



Media Release: Friday, December 4, 2015, 4:30 p.m.

Regional Municipality of Waterloo

Licensing and Hearings Committee

(All Members of Council are Invited to Attend)

Agenda

Tuesday, December 8, 2015

Immediately after Planning and Works Committee

Regional Council Chamber

150 Frederick Street, Kitchener, Ontario

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- 1. Declarations of Pecuniary Interest Under The Municipal Conflict of Interest Act**
 - 2. Reports – Planning, Development, and Legislative Services**
 - 2.1 [PDL-CAS-15-12/PDL-LEG-15-82](#), Taxi By-law Review Update (For information)** 2
 - 3. Other Business**
 - 4. Adjourn**



Report: PDL-CAS-15-12/PDL-LEG-15-82

Region of Waterloo

Planning Development and Legislative Services

Council & Administration Services

Legal Services

To: Chair Jane Mitchell and Members of the Licensing and Hearings Committee

Date: December 8, 2015

File Code: C13-30

Subject: Taxi By-law Review Update

Recommendation:

For information.

Summary:

The purpose of this report is to provide an update on the Taxi By-law review. The by-law review process is taking longer than originally anticipated due to a number of factors including; the review of the material collected under the Region's phase 1 consultation process, the introduction of Provincial legislation, the evolution of by-laws in other jurisdictions that may assist us in the development of our by-law, and the review of recently released important information papers such as the KPMG report prepared for Ottawa and the Federal Competition Bureau White Paper. Staff is currently considering various options for the continuation of the by-law review process. Staff will continue to move this initiative forward with the development of a report, and draft by-law for release as outlined in Option 1 in this report. The anticipated release of the report will be January/February of 2016.

Report:

1.0 Background

In August 2015, a proposed by-law was brought forward to the Region's Licensing and Hearings Committee and the public consultation process commenced. The intent of the draft by-law was; to license all vehicles for hire, regulate the full industry to ensure

consumer protection and passenger safety, resolve issues related accessibility and develop appropriate regulations for the industry. Public consultation focused on taxi licence limits, different classes of taxi, fares and tariffs, market competition, defining good driving and safe vehicles, and understanding the role of the Region as a regulator.

Below is the chronology of events for the by-law review.

- In the September of 2014, staff prepared a report for the Licensing and Hearings Committee advising of the need to review the taxi by-law. This report follows on the recent media interest in the charges of sexual assault in taxis.
- Later in the fall of 2014, Regional staff begins hearing about Uber and their launch in municipalities such as Toronto and Ottawa. In early 2015, staff learns that Uber may be coming to the Region of Waterloo. Uber Canada makes a delegation to Council/Committee on March 4, 2015.
- In April 2015, a report is forwarded to the Licensing and Hearings Committee outlining the steps for the taxi by-law review.
- July 2015, Uber announces its launch in Waterloo Region.
- August 2015, report forwarded to Licensing and Hearings Committee releasing the draft taxi by-law and phase 1 of the public consultation. Phase 1 consultation is to be completed by October 2, 2015. Some consultation continues beyond this time frame as various groups finalize their responses.
- September 2014 City of Edmonton releases a by-law similar to the Region of Waterloo.
- Late October 2015, public consultation is forwarded to consultant for independent 3rd party review.
- Bill 131, a private members bill is introduced and moves quickly to 2nd reading and Committees for review.
- Fall of 2015, Toronto and Ottawa continue discussions about their taxi by-laws. KPMG releases a report in Ottawa recommending various options for consideration including a recommendation about Transportation Network Companies. Several staff reports come forward from the City of Toronto.
- November 26, 2015, Competition Bureau calls on regulators to modernize taxi industry regulations. The White paper recommends regulatory overhaul to enhance competition and choice, and lower prices for consumers.
- Region of Waterloo announces a slow of the by-law review process based on the changing landscape and the need to more fully understand the recent announcements.

2.0 Public Consultation – Phase 1

The Phase 1 consultation officially began with the release of report PDL-CAS-15-08 in August 2015. Feedback was officially collected until October 2, 2015. The consultation

process was designed to draw relevant public and stakeholder opinion and comment and was not designed to capture specific, statistically measurable information. Staff retained a consultant to review the information received and collected and provide an overview of the information received.

The strategies for the informal public consultation included:

1. Posting the draft by-law on the Region of Waterloo website;
2. An open invitation to the public to submit comments or questions about the by-law to the Regional Clerk's Office by email or post;
3. Multiple consultations with stakeholders;
4. An online public input survey (also available in paper format); and
5. An online public discussion guide (also available in paper format).

2.1 Public Input Survey

There were 570 responses collected from the Taxi By-Law Revision Input Survey, 295 (52%) were complete and 275 (48%) were incomplete. This survey was open to any member of the public, without specific response targeting or quota sampling involved.

The following information provides a high level overview of the responses to the questions in the survey:

- Satisfaction ratings for the current system of regulating and licensing the taxi industry are reasonably positive, with a mean of 3.42 on a 5-point scale.
- The most frequently cited limitation of the current system of regulating and licensing is the limits that are placed on free market competition within the industry.
- When asked about what the Region's role should be within the industry, consumer safety/protection was the most prominent response.
- When asked about satisfaction with current fares charged, 58% of respondents reported 'yes', they are satisfied, and 42% reported 'no'.
- When respondents were asked whether fares should be regulated, 38% indicated that 'no', the Region should not regulate fares, and 62% indicated that 'yes' they should.
- When asked whether the Region should cap the number of licenses available, 52% of respondents indicated 'yes', and 48% indicated 'no'.
- When asked about satisfaction with how the Region distributes licences, 62% of respondents indicated that 'yes' they were satisfied, and 38% indicated that 'no' they were not satisfied.
- When asked whether the Region should set limits on the number of accessible vehicles available, 56% of respondents agreed, and 44% disagreed.
- When asked if they have any comments on the draft by-law, the most frequently

cited sentiment is the need to reduce regulations.

2.2 Stakeholder Consultation

Seven stakeholder consultations took place between August 13th and October 2nd, 2015. Participants in these seven meetings included members of the Licensing and Enforcement Services Department of the Region of Waterloo, representatives from the Limousine industry, the Taxi Association, Uber, Persons with Disabilities, Waterloo Region Police Service, and other representatives from within the vehicles-for-hire services such as GRT Mobility Plus, Pink Ladies, and Warm Embrace Elder Care.

Overall, concerns about the regulation and licensing system were mainly focused on public safety, accessibility of services to all members of the public, fairness to all operators, accountability, and ensuring that the system does not arbitrarily prohibit certain sectors from operating successfully.

2.3 Public Discussion Guide and Email Feedback

A key method used for public consultation included the public discussion guide available on the Region of Waterloo website, which encouraged the public to provide feedback by email to the Region regarding taxi licensing and regulations, changes outlined in the draft by-law, and any other issues thought to be important.

Just over 25 emails and written letters containing relevant feedback were received and reviewed. The information received has similar content to the Public Input Survey and Stakeholder Consultations.

A copy of the Executive Summary of the Consultant's Report entitled "Data Analysis Report: Phase 1 Consultation Taxi By-law Revision, Region of Waterloo" is attached as Appendix A. A full copy of the report is available on the Region's website.

3.0 Status of Other Municipalities

Staff have been working with several municipalities regarding taxi licensing, process, review and "ridesharing" enforcement strategies. Table 1 provides an overview:

Table 1 – Municipal Scan

Municipality	Is Taxi By-law Under Review?	Bill 131
Region of Waterloo	Yes – Phase 1 consultation completed. Entering Phase 2	Being monitored and identified as a possible impact to the review

City of London	No – monitoring Toronto, Ottawa and Region of Waterloo progress	Being monitored
City of Hamilton	No – monitoring Toronto, Ottawa and Region of Waterloo progress	Being monitored
City of Toronto	Yes – Although certain amendments were made in October 2015 to the Taxi by-law, direction from Council was to find “Fair” regulations for TNC/Taxi and Limousine providers. Staff to provide a report and recommendations in spring 2016	Being monitored
City of Ottawa	Yes – KPMG Consultant’s report has been provided to city staff, they currently have a public consultation process in place which closes on November 30, 2015 and an expected report back to Council by year end 2015 with staff and consultant recommendations.	Being monitored, identified in KPMG’s Consultant’s report and also monitoring Bill 53 which is also included in the same report

4.0 Private Member’s Bill 131

On October 29, 2015, Private Member’s Bill 131, Opportunity in the Sharing Economy Act, 2015 (the “Bill”), passed first and second reading and was referred to the Standing Committee on Finance and Economic Affairs. This Bill was introduced by former Progressive Conservative Leader Tim Hudak and received some support from cabinet ministers and members of the Liberal government.

The Bill is significant because it includes the enactment of a Transportation Network Vehicles Act to license and regulate companies, such as Uber, that provide transportation services through a digital network. Specifically, the transportation network company (“TNC”), which is akin to a broker, holds the licence and is given the authority to issue permits to its drivers. The TNC is required by the Bill to take certain steps to protect the public such as requiring prescribed insurance and criminal reference checks for its drivers. The TNC would have all the authority to regulate its drivers and to revoke permits as deemed necessary. The Province does not directly regulate or license the drivers. The Province’s only role would be to potentially revoke or suspend a TNC licence, or charge the TNC with an offence, if the TNC fails to comply with its statutory obligations.

The Bill also allows municipalities to have a dual TNC licensing regime. The important

exception is that municipalities cannot require a TNC or driver to have a municipal licence if the TNC or driver hold a licence or permit, respectively, through the Provincial Act.

The Bill has implications in relation to the Region's current public consultation and consideration of a new taxi-cab by-law. The Bill seeks to make the current "Uber" issue a Provincial matter with the potential that the Region and other municipalities no longer have to resolve the issues and problems that have arisen. The Bill also allows a dual licensing regime with municipalities where there is overlap between TNC's and traditional "taxi-cabs". This dual licensing regime will likely lead to confusion and conflict if the Bill is enacted.

Lastly, it is important to note that this TNC model has been utilized in various jurisdictions in the United States and is advocated by Uber Canada. The current draft by-law for consultation purposes is based on the traditional model of licensing the broker, owner and driver. Staff, however, is considering the Uber Canada submission in relation to a TNC or "broker" model.

Staff has no indication at this time concerning the potential timing for the Bill or whether it will be passed.

5.0 Competition Bureau White Paper on the Taxi Industry

The federal Competition Bureau is an independent Canadian law enforcement agency that ensures that businesses operate in a competitive manner. Headed by the Commissioner of Competition, the Bureau is responsible for the administration and enforcement of the *Competition Act*, the *Consumer Packaging and Labelling Act*, the *Textile Labelling Act* and the *Precious Metals Marking Act*. The basic operating assumption of the Competition Bureau is that competition is good for both business and consumers. The Competition Bureau has both a law enforcement and advocacy role and it provides submissions from time to time to government regulators on competition issues.

On November 26, 2015, the Competition Bureau released a white paper entitled "Modernizing Regulation in the Canadian Taxi Industry". The Competition Bureau had contacted Region staff beforehand to advise that the paper was forthcoming. For a link to this to this report please see the attachment section of this report.

In general, the white paper supports the overhaul of municipal taxi regulation to allow both traditional taxis and "ride-sharing" services. The paper concludes that greater innovation and openness benefits consumers through lower prices, reduced waiting times and higher quality services. The paper notes, however, that it supports a "level" playing field where traditional taxis and "ride-sharing" services operate under the same rules. The suggestion is that municipalities relax rules for traditional taxis and "ride-

sharing” services, rather than requiring “ride-sharing” services to operate through traditional municipal requirements.

The Competition Bureau’s white paper is for the consideration of all municipalities currently reviewing their taxi by-laws as well as the Provincial government in relation to Bill 131.

It is too early to see any impact that this white paper may have on the development of taxi regulations. The white paper is generally in keeping with the Region’s original intent to license all forms of taxis, including “ride-sharing” taxis, in order to allow more competition and also protect consumers. It does however raise additional ideas around how to best balance the business climate with consumer protection. Staff will review this paper in more detail.

6.0 Timing for the Next Phase of the Region’s By-law

Originally it was anticipated that the Region would be entering into the next phase of the Taxi by-law review at this time. The Region’s review process has been extended in order to review the recent announcements from the Province and Competition Bureau, the development of by-laws in other jurisdictions and the review of our extensive consultation feedback. Staff believes this extension will provide an opportunity to develop a better by-law and bring clarification on jurisdictional issues. At the same time, staff doesn’t want to delay for an extended period of time if resolution on various outstanding items can’t be clarified in the near future. Below are some timing options being considered by staff.

- Option 1 – Staff develop a report based on the public consultation received and the additional information available at this time. A staff report would be prepared in late January early February outlining; the various options for consideration by Committee, and the scheduling of formal public meetings in February/March. It is anticipated that the by-law could be passed in the spring with implementation still in 2016. This option would still allow staff to monitor what is happening in other jurisdictions before proceeding with the final by-law.
- Option 2 – Put the by-law on hold for 3 months pending the outcome of Ottawa’s and Toronto’s bylaw processes and the outcome of Bill 131. Staff would monitor these processes and report back to Committee before proceeding in any direction. Committee could defer the process again if the required information is still unavailable or they could proceed under option 1 at that time.
- Option 3 – Delay the by-law indefinitely.

Staff will proceed with Option 1 unless directed otherwise.

Corporate Strategic Plan:

The taxi by-law review is an item in the Corporation strategic plan and an item highlighted in the Services Review.

Financial Implications:

None at this time.

Other Department Consultations/Concurrence:

None.

Attachments

Appendix 'A' – Sustainable Societies Consulting Group, Executive Summary, Data Analysis Report: Phase 1 Consultation Taxi By-Law Revision, Region of Waterloo. A full copy of the report can be found at the Region's website <http://www.regionofwaterloo.ca/en/regionalgovernment/bylawenforcement.asp>

Appendix 'B' – Competition Bureau: White Paper, Modernizing Regulation in The Canadian Taxi Industry <http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04007.html>

A copy of the white paper is available at the Competition Bureau's website and can be reached through the link above or from the Region's website. Copies have also been sent to Councillors electronically and a hard copy is available in the Councillors library. Members of the public can also receive a print version of the document upon request from the Clerk's office.

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Appendix A

2015

Data Analysis Report

Phase I Consultation: Taxi By-Law Revision, Region of Waterloo

10 November 2015

Submitted to:

Licensing and Enforcement Services
The Regional Municipality of Waterloo



Region of Waterloo

Submitted by:



Sustainable Societies Consulting Group

Evaluation, Knowledge Mobilization & Collaboration Building
for Environmental & Community Sustainability and Well-Being

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Executive Summary

The Region of Waterloo has been regulating taxis and other “vehicles for hire” since 1973 and currently licenses traditional taxis, limousines, and special transportation vehicles. These vehicles are regulated to ensure passenger safety as well as fair and consistent pricing.

The Region of Waterloo has been approached over the past several years regarding a number of issues related to taxis and vehicles for hire, including: closed circuit monitoring, non-traditional forms of taxi operation, pricing, fairness and competition, contracting services, and accessibility requirements.

In addition to these issues, considerable changes have taken place within the industry as technology has advanced. For all of these reasons the Region of Waterloo decided to undertake a review of the current taxi and other vehicles for hire by-laws followed by widespread public consultation. This review began in the Spring of 2015, and all feedback was collected by October 2, 2015.

The strategies for public consultation included: posting the draft by-law on the Region of Waterloo website; an open invitation to the public to submit comments or questions about the by-law to the Regional Clerk’s Office by email or post; multiple consultations with stakeholders; an online public input survey (also available in paper format), and an online public discussion guide (also available in paper format).

Taxi By-Law Revision Public Input Survey

In total, there were 570 responses collected from the Taxi By-Law Revision Input Survey. Of those 570 responses, 295 (52%) were complete (in that a responses was collected for every question, and 275 (48%) were incomplete. This survey was open to any member of the public within the Waterloo Region, without specific response targeting or quota sampling involved.

Forty-five percent of respondents reported to be between 18 and 34 years of age, with 1% of respondents under 18, and the remaining 54% of respondents spread between 35 and 65+ years of age. The top three Municipalities respondents reported as their place of residence; Kitchener (50%), Waterloo (35%), and Cambridge (11%). Ninety-five percent of participants reported to be responding as an individual, with 5% reporting to be responding on behalf of an organization. When asked whether they are currently a driver, owner or broker of a ‘vehicle for hire,’ 78% of respondents indicated ‘no,’ and 22% indicated ‘yes.’

Respondents expressed a wide range of opinions throughout the public input survey regarding the current system of regulating and licensing and the proposed changes presented through the draft by-law. Overall, analysis conducted on both the quantitative and qualitative data revealed some prominent themes:

1. Satisfaction ratings for the current system of regulating and licencing the taxi industry are reasonably positive, with a mean of 3.42 on a 5-point scale, though further analysis reveals some differences in satisfaction between respondent groups; notably, respondents who identified as drivers are substantially more satisfied with the current system than those who are not; those responding on behalf of an organization are more satisfied with the current system than those responding as individuals, and age of respondent is revealed to be correlated with satisfaction levels, in that satisfaction with the system increases as the age of the respondent increases.
2. The most frequently cited limitation of the current system of regulating and licensing is the limits that are placed on free market competition within the industry. Many of the responses in this category are concerned with the taxi industry operating as a “monopoly,” with limited alternatives and/or competition (such as Uber) to allow for improvements/upgrades in service.
3. When asked about what the Region’s role should be within the industry, consumer safety/protection was the most prominent response. This was also the case when asked about concerns if the Region were to stop regulating the taxi industry; safety was revealed as the top concern for respondents.
4. When asked about satisfaction with current fares charged, 58% of respondents reported ‘yes,’ they are satisfied, and 42% reported ‘no.’ Those who are drivers report to be more satisfied with the current fees (87% reported ‘yes’) than those who are not drivers (49% reported ‘yes’), and satisfaction with fees is seen to increase as age of the respondent increases. For those between the ages of 18 and 34, the level of satisfaction with fees is 43%, yet for those between 35 and 54 years of age, satisfaction jumps to 66%, and is even higher at 83% for those respondents over the age of 55.
5. When respondents were asked whether fares should be regulated, 38% indicated that no, the Region should not regulate fares, and 62% indicated that yes they should. Again, differences can be seen between those who identify as drivers (more supportive) and those who do not (less supportive), although for this variable, differences are less prominent than in other comparisons. Comparison by age category of the respondent yielded similar results in that although age does appear to affect the response, fare regulation is still strongly supported across all categories (in that over 50% of respondents support fare regulation regardless of respondent category).
6. When asked whether the Region should cap the number of licenses available, responses are split almost equally between ‘yes’ and ‘no,’ with 52% of respondents indicating ‘yes,’ and 48% indicating ‘no.’ Support for the Region placing a cap on licenses is stronger for those who identify as drivers than those who do not (82% of drivers support the cap, versus 43% who are not drivers), and level of support for the cap increases as the age of the respondent increases (just 35% of respondents age 18-34 support the cap, versus 78% of respondents 55 years or older).

7. When asked about satisfaction with how the Region distributes licences, 62% of respondents indicated that 'yes' they were satisfied, and 38% indicated that 'no' they were not satisfied with this distribution process. Overall, satisfaction with licensing distribution is dependent on both age of respondent (level of satisfaction increases as age increases) and whether the respondent is a driver or not (drivers are more satisfied than those who are not drivers).
8. When asked whether the Region should set limits on the number of accessible vehicles available, 56% of respondents agreed, and 44% disagreed. Comparative analyses based on respondent category revealed minimal differences found between groups. When asked about satisfaction levels of the current accessibility requirement, respondents did not provide much opinion. The most commonly selected response option for this question was 'neutral' (44%), with 48% of respondents selecting either 'satisfied' or 'very satisfied,' and just 10% claiming to be 'dissatisfied' or 'very dissatisfied.' The mean of 3.60 for this scale did not fluctuate between response categories.
9. When asked if they have any comments on the draft by-law, the most frequently cited sentiment is the need to reduce regulations. Within this theme, respondents spoke of unnecessary bureaucracy, redundancy, licensing regulations which restrict innovation and competition within the system, prohibitive fees, and unfair licensing caps. In general, most of the comments in this category are pro-Uber and concerns are raised that the excessive regulations will hinder the advancement of Uber in the Region. Additional themes identified in response to the draft by-law include;
 - a. Uber should not be allowed to operate in the Region
 - b. The by-law seems fair
 - c. More regulation equity is needed between Taxis and Auxiliary Taxis
 - d. The by-law is detrimental to Uber
 - e. CVS requirements are problematic, particularly for Uber

Stakeholder Consultation

Seven stakeholder consultations took place between August 13th and October 2nd, 2015. Participants in these seven meetings included members of the Licensing and Enforcement Services Department of the Region of Waterloo, representatives from the Limousine industry, the Taxi Association, Uber, Persons with Disabilities, Waterloo Region Police Service, and other representatives from within the vehicles-for-hire services such as GRT Mobility Plus, Pink Ladies, and Warm Embrace Elder Care.

The purpose of the stakeholder consultation sessions was to receive feedback from representatives regarding major changes proposed as part of the draft by-law (see Appendix D). Questions about the current system of regulating were posed to participants, and comments were welcomed regarding additional issues not currently covered by regulations.

Much of the feedback collected throughout the stakeholder consultations is in alignment with the feedback received through the public input survey. Overall, concerns about the regulation and licensing system were mainly focused on public safety, accessibility of services to all members of the public, fairness to all operators, accountability, and ensuring that the system does not arbitrarily prohibit certain sectors from operating successfully.

Specific concerns were raised by representatives from each of the stakeholder sectors regarding regulations perceived as negatively impacting their business, such as the Closed Circuit Monitoring requirement, the lack of equity in accessibility requirements between the taxis and auxiliary taxis, dissatisfaction with the proposed lottery system of distributing licences, and general concerns about the prospect of deregulation – which were mainly focused on public safety, pricing, and accessibility issues.

Public Discussion Guide and Email Feedback

An additional method used for public consultation included the public discussion guide available on the Region of Waterloo website, which encouraged the public to provide feedback by email to the Region regarding taxi licensing and regulations, changes outlined in the draft by-law, and any other issues thought to be important.

Just over 25 emails and written letters containing relevant feedback were received during the period of public consultation; contained in these emails were again many of the same sentiments and opinions expressed in both the public input survey and in the industry consultations. Some of the more prominent themes to emerge from the email/written communication are the following;

- The current system is run as a monopoly and limits free market competition
- Uber is a great addition and alternative – more taxis/auxiliary taxis are needed for special events throughout the Region (such as Oktoberfest)
- There are too many regulations in the current system – and an unfair regulation dichotomy between taxis and auxiliary taxis
- The current system lacks technology; embracing technology is a must
- The system is inaccessible to some populations
- Consumer safety should be top priority
- The Region should ensure that the system is fair for all operators
- Regulations are too heavy-handed and need to be reduced
- Do not allow Uber; it is destroying the taxi industry
- Make rules and regulations fair between Taxis and Auxiliary Taxis
- Mandatory Closed Circuit Recording System (CVS) is seen as problematic