



STAFF REPORT

Meeting Date: May 9, 2022

Title: Deregulation of Taxi Business in Dryden

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Department: Administration

Report Number: Administration-2022-019

Recommendation:

THAT Council approve deregulating the taxi business within the City of Dryden at the end of January 2023.

Background:

Under the authority of Section 156 of the Municipal Act, Council may pass a by-law licensing, regulating and governing the owners and drivers of taxicabs and may establish the rates or fares to be charged for the conveyance of property or passengers either wholly within the municipality or from any point in the municipality to any point outside of the municipality.

Discussion:

Under Chapter 240 – Taxicabs, of the City of Dryden Municipal Code, the City provides for the licensing, regulating and governing of taxicabs including the establishment of rates.

In March 2021, the two (2) taxi companies operating from within the City of Dryden requested Council allow them to increase the rates they charge due to the increased cost of gas and insurance. At the time of the presentation of the Staff Report requesting this increase, Council asked staff to bring forward a Staff Report about deregulating the taxi business locally.

In 2020 both Sioux Lookout and Bracebridge deregulated their taxi businesses. Sited from the Bracebridge Staff Report (CS028-20):

1. The rationale used by vehicle for hire regulators (including municipalities, provinces, police service boards or other licensing agencies) in Canada to justify the requirement for taxi-cab and vehicle for hire licensing is to enhance consumer protection and public safety.
2. Consumer protection measures are typically implemented through municipal approval of taxi fares based on pick up charges, wait times and total distance travelled as well as vehicle identification. In order to measure these established rates, taxi meters were traditionally required in vehicles. Taxi meters (as with parking meters) are becoming obsolete and increasingly difficult to purchase, install and service.
3. Public safety measures typically include any or all of mandatory vehicle inspections by licensing officials, annual vehicle safety standard inspections by qualified mechanics, vehicle identification and/or roof lights, driver background checks and proof of minimum vehicle and/or commercial liability insurance.
4. Until 2012 (Uber launched), the on-demand vehicle for hire industry throughout most of the world consisted primarily of traditional taxi-cabs. Taxi-cab companies relied on dispatchers to receive telephone calls and to dispatch taxi-cabs using two way radios.
5. Under this model, the vehicles used as taxi-cabs were able to be effectively identified and monitored by licensing regulators. In Bracebridge, this traditional model worked well with minimal regulatory or enforcement involvement required.
6. Since 2012, the traditional vehicle for hire industry throughout much of the developed world has been impacted and challenged by the introduction of mobile phone based app businesses providing on demand vehicle for hire services. This change to the business model has made regulatory oversight challenging for regulators. Under this new model, the business transactions take place between the vehicle for hire provider and the customer without regulators having any knowledge of the transactions or an ability to identify or monitor the vehicles used.
7. This new business delivery model has proven to be extremely popular with consumers and in many markets has created competition for the established taxi-cab companies while taking over a large percentage of the on demand transportation market. Many taxi-cab companies have developed their own apps to compete with these companies.
8. Larger municipalities and regulators in several jurisdictions have attempted to regulate and control these newer "business disruptors" (often referred to as part of the sharing economy) in the same manner as had been traditionally done with taxi-cab businesses. These considerable efforts have generally been met with very little success.
9. Aside from larger multi-national companies like Uber and Lyft, any potential vehicle for hire owner/operator equipped with a vehicle and a mobile phone is capable of providing an on-demand vehicle for hire service.

10. Generally speaking, municipalities and other regulators that have successfully licensed these newer businesses under the umbrella of “vehicle for hire licensing” have relaxed their licensing by-laws (fewer regulations) or have lowered or eliminated established fares in order to meet the requirements of these companies.

If the recommendation to deregulate Dryden’s taxi business is approved, the owner/operator of a taxi-cab or other vehicle for hire within Dryden would be able to conduct their operations as would most other business owners not subject to a business licensing requirement.

With deregulation, no annual badge fee (currently charged by the City’s Administration Department) would be required and no vehicle inspections or other municipal regulations would apply. All applicable provincial and federal regulations (Highway Traffic Act, Consumer Protection Act, Compulsory Automobile Insurance Act, etc.) would continue to be in effect but would be enforced by the appropriate agencies.

In the absence of a municipally mandated and approved fare system for taxi-cab services, vehicle for hire owners would be able to set their prices for service at a rate they believe would be acceptable to the public but competitive with other operators and at a rate that would ensure business profitability and sustainability.

For 2022 City staff have issued 25 badges to drivers from both local taxi companies. In order to not have to refund all or a portion of those fees, it’s recommended that the City of Dryden continue to regulate the taxi business until the end of January of 2023 which is when the current badges expire.

I reached out to Dryden’s two (2) taxi companies on April 26 to advise that this Staff Report would be coming forward at the May 9 Committee of the Whole Meeting and to ask if they had any comments they would like to provide in this Report. I received a response from one (1) company advising that they would likely want to address Council as a Delegation prior to Council making its decision on deregulation. If Council is considering deregulation, I can ask the companies to make a Delegation at the May 24 Council Meeting. There is no rush for Council to make a decision this month as the recommended deregulation would not take effect until the end of January of 2023.

Financial Implications:

If the recommendation contained in this Staff Report is approved, there would be an estimated reduction in taxi business license revenue to the City of Dryden of approximately \$600 per year.