

**Subject: Vehicle-for-Hire By-law – Amendment to Insurance Requirements  
and Taxi Industry Request for Taxicab Tariff (Meter Rate) Adjustment**

**File Number: ACS2022-EPS-BYL-0001**

**Report to Community and Protective Services Committee on 19 May 2022  
and Council 25 May 2022**

**Submitted on May 6, 2022 by Roger Chapman, Director, By-law and Regulatory  
Services, Emergency and Protective Services**

**Contact Person: Christine Hartig, Program Manager, Operational Support and  
Regulatory Services, Emergency and Protective Services**

**613-580-2424, ext. 25629, christine.hartig@ottawa.ca**

**Ward: Citywide**

**Objet : Règlement sur les véhicules de location - Modification des exigences  
en matière d'assurance et demande de l'industrie du taxi pour un  
ajustement du tarif des taxis (taux de compteur)**

**Dossier : ACS2022-EPS-BYL-0001**

**Rapport au Comité des services communautaires et de protection**

**le 19 mai 2022**

**et au Conseil le 25 mai 2022**

**Soumis le 6 mai 2022 par Roger Chapman, Directeur, Services des règlements  
municipaux, Services de protection et d'urgence**

**Personne ressource : Christine Hartig, Gestionnaire de programme, Soutien  
opérationnel et services des règlements municipaux, Services de protection et  
d'urgence**

**613-580-2424, poste 25629, christine.hartig@ottawa.ca**

**Quartier : À l'échelle de la ville**

**REPORT RECOMMENDATION(S)**

**That the Community and Protective Services Committee recommend that Council**

**approve:**

- 1. a taxicab tariff (meter rate) increase of 10%, as detailed in Document 3, to take effect June 11, 2022, and;**
- 2. amendments to the Vehicle-for-Hire By-law (2016-272, as amended) to provide for commercial general liability insurance of not less than \$2,000,000.00 required for taxicab brokers, taxicab plate holders, limousine service licensees and private transportation companies, to take effect November 1, 2022, and to delegate the authority to the Director of By-law and Regulatory Services to prepare the necessary amending by-law to take effect upon enactment.**

### **RECOMMANDATION(S) DU RAPPORT**

**Que le Comité des services communautaires et de protection recommande au Conseil d'approuver:**

- 1. une augmentation de 10% du tarif des taxis (tarif du compteur), tel que détaillé dans le Document 3, à compter du 11 juin 2022, et;**
- 2. des modifications au Règlement sur les véhicules de location (2016-272, tel que modifié) pour prévoir une assurance responsabilité civile commerciale d'au moins 2 000 000,00 \$ requise pour les courtiers de taxis, les détenteurs de plaques de taxis, les titulaires de permis de service de limousine et les entreprises de transport privées, pour entrer en vigueur le 1 novembre 2022, et de déléguer le pouvoir au directeur des règlements municipaux de préparer l'arrêté modificatif nécessaire pour qu'il entre en vigueur dès sa promulgation.**

### **BACKGROUND**

Section 151 of the Municipal Act, 2001, as amended, empowers municipalities to license and regulate any business wholly or partly carried on within the municipality even if the business is being carried on from a location outside the municipality and includes the sale or hire of goods or services on an intermittent or one-time basis. Further, Section 156(1) of the Act relating the taxicab licensing, empowers a municipality to establish the rates or fares to be charged for the conveyance or property or passengers; provide for the collection of the rates or fares charged for the conveyance; and limit the number of taxicabs or any class of them.

Almost all municipalities in Ontario that license and regulate the taxi industry also

regulate taxicab tariffs (meter rates), including the City of Ottawa under the Vehicle-for-Hire By-law 2016-272 and its predecessor regulations.

The by-law prescribes the mechanism to give effect to taxicab tariff (rate or fare) increases, for Council approval, as follows:

89. (1) Taximeter rates shall not be adjusted more than once a year.
- (2) The date of the meter rate adjustment, if any, shall be October 1st.
- (3) Applications for adjustment to the taxi meter rate shall be submitted to the Chief License Inspector on or before June 1st of the year in which the adjustment is to take effect.
- (4) If no application for a taximeter adjustment is received by the Chief License Inspector on or before June 1st, there shall be no consideration of a taxi meter adjustment until June 1st of the following year.
- (5) The amount of the adjustment shall not exceed the percentage annual increment in the Taxi Cost Index ("TCI") as set out in Schedule "D" from April 30th of the previous year to April 30th of the current year that the rate is to take effect.
- (6) Consideration shall be given to a taximeter rate adjustment only upon application from a licensed driver or a certified union or association representing licensed drivers.

In 2010, as a result of its consideration of a staff report concerning amendments to the then taxi by-law, the Community and Protective Services Committee recommended an 8% increase in taxicab fares which Council subsequently approved. The resultant taxicab fares continued to be in place in subsequent years and remain in place in 2022, twelve years later.

In accordance with the aforementioned prescribed mechanism, By-law and Regulatory Services received a request for a meter rate increase of 10% in joint correspondence dated February 2, 2022 from the President of Unifor Local 1688, representing taxi drivers in Ottawa, and the President/CEO of Coventry Connections Inc., a taxi broker in Ottawa, which is attached as Document 1. The industry also requested that any increase approved by Council take effect as soon as possible prior to the standard October 1 date.

Further, the vehicle-for-hire industry has raised concerns about the requirement for five million dollars in commercial general liability insurance, as required by the by-law currently and introduced as part of the 2016 review of vehicle-for-hire services and regulations, which resulted in an increase from the two-million-dollar commercial general liability insurance requirement in place in predecessor regulations. The taxi industry has advised that the significantly increased coverage requirement has proven to be onerous to obtain and maintain, thereby negatively impacting their ability to operate and provide service to Ottawa residents and visitors.

## **DISCUSSION**

### **Recommendation 1 – Tariff (Meter Rate) Adjustment**

Municipalities regulate meter rates primarily to protect consumers. In the absence of regulations, passengers would largely not be in a position to assess a fair price given the variable nature of the service in terms of both distance and quality of vehicle and driver. The concerns of the industry must also be considered with prices set high enough to allow drivers the opportunity to make a fair and reasonable rate of return on their investment. The cost conditions of the industry must be considered and municipalities typically change taximeter rates in response to changes in industry costs. The structure of the industry is such that it is the driver, not the plate holder, who bears much of the burden and benefit of cost changes. Adjusting meter rates to reflect changes in cost conditions helps stabilize driver incomes which in turn influences the quality of driver retained by the industry and the resultant quality of service to the passenger.

In 2003, a consultant was retained to formulate the Taxi Cost Index for the new City of Ottawa, taking into consideration both urban and suburban taxicab operations and to be reflective of costs specific to Ottawa. Based on the findings of that report, Council set a new meter rate and established the cost index to manage annual adjustments. The Taxi Cost Index was reviewed and an updated one approved 2011 (Document 2). The Taxi Cost Index uses publicly available information from Statistics Canada rather than costs collected directly from the industry. This is a common approach in regulated industries in which no one wishes to bear the burden of expensive regulatory cost inquiries. Directly monitoring costs of the taxi industry is difficult due in part to the cash nature of the industry and the need to protect against conflict of interest by those providing the data. A cost index consists of three parts:

- a list of commodities and services the industry must purchase to operate, such as insurance, fuel, vehicle repairs and maintenance;
- price indicators for each of these items; and
- the proportion of total operating costs represented by each item (the “weights”). These weights add up to 100%.

Recognizing however that the Taxi Cost Index was established to preserve the benchmark set for meter rates by Council, and that it is intended to protect consumers while at the same time ensuring operators have the opportunity to earn a just and reasonable rate of return, it must be noted that on thirteen occasions since 2003 when the Taxi Cost Index was introduced, the industry did not request a fare increase as provided by the by-law. Although, on several other occasions, Council approved fare increases that exceeded the Taxi Cost Index-calculated percentages, in the last ten years, there have been no meter rate increases despite significant increases in the factors that contribute to the Taxi Cost Index, particularly fuel and insurance, each of those having increased at a rate of 30% or more. These circumstances have resulted in the current taxi fares falling behind the total percentage changes as calculated by the Taxi Cost Index. Table 1 summarizes the history of meter rate adjustments in Ottawa and Table 2 outlines the rates of municipalities that regulate the industry. Note that the Ottawa taxi industry fares are currently among the lowest and, even with the proposed increase, would be comparable. Also notable is that the City of Toronto will be considering an increase in its fare in May, in light of significant increases in industry operating costs.

The application of the Taxi Cost Index indicates that costs of taxi operation have increased close to 20% in the past two years, after some years of remaining stable. In this context, the taxi industry request of a 10% increase is well within the framework provided by the by-law.

The process for taxi fare increases prescribed by the by-law is based on industry request and does not impose rate increases upon the industry. The industry must consider factors in addition to cost, such as their relationship with customers, and their position relative to their competitors.

**Table 1: Taxi Fare Adjustments Since 2003**

<b>Year</b>	<b>Council-approved Meter Rate Increase</b>
2003	10.0%
2004	7.0%
2005	7.5%
2006	No request
2007	No request
2008	10.0%
2009	No request
2010	8.0%
2011	0.0% (10% was requested by the industry; 2.5% recommended by staff but not approved by Council)
2012 to 2021, inclusive	No requests

**Table 2: Municipal Comparison – Taxi Meter Rates and Trip Costs**

City	Drop Rate (\$)	Rate per part km (m)	Cost for 10 km trip	Cost for 15 km trip
Sarnia	4.79 base	0.2933/100	\$34.12	\$48.79
Kingston	4.50 first 135	0.35 /135	\$30.08	\$43.04
Saskatoon	3.75 first 125	0.25/117	\$24.85	\$35.53
<b>Ottawa (proposed)</b>	3.80 first 150	0.18/86	\$24.42	\$34.88
Oakville	4.50 first 130	0.25/130	\$23.48	\$33.10
<b>Ottawa (current)</b>	3.45 first 150	0.16/86	\$21.78	\$31.08
Hamilton	3.90 first 71.4	0.10/55.6	\$21.76	\$30.75
Brampton	4.25 first 141	0.25/141	\$21.73	\$30.60
Mississauga	4.25 first 141	0.25/141	\$21.73	\$30.60
Toronto (proposed)	4.25 first 143	0.25/143	\$21.48	\$30.22
Toronto (current)	3.25 first 143	0.25/143	\$20.48	\$29.22
Windsor	3.80 first 105	0.10/64	\$19.26	\$27.07

**Recommendation 2 – Commercial General Liability Insurance**

It is expected that most commercial entities, such as vehicle-for-hire companies, have commercial general liability insurance coverage as part of their business set-up. Commercial general liability insurance covers the operation of a business and protects against losses or claims that may arise from the operation which do not arise out of the use or operation of a the motor vehicle, such as passenger's luggage being lost or damaged, damages occurring due to a vehicle being dispatched to the wrong location, processes related to the vetting or qualifying of the drivers or vehicles, or any other type of incident that may occur while the transportation service was being offered, but that

occurs away from the actual vehicle or while it is being parked—insurance for the latter is another distinct by-law requirement. As is the usual practice of the City, these licensees would also be required to name the City as additional insured on this coverage, so as to protect the City as regulator and license-issuer in the event of claims or losses. Historically, for about two decades prior to the current Vehicle-for-Hire By-law enacted in 2016, the commercial general liability insurance requirement for taxicab and limousine licensees was a minimum of \$2 million inclusive per occurrence, as was the motor vehicle liability insurance requirement.

As part of the 2016 Ottawa taxi and limousine regulation and service review, and the resultant development and enactment of an updated by-law to regulate taxicabs, limousines and the more recently introduced private transportation companies, a requirement for a minimum of \$5 million in commercial general liability insurance coverage across all categories of vehicles-for-hire was introduced on the advice of the City of Ottawa's insurance broker and an external senior insurance consultant to reflect vehicle-for-hire and insurance industry conditions at that time in terms of costs, risk levels, and other factors.

Since that time however, those conditions and factors have changed, as has the availability of products, and concerns about the \$5 million commercial general liability insurance requirement have been raised by the taxi union, Unifor Local 1688, on a number of occasions. The industry has advised that the significantly increased coverage requirement has proven to be onerous to obtain and maintain as there are few offerings available in Canada, thereby negatively impacting their ability to operate and provide service to Ottawa residents and visitors.

A scan of a number of other municipal vehicle-for-hire regulators, including Hamilton, London, Mississauga, Toronto, Waterloo and Windsor, demonstrates that Ottawa is the only City that requires \$5 million in commercial general liability insurance. All of the other jurisdictions require \$2 million, suggesting that it would seem reasonable that Ottawa align its requirements with other comparable industry regulators, and giving due consideration to the more current vehicle-for-hire and insurance industry climate. A minimum \$2 million commercial general liability insurance requirement is also in place for other industries regulated by the City, including tow operators.

Based on the foregoing, staff is recommending that the commercial general liability insurance requirement across all vehicle-for-hire categories be reduced to \$2 million, effective November 1, 2022 to allow sufficient time for licensees to make the necessary arrangements with their insurance brokers/companies and for the City with any other



impacted agencies.

## **FINANCIAL IMPLICATIONS**

As the recommendations of this report impact the taxicab industry and other vehicles-for-hire directly, there are no financial implications for the City of Ottawa.

## **LEGAL IMPLICATIONS**

There are no legal implications or impediments associated with the recommendations set out in the Report. The tariff increase request and review process are in compliance with the Vehicle-for-Hire By-law. Council has the authority to approve the recommended adjustment to the effective date of any approved increases as well as the authority to make the recommended change to the commercial general liability insurance coverage requirements.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

The subject of this report applies to vehicle-for-hire industry city-wide.

## **CONSULTATION**

As the recommendations are more administrative in nature and prescribed by the Vehicle-for-Hire By-law, public consultation was neither undertaken nor necessary.

## **ACCESSIBILITY IMPACTS**

The recommendation for a taxi meter rate increase applies to all users, regardless of their individual needs. The taxicab industry does provide fully accessible service in accordance with the Vehicle-for-Hire By-law and with the Integrated Accessibility Standards Regulation (IASR) of the Accessibility for Ontarians with Disabilities Act, 2005 (AODA).

## **RISK MANAGEMENT IMPLICATIONS**

Any potential risk implications have been identified and explained in the report and are being managed by staff accordingly.

## **RURAL IMPLICATIONS**

There are no direct rural implications associated with this report. Taxicab tariffs apply city-wide.

## **TERM OF COUNCIL PRIORITIES**

As the vehicle-for-hire industry is a significant contributor to Ottawa in a variety of aspects and the report recommendations intend to assist the industry in continuing to deliver its services, this report would support the 2019-2022 City Strategic Plan and Term of Council Priorities in relation to Economic Growth and Diversification (Tourism) and Integrated Transportation (Integrated Network).

### **SUPPORTING DOCUMENTATION**

Document 1: Correspondence from the President of Unifor Local 1688 and the President/CEO of Coventry Connections Inc.

Document 2: Schedule D, Vehicle-for-Hire By-law – Taxi Cost Index

Document 3: Proposed Taxi Tariff (Meter Rate) Increase 2022

### **DISPOSITION**

By-law and Regulatory Services to implement the recommendation approved by Council, including the taxicab tariff adjustment as part of vehicle inspections, and to prepare the necessary amending by-law for enactment

**Document 1**

Correspondence from the President of Unifor Local 1688 and the President/CEO of Coventry Connections Inc.

**Document 2****Schedule D, Vehicle-for-Hire By-law, Taxi Cost Index****Table 3: Vehicle-for-Hire By-law, Taxi Cost Index**

<b>Component</b>	<b>Series</b>	<b>% of Index</b>
1. Stand Rent, Licenses, Union Dues, Other	CPI Ottawa; All-items	9.9%
2. Insurance	CPI Ontario; Automotive vehicle insurance premiums	6.2%
3. Fuel	CPI Ontario: Gasoline	23.0%
4. Routine Repairs and Maintenance	CPI Ontario: Automotive vehicle parts, maintenance and repairs	6.8%
5. Amortized cost of vehicle, Radio and Equipment	CPI Ontario; Purchase of automotive vehicles	3.4%
6. Earnings-all drivers	Ontario; Average hourly wage rate; Full-time employees; Transportation and Warehousing	50.7%
	<b>TOTAL</b>	<b>100%</b>

**Document 3**

**Proposed Taxi Tariff (Meter Rate) Increase 2022**

Repeal and replace Item 1 of Schedule “B” of the Vehicle for Hire By-law (2016-272), as amended, with the following:

1. One to Six Passengers:

For the first 150 metres or part thereof : \$3.80 Maximum Fare

For each additional 86 metres or part thereof: \$0.18 Maximum Fare

For each twenty-four (24) seconds waiting time or part thereof while under engagement:  
\$0.18 Maximum Fare