demerit points and licence suspensions, even if only for second offences, would likely be sufficient.

Throughout the consultation process, members of the public and users of taxis raised complaints regarding taxi drivers, including talking on their cell phone while driving, rude behavior, refusing short rides and having dirty vehicles. Greater enforcement efforts, with larger fines imposed, and the ability to suspend or remove a driver's license after repeat occurrences would serve to improve customer service and public safety, although the establishment of effective driver rating systems may be as important in changing behaviour.

If TNC companies such as Uber were regulated, enforcement would shift from seeking out and fining suspected Uber drivers to ensuring TNC drivers are operating within the by-law. A per-ride fee paid through the TNC would contribute towards additional enforcement costs. However, it is likely there would still be vehicle for hire drivers operating outside the by-law, and there may be less, well-established and financed TNCs that would require considerable attention.

Enforcement efforts by the City could also be reduced by placing some of that burden on the broker and/or TNC. Brokers and/or TNCs would be responsible for ensuring drivers and their

vehicles are in compliance with all applicable regulations. The City can audit the process as a condition to renew the license of the broker and/or TNC. This would make Brokers and/or TNCs accountable for ensuring their drivers are following the rules or risk having their business license lapse.

5.5.7.1 Option 1: More Power for Effective Enforcement

Support provincial legislation allowing larger fines, suspension of drivers' licenses and assignment of demerit points for operating a vehicle for hire contrary to a municipal by-law.

5.5.7.2 Option 2: Delegate Compliance, Audit Operators

Give taxi brokers and TNCs, if approved, similar responsibilities as limousine operators to self-regulate, provided they put forward effective policies and systems for City approval, and provided their operations would be subject to audit, and the delegation of responsibility revoked, if requirements are not met.

6 Limousine regulations

The City of Ottawa licenses limousines and limousine services under its general licensing powers. Limousines are subject to different restrictions than taxis.

Unlike taxis, the total number of limousines is not limited. The licensing by-law requires that limousine services must be pre-arranged at least 2 hours in advance (with the exception of airport pick-ups); and sets a minimum charge is \$67.50, exclusive of tax, for the first 90 minutes or less, and \$45 for each hour after the initial 90 minutes. A limousine may not have a taxi meter in the vehicle and cannot charge the taxi rates. These regulations are in place to prevent limousine operators from acting as taxis.

6.1.1 Fares and pre-arranged booking

Limousine rates are not distinguishable from taxi rates for longer trips, such as from the airport to Kanata or Orleans. The minimum charge would increase to \$75 for the first 90 minutes or less and \$50 for each hour after.

6.1.2 Vehicle requirements

The current by-law requires that service in vehicles other than classic, vintage or specialty vehicles must be provided in a limousine with seating for not more than 9 passengers, not including the driver, which has at least 5 of the following:

- a glass partition separating the rear and front seats,
- top quality interior appointments such as leather or plush upholstery,
- power windows,
- air conditioning,
- television,
- stereo system in the passenger compartment,
- tinted windows,
- cellular telephone for passenger use,
- refrigerator,
- work desk or table; and
- deluxe wheels and wheel covers

Many of the features listed in the by-law, such as air conditioning, and power windows, now come as standard equipment on most vehicles. In order to distinguish limousines as luxury vehicles, the requirements must be changed. The list of features could be replaced with a requirement that vehicles have a minimum manufacturer's suggested retail price of \$50,000 or more, subject to annual rates of inflation.

6.1.3 In-vehicle cameras

Limousines are not currently required to have in-vehicle cameras. The limousine model is based on pre-arrangement between two parties that must identify themselves, and there have not been any incidents which would suggest cameras should be a requirement under the amended regulation. Limousine operators could be required to provide the passenger with the driver's name, driver's license number, and detailed vehicle information as a measure to improve public safety.

6.1.4 Accessible service

There are no accessibility requirements for limousines. In order to enhance accessible service, limousine operators could be required to refer customers requiring accessible service to another provider.

6.1.5 Limousines operating as bandit taxis

During the consultation process, the issue of some limousine operators operating as bandit taxis was raised. It was reported that the suspected limousine operators were small operations of a maximum of 3 vehicles, using sedan vehicles. As a measure to prevent this practice, the by-law could require that all limousines operators must be associated with a limousine operator who has at least 3 vehicles, unless they are operating a stretch limousine, classic, vintage or specialty vehicle. The operator would be responsible to ensure that the limousines are following the limousine by-law. Multiple infractions may result in the limousine operator having their license revoked.

6.1.6 Exemptions

There are some businesses operating in Ottawa which provide specialty services such as senior citizen accompaniment services, pet taxis and chauffeur services that drive passengers and their vehicles home. Services such as these involve driving passengers as an auxiliary service. These service providers could be exempt from the luxury vehicle and minimum rate requirements provided that their status as an auxiliary service has been approved upon the issue or renewal of their limousine license.

ⁱ http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3089&detailPage=bills_detail_the_bill

ⁱⁱ http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3534&isCurrent=false&ParlSessionID=

ⁱⁱⁱ VanDoren, P (1997). Transitional Losses Criteria for Compensation. Regulation Magazine Vol. 20 No. 1

^{iv} Superintendent of Financial Services. (2010). Ontario Automobile Policy (OAP 1) Owner's Policy

^v Owrap, K. (2015). Uber partners with Intact Financial to offer first ride-sharing insurance policy. Financial Post

^{vi} Ibid. Definitions Section.

^{vii} <http://www.algonquincollege.com/ccol/courses/customer-service-taxi/>

^{viii} In practical terms, drivers have their credit card trips deposited directly in their accounts. They also owe 25 cents per trip for all trips – as tracked by the system link to the meter. The cumulative per trip fee is deducted from the amount they are owed on credit card charges.

^{ix}

http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3089&detailPage=bills_detail_the_bill