



Municipality of Port Hope

Staff Report

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Report Title: Taxi Licensing Changes – Trial Deregulation

Report to: Council

Date of meeting: May 29, 2024

Report Author:

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Department responsible:

Corporate Services

Report Number: CS-10-24

Recommended Action:

1. That By-law 37-2024 (Attachment A) authorizing the repeal of Taxi-Cab and Limousine Licensing By-law 29/2013, as amended, be passed effective June 1, 2024; and
2. That Council authorize the elimination of all vehicle-for-hire regulations to lessen the financial and administrative burdens to current taxi operators and improve equity within the local taxi and emerging ride share industry while eliminating all municipal barriers to the introduction of additional vehicle-for-hire providers; and
3. That staff be directed to conduct an opportunity for feedback on the industry deregulation and to report back to Council within a two-year period regarding the need for adjustment or reintroduction of industry regulations; and
4. That the current taxi-cab licensees be refunded their 2024 licence application fees; and
5. That the Fees and Charges By-law be amended accordingly at the time of the next annual update and consolidation to reflect these changes.

Highlights:

- A two-year trial period of deregulation is proposed to allow new vehicle-for-hire opportunities to test the local market.
- Proposal levels the playing field for current taxi operators and potential rideshare providers and eliminates any perceived municipal barrier to increased options for vehicle-for-hire opportunities locally.
- Formal review will be conducted within a two-year period to receive commentary from existing taxi industry, new transportation providers, staff, residents, businesses, enforcement agencies, and determine whether future regulation is required.
- Deregulation efforts have worked well for comparatively sized municipalities under similar circumstances.

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- Market demand will ultimately determine which providers operate locally.

Background:

Historical Context

Taxi regulations in Ontario combine provincial and municipal rules aimed at ensuring safe and fair service for passengers. The province sets broad standards for vehicle safety and insurance, while municipalities fine-tune these regulations to address local needs and concerns. Under the *Municipal Act*, municipal councils have complete discretion whether to regulate taxis by local by-law or not. This legislation allows either lower or upper-tier municipalities to license, regulate, and enforce a taxi system and, by extension, all vehicle-for-hire services.

This responsibility is typically best managed at a regional level, as taxi companies often operate across multiple jurisdictions and vehicles frequently travel between municipalities. In actuality, this regulatory function is almost always undertaken by lower-tier municipalities in Ontario. Only a few regional governments, such as the Region of Niagara and the Region of Waterloo, regulate the taxi and vehicle-for-hire industry across an entire region/county.

Lower tier regulation often results in a patchwork of occasionally conflicting rules across small municipal boundaries, making it difficult for operators to remain compliant. Expanding service areas that cut across municipal boundaries has increasingly become necessary for taxi-cab operators to remain economically viable.

The Municipality of Port Hope has regulated the taxi industry for decades. Before amalgamation, the former Town of Port Hope had simple regulations as early as 1963, while the former Township of Hope had none. In the mid-2000s, the Municipality introduced stricter taxi licensing requirements, reflecting a common trend of higher regulation among municipal governments at the time. Although these requirements have been updated periodically, they still form the basis of current regulations in Port Hope today.

Current Taxi-Cab Licensing Requirements

The Municipality's current taxi and limousine licensing by-law is outdated and doesn't consider the current realities of the local market or the Municipality's actual enforcement resources. The by-law still relies on enforcement from Port Hope Police Service, which is impractical considering resource requirements and is uncommon today at the local level. Taxi by-laws elsewhere are typically administered and enforced by municipalities and not local police services outside of the major cities. Port Hope's current taxi by-law does not adequately address enforcement requirements by the Ontario Provincial Police, who currently provide policing services to the Rural Area (Ward 2).

It is important to understand what the Municipality defines as a "taxi," especially with the rise of rideshare and vehicle-for-hire options available today. The current definition of a taxicab in by-law 29/2013 is problematically broad:

"A 'Taxicab' shall mean any motor vehicle, other than a limousine, seating seven passengers or less, used for hire to transport the general public but does not include a bus, ambulance or hearse."

This definition means that almost any common vehicle-for-hire, designated driver program, prearranged ride service, small scale school transportation service, or similar companies would fit within the description of a taxicab and require a license.

The current by-law includes several requirements for taxi licensees, which must be followed and are subject to enforcement:

- Minimum vehicle insurance of \$2 million in commercial general liability.
- Proof of certification, vehicle ownership, and license plate registration.
- A Safety Standards Certificate when applying for a license and every six months afterward.
- Proof of license with a picture of the licensed driver must be in the vehicle.
- Council-approved fares must be posted inside the vehicle, and the taxi meter must be calibrated annually.
- Drivers subjected to Criminal Records Checks.
- Vehicles must be kept in good repair and clean.
- A no smoking sign or sticker must be displayed inside the vehicle.
- Trip logs must be maintained for inspection when required.
- The taxi company name and phone number must be displayed on the exterior of the vehicle.
- Other requirements are also prescribed.

There are two licensed taxi operators currently in Port Hope: Ganaraska Taxi, with two licensed vehicles and four licensed drivers, and Cobourg Cab, with two licensed vehicles and five licensed drivers. Both operators comply with licensing requirements, and municipal staff do not receive complaints about their operations. The by-law also regulates the limousine industry, which hasn't had an operator in the Municipality for decades.

If Port Hope plans to increase (or even maintain) its current level of taxi industry regulation, the Municipality is expected to revise and review its by-law. Recent rulings have shown that municipalities with taxi licensing by-laws are expected to act quickly against vehicle-for-hire operators that fit the definition of a taxi. This has not always been realistic at a local level given current administrative and financial resources. Before the arrival of the two currently licensed companies in Port Hope that have operated with an excellent track record, the Municipality frequently faced enforcement challenges, including withholding licenses for non-compliance. During periods of enforcement, this led to even fewer transportation options for the public.

The main reason for government regulation of taxi or vehicle-for-hire services has been to provide public confidence and security regarding *consumer protection* and *public safety*. While well-intentioned, the current by-law creates enforcement challenges and does not reflect the rapid changes in the industry over the past decade.

Discussion:

Industry Changes

In recent years, the Canadian taxi industry has experienced significant changes in service delivery and competition. Traditionally, the industry was highly regulated to

ensure safety and consumer protection, especially when competition was low, and licenses were capped by local municipalities.

Today, the taxi industry faces challenges and opportunities from popular ride-share platforms like Uber and Lyft which often operate outside traditional regulations. These ride-share services use technology to offer enhanced features and, in some markets, cheaper and higher-quality options for customers. Other vehicle-for-hire opportunities are also emerging, including smaller rideshare companies, prebooked shuttle trips, and regular trips organized by private companies, which, by definition, fit the current definition of a taxicab.

Some outdated regulations have historically contributed to limited consumer choice in the local market. For instance, until 2019, the Municipality of Port Hope required a bricks and mortar dispatching location in an appropriately zoned commercial area within the Municipality to obtain a taxi license. Staff proposed a by-law change that was accepted by Council to remove this requirement and increase competition to better serve residents and businesses. Without this change, the two taxi companies operating in Port Hope today would not comply with the former requirement. The Municipality has not received an inquiry from a new potential licensee in many years. Admittedly, the Municipality has not received a strong indication from major operators such as Uber or Lyft that they intend to operate in the area anytime before the market demands it.

Support for More Options

While respecting the services provided by locally licensed taxi operators, the public and members of the business community in Port Hope have expressed a clear desire for more transportation options including rideshare opportunities. Council members have heard residents asking for well known vehicle-for-hire services like Uber and Lyft, which are commonly utilized by residents travelling to other cities and towns where these opportunities are present.

The Municipality has recently received several items of correspondence supporting the introduction of rideshare services and increased transportation options. This has included letters of support from various businesses, residents, the Chamber of Commerce, Port Hope Police Service, and Loyalist College. These letters highlighted the benefits of rideshare options, such as:

- Helping employees get to and from work.
- Allowing customers and restaurant patrons to shop and return home safely without relying on vehicle ownership.
- Enabling seniors who no longer drive to get to and from appointments.
- Providing students and youth with better access to school and part-time jobs.
- Reducing greenhouse gas emissions by having fewer cars on the road.

Municipalities like Port Hope are hearing the same demands for more transportation options, even if there isn't yet a large enough market to support as many choices as residents would like to see made available.

Recognizing this need for increased services and the efforts underway by the Town of Cobourg, Council for the Municipality of Port Hope passed a resolution in 2023 directing staff to review opportunities to improve local options for transportation and reflect the

same in municipal regulations. This move aimed to welcome more vehicle-for-hire operators, including rideshare companies and read as follows:

“Whereas Members of Council continue to hear from residents and local businesses about the increasing demand for affordable transportation opportunities and the need for ridesharing applications to begin offering services in the area; and

Whereas the Municipality of Port Hope currently regulates taxicabs and limousines but does not formally regulate or allow ridesharing apps and other similar fee for service transportation businesses; and

Whereas a progressive and accommodating Vehicle for Hire By-law would open up opportunities for improved access to transportation services while also continuing to support the local taxicab industry that currently provides a crucial service to the community; and

Whereas communities in Ontario have successfully implemented Vehicle for Hire By-laws that allow and regulate both traditional taxicab services and ridesharing / vehicle for hire services; and

Whereas the Town of Cobourg has recently committed to undertaking an expedited review to allow for such opportunities and has committed additional financial resources to having a draft by-law prepared using external legal assistance, and an opportunity exists for the Municipality to participate in that review to the benefit of the broader area; and

Whereas a coordinated approach to the regulation of vehicle for hire / ridesharing within both the Municipality of Port Hope and the Town of Cobourg could potentially set a foundation for improved services across Northumberland County,

Now therefore be it resolved that Council of the Municipality of Port Hope hereby directs staff to work with Town of Cobourg staff in reviewing, supporting, and preparing a comprehensive, coordinated Vehicle for Hire By-law for both communities that takes into consideration the needs of the local taxi industry but also allows for vehicle for hire / ridesharing opportunities.”

Until recently, Port Hope staff had been working, in earnest, to support Cobourg’s review with the hopes of streamlining regulations across both municipalities as it is well understood that it is a shared market locally. Staff offered financial resources to cover the cost of the associated legal review and had been working to ensure comments on draft changes were provided.

Staff believed the agreed next step in the process had been to hold additional joint community consultation efforts to recognize specific feedback from current and future transportation providers in both municipalities. Staff were of the impression that there was outstanding work required to ensure a truly unified licensing scheme across both municipalities as this was the goal of the original direction from Council. The specifics as to how this would be administered, and more importantly, addressing the outstanding associated enforcement challenges were key priorities of Port Hope staff.

The Town of Cobourg adopted the new Vehicle-for-Hire By-law far earlier than Port Hope staff had anticipated. The Town of Cobourg has laudably noted that other municipalities within Northumberland County have the opportunity to adopt their by-law should that be the choice of individual councils. Outstanding concerns regarding the administrative and enforcement concerns raised by Port Hope staff would be considered post adoption, and subject to yet to be provided input from other lower tier municipalities in Northumberland County.

Current Direction / Enforcement Challenges

The [Vehicle for Hire By-law](#) adopted by the Town of Cobourg consolidates and intends to modernize regulations for various vehicle-for-hire services, including taxicabs, 'transportation network companies' (like Uber, Lyft, Y-Ride) designated drivers, and limousines. The by-law does a commendable job of unifying licensing schemes under one regulation that continues to focus on public safety, consumer protection, and efficient service delivery. Members of the Municipality of Port Hope Council and the general public are encouraged to review the adopted by-law and consider the provisions in their understanding of the local market.

It has been suggested that other municipalities interested in pursuing the regulatory framework of the Cobourg by-law can simply pass the same by-law should they wish to enact similar provisions in an effort to expand the market.

While this is technically possible to a degree, the practicality of pursuing that approach is questionable. Simply adopting the Cobourg by-law for Port Hope would continue an increasingly redundant duplication of licensing requirements for what is considered to be a shared market.

The Cobourg by-law delegates a considerable degree of authority to their Manager of By-law Enforcement, a position that does not yet exist in Port Hope even to a comparable degree. The suggested approach of assigning the Town of Cobourg to conduct enforcement of the by-law within the Municipality is likely not politically tenable nor feasible given the large amount of land that Port Hope covers (especially in Ward 2).

In order for a by-law to truly reflect a regional / county approach, it would need to be adopted and administered by Northumberland County to have the same effect. Moreover, an operator could choose to operate solely within one municipality as opposed to across boundaries which would still be subjected to a higher degree of regional expectation.

Perhaps most importantly, the improved regulations in Cobourg, that could also be considered in Port Hope should Council desire it, do not demonstrably contribute to a more attractive market for operators interested in moving to the area. The relatively small urban populations across a large area (if Port Hope and other Northumberland municipalities pursue the same) make for a limited market despite the improved regulations.

Staff have consulted with a leading rideshare provider that has reviewed the new regulations who noted that market forces, not regulations, are the greatest determinant of expansion.

The passing of the Cobourg by-law has left Port Hope in a difficult position as it related to the current taxi licensing scheme in place within the Municipality. Under the current by-law, Port Hope cab meters have historically generously been calibrated by the Town of Cobourg. This will no longer continue. Additionally, Port Hope's current taxi fares are now demonstrably out of date as cab fare choice has been provided. Coupled with a sense of urgency around providing additional transportation options to downtown businesses impacted by the Walton Street Reconstruction, there is an expectation in the community that something be done quickly to improve transportation options at the local level.

Proposed Deregulation

The current transportation situation in Port Hope is struggling due to limited options, leading to longer wait times and lower-quality service, especially during the brief periods each week when demand is highest. While there is a need to address this issue, introducing a more comprehensive Vehicle for Hire By-law today is premature, given the early stage of the rideshare industry in our area. Although such a by-law could hold promise for the future, it would likely not have an immediate impact on improving transportation opportunities locally.

A more progressive and pragmatic approach suitable to the Municipality would be to deregulate the local taxi industry. This could create opportunities for new businesses to enter the market with no local regulations prescribing how businesses operate. Many residents believe that current regulations are making it hard for new ride-sharing services to start up. Whether this is truly the case or not, eliminating these rules would show that the Municipality supports both existing taxi companies and new operators, without imposing unnecessary restrictions.

It's likely that existing taxi companies would keep providing the same level of service after deregulation. But the flexibility provided by deregulation could also lead to more taxis being available by current operators, reducing wait times and giving customers more choices. Taxi operators would be able to make easier adjustments to available taxi fleet, more quickly add additional drivers, and increase support temporarily surrounding major events or for peak ridership times. Although some taxi owners might raise prices to attract more drivers or improve their cars, their success would mostly depend on keeping customers happy. Social media could help with this by quickly sharing feedback about the services, ensuring that taxi companies stay accountable through their reputation.

The current rules for taxis aren't very helpful for them. Taxi owners have to pay fees and complete paperwork relating to many prescribed requirements, which can be difficult for small businesses. Plus, it's incredibly difficult to stop unlicensed taxis from operating illegally which should be the expectation of any licensed provider.

Deregulating the market is the best option available today. Provincial legislation supports the same priorities typically held most important to taxi regulators being public safety and consumer protection.

As it relates to public safety, regardless of local regulation, any vehicle used as a taxi-cab or vehicle for hire in Ontario is subject to the vehicle safety and equipment requirements outlined in the *Ontario Highway Traffic Act*. If a police officer or Ministry of

Transportation enforcement officer has any reason to believe that a taxicab or other vehicle for hire is unsafe, the vehicle could be compelled to undergo a thorough safety examination.

Additionally, as it relates to ensuring fairness of operations, the business practices of taxicab and vehicle-for-hire companies are, like any business, subject to the requirements of the *Ontario Consumer Protection Act*. Any customer who believes they have been a victim of price gouging or improper business practices with regard to a taxicab or vehicle-for-hire service can file a consumer complaint with the Ministry of Government and Consumer Services.

Jurisdictional Scan

In recent years, there have been a number of comparably sized municipalities in Ontario that have gone the route of taxi deregulation. Collingwood, Bracebridge, Gravenhurst, New Tecumseth, Sioux Lookout, Lasalle, and Tecumseh have all deregulated. Port Hope staff have consulted with their counterparts at many of these municipalities to better understand how deregulation has been received. All reported that deregulation was well received. No municipality consulted reported any negative impact to preexisting taxi industries and many identified new taxi and rideshare providers entered their market. None of the municipalities consulted had any regrets about deregulation while all noted the relief of administrative burdens previously associated with regulation.

The benefits of deregulation, as is being proposed by staff and has been demonstrated and identified by these municipalities are summarized below:

- The operation of taxi and ride-share services would be driven by the open market, which can allow for more rapid innovation and adaptation to changing consumer demands.
- No limit to cars/drivers – transportation service providers can enter the market more easily without needing to comply with strict regulations.
- More transportation service providers can foster competition and increase choices for consumers, allowing individuals to select the service provider that best meets their preferences and needs.
- Reduces inequity between transportation services currently not regulated and the taxi industry.
- Allows for competitive pricing to compete with other ride share services.
- Removes the potential of a monopoly for a taxi service provider.
- Eliminating costs associated with regulatory requirements may reduce overall operational costs, allowing service providers to potentially offer lower fares.
- Provides companies freedom to set rates, including discounts and price surges.
- Reduces administrative burden on taxi owners and drivers; however, companies would be responsible for ensuring their drivers are suitable (e.g., requiring drivers abstract & Criminal Record Checks as part of the hiring process)
- Municipal staff resources dedicated to administering licensing can be reassigned to manage the Municipal Law Enforcement Division's increasing workload and urgent priorities.
- Does not require staff resources to implement.

- Removes liability for the municipality should a licenced taxi operation get into an accident or be involved in litigation.

Within the local area, there is a patchwork of regulated and non-regulated municipalities. Those with licensing by-laws all have different requirements while including many similarities as well.

Within Northumberland County, only Port Hope, Cobourg, Brighton, and Trent Hills have licensing by-laws. Staff from both Brighton and Trent Hills have noted the limited nature of their markets and current licensed operators. Neither municipality, at least as identified at the staff level, is actively pursuing greater regulation or the model recently adopted by Cobourg. That is, of course, subject to change following a greater period of time to review the new legislation.

Bordering the Municipality of Port Hope to the west, and seemingly sharing, at least in part, an area market, the Municipality of Clarington regulates vehicle-for-hire services that allows for rideshare operators. Rideshare opportunities are currently limited but have fluctuated as major industry leaders operating out of the GTA have begun to test the market. To the immediate north, the Township of Cavan-Monaghan has no taxi or vehicle-for-hire licensing by-law and only limited provision of services.

Next Steps

Considering the information in this report, staff propose that Council repeal the existing Taxi-cab and Limousine Licensing By-law and deregulate the industry locally.

Deregulation for a period of two years would allow for an opportunity to see how the market changes, and for the Municipality to receive feedback when appropriate about the need for future regulation.

Within this two-year period, staff would formally engage with existing operators, residents, new entries to the market, businesses, and enforcement agencies about their experiences during the deregulation. Staff will document any complaints received or concerns raised throughout this period of time.

At any time, should the need for regulation become apparent, the Municipality has the right to reintroduce regulations to the industry by passing an appropriate by-law and reintroducing a licensing scheme.

Financial Considerations:

Current taxi licensing requirements are an insignificant revenue source for the Municipality and by all accounts would not even cover the time requirements of staff regularly processing license applications. Taxi Vehicle Licenses are \$105 annually while individual Taxi Driver Licenses are \$45 annually.

In addition to the enforcement challenges described in this report, should the Municipality find itself in a position where it is required to pursue enforcement through the courts, the costs to do so are exponentially greater than the revenue generated on an annual basis through the current licensing regime.

Should the deregulation proposed in this report be supported by Council, and the recommended direction received, staff would refund all received license application

costs for 2024 licenses to the two current license operators to recognize their inapplicability.

Communication and Public Engagement:

The current licensed taxi operators in Port Hope have been consulted regarding their preferred approach going forward and have been informed of the proposed deregulation and have generally offered support for the concept. While harbouring some reservations about the potential for increased competition, much of the commentary received by staff has reflected the reality that this proposal is truly the only way to level the playing field for all operators.

Moreover, current licensed operators have better market information than just about any other source and know the demands of the area well enough to maintain a figurative head start on any increase to competition. Taxi operators will have the ability throughout the two year period of deregulation to continue dialogue with municipal staff regarding the impact of the changes.

Staff also shared the concept of trial deregulation with the Chief of the Port Hope Police Service. The primary concern from the perspective of the police will always be about ensuring public safety. No objections to the trial deregulation were received, as it is understood that at any time, if required, Council could reintroduce stricter regulations to address any concerns with industry changes.

Should Council endorse a period of deregulation, staff will prepare the communications necessary to inform the community. Moreover, staff would also engage the broader vehicle-for-hire industry to inform them of the potential opportunity to test the local market.

Conclusion:

In an effort to remove additional financial and administrative taxi industry burdens associated with regulation and licensing, as well as encouraging market competitiveness, affordable rates, and to support the redistribution of limited resources required to manage taxi licensing to other municipal priorities, staff recommend the elimination of the taxi licensing program effective June 1, 2024. Council will be required to repeal the Taxi and Limousine Licensing By-law and direct staff to provide the appropriate notice the industry, police, business community, and the public.

Attachments:

Attachment A – By-law 37-2024 – Being a By-law to Repeal By-law 29-2013.