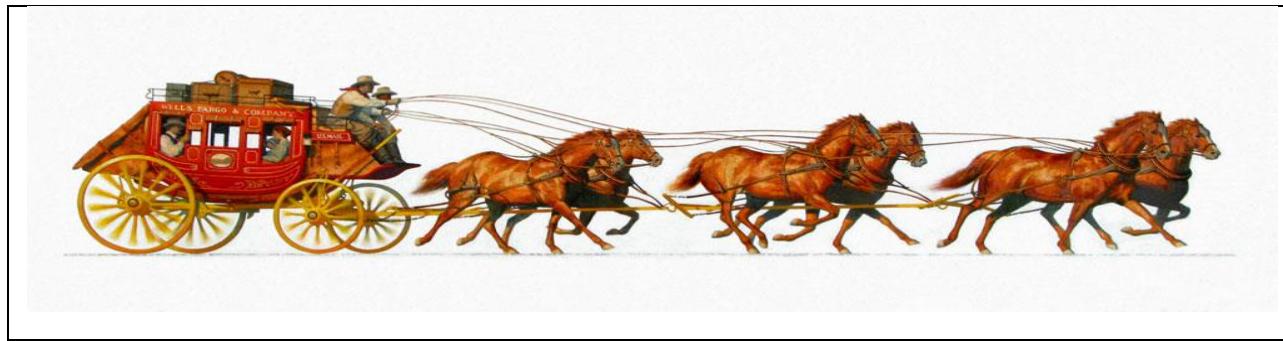


THE EVOLUTION OF THE CAB INDUSTRY IN CANADA



by

Joseph Monteiro



Foreword

This book on the Evolution of the Cab Industry in Canada resulted from my initial interest in the taxi industry in the late 1990s but mainly from the encouragement of my grand niece Anna Castelino at the University of Texas and work with Professor Barry Prentice at the University of Manitoba.

In the 1990s while working at the Competition Bureau not much could be done about the taxi industry even though other transportation industries were being deregulated. The economic profession was generally ambivalent about whether the taxi industry should be deregulated. To add to this, the taxi industry was regulated and the regulated conduct defence together with the Supreme Court decision on *Jabour* added to the problem of interpreting the applicability of the regulated conduct defence.

Interest in the taxi industry continued and some of the tactics of the taxi industry to hold on to what they had became apparent after they blocked the whole of Wellington Street before Parliament Buildings in Ottawa when the first draft of the Haydon report in 2000 recommended 'open entry' into the industry. Seven years later, my first paper was published in the 2007 Canadian Transportation Research Proceedings on taxis. Interest in the taxi industry was sparked once again with the news that TNCs had arrived on the scene. A few papers were published by me and Professor Barry Prentice in the Canadian Transportation Research Proceedings on the benefits that could arise from competition from TNCs in markets such as Ottawa, Toronto and Vancouver.

Things had taken quite a turn when the technological revolution became applicable to the taxi industry. My work with Professor Barry Prentice once again stimulated my interest on following historical developments of this industry together with present developments. Caught up with Covid – 19 and the need to stay indoors, my research spread to other major cities. My initial research paper was presented to Professor Barry Prentice who remarked in his e-mail to me "My first comment is Wow! This is a pretty

exhaustive study running to 141 pages. Certainly, this is a wonderful historical record that brings us right to the present. My first thought is why not a published book? In any case, it will take some time to read through, but is ambitious and impressive. Congratulations.” His remarks were taken seriously, as I appreciated that very few historical articles on the cab industry have been published and there did not exist a single source for all the current developments occurring in the major cities in Canada.

So I went back to the drawing board to see if I could make this a book and wrote the last few chapters. The motivation had now shifted from a historical to a philosophical one. Was there any purpose or theory behind the historical developments? Do plate values fall with increased competition as suggested by theory and are there any benefits from competition? Do the regulated cab industries confirm some of the old suspicions about regulated industries? As the old adage goes, the proof is in the pudding! The final chapter of this book was motivated by the thoughts of Professor Lawrence Skeoch who during my doctoral courses at Queen’s University in the late 1960s warned me that little could be done against regulated industry protected by the law and who revealed his feeling about economic progress by regulated industries.

This book has its shortcomings, I was unable to access most of the old bylaws of the old municipalities when they were towns or just incorporated as cities. It would likely reveal how tightly regulated the horse cab industry was in those days. Similarly, reviewing the historical records of the municipalities in the early 1900s could reveal some interesting facts how competition evolved. I was also unable to get the data I needed.

It is hoped that this research is of assistance to others who are interested in the future of local taxi and shared transportation in Canada. It has a historical twist and an attempt has been made to record most of the events after World War II that came to my attention. It has been made as easy to read as possible where theory has been briefly described in the analysis. Any deficiencies are those of the author and the views are not those of the Competition Bureau or any other individual.

Finally, I would like to thank the Canadian Transportation Research Forum board members for agreeing to place this research on their website. They are in no way responsible for the views expressed or any errors in this book.

Joseph Monteiro

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THE EVOLUTION OF THE CAB INDUSTRY IN CANADA

by Joseph Monteiro

Introduction

This book covers the evolution of the cab industry from: the horse-cab transportation, the taxi-cab transportation to the taxi-TNC-cab transportation in ten major cities in Canada. In Part I, Ten major cities – Winnipeg, Ottawa, Toronto, Vancouver, Montreal, Halifax, Calgary, Edmonton, Hamilton and Quebec City - were chosen in light of its historical significance and size in the early 1900s. Each of the ten sections adopts the same format: The Beginning of the Horse-Cab Transportation; The Beginning of the Taxi-Cab Transportation; Jitney-Tram Era; Taxi-Cab Era; Taxi-Cab Post War II Era; and Taxi-TNC Era. It describes how the horse-cab industry evolved into the taxi-cab industry and then to the TNC industry with greater emphasis on post war and recent developments. The transition from one to the other was not overnight or without a struggle.

Before proceeding with the evolution it should be noted that transportation using horse or horses resulted in three types of horse carriage businesses: 1. The Stage Coach industry (i.e. inter town or intercity business - not intra) now a bus or rail industry between towns or cities. 2. The Horse-Cab industry consisting of two segments: a. horse-cab; and b. livery horse-cab. These segments are similar to our present: a. taxi-cab; and b. limousine cab. 3. The Horse-Car industry which later became the electric car or tram car business (the first local mass transit business or businesses). This paper deals with the horse-cab and taxi-cab segments of this industry.

The rest of this book grew out of a suggestion from Professor Barry Prentice why not make this paper into a book. Part II is an analysis of the cab industry. It analyses the history under three theories: raising rival's cost; capture theory; and capitalization of economic rents. Under each of the theories, the concept and theory is briefly presented and the evidence of these theories is presented at length. The evidence is more on the period of the Taxi-TNC Era. Evidence on the earlier periods for a few cities was largely based on a few excellent articles that examined those periods in great detail from which most of the information was obtained.



Part III of the book consists of three sections: limitations of estimation models on supply of taxi plates; do plate values fall with the threat of competition?; and are there benefits from competition? It attempted to show that underestimating the supply of plates leads to a rise in plate values and how these plate values have declined with the threat of competition and the resulting benefits of competition. This part was reluctantly done as it was considered that a more statistical approach was needed and there was not much published data. It presents whatever data could be found.

Part IV of the book briefly examines three related subjects: regulated industries, competition and economic progress. Given the history of the taxi industry, three questions once again surfaced. Do regulated industries promote economic progress? Does serving the Public include considerations of competition? Where is economic progress taking this industry?

Part V is the conclusion which summarizes the evolution and raises a few questions.



PART I – THE EVOLUTION OF THE CAB INDUSTRY IN CANADA

In this Part, the evolution of the cab industry for ten major cities - Winnipeg, Ottawa, Toronto, Vancouver, Montreal, Halifax, Calgary, Edmonton, Hamilton and Quebec City - is examined from the horse cab to the present ride sharing cabs. The cities were chosen in light of its historical significance and size in the early 1900s. For each city, a standard format is used and greater emphasis is placed on events after World War II.



Section I - Winnipeg

The history of Winnipeg before its incorporation as a city in 1873 dates back to slightly before 1871. By early 1873, this settlement at the junction of two old fur trade trails on the corner of Portage and Main Street grew to be the main population and commercial centre in the Red River area and was incorporated as a City on November 8, 1873. Its population in that year is believed to be 1,869.¹

The Beginning of the Horse-Cab Transportation

Overland transportation was by Red River cart (ox or horse drawn) before the arrival of the cab transportation in 1871. The cab was drawn by horses and so livery stables had to be first established. The first livery stable was established by William Harvey in May 1871 and Jack Benson in November 1871.

¹ GATEWAY CITY, Documents on the City of Winnipeg 1873 – 1913, Alan F.J. Artibise, The Manitoba Record Society Publications, Volume V, 1979, p. 267, www.mhs.mb.ca



A year later in May 1872, the first street cab appeared according to an advertisement that appeared in one of the local papers stating "Cab for Hire. Any person desiring to hire a cab to any part of the town of Winnipeg can find one at the stand in front of the Davis Hotel. — David Landigan."²

The cab trade in Winnipeg evolved into a two-tiered system consisting of "livery cabs" and "street cabs". Livery stables often provided horses for cabs. Livery cabs were not licensed to use cabstands or to pick up hailed fares, they were sent out from livery stables on request. Street cabs picked up fares from cab stands or when hailed and they had to display a license number. The display of licence number turned users against street cabs in the early stages of the cab trade and livery cabs gained at their expense. The first competitors in this business were by Harvey, Benson and Landigan. Known operators such as William Jordan, Joseph Moore Benson and Redmond Burke who had licensed street cabs dropped them to deal with the prejudice.³ With an increase in steamboat traffic and CPR traffic, Hamilton Grant (Ham) McMicken took an interest in the street and livery cab business but this did not last long due to his losses in other businesses. His exit left the field open to Dave Storey and a few local competitors and by 1878 and 1879 Storey became a monopolist with 5 cabs. In 1882, Storey sold out as he was faced with a formidable competitive threat from the experienced Toronto cab drivers who began to show up in Winnipeg. Statistics show that 33 street cabs were licensed in 1881-2 and livery stables increased to 19 in 1882-3 (from five in 1879). The Auditor's Reports for 1883-84 recorded 27 cabs. The cab trade was dominated by small operators, the largest of whom did not own more than a handful of cabs.

The trade was governed by several types of bylaws: licence bylaws; cab bylaws; cabstand bylaws; and livery bylaws. The first licence Bylaw 40 passed in 1875 specified licence fees for cabs and the first cab owner to pay the fee was H.P. Dixon in April 1877. Fee collection under the regulation seems to have been enforced fairly strictly and rose and fell over time to reflect the prosperity of the business. The first cab Bylaw 135 was passed on March 7, 1881 and revised four times between that time and 1910 (excluding amendments).⁴ The most prominent aspect of this bylaw was the fares. It was based on geographical division (with consideration based on distance), per person surcharge for each additional passenger, time of day or night, waiting time, reduced fares for children and separate schedule of fares for one horse or two horse cabs. The fare schedule in practice was superseded by a simpler one devised by

² The Cab Trade in Winnipeg, 1871–1910 Norman Beattie, *Urban History Review*, Volume 27, No. 1, 1998, p. 37.

³ Ibid., p. 37.

⁴ The original cab bylaw (no. 135, passed March 7, 1881) was revised four times by no. 183 (26 June, 1882); no. 1310 (25 May, 1897); no. 1601 (8 May, 1899); and no. 5927 (23 May, 1910). Several amendments and proposed amendments were introduced between these dates. As early as 1875, however, Bylaw 40 (section 31, subsection 12) specified license fees for cabs. The first cab owner to be charged a license fee was H.P. Dixon in April, 1877.



the cab owners themselves.⁵ The first cabstand Bylaw 124 was passed in 1880 and revised seven times or more in seven years, it designated the location of cabstands.⁶ The provisions governing cabstands were blatantly disregarded.⁷ The first livery stable Bylaw was passed in 1879. It provided for livery stable licence fees. The livery stable fare was a flat rate based by hour.

The cab industry continued to grow and growth in city size and population led to increased demand for transportation. The population of Winnipeg increased to 6,245 in 1881 and then to 24,086 in 1891.⁸ New forms of transportation began to emerge together with competition in the form of horse-drawn street cars and later electric street cars. The first horse-drawn streetcar, an alternative to street cabs, was operated by the Winnipeg Street Railway Company on October 20, 1882 owned by Mr. Austin.⁹ It operated between the Upper Fort Garry site and the new City Hall at William Avenue. He successfully tested electric cars in 1891, nevertheless, the City Council passed by-law 543 giving a rival company, the Winnipeg Electric Street Railway (WESR), the exclusive right to operate electric street car service in Winnipeg. WESR operated its first electric streetcar on Main Street on July 26, 1892. This resulted in four sets of tracks on Main Street one for horse drawn cars and one for electric street cars. Competition between the two led to a price war. On April, 28, 1894, Mr. Austin and the WESR agreed to amalgamate and on May 2, 1894 the price war ended and tramcar tickets returned to the rate of five cents cash. On May 12, 1894, the horse-car era ended when WESR bought out Mr. Austin for \$175,000.¹⁰ By 1901, the population of Winnipeg had passed the 52,000 mark. Mass transportation had become big business. The Company now operated forty-two cars and carried 3,500,000 passengers in that year. In the years thereafter, service continued to increase and growth in transportation kept parallel with the City.

The Beginning of the Taxi-Cab Transportation

As the electric tram began to gain a foothold in local transportation the first private auto arrived in Winnipeg in 1901 for Professor Kenrick but the impact from private automobiles was not yet apparent as there were only 2000 registered vehicles in 1912.¹¹ Cost still prevented most people from buying a car but it appears to have been more rapidly adopted by the taxi trade. On March 21, 1910, the *Winnipeg Free Press* announced the arrival of Winnipeg's first taxicabs, part of a fleet of Franklin town cars introduced by the Winnipeg Taxicab Company. Towards the end of the year, there were three taxicab

⁵ Ibid., p. 40.

⁶ In addition to Bylaw 124, the following bylaws related to cabstands: 159 (3 October, 1881); 182 (19 June, 1882); 231 (31 August, 1883); 284 (4 August, 1884); 376 (9 August, 1886); 382 (1 November, 1886); and 391 (9 May, 1887).

⁷ Ibid., p. 40.

⁸ GATEWAY CITY, Documents on the City of Winnipeg 1873 – 1913, Alan F.J. Artibise, The Manitoba Record Society Publications, Volume V, 1979, p. 267, www.mhs.mb.ca

⁹ Winnipeg's Public Transit History, www.mtha.ca

¹⁰ A History of Transportation in Winnipeg, by Walter E. Bradley, www.mhs.mb.ca

¹¹ Winnipeg 1912, Jim Blanchard, University of Manitoba Press, p. 118.



companies operating in Winnipeg with a combined fleet of 28 cars. By 1914, jitney taxis commenced to operate in Winnipeg and by 1915 six hundred and sixty-three cabs were on the streets. These jitney cabs greatly affected the revenues of the Railway Company resulting in substantial losses over the years 1915-1918. The City then passed a by-law setting a minimum rate of twenty-five cents per person carried in a taxi. This effectively stopped jitney taxi-tramcar competition¹² and on April 19, 1918 Winnipeg City Council finally banned jitney taxis. This placed electric tram cars on a sound footing as a local form of mass transit and by 1918 there were three hundred and forty-one street cars. By then, horse drawn cabs were virtually replaced by motorized cabs, a fact dramatically emphasized by the demolition of the Palace Livery Stables in 1912.¹³

Jitney-Tram Era

While a few companies may have rented out cabs that could have been used for cab service, comparatively little competition existed between the tramcar and motorized cabs or the automobile. In 1910, a local McLaughlin dealer advertised "the best livery cars in town" -- that is, cars for hire.¹⁴ A few years later, in 1915, the "jitney craze" in Winnipeg took hold. Jitneys cruised streetcar stops, picking up impatient passengers from the bone chilling cold for a nickel (or "jitney") a head in the rush hours on heavily travelled routes. In that year, six hundred and sixty-three cabs were on the streets.¹⁵ People in West Kildonan were so captivated by the jitney concept that they asked their council to rescind its jitney licence bylaw and "help the jitney business to give West Kildonan a good service, even to the extent of financing a municipal jitney service, if advisable" (*Winnipeg Tribune*, February 2, 1917).¹⁶ There was also a jitney association and two jitney dispatch services that people could call when they needed rides. The important tramcar and taxis companies that dominated the competitive scene in Winnipeg were Winnipeg Electric Company (later Winnipeg Electric Street Railway), Winnipeg Taxicab Company, Jitney Despatchers, Jitney Order Office, and Bucknam & Walmsley (later Black & White).

The operation of jitney's cut into the monopoly revenues of WESR who previously faced little or no competition. It created mammoth losses in revenue of \$374,377.00 in 1915; \$284,582.00 in 1916; \$367,079.00 in 1917, and \$30,736.00 up to April 1918.¹⁷ In June, 1917, WESR ran a deficit for the first time and its \$100 shares fell in value to \$36. By February 1918, the company could not meet its financial

¹² Winnipeg's Public Transit History, www.mtha.ca

¹³ Winnipeg 1912, Jim Blanchard, University of Manitoba Press, pp. 119-120.

¹⁴ Norman Beattie. Winnipeg Cab History / 46. <http://www.taxi-library.org/winnipeg-history/wc46.htm>

¹⁵ Jitneys and Uber, www.winnipegrealstatenews.com

¹⁶ Ibid. The article sites, *Tribune*, February 9, 1916.

¹⁷ Norman Beattie. Winnipeg Cab History / 52, Jitneys (4). <http://www.taxi-library.org/winnipeg-history/wc52.htm>



obligations to the city.¹⁸ In 1918, the WESR lawyer Edward Anderson claimed that the success of the city and the success of the company went hand-in-hand and that when one suffered the other also suffered.

The lawyer for the Jitney Owners' and Jitney Drivers' Association, T.J. Murray, told council it wanted the question of jitneys continuing in Winnipeg be put before the people in a referendum, the implication being that the jitney operators would come up on top of such a vote. The association contended that other cities in North America had two or more companies providing transportation services and that jitneys assist the streetcar company in handling the city's transportation needs, especially during rush hour. City Council was on the horns of a dilemma and finally decided in favour of the traction company.¹⁹ Incidentally, competition also drove out some jitney businesses as their number dropped to 450 by 1917 together with taxi companies such as Winnipeg Taxicab. In 1918, the number of jitney cars dropped to 172 when they were finally eliminated by By-law 9750, the "Jitney Agreement."²⁰ In return for the elimination of the jitney competition, the City demanded extensive improvements by WESR.²¹ Jitneys, however, refused to accept its fate and go belly-up. They reincarnated themselves as flat rate cabs with names such as Despatch Taxi whose impact began to be felt later during the taxi war.²²

Taxi-Cab Era²³

Despite the elimination of jitney cars, the war with taxi-cabs continued and extended beyond taxis to include battles over municipal regulation. The first bylaw 9750 of 1918 prohibited 5 cents fares, but authorized a rate of at least 25 cents. The next attempt to change fares in 1925 (bylaw 11703) began the rate war. It prescribed a tariff of 40 cents for the first half mile and 10 cents for each additional quarter mile or part. Little attention was paid to the tariff by cut-rate cabs who it was meant to deal with as it threatened old-line high cost operators (Black and White Taxi-cab and Diamond Taxi) so they petitioned the provincial legislature and the Winnipeg city council for protection. This was followed by several bylaws.²⁴ The bylaws were a tug-a-war between the old line operators Black & White and Diamond versus George Moore, the cut rate cab company that accounted for half of the taxi industry.²⁵ The two

¹⁸ A History of Transportation in Winnipeg, Walter E. Bradley, www.mhs.mb.ca

¹⁹ Jitneys and Uber, www.winnipegrealstatenews.com

²⁰ Norman Beattie. Winnipeg Cab History / 52, Jitneys (4); and A History of Transportation in Winnipeg, Walter E. Bradley, www.mhs.mb.ca

²¹ Id.

²² Norman Beattie. Winnipeg Cab History / 54, Jitneys (6), <http://www.taxi-library.org/winnipeg-history/wc54.htm>

²³ To gain a better understand of the events a brief description of the market structure is helpful. The industry was controlled by Black & White and Diamond who accounted for about 50 percent of the market. The other half was owned by a Taxi, the discount operator.

²⁴ This was followed by the 1931 bylaw 14272, the 1932 bylaw 14378, the 1933 bylaw 14418, the 1933 bylaw 14487, and the 1934 bylaw 14552.

²⁵ It led to accusations that at these council meetings it is always Diamond vs. Moore while the others were being put out of business.



could not agree over minimum fares, meters, zones, minimum wages, number of hours of work, liability insurance, etc.²⁶ Given this scenario, few taxi operators heeded these by-laws.

Some of the by-laws were challenged in court. On February 9, 1932, Justice Dysart ruled that Winnipeg did not have the necessary authority from the provincial government to impose either a minimum fare or a maximum work week on the taxi industry. Further, "The imposition of compulsory minimum fares is not necessary for the effective control of the taxicab business, and so is not conferred by implication upon the City...." Justice Dysart also ruled that a "dual system of fares" was inherently discriminatory and unjust.²⁷ The decision was victoriously appealed, the Court of Appeal ruled on May 10, 1932 that the city indeed had the power to fix fares and to limit the hours and labour of drivers, but not, at the time the bylaw was passed, to require insurance. To codify things, the *Highway Traffic Act* was immediately amended and the city responded with bylaw 14378 in July 1932. The city once again established a minimum fare, but adjusted it downward in a vain attempt to placate George Moore.²⁸

Over the next few months jitney fares worsened the situation and twenty-six cab companies on February 6, 1934 asked for mandatory taximeters resulting in bylaw 14552 on June 1, 1934. But this was of little help as price cutting continued.²⁹ To add to the deteriorating situation, the Court of Appeal decision of October 1934³⁰ and the Candaele case³¹ further ruled against the City. The case impelled provincial action. The provincial government enacted the *Taxicab Act* in early April 1935, and proclaimed it a month later on May 15.³² The result of the taxi wars was that the city's regulatory authority over the cab trade became collateral damage. The municipality lost its autonomy because the Act created the Manitoba Taxicab Board (MTB) to regulate the industry. Some of the things that the Board was granted authority to do was: a) Determine the number of licences to be issued; b) Determine the types of licences (terms/ conditions) based on 'public convenience and necessity'; c) Determine the taxicab business licence

²⁶ Two reports were made during the 1931-2 period. The first by the Wilson, Bunnell, & Borgstrom recommending that taxicabs "should be treated as common carriers and made subject" to the Board's jurisdiction. The second to the Provincial Legislature recommending the enforcement of "uniform rates ... based on the measure mile" with meterization eventually required, compulsory public liability insurance, and restriction on entry into the industry to a "convenience and necessity" basis. See Wilson, Bunnell, & Borgstrom, Limited, Report on Public Transportation Services in Greater Winnipeg (March 4, 1931); and WCA, Special Street Railway Committee File, Manitoba Municipal and Public Utility Board, Report to the Legislature Upon a Reference ... of Bill No. 51 of the Session of 1932.

²⁷ - Taxi wars, p. 15; See COH, File 1061(3) City Clerk M. Peterson to City Solicitor J. Preudhomme, Jan. 14, 1932; Preudhomme to Peterson, Feb. 12, 1932; File 1061(2) "Questionnaire Re Cars.]

²⁸ Ibid., p. 15.

²⁹ Ibid., p. 16.

³⁰ The court of Appeal ruled that Winnipeg lacked the power to fix the minimum wage for drivers working for companies headquartered outside the city.

³¹ The court in the Candaele case ruled that the city could not require a driver from another municipality to have another licence to carry passengers not from its municipality.

³² The Act created a Taxicab Board (composed of the public utility board, Winnipeg's chief of police and a member of its city council) and empowered it to license and regulate taxi owners and drivers, including their wages, hours, insurance, and fares. The board adopted the PC&N test but did not introduce a maximum quota until December 1946. The power to lower the existing minimum wage was denied while maintaining the specifics of bylaw 14487 and preserving the city's right to its annual licence fee.



application criteria and fees; d) Determine the liability insurance requirements; e) Issue taxicab business licences and taxicab driver licences; f) Prescribe minimum and maximum penalties for licence holders; g) Establish fares; h) Prescribe vehicle and equipment standards; i) Require taxicab business licence holders (owners) to submit financial records, and; j) Establish regulations and rules governing practice and procedures.³³

The start of WWII resulted in large number of taxi drivers being conscripted and taxicabs fell in Winnipeg from 414 in 1929 to 266 in 1944. This was reversed with the end of WWII.

Taxi-Cab Post War II Era

After WWII, Canada and the taxi-cab industry began to return to peace time and between 1944 and 1947, the number of cabs rose by 60 percent with several hundred veteran applications still pending.³⁴ Consequently, the old problems returned (excessive competition, low incomes and long hours). But now cab owners were better organized and united with the emergence of The Greater Winnipeg Taxicab Owners' Association. It was able to get the quota re-established in December 1946 (first established in 1935 by the MTB, 1 per 1,000 residents following proclamation of the *Taxicab Act* in May 15, 1935), this time to 400 cabs or one for every 801 people. By 1956, the city clearly needed more than 400 cabs but by then, the taxi wars had become a faded memory and the value of a street licence reached \$8,000-\$9,000. The MTB proved to be a very compliant regulator. The ratio of taxicabs to population was ignored, and 50 years later, the number of plate licenses had increased only by 10 to 410 (or 1 per 1,700 people). By that time, the licenses were trading at over \$350,000.³⁵ In 1972, the unified city of Winnipeg was created by amalgamating 13 municipalities, towns and cities.

Given the above concerns, the important developments henceforth are shown in the chart and described thereafter in greater detail.

Chart I

1972 <i>Manitoba Taxicab Inquiry Report</i>	1988 <i>Touche Ross Report</i>	1989/1992 <i>Public Hearings</i>	1991/2 <i>Regulations</i>	2005 <i>Act</i>	2009 <i>TTLF Consulting Winnipeg Taxi Study</i>		2017 <i>Bill 30</i>		2017 <i>By-law No. 129/2017</i>
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³³ See The Taxicab Act, CCSM, c. T10, and Bill 30: Redefining the Ride-Sharing Economy in Winnipeg, Dren Maloku, Manitoba Law Journal, V. 42, No. 1, p. 10.

³⁴ One sources states "Winnipeg had 300 taxis way back in 1947. It was decided by the province that an additional 100 taxis was needed to provide employment for war veterans. A company called Veterans Nash was formed in 1947. That brought the total to 400 taxis in Winnipeg. Approximately 40 years later the province added 10 taxis in a luxury class. These Cadillac taxis ran under a company called Blue Line, however, after 5 years it failed and those plates were converted to regular taxis bringing the total taxis in Winnipeg to 410". Winnipeg Taxis in Short Supply, Taxi Industry, Leonard vs. Life, <https://leonardkaplan.wordpress.com/category/taxi-industry>

³⁵ Prentice, Barry E., Charles Mossman and Adam van Schijnde. "Taxi Fares and The Capitalization of Taxi Licenses." Canadian Transportation Research Forum, Proceedings Issue: 45th Annual Meeting (2010), p. 375.



1972 Manitoba Taxicab Inquiry Report

The 1972 Manitoba Taxicab Inquiry Report, chaired by H.L. Stevens, noted that “the prices being paid by purchasers of taxicabs in metropolitan Winnipeg had skyrocketed from approximately \$13,000 in 1966 to as high as \$24,000 in 1970”, and recommended that “a formula be devised to protect the public interest and the investment of the present taxicab owners by implementing a new concept regarding the maximum price that may be approved (by the TCB) in the exercise of its discretion”. The Commission recommended a “formula of two times the replacement value of the vehicle and operating equipment, which at present day prices would result in a maximum of \$10,000 per taxicab, would not appear to be unreasonable”.³⁶ In other words two times the replacement value of the vehicle. The TCB (i.e. the Manitoba Taxicab Board) did not take any action to deal with Steven’s concern.

1988 Touche Ross Report

By mid-1986, taxi industry relationships with the Board had deteriorated. Touche Ross was then appointed by the Board "...to identify and delineate the range of problems faced by the taxicab industry in the City of Winnipeg and to determine what changes in mandate or scope of operations of the Board, if any, be required for the effective regulation of the industry." Touche Ross made a report in May of 1988. It recommended changes in mandate or scope of operations of the Board and a huge increase to the 1947 quota of 400 taxicab licences. This provoked substantial industry hostility. Ultimately, the validity of the Touche Ross assumptions were summarily rejected in the unacceptable absence of an empirical study, but the integrity of the Board was severely compromised in the eyes of the industry.³⁷ This led to a series of prominent important public hearings.

1989 and 1992 Public Hearings³⁸

The Board’s public hearings of 1989 led to the release in March 1990 of the Strategic Plan ‘Winnipeg taxicab Service and Regulation’ indicating the planned actions of the Board into the foreseeable future. It led to mob violence setting a negative tone for future negotiations. In September 1990, as a major element of its strategic plan the Board released a ‘Superior Class of Taxi Service’ and the decision to

³⁶ AVION SERVICES CORPORATION AIRPORT SHUTTLE SERVICE, Manitoba, Public Utilities Board Act, Order No. 137/09, October 5, 2009, p. 64; and Cabbies, Customers deserve better ~ Manitoba Forward, www.manitobaforward.ca

³⁷ Short Essays on Taxicab Regulatory Matters - Taxi-Library.org, www.taxi-library.org

³⁸ The 1988 report recommended changes in mandate or scope of operations of the Board; and the 2009 Report recommended requirements: to affiliate with a call centre, to the minimum number of dispatched taxis service per day, to make an addition of 80 charter cars, and to assist the taxi industry to become more efficient. The public hearings of 1989 led to a Strategic Plan ‘Winnipeg taxicab Service and Regulation’, the release of ‘Superior Class of Taxi Service’, the decision to issue upto 60 new licences to provide for ‘luxury sedan’ type of service, and to a Report proposing taxicab service at the airport. The public hearings of 1992 related to issues of PC&N, a decision to award 32 premium taxi licences and 8 accessible licences to Tuxedo Taxi. See Winnipeg Taxi Services Review, Final Report, December 20, 1996, Prepared by MNP for the Taxi Board, Manitoba Indigenous and Municipal Relations, Manitoba, p. 28. Government of Manitoba, “Taxicab Board Homepage”, online: <gov.mb.ca/mr/taxicab/taxicab.html> [perma.cc/Q583-7JYK].



issue up to 60 new licences to provide for 'luxury sedan' type of service. In November 1990, the Board released a report proposing that taxicab service at the airport be opened up to all taxi companies, and Unicity's monopoly be terminated. In February 1991, London Limo proposed to the Board an intermediate level of luxury taxi service, using older stretch limousines, and requesting an innovative zone fare structure under a maximum rate umbrella. In July 1991, the Board issued a Call for Applications seeking applications for additional premium class and accessible taxi class licences.³⁹

The Board's public hearings of 1992 related to issues of Public Convenience and Necessity (PC&N). It subsequently released decision February 1992 awarding 32 premium taxi licences and 8 accessible taxi licences to a new company, Tuxedo Taxi. Tuxedo Taxi was unable to fulfill the terms of the award and voluntarily relinquished their licences. This led to another series of public hearings in 1993 leading to a decision by the Board to award the licences jointly to Blueline Premium Taxi and Classic Cab. The decision of the Board was challenged by Unicity by filing a court action against the Taxicab Board seeking to have its decision declared invalid. On 24 July 1992, Judge J.A. Scollin, after hearing the case, delivered his judgment, within which he observed: "In the circumstances I find no merit whatever in law in any single one of Unicity's arguments and its application to quash the decision of the Board is accordingly dismissed." An appeal was launched to the Manitoba Court of Appeal. On 17 December 1992, the Appeals Court heard the case and dismissed it stating that "This Court is unanimous in finding that Unicity Taxi's appeal has no merit, and their action is therefore dismissed. In an extremely rare set of circumstances, the Court declares its reasons to be those of the trial judge."⁴⁰ These initiatives provoked adverse reactions and ultimately to a number of court actions against the Board seeking to prevent the Board from issuing new licences and to frustrate its lawful decision making powers.

1991/1992 Regulations

As a background to the above developments, three important regulations were passed during 1991/1992: Taxicab Regulation 209/91; Taxicab Fees Regulation 104/92; Taxicab Board Rules of Procedure Regulation 496/88R. These are briefly described.

Taxicab Regulation 209/91 was enacted in September 1991 (updated in 2012). It stipulates: 1) The types and classes of taxicabs (classic limousine; specialty vehicle limousine; executive car; premium taxicab; standard taxicab; and accessible taxicab / handicab van). 2) The types of required licences and their conditions (i.e. it covers conditions for licence owners and drivers – training, criminal checks, vehicle

³⁹ Short Essays on Taxicab Regulatory Matters - Taxi-Library.org, www.taxi-library.org

⁴⁰ Ibid.



inspections, behaviour, etc). 3) The requirements for vehicle equipment and maintenance - Required, permitted and prohibited signs - Requirements of licence holders (i.e. prescribes vehicle and equipment requirements and maintenance, trunk space, restraint systems, safety supplies, age of vehicle, etc.). 4) The restrictions on fares and requirements (i.e. it covers receipts, taximeters, fares, advance payment of fares and gratuities). 5) The requirement for records (i.e. it covers completion and retention of trip records).⁴¹

Taxicab Fees Regulation 104/92 covers fees for a licence to carry on a taxicab business (taxicab, and accessible taxicab), temporary permit to operate a taxicab, transfer of a taxicab business licence, annual fees, replacement of licence business or driver's licence, taximeter inspection semi-annual and street patrol, missed semi-annual taximeter inspection appointment, replacement of a taxicab safety inspection certificate blank, and application for taxicab business licences. It also covers prorated licence fees and refund on surrender of taxicab driver's licence.

The Rules of Procedure Regulation (496/88R), last updated in 1998, establishes: 1) That the frequency and location of Taxicab Board meetings be twice a month or as otherwise directed by the Chairman. 2) That applications for taxicab business licences are to be submitted in person. 3) That Taxicab business licence applications will be considered at special meetings of the Taxicab Board called for the purpose of considering these applications and that the applicant will be provided with 30-days' notice of the date and time of the hearing. 4) That a quorum be considered to be three at meetings of the Taxicab Board.⁴²

2005 Updates to the Taxicab Act

In 2005, The Taxicab Act enacted in 1935 was updated. The Act: 1) Establishes the Taxicab Board composition and its power and authorities. 2) Stipulates the requirement to hold a taxicab business licence in order to operate a taxicab business. 3) Stipulates the requirement to hold a taxicab driver's licence issued by the Taxicab Board in order to operate a taxicab. 4) Establishes the penalties for operating without the required licences. 5) Provides for the appointment of inspectors to enforce The Act and Regulations, as provided in The Civil Service Act and grants inspectors the power of a Peace Officer under The Highway Traffic Act. The Taxicab Act established the General Powers of the Taxicab Board, granting the Taxicab Board the authority to determine several matters for example, number of licences to be issued, liability insurance requirements, fares, regulations and rules governing practice and procedures, etc.

⁴¹ Winnipeg Taxi Services Review, Final Report, December 20, 1996, pp. 30-31

⁴² Ibid., p. 31.



2009 TTLF Consulting Winnipeg Taxi Study

By 2007-8 anecdotal evidence was building up that poor taxi service and increased taxi companies and vehicles would be good for the community. So the Manitoba Taxicab Board contracted a study to examine taxi services within the City of Winnipeg. The purpose of the 2009 TTLF Consulting Winnipeg report was to relate the findings and recommendations of this study. The report concluded that maintaining the status quo or to do nothing was really not a viable alternative for the Manitoba Taxi Board.⁴³ The report made five recommendations: 1) Require all owner/operator taxi license holders to be affiliated with a legitimate call center and provide service as directed by their taxi call center. 2) Require the minimum number of dispatched taxi service trips per day per vehicle to be (15) and the threshold for additional licenses to be 40 total trips per vehicle per day. 3) Enforce daily taxi logs through mandating the use of newer taxi technologies. 4) Add immediately 80 Christmas Cars to the Winnipeg Taxi System. 5) Assist the taxi industry to become more efficient.⁴⁴ In brief, the report made requirements: to affiliate with a call centre, to require a minimum number of dispatched taxis service per day, to make an addition of 80 charter cars, and to assist the taxi industry to become more efficient.

Bill 30, *'The Local Vehicles for Hire Act'*

Bill 30, The Local Vehicles for Hire Act, C.C.S.M. c. L195, was enacted by the Province of Manitoba and came into force on February 28, 2018. The purpose of the Bill is to give municipalities in Manitoba the power to make its own by-laws regarding vehicle for hire industry, which includes taxis, limos, and vehicles that are hired online. Section 2 begins with definitions. Under section 3, bylaws can have provisions on various matters including: determining how many licences will be allocated, how they will be allocated, and what types of classes of licences will be issued; establishing provisions related to the prohibition, control, and transfer of licences; requirements for people engaged in the vehicle for hire business; and requirements and standards for vehicles, fees, rates, fares, insurance, and record keeping. This section also allows the municipalities to establish a Vehicles for Hire Commission. Under section 4, municipalities must consider maintaining a sustainable industry that meets the needs of the public and those working within the industry and may make the by-laws. Under section 5, if a trip is between

⁴³ "The status quo or do nothing alternative is really not a viable alternative for the Manitoba Taxi Board. They are faced with multiple applications for new or additional taxi or limo licenses of smaller and smaller operators, the smallest being just two vehicles. Things could deteriorate quickly if the Board decides to admit these applications for new services. Pressure will mount for yet higher taxi rates, more individual driver-oriented medallions, lower regulatory fees, and greater relaxation of existing regulatory rules. Poor service providers will drive good service providers from the market as they seek income by increasing payments to doormen and discouraging other drivers from the marketplace. Hours of service violations could be rampant as drivers work in a severely diluted taxi market. Service will deteriorate while problems increase." Winnipeg Taxi Study (Volume One – Report), Tennessee Transportation & Logistics Foundation, Ray A. Mundy, Ph.D., February 4, 2009, p. 54.

⁴⁴ Ibid., pp. 55-59.



municipalities, the by-laws of the municipality that the trip began in will apply. Under section 9, the Taxicab Act and the Taxicab Board are dissolved. Under section 10, all Winnipeg licences issued by the Board are cancelled, however those issued before Bill 30 came into effect will have a valid Winnipeg licence.

The City of Winnipeg By-law No. 129/2017

Bill 30 having dissolved the Taxicab Board required the City to make its own bylaws to regulate the vehicle for hire industry. Accordingly, the city enacted The City of Winnipeg By-law No. 129/2017 having the authority to license businesses and their activities under its own charter which came into force on February 28, 2018. The policies and regulations in the new Vehicles for Hire By-law has four objectives and sets minimum standards for: passenger safety; driver safety; consumer protection, and; accessibility. The by-law covers taxicabs, limousines, accessible transport vehicles, and Personal Transportation Providers (PTPs) like Uber and Lyft. The By-law has 85 sections in six parts: introductory provisions; dispatchers; taxi licenses; drivers; administration and enforcement; and miscellaneous. It regulates: dispatchers of vehicles for hire; vehicles for hire; and drivers of vehicles for hire. Vehicles for hire are divided into the following categories: (a) taxis, consisting of standard taxis and accessible taxis; and (b) Personal Transportation Provider (PTP) vehicles, consisting of standard PTP vehicles, accessible PTP vehicles, and limousines. A PTP dispatcher has to have a licence and the sections specifically applicable to it are covered in sections 28 to 36. It has a number of obligations such as: only PTP dispatchers may dispatch PTPs; PTP dispatcher may only dispatch insured vehicles; PTP dispatcher must provide ID cards to drivers; information to be provided to passengers; criteria for driver registration with PTP dispatcher; termination of PTP drivers' registration; and criteria for vehicle registration with PTP dispatcher (i.e. Manitoba Public Insurance as a PTP for the period or periods of time during which it will operate as a PTP; and inspection). It is worthwhile noting that a PTP dispatcher must provide the following information through the platform used to dispatch its registered PTP vehicles that its drivers: can only provide transportation services through the dispatcher's digital platform and cannot accept street hails; and cannot accept payment for transportation services and that payment may only be made through the dispatcher's digital platform; Under section 62, A PTP driver must be registered with a PTP dispatcher and must not offer transportation services unless driving a PTP vehicle registered with that dispatcher and has been dispatched by that dispatcher.

Taxi-TNC Era

By the time that Uber began to threaten the status quo in 2015, the Winnipeg taxi plate license holders were protected from competition by a number of regulations and rules. Winnipeg's taxi industry



continued to be regulated by The Taxicab Act and other regulations (eg. Taxicab Regulation 209/91; Taxicab Fees Regulation 104/92; Taxicab Board Rules of Procedure Regulation 496/88R; The Manitoba Public Insurance Corporation Act; The Highway Traffic Act; The Drivers and Vehicles Act; and The Accessibility for Manitobans Act).

As of October 2016, the Province of Manitoba had issued only 410 standard taxicab licenses, which was only ten more than that available in 1947.⁴⁵ The structure of the industry was dominated by Unicity with 56.34% of the standard taxicab licences and Duffy's Taxi with 42.93% and a few fringe operators with 0.7%. Towards the end of 2015, TNCs were reported to have started service in the Winnipeg market and the two established taxis began their opposition. Thereafter, in December 2015 the NDP government commissioned a study on ridesharing service. In January 2016, the two established carriers created a united front to prevent Uber's entry into the market. One source says "Duffy's Taxi and Unicity Taxi formed the Winnipeg Taxi Alliance to fight Uber's potential incursion into the Winnipeg market."⁴⁶ By early 2016, Uber made an application to operate in Winnipeg to the provincial Taxicab Board.⁴⁷

At the end of the year, the commissioned report 'Winnipeg Taxicab Services Review' was released. The report made a list of 40 detailed recommendations. A few of the recommendations that attracted the greatest attention were: 1) Allow Transportation Network Companies entrance into the market, licensed as a separate category, and require they meet standards for safety and consumer protection similar to the requirements for standard taxicabs; 2) Establish a maximum total number of metered taxicab licenses based on population ratio, with a phased implementation plan (this would have the effect of increasing the number of taxicabs); and 3) Eliminate mandated fares for pre-arranged trips where fare estimates are provided and accepted in advance of booking (to allow taxis to compete with services such as Uber and Lyft). Among the 40 recommendations the Manitoba Taxi Board was encouraged to simplify and minimize the regulations to only those elements necessary to serve the public interest, and to encourage rather than regulate details of customer service requirements.⁴⁸

⁴⁵ Summary Overview of the Taxicab Industry in Winnipeg, Taxicab Board, Prepared by MNP, 2016, pp.1-28. Common regulatory characteristics in most jurisdictions include entry and exit control, fare setting and geographic jurisdictions/restrictions. In Manitoba, the industry is comprised of several participants. The Taxicab Board (TCB) is an independent quasi-judicial administrative tribunal established under authority of The Manitoba Taxicab Act to license and regulate all taxicabs, wheelchair vans and limousines operating in the city of Winnipeg.

⁴⁶ Taxis take aim at Uber, September 24, 2015, www.winnipegson.ca; and Winnipeg Taxis drivers steps up fight against Uber, January 19, 2016, Economy and Business, www.communitynewscommons.org

⁴⁷ "Uber's application to operate in Winnipeg is currently before the provincial Taxicab Board," February 5, 2016, www.rankandfile.ca/2016/02/05/uber-not-the-answer-to-winnipegs-transport-woes;

⁴⁸ Winnipeg Taxicab Services Review, prepared by MNP LLP, Final Report, December 20, 2016. (Winnipeg, 2016, at 74, online (pdf): <gov.mb.ca/mr/taxicab/pubs/ wpg_taxicab_review_final_rpt_dec20.pdf> [perma.cc/A9XU-VGFZ]; and "Uber with a Catch: Review Recommends Licences Ride-Hailing, More Cabs in Winnipeg" December 21, 2016, www.cbcnews.ca



Based on its recommendations on March 20, 2017, ‘Bill 30, *The Local Vehicles for Hire Act*’, referred to as the Uber bill was introduced in the Manitoba Legislature on March 20th, 2017.⁴⁹ It received Royal Assent on November 9th, 2017. Reversing history, the new Act dissolved the Manitoba Taxicab Board and transferred regulatory authority back to the City of Winnipeg. The provincial taxi licenses were cancelled, but continued to be observed by the City.

This brought immediate reaction, as hundreds of taxi drivers circled the Manitoba Legislature to protest the Uber Bill, on November 10, 2017. The taxicab license holders sought an injunction against the new law because it would result in a loss in the street value of taxi licences.⁵⁰ Six months later, in March 2018, the future of the lawsuit over ride-hailing legislation was unclear after car companies asked for an adjournment.⁵¹ Although two small Alberta-based NTCs entered the market (TappCar and Cowboy), Lyft and Uber did not as it could not negotiate insurance with Manitoba Public Insurance (MPI) that has a provincial monopoly similar to its insurance in other jurisdictions. A couple of years later, in March 2020, Uber indicated that it will begin service in Winnipeg after a long negotiation with the MPI that requires a person to choose insurance from four time slots (weekdays, rush hour, overnight and weekends).⁵²

⁴⁹ Uber bill sets stage for ride-booking service, dissolves Taxicab Board, March 20, 2017, www.cbc.ca; and Bill 30: The Local Vehicles for Hire Act : Manitoba’s Controversial Approach to Ride Sharing Services, Kaisia Kieloch, The Manitoba Law Journal, Vol. 42, No. 1, 2019, pp. 143-182.

⁵⁰ “Hundreds of Taxi Drivers Circle Manitoba Legislature to Protest Uber Bill, November 10, 2017, www.cbc.ca; “Winnipeg’s Taxi Industry Fighting Back Against Ride Sharing By-law”, December 16, 2017, www.ctvnews.ca; and “Winnipeg Taxicab Companies Sue Province Over Law Allowing Ride-Sharing Services”, December 15, 2017, www.cbc.ca

⁵¹ Cameron MacLean, “Future of Lawsuit Over Ride-Hailing Legislation Unclear After Car Companies Ask for Adjournment”, March 14, 2018, www.cbc.ca

⁵² Uber’s venture into Winnipeg ‘testimony to understanding’ of local regulations: MPI; March 11, 2020. www.cbc.ca; and Uber gears up to hit the streets of Winnipeg this spring, no exact date confirmed, March 10, 2020, www.cbcnews.com



Section II – Ottawa

The history of Ottawa dates back to around 1800. ‘Bytown’ located where the Rideau Canal meets the Ottawa River now known as ‘Ottawa’ was incorporated as a City on December 18, 1854. At the time of its incorporation it had a population of 7,500. In 1857, the Great Queen Victoria the Good, chose Ottawa as the Capital of the United Canadas.⁵³ The beginning of local ground transportation can be traced to the use of the horse and buggy or horse and carriage. The upper middle class used buggies while the rich used the more elegant 4-wheel carriages for local use. It was a primary mode for short-distance transportation.

The Beginning of the Horse-Cab Transportation

It is not known who began the first ‘fore hire’ horse cab business in Ottawa nor when it first began. Captions have been found such as ‘Cabs from Patrick Buckley’s livery stables, Ottawa, Ontario, June, 1875’.⁵⁴ Ottawa Cab drivers may have even formed a club or association as in 1877 a group of drivers (14) presented a gold headed cane to Lord Dufferin and a silver card case to Lady Dufferin.

The cab trade evolved into a two-tiered system consisting of "street cabs" and "livery cabs". Street cabs picked up fares from cab stands or when hailed and they had to display a license number.⁵⁵ Livery cabs were not licensed to use cabstands or to pick up hailed fares, they were sent out from livery stables on

⁵³ THE OTTAWA CITY DIRECTORY 1923, Volume L, July 30, 1923, p. 5.

⁵⁴ ‘Lost Ottawa’, Jean Ouellette, December 17, 2016.

⁵⁵ The number would be transferred from a carriage to a sleigh and vice versa as the seasons changed.



request.⁵⁶ Stands or waiting areas for horse carriages existed for example, the West Block of the Parliament Buildings, the Central Post Office, Metcalfe Street, etc. The street cab business attracted the traditional bottom rung of people with limited capital trying to break into the business and it was a profitable source of income that the livery stable owners could not ignore.⁵⁷ The Ottawa Directory for 1875 indicates that there were 32 carriage makers and 5 livery stables; and the Ottawa Directory for 1890 indicates the presence of 9 cab owners, 19 carriage & wagon makers and 23 livery boarding and sale stables.⁵⁸ By 1890, it was a well established business and the horse cab trade continued into the 1920s and even into the early 1930s.

As in most other Canadian cities, bylaws were made after the business began. In Ottawa, the first city-cab bylaw was passed after the city was incorporated. Bylaws provided for license fees, duties and responsibilities of drivers and owners, cab stands and detailed tariffs. Tariffs (five or six sections) were based on two horse or one horse carriages by time and by destination with provision for luggage and children fares.⁵⁹

Like the horse cab business, any form of mass local ground transportation can be traced to the use of the horse. *Headlights*, the Journal of Electrical Railroaders Association states “Between 1870 and 1890 the horse was the undisputed king of local transportation, plodding along with small wooden cars in summer and sleighs in winter.” Using horses, tram car service began in Ottawa on July 21, 1870 by a company named Ottawa City Passenger Railway (OCPR) founded by Thomas McKay (and incorporated on August 15, 1866). In its first year of service it carried 273, 000 passengers. By 1891, OCPR had four miles of track, 25 horses and 15 employees and its wooden tram cars had a capacity of twenty seating passengers. Tram carriage by horse was replaced with the arrival of electricity in the city.

On July 29, 1891, Thomas Ahearn and Warren Soper formed the Ottawa Electric Street Railway (OESR - incorporated February 13, 1891) and began operation. The OESR was an immediate success and in its first eleven months of operation it carried over 1.5 million passengers whereas OCPR carried 575, 000 passengers. Faced with competition from the OESR, the OCPR started losing business. This led to the

⁵⁶ “Most Ottawa cabs, especially “street cabs” that picked up fares from cab stands, seem to have been pulled by one horse. This was adequate for most cab loads which then as now consisted of only one or two passengers. Although two-horse cabs did appear on stands ... they were more likely to be hired from a livery stable for occasions when four people were travelling together to a party or other event.” Last Trip: The Death of Alfred Bonenfant / 3: ‘The Murder’, by Norman Beattie, www.taxilibrary.org

⁵⁷ The Cab Trade in Winnipeg, 1871–1910 Norman Beattie, Urban History Review, Volume 27, No. 1, 1998, p. 38.

⁵⁸ The OTTAWA DIRECTORY 1890-91, Volume XVII, p. 396, p. 398, and p. 423.

⁵⁹ See Cab Tariff - For a one and two horse vehicles for the conveyance or carriage of any number of passengers, not exceeding four; for the conveyance of one passenger from any of the carters stands, or from one part of the city to one or more places consecutively; free carriage of trunks or baggage and children under the age of eight and half the rate for children between eight and twelve when accompanied by an adult. THE OTTAWA CITY DIRECTORY 1888, Vol. XVI., p. 511. Tariff for Coaches, &c. first appeared in The Ottawa Directory in 1886, see p. 304.



amalgamation of the two companies on August 13, 1893, resulting in the formation of the Ottawa Electric Railway Company. And in 1893, the City agreed to a 30-year electric railway franchise following which the horse tramways disappeared. The two forms of local transportation at this stage were horse carriage and tram cars.

The Beginning of the Taxi-Cab Transportation

The first automobile to grace Ottawa's streets was a De Dion in 1898 imported from France, driven by Harry Ketchum according to the *Ottawa Evening Journal*. Credit however for the first vehicle has been given to Thomas Ahearn who drove down Sparks Street on September 11, 1899 in an electric automobile.⁶⁰ Several years later, motorized taxi cabs were first introduced in 1911 by two companies Ottawa Taxi and Auto Company Ltd.⁶¹ At about the same time, annual car production increased from 78,440 in 1912, to 501,492 in 1915, after Ford opened the first moving assembly line in 1913-14. Cars that had been the preserve of only the rich came within the means of a much larger population. To add to this, local ground transportation cried out for cheap alternatives and entry was easy. In 1913-17, there was only one taxi company (Major Hill Taxi & Transfer Co. Ltd.) listed in the Ottawa Directory under taxicab. The number steadily rose to six in 1921⁶² and then to seventeen as listed in the Ottawa City Directory in 1923. Those listed for 1923 with the name 'taxi' in their names were: Bank Street Taxi Co.; Bowman's Taxi Service; Capital Taxi Service Limited; Cecil Taxi; Checker Taxi Service; Electric Taxi & Transfer Co.; Yellow Arrow Taxi Co.; and Yellow Cab Co. of Ottawa Limited.⁶³

Before turning to the later development of the taxi industry, it is worthwhile noting that the motorized taxicab business (that evolved out of the cab and livery trade) was the first competing mode of transport to challenge the horse cab in its own private local transportation market. The horse-drawn streetcar in 1882, the electric streetcar in 1892, the bicycle and finally the automobile in 1911 ensured that the horse cab trade commanded a steadily diminishing share of the local transportation market.⁶⁴ Private car ownership, which brought new entrepreneurs into the cab trade as jitney operators, ultimately wrote the end to the horse cab trade.⁶⁵

⁶⁰ Ottawa Enters the Automobile Age, April 9, 2016, www.todayinottawashistory.wordpress.com

⁶¹ Taxi Cabs in Ottawa, *The Evening Journal*, Ottawa, June 11, 1911, p. 1.

⁶² The names listed under taxicabs were: Bank Street Taxi Co.; Capital Taxi Service; Landreville, J.C.; Heatherington Wm. H.; Major Hill Taxi & Transfer Co., Ltd.; and Yellow Arrow Taxi Co. See THE OTTAWA CITY DIRECTORY 1921, Volume XLVIII, p. 984.

⁶³ THE OTTAWA CITY DIRECTORY 1923, Volume L, July 30, 1923, p. 924.

⁶⁴ The Cab Trade in Winnipeg, 1871–1910, Norman Beattie, *Urban History Review*, Volume 27, No. 1, 1998, p. 45.

⁶⁵ *Ibid.*, p. 49.



Jitney-Tram Era

The earliest known citing of Jitneys in the city's west end was reported in April 1915.⁶⁶ Its operation has been credited to Charles Lévesque carrying the signage 'Jitney Passenger Service'.⁶⁷ There were however reportings that a jitney service operated in suburban Ottawa since May 1914 when a developer began operating a free service to his subdivision south of the Experimental Farm.⁶⁸ By 1914-5, the maximum number of jitney's reported in Ottawa were between 1-25. The jitneyists preferred either to belong to a cooperative or to go it alone and attempts to incorporate closely held jitney associations either failed or were shortlived.⁶⁹

In contrast to some of the other Canadian cities there was no 'jitney craze' or 'jitney phenomenon' in Ottawa. This was at first sight surprising as Ottawa was a reasonable sized city with key arteries to provide such as service. In addition, it was reported that jitneys provided some women an opportunity to become entrepreneurs as reported in the July 1915 Saturday Night that the cars of female jitneyists were "more generously patronized than [those of] many of the men."⁷⁰

The cool reception given to jitney's have been attributed to several factors. The first was lack of knowledge about its operation. A reporter for the Ottawa Evening Citizen wrote that "the people do not even seem to understand what the jitney is or just what is its object in trundling about the streets."⁷¹ The second was because Ottawa was a civil service town notoriously conservative, and possibly resistant to innovations. The third was because trams were remarkably uncrowded in Ottawa assisted by its lower more numerous peak hours. The ratio of seats to passengers were 1:1 in contrast to some Canadian cities which resulted in considerably less strap-hanging. The Holt Commission found in 1915 that on every line "only occasionally [did] the passengers exceed the number of seats offered."

Given the relatively lack of interest in alternative forms of public transit, jitney's died of natural causes and did not require the help of unsympathetic supporters or the lobbying of The Ottawa Electric and the British Columbia Electric Railway (BCER). Though the Amalgamated Association of Street Railway

⁶⁶ *Ottawa Evening Journal*, 7 April 1915.

⁶⁷ All-Time List of Canadian Transit Systems, Ottawa, Ontario, by David A. Wyatt, www.homecc.umanitoba.ca

⁶⁸ See Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 122.

⁶⁹ See *Ibid.*, pp. 108-9.

⁷⁰ See *Ibid.*, p. 112.

⁷¹ Charles Lévesque and his associates began operating a "Jitney Passenger Service," on Rideau and Bank Streets in early April 1915, but quit after four days of running for "lack of patronage." The car made a paltry \$2.70 on its first day (to be shared with a hired driver), and it is neither surprising that Levesque's group failed to find new investors nor that Lévesque had no successors until the street railway strikes in 1918 and 1919. See Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 116.



Employees lobbied for the strict regulation, if not suppression.⁷² It was finally eliminated in 1923 by the exclusive transportation franchise given to the city. The city however did extract some concession from the railway streetcars in the form of railway extensions.

The Taxi-Cab Era

The state of the industry in the 1920s and 1930s set the stage for regulation.⁷³ In 1923 seventeen names were listed under taxicabs, this rose to twenty-five names in 1927.⁷⁴ A few jitneyists continued to operate between downtown and west-end suburbs such as Britannia and Westboro notwithstanding the exclusive franchise given to BCER. Mrs M. Gorman, another notable Ottawa jitneyist in 1926, operated a "nickel machine," 15 passenger bus connecting downtown with the southern suburbs. Less than half the cabs of Ottawa carried public liability insurance in 1930-32 as the cost of insurance was prohibitive.⁷⁵ E.P. Taylor organized the Red Line Taxi Company in 1923 and a bus line (Yellow Bus Co.).

At the height of the taxi wars in 1931-1934, the initial drop charge in Ottawa in 1934 was 10 cents and it cost only twenty-five cents to go almost anywhere within the Ottawa city limits. This fare was insufficient to hire exclusive use of the cab. Those willing to share the ride, and fortunate enough to live along an arterial route close to the business district could get home for a nickel or a dime in Ottawa — in other words, for the price of a streetcar ride.⁷⁶ Ottawa also passed bylaws between 1932 and 1935 to restrict the number of brokers by requiring them to be licensed cab owners with adequate garage facilities, and to be the bona fide owner of all the cabs they licensed.⁷⁷

With the onset of the Great Depression, the growth in unemployment and unsold automobiles produced a drastic increase in the number of taxicabs between September 1929 and June 1938. Fewer people could afford to ride a taxi, the number of taxicabs skyrocketed while occupancy rates and revenues per taxi declined. Capacity and demand were moving in opposite directions.⁷⁸ Sentiment also began to shift in favour of the taxi industry, further fuelled by the findings of the Report of the Advisory Committee on Taxicabs in 1932. And the *Ottawa Journal* contended in 1936, "No one has any right to expect a taxi ride ... at a price that does not permit of decent wages and working conditions for those engaged in providing

⁷² Ibid., p. 110.

⁷³ Twenty-five cents to go almost anywhere within the city limits of Ottawa in 1934, the poor wages, cab business in the 1930s without a legal permit and lack of public liability insurance, and price wars, etc. See Canadian Taxi Wars, 1925–1950 Donald F. Davis, *Urban History Review*, Volume 27, No. 1, 1998.

⁷⁴ Seven had the name 'taxi' in their names: Bank Street Taxi Co.; Buckley's Taxi; Busy Bee Taxi; Capital Taxi Service Limited; Cecil Taxi; Checker Taxi Service; Dominion Taxi; Gibson's Taxi; and the others did not have the name taxi in it.

⁷⁵ Ibid., p. 13.

⁷⁶ Ibid., p. 12.

⁷⁷ See Reference in footnote 2, p. 10; and N. L. Glozer, "Personal Survey of the Cab Broker Situation in June-July 1933;" *Ottawa Journal*, February 3, 1932.

⁷⁸ Taxi Industry Reform, Report for the Ottawa Transition Board Taxi Project Team, September 11, 2000.



it."⁷⁹ Regulators proceeded on the assumption that Canadians still believed in the ancient credo that everything has its just price, it being as unethical to pay too little for a product or service as to demand too much for it.⁷⁹

A year after the end of the Great Depression, the start of World War II (September 1, 1939 to August 14, 1945) also left its mark. It is believed as in most large Canadian cities, the number of taxis declined.

Taxi-Cab Post War II Era

After WWII, Canada and the taxi-cab industry began to return to peace time. Between 1944 and 1947 the number of cabs rose as in most Canadian cities as the service men returned back. In the 1950s, plates were issued by the Police Commission and the industry consisted of a number of small taxi companies. Then began a period of consolidation in the industry. It resulted in an industry in the hands of few companies and two brokerages.⁸⁰ Blue Line which had only fourteen plates then became the largest company in 2019 with 637 cabs. The policy of limiting the number of plates issued added to problems of new entrants into the industry. The important developments after WWII are shown in the chart hereafter and described in greater detail.

Chart II

1950 <i>Municipal Act</i>	1971 <i>By-Law L6</i>	1974 Staff Report	1975 MacKenzie Report	1989 Doug Cameron Report	2000 Haydon Report	2001 KPMG Report	2000 <i>By-Law L6-2000</i>	2005 <i>By-Law 2005-481</i>	2012 <i>By-Law 2012-258</i>
2015 <i>KPMG Final Review</i>	2016 <i>By-Law 2016-212</i>								

1950 Municipal Act

The Municipal Act allows municipalities in Ontario to issue taxi licenses and continue to hold the property interest in the issued licenses. The scope of their powers include: limiting the number of licenses issued; prohibiting the transfer of licenses; and reducing the number of taxi licenses which they issue by renewing a lesser number of licenses than were issued in previous years. Limiting the number of motor cabs in Ontario found its way into the *Municipal Act* 1950 by the 1954 amendments.⁸¹ There is no obligation for the municipality to take the street value in consideration when making regulatory change

⁷⁹ Canadian Taxi Wars, 1925–1950 Donald F. Davis, *Urban History Review*, Volume 27, No. 1, 1998, pp. 18-19.

⁸⁰ "Back in the late 1980s, they [i.e. a small group of plate owners] owned more than 50% of the plates, at that time 303 of the city's 586 licences. The numbers have changed, but most of the names are still the same." Marc/Andre Way owns (87); Hanif Patni owns (82) + DJ's Taxi; and The Sziirtes own (70) + West Way Taxi. See A taxi plate plight for the little guy, Susan Sherring, *Ottawa Sun*, July 15, 2015.

⁸¹ See *An act to amend The Municipal Act*, c. 56 s. 25.(1). The amendment permitted control of licence by adding the words "for limiting the number of cabs ... used for hire, or any class or classes thereof" to chapter 243, section 406, RSO 1950.



and need not compensate license holders if street value is reduced or eliminated by virtue of regulatory action. There is also no legal obligation to pay the street value of any taxi license by virtue of regulatory changes such as prohibiting transfer or by culling back the existing number of licenses.⁸²

1971 By-Law L 6

By-Law L 6 came into force on October 1, 1971. This By-Law sets out regulations for the control of the taxicab industry in the City of Ottawa. It covers drivers, brokers and owners of taxicabs (in section 2) and provides details applicable to them (in its Schedule No. 19). The intent of the By-law from the schedule appears to be to serve the interest of the public by providing provisions for: a) quality of service – through requiring drivers to pass a written examination, carrying proof of insurance, maintaining their cab in good repair, displaying their licence and other information, limiting number of passengers that can be carried, etc; b) control of fares - through the use of taximeter, the tariff, etc; and c) control of supply – through the maximum number of cabs that can be licensed (1 per 540 residents), the application for licences, the transfer of brokers and drivers licence, the conditions for transfer of owner's licence, etc.⁸³ Before this By-law came into effect, the City of Ottawa issued taxi licenses in the 1950's through the Police Commission. Taxi licenses were transferable at this stage. In 1969, the City of Ottawa took the function over from the Police Commission.

1974 The Staff Report

In 1974, a staff report was made to the Regional Executive Committee of the Regional Municipality of Ottawa-Carleton. It recommended the creation of a single region wide licensing body in the region. The recommendation was not implemented as a result of opposition from the regions as they wanted control over licensing.⁸⁴

1975 The MacKenzie Report

In 1975, the MacKenzie Report was presented to the Ottawa City Council. It recommended the regionalization of taxicab licensing. It did not result in any changes in the licensing of taxicabs.⁸⁵

1989 The Doug Cameron Report

In 1989, the Regional Municipality of Ottawa-Carleton prepared an exhaustive report (known as the Doug Cameron Report) detailing the industry and containing a number of significant recommendations

⁸² Taxi Industry Reform, Report for the Ottawa Transition Board, Taxi Project Team, September 11, 2000.

⁸³ By-Law – L6.

⁸⁴ Taxi Industry Reform, Report for the Ottawa Transition Board, Taxi Project Team, September 11, 2000.

⁸⁵ Id.



including the: creation of an independent regional Licensing Commission reporting to Regional Council, development of a regional taxicab by-law, creation of two interim zones, creation of a compensation fund to reduce the street value of the plates so that the Region could eventually move to one zone, and, development of a uniform education program for new drivers. The report required enabling legislation from the province to accomplish its objectives. The provincial Ministry of Municipal Affairs refused to grant the legislation because of concerns over the creation of the compensation fund. Notwithstanding the above, the report culminated in some modest improvements including a mandatory entry-level course for drivers, the development of larger zones through municipal cooperation and more standardized by-laws throughout Ottawa-Carleton including uniform meter rates.⁸⁶ In the next few years some changes were made⁸⁷ but the quality of service continued to deteriorate.

2000 The Haydon Report

In 2000, a Taxi Project Team headed by Andy Haydon, was established to evaluate the quality of taxicab service within a newly amalgamated City of Ottawa. The Team published its report on September 11, 2000. It came to the conclusion that the taxi industry within the new City of Ottawa is not adequate and its quality is continuing to erode. It therefore made a number of recommendations on: regulatory reform and enhanced standards. The former were on: creating a Taxi Commission; creating a visible and accessible complaint mechanism; merging all existing zones into one; and limiting licensing requirements for limousines. The latter were on high standards for new and old drivers; higher vehicle standards; more effective enforcement of taxi regulations; better meter operations; and new taxicabs to be yellow. It considered open entry (controlled through high standards) the best and most feasible opportunity to improve customer service. It stated “It is the considered opinion of the Project Team that the second option [i.e. open entry] offers the best and most feasible opportunity to attain improved customer service to the public in the form of better, safer vehicles and more highly trained and qualified drivers.”⁸⁸ No compensation was to be offered to existing licences for opening entry. This report led to considerable controversy, protest and demonstration. On December 5, 2000, the Taxi Project Team released a final report in which it abandoned its option of open entry. The Ottawa Transition Board approved the Report with the intent of passing the recommendations to the new council for final decision on implementation. While the final report did recommend one zone and ‘controlled entry’ its impact on values was unclear, because how many plates would be issued under this system was not known. It also did not address

⁸⁶ Id.

⁸⁷ The area municipalities made some improvements to the licensing of taxicabs in the early 1990's as a result of the regional report. In 1992 an Inter-Municipal Taxi Licensing Committee was established. In 1993, the Algonquin College Taxi Driver Training Course was created and funded through the area municipalities, Algonquin College and the Taxi industry. Between 1993 and 1997, the area municipalities standardized area by-laws and enshrined a requirement that new drivers participate in the training course provided through Algonquin College. See Taxi Industry Reform, Report for the Ottawa Transition Board, Taxi Project Team, September 11, 2000.

⁸⁸ Id.



issues of compensation and the desirable characteristics of the system - improved safety and quality of service. So the city commissioned a study by a consultant KPMG.

2001 KPMG Report

On May 24, 2001, the KPMG Report was released reviewing the Taxi Project Teams Proposals. It made a total of 38 recommendations (see number in brackets) after considering seven areas: A. Taxi Commission (3); B. Taxi plate types and numbers, "zones"(16); C. Vehicle Standards (6); D. Driver Standards (2); E. Driver Safety (1); F. Accessible cabs (6); and G. Enforcement Issues (4). The first two attracted the greatest attention, and they are briefly reviewed. Given the accountability of the Council to clients and the industry, it recommended that responsibility for policy development with respect to taxi licensing be retained with the Council rather than be given to the Taxi Commission. It also recommended the creation of a Licensing Tribunal whose members were appointed by the Council and the establishment of a Departmental Consultative Group of taxi industry representatives. The report reviewed: the current practice, the task force recommendations; the results of consultation; the compensation for changes; the zone systems; the number of taxi plates; the objective and options considered; the recommended approach; the likely impact on the plate value; and the future growth in plate numbers. It recommended expiry of all taxi by-laws on January 1, 2006 and provided for a single zone. The new by-law should issue cab licences to a maximum of one per 668 residents. The City of Ottawa adopted many of the recommendations of the KPMG report including retaining control of supply of taxis but easing entry of new licensees through the Ambassador system implemented in Toronto. However, cab licences were to be issued to a maximum of one per 540 city residents. It also accepted phasing in of the boundary elimination that would ultimately have the effect of being one zone.⁸⁹

By-Law L6-2000

The above report led to a new By-Law in 2000. Part II of the By-Law refers to licenses, and section 2 states that: "They shall be procured by (30) every taxicab broker; (31) every taxicab driver; (32) every taxicab owner..." Detailed regulations on each of these categories are described in Schedule No. 19 of the By-Law. The taxicab broker provisions cover: conditions for the issuance (i.e. age requirement - 18 or above, premise requirements - zoning, building and property standards and character reference); non transferability of broker license; record of trip (i.e., dispatch, time, place and destination) and ninety day retention of record; use of communication system (except by dispatcher within the city to licensed taxicab driver or owner) and restrictions on use of communications system (i.e., if taxicab driver or owner's license is suspended or revoked except under certain conditions); and general regulations. The

⁸⁹ Taxi Licensing Issues, KPMG Report, Ottawa, May 24, 2001.



owners and drivers of cab provisions are covered in the same schedule. It deals with: Licenses Required; Conditions for the issuance of taxicab driver's licenses; Conditions for the issuance of taxicab owner's licenses; One license per taxicab; Maximum number of licenses; Leasing Agreements; Taxi owner's list; Issuance of License; Duplicate Record of Taxicab driver's record book; Taxicab driver's education program; Insurance; Tariff and sealing of taximeter; Inspection of taxicabs; Transfer of License; Taxicab drivers regulations; Taxicab owner regulations; General regulations; and Appendix 'A' (on Tariff).⁹⁰

2005-481 By-Law

By-law 2005-481 became effective on September 28, 2005. The important sections of this By-law deal with: (a) replacing outdated vehicle standards that prevent approval of some low emission and hybrid vehicles from becoming taxicabs; (b) revising the implementation date for taxicab drivers to have completed the Refresher Training Course as a condition for renewing their licenses; (c) approving a taxi meter rate adjustment; and (d) receiving information outlined in this report respecting: Taxi Driver Appreciation Event; and The 2010 Bandit Cab Public Awareness Programme.

2012-258 By-Law

By-law No. 2012-258 was enacted on July 11, 2012. It continued the regulation that was set out in the 2005 By-law, with some amendments. It required: 1) Motor vehicles providing taxicab service must have a current taxicab plate license holders; 2) Drivers of taxicabs must hold a current taxicab drivers license; 3) Drivers of an accessible taxicab plate license must have an accessible taxicab driver's license. 4) Brokers of taxicabs must have a valid taxicab license to accept passenger calls for a taxicab and to dispatch taxicabs (other than those belonging to one's self or one's immediate family). The By-law formula is one taxicab per 784 Ottawa residents within the regulated area. It provides that the plates are to remain the sole and exclusive property of the City at all times. The existing plate licenses must be renewed annually (with pertinent documents). It also sets vehicle standards such as: air conditioning, seating capacity, minimum leg room, age of vehicle (less than 8 years), security camera, etc. The By-law prescribes conditions for the issuance for a taxicab driver's license (i.e., be 18 years of age or older, hold a current valid Class G driver's license, provide the results of a police record check, provide an acceptable statement of driving record, pay a taxicab driver's license fee of \$217). The By-law provides detailed conditions for providing a service (i.e. use of a taximeter, accept payment also by credit card, charge a single fare for a single trip, etc.). The taxicab broker provisions cover details for the provision of dispatch services (i.e. maintain a permanent office from which dispatching of taxicabs is conducted), provide

⁹⁰ By-Law – L6 – 2000.



dispatch service 24 hours per day (7 days per week), ensure that every taxicab dispatch is capable of accepting debit and credit card payments, pay annual fees based on size of fleet.⁹¹

2015 KPMG Final Review

On December 31, 2015, in its fifth and final report 'City of Ottawa Taxi and Limousine Regulation and Service Review' released, KPMG indicates that: "...it is clear that the status quo regulatory environment must be changed. This document recommends that the City should consider adopting reforms to the taxi and limousine industry as follows: That a new licensing category of Transportation Network Company (TNC) be created, and that the existing taxi and limousine regulatory framework be reformed to reflect emerging issues, new technologies and non-traditional service model."⁹² After considering this report, on April 13th, 2016 the city of Ottawa passed legislation that legalized transportation network companies as 'private transportation companies', effective September 30th, 2016.

2016-212 Vehicle for Hire By-law

The new bylaw created criteria under which private transportation companies could become legalized through a new harmonized bylaw named the 'Vehicle for Hire By-law No. 2016-272'. This new regulation has 184 sections and went into effect on October 30, 2016. The most important feature of the new regulation is that it introduces a new class of licence called private transportation company (PTC) that permits a ride to be booked for compensation through an app. Regulations specifically pertaining to PTCs are contained in Part IV of this regulation (sections 132 to 148). Several conditions have to be satisfied before such rides are permitted. The most commonly cited are: a PTC must have minimum \$5 million in Commercial General Liability and \$2 million motor vehicle insurance and PTC drivers must hold \$2 million in liability insurance (sections 140 and 144); A PTC vehicle must satisfy certain safety requirements, eg. Ontario Ministry Safety Certificate or alternative, annual safety check for vehicles less than five years and bi-annual check for vehicles more than five years (section 147 (1)(a)); PTC vehicles can be no older than ten model years (section 147 (1)(c)). In addition, the PTC will be required to remit to the city a charge of 11 cents per ride and will pay an application fee of \$807 (1-24 vehicles), \$2,469 (25-99 vehicles) and \$7,253 (100+ vehicles) (Schedule A – Fees). The new regulation also brings about changes to modernize how it governs taxi drivers and brokerages together with loosening the rules for traditional taxi drivers aimed at allowing everyone to compete on a level playing field. The most important of these are: eliminating the \$820 Algonquin College taxi course for drivers; allowing vehicles to be no older than ten model years (section 78(d)) instead of eight; eliminating the \$1.50 service fee for

⁹¹ By-Law No. 2012-258. Also see Current Regulatory Regime, City of Ottawa Taxi and Limousine Regulations and Service Review, October 9, 2015, pp. 1-22.

⁹² City of Ottawa Taxi and Limousine Regulation and Service Review, December 31, 2015, p. 3.



customers paying with credit and debit in taxis; reducing the taxi licence fee by 43.5 per cent (i.e. to \$96 from \$170) (Schedule A – Fees), and eliminating it altogether for drivers of accessible taxis (Schedule A – Fees); and allowing taxi drivers to offer reduced fares, but only when pre-arranged through an app (section 90).⁹³

Taxi-TNC Era

Shortly after the 2012 amendments, TNCs (i.e. Uber) were reported to have begun service in October 2014.⁹⁴ Their entry starts a war between the taxi industry and the City to prevent the entry of new competitive services. The opposition to Uber then begins and becomes violent.

On June 24, 2015, an Uber driver was beaten unconscious and two suspects were charged. Videos were taken about a cabbie harassing a Uber customer and a Ottawa taxi driver absolutely losing his mind on a Uber driver. In July, Ottawa Taxi baron leads national effort against Uber ridesharing.⁹⁵ To add to this, during the course of the war (October 2014 to May 2016), the City laid 234 charges against 110 Uber drivers collecting \$52,000 in fines.⁹⁶ Meanwhile, the City commissioned KPMG to review the taxi regulations. KPMG and its assistants Mowat Centre, Hara Associates and Core Strategies Inc. released several reports and papers towards the end of 2015.⁹⁷ The first four reports are briefly summarized below.

The first was ‘Case Studies, City of Ottawa Taxi and Limousine Regulations and Service Review’. It was published on October 1, 2015. “This document examines the current status of the vehicle for hire industry in jurisdictions outside of Ottawa. Specifically it identifies how these other jurisdictions reacted to the emergence of Application Based Service Models (ABSMs or app-based service models) such as Uber, Lyft and Sidecar and Split.”⁹⁸

⁹³ By-Law 2016-272

⁹⁴ The tale of taxi reforms in two cities: The failure of closed entry, Monteiro, Joseph and Barry E. Prentice, Canadian Transportation Research Forum Proceedings of the 2016 Annual Conference, Toronto, Ontario, May 1-May 4, 2016, pp. 46-53; and The Tale of Taxi Reforms in Two Cities: The Failure of Closed Entry - Continued, Monteiro, Joseph and Barry E. Prentice, Canadian Transportation Research Forum Proceedings of the 2017 Annual Conference, Winnipeg, Manitoba, May 28-May 31, 2017, pp. 65-73.

⁹⁵ Uber driver beaten unconscious in Ottawa, 2 suspects charged, June 24, 2015, www.canadianpress.ca; Video shows cabbie harassing Uber customer at Ottawa train station, September 4, 2015, www.thetorontosun.com; An Ottawa taxi driver absolutely loses his mind on an Uber driver, (Video), September 15, 2015, www.thehive.com; Ottawa Taxi baron leads national effort against Uber ridesharing, July 11, 2015, www.starphoenix.com

⁹⁶ 23 Uber drivers charged by Ottawa bylaw officers since October, February 17, 2015, www.cbc.ca; Ottawa taxi drivers take Uber protest to City Hall, September 16, 2015, *Ottawa Sun*; and Bylaw officers still writing up Uber drivers for illegal taxi service, *Ottawa Sun*, May 19, 2016.

⁹⁷ Case Studies, City of Ottawa Taxi and Limousine Regulations and Service Review, October 1, 2015, pp. 1-42; Current Regulatory Regime, City of Ottawa Taxi and Limousine Regulations and Service Review, October 9, 2015, pp. 1-22; Taxi Economics – Old and New, City of Ottawa Taxi and Limousine Regulations and Service Review, Hara and Associates, October 10, 2015, pp. 1-30; and Emerging Issues in the Taxi and Limousine Industry, City of Ottawa Taxi and Limousine Regulations and Service Review, Sunil Johal, Sara Ditta and Noah Zon, Mowat Centre, October 22, 2015, pp. 1-24.

⁹⁸ See Case Studies, City of Ottawa Taxi and Limousine Regulations and Service Review, October 1, 2015, p. 1 of 42.



The second was ‘Current Regulatory Regime, City of Ottawa Taxi and Limousine Regulations and Service Review’. It was published on October 9, 2015. This background paper was intended to explain key elements of the current regulatory regime, and the practical functioning of the industry in Ottawa. The paper is organized under four topics: 1. Legislative Authority – the provincial legislation that empowers the City to licence taxis and limousines (namely Ontario’s Municipal Act; The Public Vehicles Act; and City of Ottawa Taxi By-law). 2. The Taxi By-Law – the By-Law discusses the key provisions of the City of Ottawa Taxi and Limousine By-Law (namely the requirements for taxi plates, the standards for vehicles, the licenses for drivers and brokers and the meter rates). 3. Enforcement – the enforcement section identifies the approach to enforcing the By-law (namely regular vehicle inspections; change of vehicle inspections; patrols; and investigation of complaints). 4. Limousines & Regime Separation – the Limousine By-law (By-law No. 2002-189) examines how limousines are managed separately in the regulations (namely licence requirements; and vehicle requirements).⁹⁹

The third was ‘Taxi Economics – Old and New, City of Ottawa Taxi and Limousine Regulations and Service Review’. It was published on October 10, 2015. This background paper was intended to explain the economics of regulatory issues surrounding the industry, and the impact of App Based Service Models (ABSMs) like Uber and Lyft. Matters examined include why municipalities have commonly limited the number of taxis permitted to operate (history and rationale), taxi plate values (origin and consequences), driver incomes (short and long run and reasons for their protests), and the business models of the new companies (Uber’s service, surge pricing, pricing strategy, cost differences and its impact). Alternatives to limiting the number of taxis are also discussed.¹⁰⁰

The fourth was ‘Emerging Issues in the Taxi and Limousine Industry, City of Ottawa Taxi and Limousine Regulations and Service Review’. It was published on October 22, 2015. This paper provides an overview of new business models that are reshaping the face of the industry across the globe. It explores the following issues: 1) The market performance and business models of emerging technologies and service models, both in Ottawa and elsewhere. 2) The Current and emerging policy approaches and regulatory environments for new business models. 3) The Economic implications of these emerging technologies. 4) The Service impacts (e.g., geographic, accessibility and socio-economic) of these new models. It also briefly touches on the future where other technological innovations (autonomous vehicle

⁹⁹ See Current Regulatory Regime, City of Ottawa Taxi and Limousine Regulations and Service Review, October 9, 2015, p. 2 of 21.

¹⁰⁰ See Taxi Economics – Old and New, City of Ottawa Taxi and Limousine Regulations and Service Review, Hara and Associates, October 10, 2015, p. 2 of 29.



technology) continue to advance and may eventually overtake today's debates as even more disruptive changes would demand highly adaptable, flexible approaches.¹⁰¹

After considering the reports, the city passed a bylaw permitting TNCs to operate legally in the city in 2016. This led the taxi companies in Ottawa to file a 215-million-dollar lawsuit against the city. In a statement of defense, the City of Ottawa continues to claim that it is not responsible for the "secondary market" created around taxi plates, and has echoed this point within recent legislation by making next to no alteration of the existing plate laws (Ontario Superior Court of Justice Court File No. 16-69601, 2016). This suit is continuing to unfold as of January 2018 after Justice Robert Smith's decision gave Ottawa taxi plate owners the go-ahead to proceed with a lawsuit.¹⁰² Even after TNCs have won the war, the taxi industry is once again requesting the City to rethink several parts of the new by-law to level the competitive playing field.¹⁰³

¹⁰¹ Emerging Issues in the Taxi and Limousine Industry, City of Ottawa Taxi and Limousine Regulations and Service Review, Sunil Johal, Sara Ditta and Noah Zon, Mowat Centre, October 22, 2015, p. 2 and p. 18.

¹⁰² Taxi drivers launch \$215 million lawsuit against City of Ottawa weeks before Uber becomes legal, August 13, 2016, www.nationalpost.ca; Judge paves way for taxi lawsuit, January 17, 2018, www.cbcnews.ca; and Cabbies allege discrimination as judge certifies class action, *Ottawa Citizen*, January 16, 2018.

¹⁰³ No overhaul: City asked to rethink several parts of young bylaw regulating taxis, Uber, Lyft, *Ottawa Citizen*, August 26, 2019; Taxi and union bigwigs aligned on new meters allowing Uber ..., *Ottawa Citizens*, August 28, 2019; and Committee supports letting Ottawa cabs install new meters that offer 'flexible pricing', August 29, 2019, www.globalnews.ca



Section III – Toronto

The history of Toronto before its incorporation as a city in 1834 dates back to 1749 when an intrepid band of French adventurers established a trading post and named it Fort Rouillé. Fort Rouillé was constructed by the French in 1751, building upon the success of a trading post they established in the area a year earlier, known as Fort Toronto. After the destruction of Fort Rouillé, no attempt was made to re-establish a settlement in the vicinity for thirty years, until Governor Simcoe laid down the foundations of York in 1793. York now known as Toronto was incorporated as a City on March 6, 1834. Its population in 1834 is believed to be about 9,254.

The Beginning of the Horse-Cab Transportation

Local public transportation did not exist, as horses, human foot, and private carriages were enough to meet the transportation needs of the city's residents, though there were stagecoach services between larger communities. Stage coach services did exist between Toronto and Kingston, Toronto and Hamilton, and between Toronto and Holland Landing. Weller Royal Mail Coach Lines – the foremost coach line in Upper Canada was associated with these services in 1829-1830. By 1837 Weller was recognized as king of land transport ...”¹⁰⁴ In 1837, Thornton Blackburn started Toronto's first taxi service on King Street with his wooden four-seater yellow and red taxi. He founded a company to run it, which he named "The City." Several years later, the *Toronto Telegram* hailed his company with the headline "The First Cab in the City". Blackburn had a monopoly on taxis for a few years, until others saw

¹⁰⁴ Weller's Express Beats the Odds, A mid-winter gallop from Montreal to Toronto in February 1840 by Gregory McElroy, The Carriage Journal, Number 3, Volume 29, Winter 1991, p. 125.



the economic profits from running them. Another early cabman in Toronto was Joseph Hazelton, believed to be the man who gave Hazelton Avenue in Yorkville its name.¹⁰⁵ By 1885 there were at least 284 registered cabs.

The cab trade in Toronto evolved into "livery cabs" and "street cabs". In 1850, there were 68 licensed cabs in the city with the principal stands on the east side of Church, near King-street; and King-street, extending from York-Street west.¹⁰⁶ The cab owners listed in the Telephone Directories of Toronto were: 27 (1880), 33 (1885), 22 (1889), and 15 (1903). With the cab industry, two related businesses developed: the livery stables and carriage and coach builders. Livery stables listed in the Telephone Directories of Toronto ranged in number from two to four between the years 1834 and 1867. The stables listed were: Barnard's Livery Stables, Black's Livery Stables, Field's Livery Stables, John Grantham's Livery Stable, John Howcutt, Stevenson, C. & J. Mitchell, J. Mink, William Baker, John Bond, E. L. Butters, J. Grand and Henry Doane. Livery, Boarding and Sale stables between 1885 and 1903 increased from 28 to 42 reaching a peak of 54 in 1890. By 1920, this number decreased to 16 according to the Might's Greater Toronto City Directory.¹⁰⁷ Carriage and coach/wagon builders listed in the Telephone Directories of Toronto ranged in number from sixteen to twenty-nine between the years 1856-1903. Perhaps it is worthwhile noting that McLaughlin Carriage Works of Oshawa became the largest carriage company in the British Empire, the company was sold to Carriage Factories Limited of Orillia, Ontario, McLaughlin's largest competitor.

The first Act regulating overland transport in Toronto was passed on May 30, 1835, entitled *An Act to license and regulate the duties and charges of Common Carriers, in the City of Toronto*. It applied to carters. This Act was amended on June 5, 1843 to cover coaches, carriages and cabs and was entitled *An Act to License and Regulate the Duties and Charges on Coaches, Carriages, Cabs, Carts and Other Vehicles Kept for Hire in the City of Toronto*. The most prominent aspects of this law were that it covered licence fees (section III) and renewal (section VI), non-transferability unless with written permission (section V), stands for parking (section VII) and fares (section IX). Charging fares from stands or steam boat landing other than those prescribed in the schedule of rates and tariffs was not lawful. The scheduled fare was based on geographical division, per person declining with number of passengers, one horse or two horses (or coaches) and by the hour. Agreements superseded the tariff. Other sections also provided for payment pertaining for waiting, time of day, requirement to show tariff when requested, etc. A different schedule of tariffs applied to cartage. The Act did not apply to any livery

¹⁰⁵ From Thornton Blackburn to Uber: a brief and varied history of Toronto taxis, April 9, 2016, www.cbc.ca

¹⁰⁶ Rowsell's city of Toronto and county of York directory for 1850-1, for further particulars, see "Cab regulations," p. xxvii.)

¹⁰⁷ Might's Greater Toronto City Directory, 1920, p. 1603.



stable who did not occupy the stands.¹⁰⁸ The Toronto city directory for 1890 describes the Cab Tariff Rates of fares authorized (City ordinance relative to public carriages, etc.) under six titles: The Cab limits (3 divisions); Two horse cabs; One horse cabs; Night tariff; Children; and Baggage.¹⁰⁹

Horse drawn street cars did not arrive on the scene until 1849. Burt Williams, a cabinet maker, realizing the potential for a market as the city's population had grown to 21,000 built a small six passenger stagecoach called omnibuses. He offered service along King and Yonge streets and its popularity led not only to more buses but the building of larger 10 passenger omnibuses the next year. In a few years, he operated a fleet of buses operating every few minutes.¹¹⁰ His success proved to City Council and businesses the viability of public transit. A few years later, in 1861, Alex Easton set up a conglomerate of local business owners to build a street railway in the city to promote his new, horse-drawn 'Haddon Car'. The City granted the business now known as the Toronto Street Railway Company (TSR) a 30-year franchise. Tracks were laid on September 11, 1861 and the first streetcar began operation duplicating William's service. Then tracks were laid along a second route and service began on December 2, 1861. The streetcars were all pulled by horses, and the car barn and horse stalls were located in Yorkville.¹¹¹ Faced with competition from bigger cars, deeper pockets and city support for TSR, Williams sold out in 1862. By 1888, TSR had 60 miles of rail, 180 cars and 850 horses which remained the same or increased in 1891 to 60, 252 and 1300, respectively.¹¹² TSR's ridership grew from 44,000 in 1861 to 55,000 in 1891, when the TSR's 30-year franchise expired. The City then attempted to gain control of the business and finally negotiated a purchase price of \$1.4 million but later decided it was too risky to own and operate with rumours about electric trams. However, the first electric tramcar did not arrive until 1883 as electricity had not arrived in Toronto before the 1880s and had not become commercially available until John Joseph Wright installed his generator near King and Yonge. He built Canada's first electric railway. Lured by promises about electrifying the streetcar system, Toronto City Council granted a 30 year franchise to the new Toronto Railway Company (TRC), formed by a new consortium of businessmen. The TRC took over operations on September 1, 1891. They kept their word, and electric streetcars started running on Church Street on August 16, 1892. This spelt an end to the tram horse car and the last horse car galloped up McCaul Street on the DOVERCOURT route on August 31, 1894.¹¹³ The new company maintained a five cent fare, introduced free transfers and reduced fares for children and students. As the

¹⁰⁸ See An Act to License and Regulate the Duties and Charges on Coaches, Carriages, Cabs, Carts and Other Vehicles Kept for Hire in the City of Toronto, www.torontopubliclibrary.ca

¹⁰⁹ The Toronto city directory for 1890, p. 1520 Tariff, www.publiclibrarytoronto.ca

¹¹⁰ A Brief History of Transit in Toronto, June 25, 2015, www.transittoronto.ca

¹¹¹ Id.

¹¹² The sesquicentennial of the horse car era, Fred F. Angus, Canadian Rail, No. 496, September-October 2003, p. 205, www.exporail.org

¹¹³ Id.



population increased and became more widespread, the tram car system became increasingly complex leading to several tram car mergers and the birth of the Toronto Transportation Commission (TTC).¹¹⁴

The Beginning of the Taxi-Cab Transportation

Till the arrival of motorized cars in early 1900¹¹⁵ the electric tram car and horse cabs dominated local transportation for a brief period. The arrival of the automobile had a profound effect on ground transportation and consumer habits often termed the ‘car culture’. In 1901, 3,219 automobiles were manufactured in the US by eight companies. But major progress was not achieved till Ford introduced the assembly line manufacture in 1903. As the assembly pace accelerated, Ford produced more and more cars and production skyrocketed from 1,599 in 1905 to 32,053 in 1910 to 69,762 in 1911 and 1,426,612 in 1926. The automobile then began to be adapted for use as taxi cabs. In 1909, Berna Motors and Taxicabs, Ltd., credited with the first motorized cabs in Toronto purchased French built Darracq automobiles and put them into service. On Feb. 22, 1915, taxi-jitneys made its appearance in Toronto according to the *Toronto Daily Star* and proved to be especially popular during Toronto transit strikes of 1917, 1919 and 1920. They offered stiff competition to street cars and their competitive success led to their demise. Street cars accused them of cherry picking insisting on them being regulated and later vetoing them out of existence. The government of Ontario then announced that taxi-jitneys would no longer be allowed to operate after June 30, 1928. In 1926, another company De Luxe Cab Ltd. was established and became synonymous with the taxi industry in Toronto. With the demise of the horse drawn cabs and jitney taxicabs, the only local ground transportation services were the monopoly services of the TTC and the taxicabs.

Jitney-Tram Era

In Toronto, the jitneys’ arrival was heralded in the *Toronto Daily Star* under the headline “The Jitneys Are Coming” on January 29, 1915.¹¹⁶ Three weeks later it appeared in the streets on February 22, 1915. They were an immediate success in Toronto as Toronto Street Railway in March 1914 were infamously overcrowded. Notwithstanding that trams ran more than twice as many cars during rush-hour between 5:00 and 6:00 p.m. as it did at noon or 8:00 p.m. and carried twice as many passengers according to the

¹¹⁴ Faced with the possibility that the City would not renew its franchise, TRC refused to build new lines along the vast tracts of land that the City acquired. So the City formed the Toronto Civic Railways and decided to provide the service themselves by constructing new lines. The streetcar systems became increasingly complex with the annexations of West Toronto and North Toronto and its inheritance of other streetcar systems, like the Toronto and York Radial Railway and the Toronto Suburban Railway. The TCR was split into four separate systems each collecting their own fares and offering no transfers between them. So, the City resolved that, once the TRC’s franchise ran out it merged all of the networks into a single transit system. The voters approved and on September 1, 1921, the Toronto Transportation Commission was born now owned by the City.

¹¹⁵ In 1904, the Ford Motor Company opened a factory in Walkerville, Ontario to build the Model C, the first car built in Canada and in 1905 Toronto's Russell Motor Car Company began building the Model A. On June 16, 1903, Ford Motor Company introduced the assembly line manufacture in automobiles and 1,708 cars rolled out of Ford's manufacturing plant.

¹¹⁶ In early 1900s, jitneys were ‘Uber’-style transport usurpers, Dale Johnson, November 9, 2016, www.driving.ca



Ontario Railway and Municipal Board. Even those who found a seat were often appalled by what they found themselves riding in aged equipment prone to breakdown.¹¹⁷ As one writer states jitneys at least ‘offered everyone a seat’.¹¹⁸ In other areas it sprang up because of lack of service. As stated in Jitney Service in Toronto “...in a popular residential district not yet well supplied with street railway cars, the Toronto Jitney Association has placed motor cars on two important business thoroughfares, and the further experiment has proved so successful that the extension of the service is now under serious consideration.”¹¹⁹ By May 1915 there were about 150 in service.¹²⁰ Jitneys proved to be especially popular in Toronto when transit strikes – in 1917, 1919 and 1920 – shut down the street railway system. When the strikes were on, jitney drivers even flocked to Toronto from nearby communities, including Hamilton.¹²¹ They reached a zenith with 700 operating in Toronto.

During their reign, various associations came and went such as Jitney Motor Bus Co., Toronto Jitney Association, Canadian Jitney Association, West Toronto Jitney Association, and Independent Jitney Association dominating Yonge Street. Jitney operators chose to run them on the most travelled routes and street railways complained that this practice of so called cherry picking was unfair competition, later vetoing them out of existence with regulators helping hasten bus jitneys to their grave.¹²² This was not surprising as privately run street railway systems across Canada saw their ridership drop and revenues decline when jitneys arrived, as many people preferred the advantages of jitneys – lower costs and better schedules.¹²³

Jitney operators had a longer life than in Winnipeg and Vancouver but eventually by the 1920s demand for jitneys in Toronto began to decline due to a changing economy and improved public transit. The improved public transit was credited to the Toronto Transportation Commission created in 1921 and renamed the Toronto Transit Commission which found favour with Torontonians. The licensed bus jitneys in Toronto disappeared in 1927. The final nail in the coffin was driven when the Ontario government announced they would no longer be allowed to operate after June 30, 1928.¹²⁴ Some jitney

¹¹⁷ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 105.

¹¹⁸ Creeping Conformity: How Canada Became Suburban, 1900-1960, Richard Harris, 2004, p. 70.

¹¹⁹ Jitney Service in Toronto, *Commerce Reports*, www.books.google.ca

¹²⁰ Transit History of Toronto, Ontario - University of Manitoba, All-Time List of Canadian Transit Systems, David A. Wyatt, December 29, 2017, <https://home.cc.umanitoba.ca>

¹²¹ In early 1900s, jitneys were 'Uber'-style transport usurpers, Dale Johnson, November 9, 2016, www.driving.ca

¹²² Creeping Conformity: How Canada Became Suburban, 1900-1960, Richard Harris, 2004, p. 70.

¹²³ In early 1900s, jitneys were 'Uber'-style transport usurpers, Dale Johnson, November 9, 2016, www.driving.ca

¹²⁴ Id.



drivers defied the law and kept picking up passengers. Some ended up in court and faced fines of up to \$30. Appeals of the ban continued for months, but ultimately the law was upheld in court.¹²⁵

Taxi Cab Era¹²⁶

The Toronto Taxi War was not only a war among taxis, it was a war to eliminate the bus jitneys and an attempt by the City to control passenger transit within Toronto. The first bylaw appeared on taxis after 1909. A licence was needed to drive a taxi and fares were calculated in zones as the taximeter had not yet arrived. From 1924 to 1929, the number of taxis more than doubled in Toronto (to 1313) and the number of taxis in the early 1930s either remained at a record high level or soared upward.¹²⁷ Twenty-three taxi companies were listed in Might's Greater Toronto City Directory in 1925.¹²⁸ This number steadily increased to 40 in 1928, 84 in 1930 and 158 in 1935.

By the time the Great Depression arrived in 1929, the taxi wars began in earnest. Cab drivers were slashing fares and working conditions left much to be desired and Toronto's taxi companies fell on hard times, going from more than 200 operating taxis to around 50. For example, zone cab drivers, who served Toronto's most penny-pinching clientele, averaged \$3.74 a week in tips in 1931 on wages of \$9.70¹²⁹ and the average work week was about 80 hours (12.6 hours for 6.33 days per week). In that year there were 974 taxicab licenses serving a population of 600,000 or 1 per 616 and 30 cabstands situated mainly near Union Street and around the King Edward and The Royal York hotels.¹³⁰

On July 1, 1930, an order was passed requiring all taxi's to have a meter.¹³¹ At that time there were three types of fares: odometers (based on distance/miles); zones (i.e. 50c, 75c and \$1 – a flat rate within a zone); and meters. The metered fare would mean good-day to the 50c and dollar taxicabs. While this was expected to prevent price cutting and low fares and to increase incomes, it was opposed by smaller operators. It was also opposed by Mayor Bert Wemp on grounds that it would result in higher fares and discourage visitors from taking cabs. One newspaper stated "Toronto has put new regulations into force.

¹²⁵ *Id.*

¹²⁶ To gain a better understand of the events a brief description of the market structure is helpful. The taxi market consisted of several taxi operators. The dominant taxi company at this time was De Luxe Cabs Ltd. with 175 metered cabs.

¹²⁷ See The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998) p. 10.

¹²⁸ The names listed were: Blue Bonnet Taxi, Blue Line Taxi, Central Garage, City Dollar Taxi, Darling H., DeLuxe Cab Ltd., Dollar Cab Co., Dollar Taxi Service, Dominion Dollar Taxi, Genuine Dollar Taxi, Harker and Hugison, Hudson Taxi, Main Dollar Taxi, Morton Wm., National Taxi Ltd., Public Dollar Livery, Quebec Dollar Taxi, Queen Dollar Taxi, Rankin's Dollar Taxi, Regent Taxi, Uptown Dollar Taxi, Yellow Taxi Cab Ltd., and York Dollar Taxi. *Might's Greater Toronto City Directory*, 1925, p. 1761.

¹²⁹ See The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 12.

¹³⁰ Report of the Advisory Committee on Taxicabs to the Commissioners of Police of the City of Toronto, Board of Commissioners of Police City of Toronto, April 12, 1932, p. 85 and pp. 8-55.

¹³¹ Evening Telegram, "Police Bd. Minutes show no opposition by McBride to Taxis [sic] meters, Finger Printing", November 17, 1930. Also see Kimberly M Berry, "The Independent Servant: A Socio-Cultural Examination of the Post-War Toronto Taxi Driver" (PhD Thesis, University of Ottawa Department of History, 2006) [unpublished], pp. 43-46.



There will be no dollar taxis now. All will be on meter. It will mean that visitors to Toronto who will use taxis will have to pay 100 percent more than formerly.”¹³² The unpopularity with the meters led DeLuxe to remove its meters by 1934 as customers booking by phone liked to know the precise costs. But this was shortlived as the meters became mandatory by the late 1930s.

The Toronto Taxi wars led to an inquiry resulting in the first official Report of the taxi industry in 1932.¹³³ The reasons for the report were: the deplorable condition of the industry; the demoralization of drivers; the large number of cabs in use; the excessive labour turnover; and the low earnings for drivers and owners.¹³⁴ The Report also drew attention to a number of other issues: vehicles, types of services, cab premises, cab standards, cab drivers, cab brokerages, taximeters and insurance required. The Report recommended three changes: dissolution of the zoned rates system; standardization of cab rates; introduction of taximeters; and limitation on the number of licences issued each year.¹³⁵ The industry agreed. The recommendations formed the template for legislation that remained in use. The period, from 1929 to 1933, proved to be an equalizer for transportation. Taxi customers were few and far between, and the monopolies that ruled the streets were weakened. As it turned out, the depression proved to be a boost for the many unemployed Torontonians who turned their private vehicles into taxis. The industry flourished, and became steeply competitive for the first time since Blackburn's days. There was also some success at collective action or unionization. “In 1938, 720 members of the Toronto taxi drivers’ local of the Teamsters struck against sixty-three taxi companies, demanding union recognition, a minimum weekly wage, overtime after ten hours, and other improvements. The strike was substantially successful, and its terms were extended to the entire industry under the Industrial Standards Act. The following year, the union struck again and made further gains.”¹³⁶

Taxi-Cab Post War II Era

After World War II, two large taxi brokerages emerged and the taxi wars ended. In 1946, the Metro Cab Association was formed from several cab companies and began Toronto’s first large radio-dispatch service. A few years later, in 1949, De Luxe and nine other taxi companies (Christie Taxi, Circle Cab Co. Limited, Dominion Taxi, Fleetway Taxi, Lawrence Park Taxi, Queen and Beaches Taxi, Star Taxi Limited, U-Needa Taxi Limited and Vicross Taxi) joined forces to become a powerful, united industry

¹³² Renfrew Mercury [untitled], November 13, 1930, p. 2.

¹³³ Ibid., p.2.

¹³⁴ Ibid., p. 3.

¹³⁵ Ibid.

¹³⁶ Labour Gazette, May 1938) at 486–88; (September 1938) at 1047; (August 1939) at 859–60. Kimberly M Berry, “The Independent Servant: A Socio-Cultural Examination of the Post-War Toronto Taxi Driver” (PhD Thesis, University of Ottawa Department of History, 2006) at 71–6 cited in Uber and the Unmaking and Remaking of Taxi Capitalisms: Technology, Law, and Resistance in Historical Perspective, Eric Trucker, in Law and the Sharing Economy, p. 368.



force under the name Diamond Taxi Cab Association¹³⁷ and formed a single dispatch system. Diamond Cab operated 410 cabs versus Metro's 265. The large number of taxi companies began to consolidate after 1945 and offer service under four large brokerages or co-operatives by 1975 (Diamond, Metro, Co-op, and Yellow).¹³⁸ Conditions in the taxi industry began to improve and the authority to limit the number of licences was first introduced in the *Municipal Act* 1950 by the 1954 amendments.¹³⁹

One writer states “By the 1950s, the significance of restricted entry had become apparent, and once again, the perceived relationship between economic conditions and moral conduct was driving decisions of regulators. … the regulatory solutions of the 1930s had proven to be not only ineffectual but also problematic. During the 1950s, the entire Toronto taxi industry was tainted by allegations of corruption.”¹⁴⁰

In 1953 there were 1500 licences which remained the same for the next eight years.¹⁴¹ In that year, the Metro Licensing Commission (MLC) was formed to regulate the taxicab industry. “The first critical change to the characteristics of taxicab licenses occurred in 1963 when the MLC allowed licenses to be sold on the open market. This change was significant in that up to this time, a license was only valuable as a means to make an income from driving. The ability to sell the license in the open market transformed it into a capital asset, with value created by limited supply.” The second major change occurred in 1974 when the MLC permitted the leasing of taxicab licences.

During the next few years, determining the appropriate number of taxicabs for Toronto has been one of the difficult problems that the ML&S has been faced with over the years. “Prior to 1982, Municipal Licensing and Standards (ML&S) utilized a taxicab-to-population ratio in order to issue licenses to meet the growth in demand for taxicab services. In other words, as population grew, so too did the demand for taxicabs and the need to increase the supply of taxicabs by a given ratio factor.”¹⁴² Between 1982 and 1997, attempts at this were made by Currie, Coopers and Lybrand in 1982 & 1987, by Bruce Chapman in

¹³⁷ From Thornton Blackburn to Uber: a brief and varied history of Toronto taxis, April 9, 2016, www.cbcnews.ca

¹³⁸ Might's Greater Toronto Directory listed 101 taxi companies in 1945, 53 in 1967, and 4 in 1975. The largest companies in 2015 were Beck's Taxi (1750 taxis), Diamond Taxi Cab (400 cabs), Royal Taxi (500 vehicles), Co-op Cabs (900 cabs). In other words, the four had 3,750 out of a total of 4859.

¹³⁹ See *An act to amend The Municipal Act*, c. 56 s. 25.(1). The amendment permitted control of licence by adding the words “for limiting the number of cabs... used for hire, or any class or classes thereof” to chapter 243, section 406, RSO 1950.

¹⁴⁰ See Kimberly M Berry, “The Independent Servant: A Socio-Cultural Examination of the Post-War Toronto Taxi Driver” (PhD Thesis, University of Ottawa Department of History, 2006) at pp. 77-8. See the thesis for further details.

¹⁴¹ It is worthwhile noting that when the Metropolitan Toronto was formed there was a large increase in the number of licenses as a result of the combination of city licenses and various county licenses. The Board of Commissioners of Police increased the limit in Toronto licenses from 850 to 1000 before it transferred control to the MLC.

¹⁴² Toronto's Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012. See Appendix B, p. 5 of 13.



1994 and the Economic Planning Group of Canada Report in 1997 to predict the number of taxicabs required. All of these models have resulted in predictions that resulted in an undersupply.

The important developments after WWII are shown in the chart hereafter and described.

Chart III

1950 Municipal Act	1954 Brand Report	1973 <i>Lastman Report</i>	1982 C. C. & L Reviews	1985 By-Law 20-85		1994 Chapman Report		1996 Schiinski Report		1997 EPGC Report		1998 <i>Task Force Report</i>		2001 Municipal Act		2012 <i>Taxicab Industry Review</i>
2014 <i>Taxicab Industry Review</i>		2015 Ground Transportation Review		2016 Vehicles for- Hire Bylaw		2019 Review of Vehicles-for- Hire Bylaw										

1950 Municipal Act

The Municipal Act of 1950 provides the City with the power to regulate taxis. Section 406 chapter 243 of the Act states “By laws may be passed by the council of towns, villages and townships and by boards of commissioners of police of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs..., or any class or classes thereof;” The Act was amended in 1954 providing the City with the power to limit the number of cabs. Chapter 56 s. 25.(1) states “By laws may be passed by the council of towns, villages and townships and by boards of commissioners of police of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs... for limiting the number of cabs ... used for hire, or any class or classes thereof;” This section later appears as s. 232 of the Municipal Act R.S.O. 1990 c. M 45 which states “By laws may be passed by the council of towns, villages and townships and by police boards of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs ... used for hire or any class or classes thereof; for establishing the rates or fares to be charged by the owners or drivers of such vehicles for the conveyance of goods or passengers either wholly within the municipality or to any point not more than five kilometres beyond its limits, and for providing for the collection of such rates or fares; for limiting the number of cabs ... used for hire, or any class or classes thereof; and for revoking any such licence.”

1954 Brand Report

In April 1952 the Board of Police Commissioners appointed an advisory committee to investigate the taxi industry. It was chaired by Ford Brand who made its report in 1954. The report dramatically reshaped the taxi industry to fit rapid urbanization. Incidentally, it also spelt the end of the Board of Police Commissioners by recommending “It is essential that cities and adjoining municipalities standardize and



regulate their licensing in a manner that will forestall difficulties, which are bound to arise in the event of a broader system being developed.”¹⁴³ It also made recommendations regarding placement of the meter away from the dashboard and with a metal flag visible to police enforcement officers so as to avoid a practice known as highflagging (i.e. transporting passengers without the meter engaged). The report also recommended specialized seats, for example bucket seats for the drivers and a collapsible seat to the right.

1973 Lastman Report

By the early 1970s conditions in the taxi industry began to deteriorate suffering from some of the same problems that existed in the 1930s – low wages, no job security, high turnover rates, intense competition, etc. So, in 1973 the city undertook its study and published the 1973 Special Committee Report on the Taxicab Industry known as the Lastman Report. It begins by stating “Toronto has in the past, and is now, providing a taxicab service that is superior to that supplied by any other city in the United States or Canada … No other jurisdiction [has] required the same regular check of taxicabs for mechanical safety and cleanliness and of taxicab meters for accuracy.”¹⁴⁴ It concluded stating “...taxicabs and drivers in Toronto are generally held in high esteem – despite the many ‘internal problems’ within the industry, particularly between ‘taxicab driver and owner’.”¹⁴⁵ The concern with an oversaturated market was acknowledged. This it was believed was because the existing by-law permitted a ratio of no lower than 1 licence for every 975 citizens whereas the ideal was considered to be 1 for every 800 citizen (the current ratio being 1:855). Subsequently, new bylaws were created, restricting the number of licences available and making it difficult to obtain a licence.¹⁴⁶

1982 & 1987 Currie, Coopers and Lybrand Reviews

Currie, Coopers & Lybrand Ltd., in 1982 reviewed the ML&S method for the issuance of new plates. It acknowledged that the ratio measure used by the ML&S did not take into account important trends: the expanding municipalities contiguous to Metro Toronto which created additional demand for taxicab services; the increasing number of visitors more than the rate of population increase, whose demand for taxis is higher; the increasing use of public transportation which results in increased secondary demand. So to make their predictions they used certain additional variables for example GO Transit ridership, airline passengers, etc. In 1987, they reviewed the matter of taxicab licences again. “They acknowledged that the objective of the stabilization of plate prices and lease rates had not been realized, suggesting that

¹⁴³ Report of the Committee on Taxicabs to the Board Commissioners of Police for the City of Toronto, p. 27. City of Toronto Archives, Series 361, Section 1, File 005, “Taxicabs, Licensing 1953” Box 140520-9.

¹⁴⁴ Special Committee Report on the Taxicab Industry, Metropolitan Toronto Clerks Departments, Toronto, November 20, 1973, pp. 4-5.

¹⁴⁵ Ibid., p. 4.

¹⁴⁶ Morley, Katherine, *The Toronto Taxicab Industry: Past, Present and Future*, 2007.



demand had outstripped the supply of plates.”¹⁴⁷ They recommended changing the weights in their model.

1985 By-Law 20-85

In 1985, By-law 20-85 was passed. The specific authority for the Toronto City Council to enact by-laws for the licensing, regulating, owning and driving of cabs is contained in section 232 of the Municipal Act. It includes control over supply of licences and tariffs “The intention of the By-Law and the objective of the regulation is to serve the interests of the public, while offering a structure that can support the well-being of its participants. By-law 20-85 addresses provisions for quality and inspection of vehicles, enforcement, responsibility and accountability of industry participants, and training requirements.”¹⁴⁸ The By-Law sets out regulations for the controls of the Toronto taxicab industry.

1994 Chapman Report

In 1994 Bruce Chapman completed a report on taxicab regulation for the ML&S. The research estimated that the demand for taxicab services fell by 30-40 percent during the recession of the early 1990’s, and its effect resulted in reductions in plate value and lease rates. The report also acknowledged that it is very difficult to measure overall demand without accurate records of daily activity by drivers. He acknowledged the absence of a transit measure in his model for predicting taxis. He therefore suggested that the ML&S may want to look more closely at this relationship in the future as some empirical evidence indicates that public transit use is a good indicator of overall demand for taxis.¹⁴⁹

1996 Schimski Report

In October 1996, Thomas Schimski submitted his report on taxicab leasing.¹⁵⁰ Taxicab leasing was considered by many as a negative force in the industry. It provided a mechanism by which investors could earn returns from a licence plate without participating in the industry. Leasing also led to other problems such as shifting responsibility for taxicab quality and safety or avoiding fulfilling them from the plate owner to the driver. To add to this, some plates were under the control of both a designated agent and a lessee. When revenue has to be shared by a lessee, a designated agent and a plate owner, a driver’s income becomes less. Thomas Schimski in his report recommended that it would be appropriate to allow

¹⁴⁷ Toronto’s Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012. See Appendix B, p. 5 of 13.

¹⁴⁸ Report of Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998, pp. 13 of 67.

¹⁴⁹ Ibid. See Appendix B, p. 6 of 13.

¹⁵⁰ Report of the By-law Sub Committee on Taxicab Leasing and Related Matters, Thomas Schimski, October 8, 1996.



a designated agent or lessee, and not both. The intention was to reduce the number of participants associated with individual taxicabs.

1997 the Economic Planning Group of Canada Report

The Economic Planning Group of Canada was retained by ML&S to determine if the model, developed by the Coopers & Lybrand Consulting group in 1987 was still valid, and to make recommendations for changes that should be made to the model, if any. They concluded that the current model used for making predictions was no longer valid due to changes in demographic, economic and social factors since its inception in 1987. Their reasoning was that measuring a combination of quantitative and qualitative factors is problematic, further complicated by the lack of data. The report recommended changes not only to the inputs for the model, but also to the weighting applied to the inputs.¹⁵¹

1998 Task Force Report

By the mid 1990s, there was a growing frustration with the taxicab industry and the public respecting the deteriorating condition of taxicabs and taxicab services. So, the Emergency and Protective Committee established a Task Force to Review the Taxi Industry leading to the 1998 Task Force Report of October 1998 report.¹⁵² The report consisted of five parts: Introduction; Background; Incentives for Change; Best Practices; and Solution. It came to the conclusion that “over the past 30 years, the Toronto taxicab industry has suffered a gradual decline in service quality. The reasons for this trend are attributed to the structure of the industry and the regulations that govern it.”¹⁵³ It therefore proposed a comprehensive package of fifty recommendations that address the following concerns. 1) Establishing the taxicab passenger bill of rights (TPBR). 2) Establishing the ambassador class taxicabs (ACT). 3) Improving training. 4) Improving the taxicabs. 5) Strengthening enforcement. The Task Force concluded by indicating that “These solutions will, over time, adjust the structure and culture of the industry and introduce changes that will almost immediately, substantially improve the quality of Toronto’s taxicab fleet. This action will greatly diminish the risk of any taxicab serving the public and tourists, while in dangerous and unsafe condition.”¹⁵⁴ The Commissioner indicated that she believed that the solution meets the challenge of improving the quality of taxicabs for passengers and providing fair returns for drivers and owners. In response to the 1998 report, the City of Toronto made changes to improve the quality of vehicles and drivers such as age limits on vehicles and mandatory driver’s training for new licensees. The

¹⁵¹ Ibid.

¹⁵² The Executive summary stated “The creation of this Task Force was the culmination of a number of recent articles in the media and the concerns expressed by the public, taxicab owners and drivers, Toronto Licensing, the Board of Trade and the tourism industry respecting the state of the taxi industry in Toronto.” Id. p. 5 of 67.

¹⁵³ It also drew attention to a number of other issues: vehicles, types of services, cab premises, cab standards, cab drivers, cab brokerages, taximeters and insurance required.

¹⁵⁴ Report to Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998.



most important recommendation that it adopted was with regard to a new class of licences known as ‘Ambassador’ taxis. Its current by-law permits it to issue up to 100 Ambassador licences each year, in addition to the granting of accessible licences. Further studies were undertaken to establish criteria to be used in determining supply of taxis.¹⁵⁵ This action was to greatly diminish the risk of any taxicab serving the public and tourists, while in dangerous and unsafe condition.”¹⁵⁶ This ultimately led to a new By-Law in 2001.

2001 Municipal Act

In 2001 the Municipal Act was amended. The 2001 amendments are contained in s. 151 and s. 156 of the Statutes of Ontario chapter 25. Section 151 (1) states: “Without limiting sections 9, 10 and 11, a municipality may provide for a system of licenses with respect to a business...” and Section 156 (1) states: “Without limiting sections 9, 10 and 11, a local municipality, in a by-law under section 151 with respect to owners and drivers of taxicabs, may, (a) establish the rates or fares to be charged for the conveyance of property or passenger either wholly within the municipality or from any point in the municipality to any point outside the municipality; (b) provide for the collection of rates or fares charged for the conveyance; and (c) limit the number of taxicabs or any class of them.” The provisions pertaining to licensing have a number of implications. It allows municipalities in Ontario to issue taxi licences and to continue to hold property interest in the issued licences. It also means that: the municipality may limit the number of licenses issued which in turn will create a street value if they are privately transferred; the municipality can prohibit the transfer of licences; the municipality is under no obligation to take the street value into consideration when making regulatory change; the municipality need not compensate licence holders if the street value is reduced or eliminated by virtue of regulatory action; and the municipality may also reduce the number of taxi licences which they issue by renewing a lesser number of licences than were issued in previous years. Besides control over supply of licences, the provision also includes control over tariffs. The above provisions appear after 2006 in the City of Toronto Act, 2006 s. 8(2), s. 86(1) and s. 94(1)).

2012 Review of the taxicab industry

In 2012, the Municipal Licensing and Standards began a multi-year review of the taxicab industry, resulting in Toronto City Council's 2014 amendments. The most significant change (to the Municipal Code Chapter 545) aimed to consolidate the requirements and operations of Accessible, Standard, and Ambassador Taxicab Licenses into a single form of license called the Toronto Taxicab License (TTL).

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.



The TTL is an owner-operated license: it cannot be leased (but shift work under the license is permitted); it is transferable; it allows for vehicles to be operated 24 hours a day by drivers working a maximum of 12-hour shifts; it must be affiliated with a brokerage; and it must be wheelchair accessible. The TTL was another attempt to transition the industry to an owner-operator accessible taxicab system to achieve 6% accessible vehicles in 2015.¹⁵⁷

2014 Taxicab Industry Review

To analyze Toronto's taxicabs for customer service excellence, affordability, safety and viability; and determine industry issues and opportunities and explore how to best resolve them the Taxicab Industry Review was undertaken by the city. It published its report in January 2014 making recommendations intended to achieve three basic goals:¹⁵⁸ 1. Enhance customer service and consumer protection for residents and visitors; 2. Enhance health and safety of passengers and drivers; and 3. Enable a sustainable and economically viable industry that meets the needs of the City. The intention was that this package of recommendations would: advance the gains made through the previous reforms and facilitate improved customer service, including accessible transportation; enhance the public's and driver's safety by enabling technology and processes; and reduce the economic cost of non-service delivery related expenses without increasing fares.¹⁵⁹ The report contained thirty-five recommendations. In response to the 2014 report the important changes made by the City were: creation of a new licence (the Toronto Taxicab Licence (TTL) which is owner-operated, transferable and accessible); direction to issue 290 new taxicab licences to ensure accessible taxicabs for the Pan Am Parapan Am Games; permission to transfer Ambassador taxicabs (i.e. sale); operation of hybrid, low-emission or alternative fuel vehicle taxicabs (excluding those that are wheelchair accessible); permission for hybrid, low emission, alternative fuel and accessible taxicab vehicles to be 7 model years old; and consideration of changes regarding inspections, insurance and rates of operation. In response to the report, By-Law 503-2014 was enacted and passed on June 13, 2014 and came into force on July 1, 2014, by amending Municipal Code 545. It incorporated some of the recommendations to the report regarding TTL, the principle of owner-operated taxicabs, ensuring the availability of metered, on demand, wheelchair accessible taxicabs, etc. Even before the final report of 2014 was published a new war was brewing as TNCs were reported to have begun service in 2012 calling for a further review of ground transportation by the city.

¹⁵⁷ Toronto City Clerk. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.LS26.3>

¹⁵⁸ Taxicab Industry Review, Final Report, Licencing and Standards Committee, January 2014, p. 10.

¹⁵⁹ Ibid., p. 11.



2015 Ground Transportation Review

In September 2015, the City published its Ground Transportation Review. It provides an overview of the current state of the City of Toronto's taxicab and limousine industries, and the operations of Uber in Toronto. It outlines the results of the industry stakeholder and public engagement activities that were undertaken and provides a jurisdictional scan of regulatory models and approaches taken across the world. It makes recommendations to reduce regulations on existing taxicab and limousine industries, while creating a regulation to permit "private vehicles-for-hire", such as UberX, as a new type of ground transportation business that is distinct from the existing taxicab and limousine industries.¹⁶⁰ In response to the 2015 report nine recommendations were made. The most important are: amending the definitions of taxicab broker and limousine service company to ensure that all technology-based brokerages are captured within the current regulatory regime; dropping the cost to enter the taxicab from \$4.25 to \$3.25 (i.e. the drop fee); reviewing the Taxicab bylaw with a view to reducing regulatory burden and increasing competitiveness; addressing the 23 outstanding City Council and Committee taxicab directives; reviewing the Limousine bylaw with a goal to update and modernize, while also considering the appropriate level of regulation and the interest of the public; and directing staff to undertake the development of regulation that would permit private vehicles-for-hire, including UberX, to operate (subject to proof of the availability of adequate insurance).¹⁶¹ This led to a new bylaw.

2016 Vehicles-for-Hire Bylaw

On May 3, 2016, the City of Toronto passed a new regulation A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry (LS10.3) to govern for-hire ground transportation.¹⁶² The regulation has 101 sections and went into effect on July 15, 2016. The most important feature of the new regulation is that it introduces a new class of licence called private transportation companies (PTCs) that permits a ride to be booked for compensation through a smartphone application (section 2 and 3). Several conditions have to be satisfied before such rides are permitted. The most commonly cited are: PTC drivers must hold \$2 million in liability insurance and provide proof to the city (section 24); PTC drivers must obtain a licence from the City and satisfy certain requirements and a PTC must maintain certain records and checks (sections 7 and 8)); PTC Vehicles must pass mechanical inspections at City-run facilities, use Ministry of Transportation Safety Standards Certificates and related requirements (section 35); PTC vehicles can be no older than seven model years (section 31(d)); and PTC drivers will charge a

¹⁶⁰ Ground Transportation Review, Findings Report, Attachment 1, City of Toronto, September 2015, p. 3.

¹⁶¹ 2015 Ground Transportation Review: Taxis, Limos and Uber, Public Notice, Report from the Executive Director, Municipal Licensing and Standards, September 2, 2015, pp. 2-5.

¹⁶² See www.app.toronto.ca



minimum fare price — \$3.25 and ensure a record is maintained that the passenger accepted the unregulated rate prior to the trip commencing (section 26). In addition, PTC drivers will add a 30-cents-per-ride charge to the fare price to be remitted to the city, pay an annual \$15 per-driver fee and the PTC company will pay a one-time application fee of \$20,000 (section 71). The new regulation also brings about changes for the taxi industry that will reduce or remove the competitive advantage of new PTC entrants. The most important changes are: elimination for taxi drivers to take a 17-day initial training program and refresher courses together with the requirement for CPR and First Aid certification (sections 57 and 58); and permission for taxis to discount fares from regulated meter rates, and charge higher rates than meter rates if trips are booked through a smartphone (section 39). The drop charge falls a dollar to \$3.25. These regulatory changes will enable the taxi industry to reduce its costs and to provide greater flexibility in pricing.

2019 Review of Vehicles-for-Hire Bylaw

In 2019 a review of the Vehicles-for-Hire Bylaw was undertaken. Internal research and consultation were undertaken and three major studies were made: an Accessibility Strategy,¹⁶³ a Transportation Impact Study¹⁶⁴ and an Economic Impact Analysis.¹⁶⁵ Based on their recommendations, changes were proposed to the Vehicle-for-Hire By-law. The amendments to the by-law proposed were in the areas of: accessibility, public safety, vehicle requirements and limousine regulations. In addition, a number of technical amendments were also suggested to further improve the licensing and enforcement of the vehicle-for-hire industry such as the creation of a reserve fund.¹⁶⁶

¹⁶³ The Accessibility study resulted in a proposed accessibility strategy. It proposes: to create and administer an Accessibility Fund Program (collect funds from non-providers to be distributed to providers of accessible services); and to update accessibility-related by-law requirements to address unmet accessibility needs (eg. accessibility training and updating bill or rights.).

¹⁶⁴ The transportation impact study notes that the demand for PTC services is likely to continue to increase over the upcoming years, continuing to place additional pressures on the City to manage flow on its streets. It recommends that Chapter 546 be amended to incorporate new and refined data requirements to position the City to better monitor changes in trip demand, and further evaluate the impacts of all vehicles-for-hire on traffic flow, public transit and other modes of travel. It also recommends that the transportation impact study is considered as part of the forthcoming Congestion Management Plan.

¹⁶⁵ The Economic Impact study explores the economic and social changes affecting consumers, drivers, residents, and the vehicle-for-hire industry, since the introduction of the Vehicle-for-Hire By-law in 2016. For consumers, the combined total consumer surplus for all taxicab and PTC users increased from \$255.7 million in 2011 to \$368.6 million in 2016. This was mainly due to the entry of PTCs in 2012, making the Toronto vehicle-for-hire market more competitive. For taxicab drivers, flexibility of work, expenses, job satisfaction, and job stability have “Strongly Decreased” since the entry of PTCs. For the industry, the arrival of PTCs has seen an overall increase in economic valuation of \$140.7 million from 2011 to 2016. For ancillary industries, the GDP generated from the taxi industry decreased but the economic gain from entry of PTC outweighed the economic loss. See City of Toronto, Municipal Licensing and Standards, Economic impact analysis of Toronto’s taxicab, limousine, and private transportation companies, May 17, 2019.

¹⁶⁶ Review of the City of Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire Date: June 21, 2019, p. 28 of 59.



Taxi-TNC Era

The Toronto 2015 Taxi War was a war between the taxi industry and the City against the TNCs to prevent the entry of new competitive services. TNCs were reported to have begun service in 2012: Uber – August 31, 2012 and Hailo – September 26, 2012. A war that would ultimately revolutionize the industry.

The first fatality of the war was one of the TNCs, Hailo, as it decided on October 14, 2014 that it would close its North American operations—including Toronto. The Toronto Taxi Alliance mustered support from MPP John Fraser, leading to the introduction of an anti-Uber bill on December 3, 2014. The matter then headed to Court and the Canadian business reports that in the Uber vs. taxi industry mud-slinging, everyone looks dirty. As the war heats up, the Taxi cab industry reports Uber drivers to the Insurance Bureau of Canada and also teams up with the police. Between 2012 and 2015 the City of Toronto laid 208 charges against 104 UberX drivers. Meanwhile in July 2015, the City Council directed the MLS to undertake a review of the operations of Uber and technological companies like it. On July 23, 2015, Taxicab and Limousine Drivers, Owners and Brokers commenced a \$400 million Class Action lawsuit against Uber X and Uber XL on Behalf of all Taxicab and Limousine Drivers, Owners and Brokers Licensed in Ontario. With increasing publicity, the weight of public opinion and the changing needs of the public begin to surface. A headline of one article states ‘The Uber controversy reveals the rottenness of the taxi industry’ it states “There is now an ongoing war of taxi drivers and cab companies against Uber. We've seen demonstrations, road blockages, intimidation and violence.”¹⁶⁷ The taxi and the regulator’s first setback begins when Justice Sean Dunphy rules in favour of Uber, dismissing the application, saying there is “no evidence” the company is operating as a taxi broker or that it breached city bylaws.

A few months later (September 2015), the MLS released its report on TNCs leading to a new regulation *A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry* (LS10.3).¹⁶⁸ The

¹⁶⁷ Liberal MPP John Fraser introduced an anti-Uber bill today, December 3, 2014, www.ottawacitizen.ca; TTA (Toronto Taxi Alliance) Thanks John Fraser For Anti-Uber Bill, www.taxialliance.ca; Tip line to report Uber drivers to the Insurance Bureau of Canada, Toronto Taxi Business, www.taxialliance.com; TTA thanks Justice Dunphy at close of Uber court hearing, June 3, 2015, Toronto Taxi Business; In the Uber vs. taxi industry mud-slinging, everyone looks dirty, June 4, 2015, www.canadianbusiness.com; Taxi industry to City, police: enforce the law, July 2, 2015, Toronto Taxi Business; CDN\$400M Class Action Commenced Against Uber X and Uber XL on Behalf of all Taxicab and Limousine Drivers, Owners and Brokers Licensed in Ontario, July 23, 2015, www.marketwired.com; The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com

¹⁶⁸ Regulation LS10.3 passed on May 3, 2016 went into effect on July 15, 2016. The most important feature of the new regulation is that it introduces a new class of licence called private transportation companies (PTCs) that permits a ride to be booked for compensation through a smartphone application (section 2 and 3). Several conditions have to be satisfied before such rides are permitted. The most commonly cited are: PTC drivers must hold \$2 million in liability insurance and provide proof to the city (section 24); PTC drivers must obtain a licence from the City and satisfy certain requirements and a PTC must maintain certain records and checks (sections 7 and 8). PTC Vehicles pass mechanical inspections at City-run facilities, use Ministry of Transportation Safety Standards Certificates and related requirements (section 35); PTC vehicles can be no older than seven model years (section 31(d)); and PTC drivers will charge a minimum fare price — \$3.25 and ensure a record is maintained that the passenger accepted the unregulated rate prior to the trip commencing (section 26). In addition, PTC drivers will add a 30-



TNCs had won the war to enter with the new regulations and the Toronto taxi industry had lost the war but gained some concessions. The public had also won the war for new services. The taxi war nevertheless continued, this time against the City regulators as the taxi owners attempted to sue the city to recoup damages of \$1.7 billion for loss in value of their plates. Once again, they lose as Justice Paul Perell rejects their case.¹⁶⁹

In the taxi wars after 2015, the taxi industries lobbied the cities to prevent the entry of new competitive TNC services. The old-line taxi companies failed to keep up with technological developments and failed to introduce innovative services. When TNCs entered with new services and substantially lower prices, the taxis demonstrated to block the entry of the TNCs. Finally, when entry was permitted, the taxi license holders demanded regulatory changes to level the playing field. The battles continue between the city municipalities and the old taxi companies over the reduced trading value of taxi plate licenses. Initial reports indicate that the old taxi companies are losing these battles, too.

cents-per-ride charge to the fare price to be remitted to the city, pay an annual \$15 per-driver fee and the PTC company will pay a one-time application fee of \$20,000 (section 71).

¹⁶⁹ Toronto taxi owners sue city for \$1.7 billion over arrival of Uber, lost plate value, Toronto Star, November 2, 2018; and Judge Rejects \$1.7 billion taxi suit targeting Toronto over losses after Uber's Arrival, The Globe and Mail, December 25, 2019.



Section IV – Vancouver

The history of Vancouver dates back to nearly a century before its incorporation as a city in 1886. The first Europeans to explore the area around Vancouver coast were Spanish Captain José María Narváez in 1791 and British naval Captain George Vancouver in 1792. The city takes its name from George Vancouver, who explored the inner harbour of Burrard Inlet in 1792. In 1859, the Colony of British Columbia was established and New Westminister was named its capital. On April 6, 1886, the city of Vancouver was incorporated, the year in which the first transcontinental train arrived from Montreal. In 1887 Vancouver's population was 2,000 and by 1889 it had grown to 12,000¹⁷⁰.

The Beginning of the Horse-Cab Transportation

Early local transportation was by foot, bicycles, horse and horse carriages. Interior stage coach service was known as early as 1864 provided by the famous Barnard Express Company known as the B.X Co. (later known as the BC Express Co. in 1886). Williams Phone Directory of 1890 lists two stage services in Vancouver “G.R. Raymond’s Stage to New Westminister daily, except Sunday ...” and “W.H. Steeves Stage to North Arm ...” The same directory (1892) in its statistics on business of cabs indicates that there were 20 employed. It indicates that in 1899 the total number of hacks listed were ten.¹⁷¹ Some of the best

¹⁷⁰ The history of Metropolitan Vancouver, www.vancouverhistory.ca

¹⁷¹ Hacks: Beattie, John; Burgess, Wm.; Hicks, Adam; Lee, F.A.; Miler, A.R.; Parker, Clinton; Randall, James; Scott, D. J.; Vachon E.; and Vancouver Transfer Ltd. Livery, Feed and Sale Stables: Dixon & McRae; Hicks and Beatty; Highland & Devoy; Lee, F.A.; McDonald Bros.; Marshal, W.C.; Rose, Bros.; Sparrow, J.J.; and Vancouver Transfer Ltd. See William’s Official BC Directory 1899, p. 883 and p. 889. See



known names in the business around 1890 were: Vancouver Transfer Co. Ltd. and Guerney Cab & Delivery Co. Ltd. Livery Stable. Stanley Park Livery Stables was also a well known name which was reported to have 86 horses, 40 rigs, seven hacks and two tallyhos in 1899.

The cab trade in Vancouver likely evolved into "livery cabs" and "street cabs" as elsewhere. Livery stables listed in the Telephone Directories of Vancouver ranged in number from five to eight between the years 1889 and 1905. The names listed in 1905 were: Maple Leaf Livery; Marshall Wm.; Miller and Alexander; Pacific Transfer Co.; Palace Livery Stables; Rose Findlay; Stanley Park Livery Stables; and Urquhart, George.¹⁷² Carriage and wagon makers in Vancouver listed in the British Columbia Directories ranged from 2 to 7 over the period 1889 to 1909. Two of the companies listed with the same name in 1905 and 1909 were Armstrong Wm. and T.B.; and Hall and Wallace.¹⁷³

The City charter of 1886 empowered the council to pass bylaws "for regulating and licensing . . . the owners and drivers of. . . cabs, carriages, omnibuses, and other conveyances or vehicles used for hire."¹⁷⁴ - The licence fees for cabs, omnibuses, etc. was \$10 per annum and for livery stables was \$25 per annum in 1890.¹⁷⁵ The hack tariff was based on one or two horses by the number of persons and the time. "For example: For One-horse Vehicles – From any place within the city to any other place, provided the time does not exceed twenty minutes: For one or two persons 50c; three or four persons 75c; When the time occupied exceeds twenty minutes: One or two persons 75c; three or four persons \$2.00. . . ." There was also by-law No. 258 passed by the Vancouver city council on July 13, 1886, to regulate the use of bicycles, which must henceforth not exceed 8 mph.¹⁷⁶

Horse-drawn streetcars provided the first non-motorized taxi business in Vancouver. In 1874, a stagecoach line began from Burrard Inlet to New Westminster. The *Vancouver Herald* of January 15, 1886 has an advertisement by Brighton Hotel at Hastings, stating "First-class stabling and feed for horses. . . . Buses [i.e. stagecoaches] to and from New Westminster twice a day." In 1890, four year old Vancouver (Gastown) built its first Streetcar Line. This radical new technology transformed small horse drawn railway coaches into self-propelled people movers for the masses. Streetcars were so new there

Williams Phone Directory 1892, p. 540. In 1905, Henderson's BC Gazetteer and Directory 1905, lists the following: Hacks -- Hicks, T.C.; Lee, F.A.; Miler, Alexander R.; and Vancouver Transfer Ltd. Livery, Stables -- Maple Leaf Livery Stable; Marshal, William W.C.; Miller & Anderson; Pacific Transfer Co.; Palace Livery Stables; Rose Findlay; Stanley Park Livery Stables; Urquhart, George, p. 540 and pp. 547-8, respectively.

¹⁷² Henderson's City Directory of Vancouver 1905, pp. 547-8. See British Columbia City Directories 1860-1995, www.bccd.vpl.ca

¹⁷³ See Williams British Columbia Directory Part II, 1889-1895, Vancouver City Directory 1899-1900 and Henderson's City Directory of Vancouver 1905 and 1909. There were more carriage makers in Victoria.

¹⁷⁴ SBC 1886, c. 32, 8.143(73).

¹⁷⁵ William's Phone Directory 1890

¹⁷⁶ Williams Official BC Directory 1894 and 1895, p. 464 and p. 481.



was no class, economic, gender, or racial distinctions like railways. Though experiments with electricity began in 1883, efforts to promote electrification in Vancouver began in 1890 by the Vancouver Electric Railway and Light Company. Streetcar and interurban services were inaugurated in southwestern British Columbia between 1890 and 1891 and operated by Vancouver Electric Railway and Light Company Limited and Westminster and Vancouver Tramway Company. The former launched Vancouver's streetcar system on June 27, 1890 from Granville Street Bridge to Union and the latter began Canada's first interurban line, the "Interurban" from Vancouver to New Westminster on October 1, 1891. The global recession in the 1890s resulted in their amalgamation and formation of Consolidated Railway and Light Company in 1895 which in turn was reorganized following an accident and receivership as the British Columbia Electric Railway Company Limited (BCER) in April 1897.¹⁷⁷

The Beginning of the Taxi-Cab Transportation

The automobile arrived in Vancouver in 1899, a steam-driven car known as the Stanley Steamer¹⁷⁸ and in 1903 the first motorized taxi driven in Vancouver by Charles Henry Hooper appeared. The first taxi bylaw 628 of 1908 governed stands for vehicles kept for hire and the first regulation of taxicabs specifically came in 1910, one year after automotive taxis appeared in the city.¹⁷⁹ In 1912 two separate bylaws were passed by council — one dealing with taxis, the other with taxi stands and each bylaw was changed frequently.¹⁸⁰ The population was also climbing rapidly, jumping from 27,000 in the 1901 census to 100,000 in 1910. In 1911 the oldest motorized taxi company, MacLure's, was formed and other companies sprung up after 1911 such as Terminal City Motor and Taxi Company, Gray Cabs, Star Cabs, Rainier taxi cabs, Yellow Cab Company Ltd., Royal Blue Cabs, etc. Jitney cabs arrived in mid 1914. By June 1915 there were 664 licensed jitneys. In response to jitney fares, BCER fought back with eight tickets for 25 cents. The operation of jitney's claimed about one-third of the transit's revenue pie and BCER warned that continued jitney competition would force rail service cutbacks and an end to the universal fare. Then bonding requirements and other requirements imposed by laws at the end of 1915 further reduced the number of licensed jitneys to 160 by February 1916. An end to the jitneys came after the provincial commission in 1917 came out against them and the City passed by-law 1329 prohibiting them on June 21, 1918.

¹⁷⁷ See British Columbia Electric Railway, www.wikipedia.com

¹⁷⁸ This week in history: The automobile age began in Vancouver when a Stanley Steamer hit the streets, John Mackie, Vancouver Sun, September 27, 2014.

¹⁷⁹ Vancouver Daily Province, 4 October 1909, cited in The Origins of Taxicab Limitation in Vancouver City (or "Good Try Anyway, Stanley Anderson"), Emmett Sinnott and Paul Tennant, BC Studies, No. 49, Spring 1981, pp. 40-53.

¹⁸⁰ Vancouver City Council, Bylaws 942 and 952 (1912) cited in The Origins of Taxicab Limitation in Vancouver City (or "Good Try Anyway, Stanley Anderson"), Emmett Sinnott and Paul Tennant, BC Studies, No. 49, Spring 1981, pp. 40-53.



Jitney-Tram Era

In Vancouver, the jitney's arrival in mid 1914 witnessed the springing up of the 'jitney phenomenon' overnight. Most jitney drivers were independent, some between jobs or working part-time to supplement their income. They were initially disorganized till the first jitney association was formed in January 1915. By April 1915 there were about 325 in service. By June 1915 there were 664 licensed jitneys when new bonding requirements reduced their number to about 250. At the end of 1915, City Council passed a bylaw setting limits on the number of passengers a jitney could carry, restricting their routes, and requiring operators to obtain insurance. By February 1916 there were 160 licensed jitneys, and 285 by June 1917.¹⁸¹ The jitneys were loosely organized and highly spontaneous. Various jitney operators and associations came and went quickly such as: the Vancouver Public Service Jitney association; Auto Public Service Co. of British Columbia, Ltd.; Jitney Association of Vancouver; Vancouver Jitney Protective Association; and Vancouver Jitney League.¹⁸²

The important competitors in local transportation were tramcar operator British Columbia Electric Railway Company Limited (BCER); jitney operators Blue Funnel Motor Line with 41 vehicles, Union Jack line and the White Star Motor Line Ltd., Auto Public Service Co. of British Columbia, Ltd.; and taxi operators MacLure's, Terminal City Motor and Taxi Company, etc. In response to jitney fares, BCER fought back with eight tickets for 25 cents. The operation of jitney's had a major impact on the revenues of the tram service provider BCER. The latter had done extensive surveys on the opposition to jitneys and stated that jitneys had claimed about one-third of the transit's revenue pie.¹⁸³ It warned that continued jitney competition would force rail service cutbacks and an end to the universal fare. This was considered so serious that the City Council passed a resolution in June 1917, requesting the Lieutenant Governor in Council to appoint a commission to investigate the matter of transportation in the City. A commissioner was appointed and after the investigation reported that the Electric Railway Company could not maintain an efficient service with this competition.¹⁸⁴ To add to this, some considered the jitney a threat to public morals,¹⁸⁵ pointing out that it was also costly to municipal governments who had a financial stake in preserving a transit monopoly.¹⁸⁶

¹⁸¹ Transit History of Vancouver, British Columbia, February 20, 2020, <https://home.cc.umanitoba.ca/~wyatt/alltime/vancouver-bc.html>

¹⁸² Ibid.

¹⁸³ Too hot for the competition: Tom Coldicutt and the Blue Funnel Motor Line of jitneys, June 23, 2014, <https://oppositethecity.wordpress.com/>

¹⁸⁴ BLUE FUNNEL MOTOR LINE, LIMITED, ET AL. v. CITY OF VANCOUVER ET AL., October 15, 1918, British Columbia Reports, Volume XXVL, p. 142.

¹⁸⁵ "Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City." 1914-29 Donald F. Davis, *Urban History Review*. Volume 18, Number 2, October 1989, p. 111.

¹⁸⁶ Ibid., p. 113.



The provincial commission in 1917, came out against the jitneys¹⁸⁷ and on June 21, 1918, Vancouver passed City By-law No. 1329 (pursuant to amendment to the City Charter) prohibiting jitney operations.¹⁸⁸ Blue Funnel Motor Line and assorted independent jitney operators kept on doing business and attempted to obtain an injunction forestalling legal action against them by the city. The motion was dismissed by Mr. Justice Morrison.¹⁸⁹ Nevertheless, TD Coldicutt owner of Blue Funnel Line continued to operate it until 1923, when he sold out to the BCER.¹⁹⁰

Taxi-Cab Era¹⁹¹

The Vancouver Taxi Wars were not just a war among taxis but a war by the electric trams to prevent competition and then by the large taxi operators to limit entry and small operators. The first taxi bylaw 628 of 1908 governed stands for vehicles kept for hire. In 1920 bylaw 71 was enacted to regulate and license the owners of taxi-cabs and other vehicles used for hire, to establish the rates of fare and to enforce payment.¹⁹² Tram cars (owned by B.C.E.R. and B.C.M.T., a subsidiary of B.C.E.R.) competed with taxis and also with hackneys and these wars continued into the early 1930s.¹⁹³ The tram cars entered into the taxi business (to protect itself from competition and raise regulatory fares) by purchasing two major cab companies Gray cabs and Yellow cab, thereby earning them the name of monopoly or combine.¹⁹⁴

The industry was divided between the monopoly or combine and taxicab operators. There was considerable controversy and bad feeling between them. Attempts to close the gap failed by actions of the former (on matters of exclusion of non-metered cabs from public stands and use of smaller vehicles to tackle the competition).

To further distance themselves from the combine the non-aligned taxis formed a trade association using the word 'Independent'. They represented two-fifths of the city's licensed cabs. The association invited

¹⁸⁷ *L.D.: Mayor Louis Taylor and the Rise of Vancouver*. Daniel Francis, Vancouver, B.C., Arsenal Pulp Press; 1st edition. (April 1 2004) 2014.

¹⁸⁸ Too hot for the competition: Tom Coldicutt and the Blue Funnel Motor Line of jitneys, June 23, 2014,

<https://oppositethecity.wordpress.com/2014/06/23/too-hot-for-the-competition-tom-coldicutt-and-the-blue-funnel-motor-line-of-jitneys/>

¹⁸⁹ Ibid. See BLUE FUNNEL MOTOR LINE, LIMITED, ET AL. v. CITY OF VANCOUVER ET AL., October 15, 1918, British Columbia Reports, Volume XXVL, pp. 142-147.

¹⁹⁰ Ibid.

¹⁹¹ To gain a better understand of the events a brief description of the market structure is helpful. Gray cabs was the dominant cab company. Other companies of significance were: Yellow cab, Royal Blue Cabs, Star Cabs, Terminal City, MacLure's, and Motor Taxi Company, etc. The taxi companies competed with the tram cars (B.C.E.R. and B.C.M.T. a subsidiary of B.C.E.R.) and initially with the hackneys. The tram car companies entered the taxi market through their purchases of Gray cabs and Yellow cab.

¹⁹² Initially, there was no enforcement of fares, an era considered to be laissez-faire. It was not until after the taxi wars of the mid 1920s that control of fares gained prominence.

¹⁹³ Fierce competition in Vancouver had by March 1932 produced a fifteen-cent flat fare for these runs, or as little as three cents each for those who prearranged to travel as a group. Discounts and shared riders encouraged business. Some of the cabs were undoubtedly operating "as jitneys, picking up groups of people every morning and taking them downtown for five or six cents apiece."

¹⁹⁴ A term used because British Columbia Electric Railway (BCER) had acquired Yellow Cab Company Ltd. of Vancouver and B. C. Motor Transportation Limited (BCMT), a subsidiary of BCER, had acquired Gray Cabs.



BCMT to join them when BCMT contemplated leaving the unprofitable taxi industry. To shake off its image as a monopoly it laid off twenty-five of its Gray cabs which incidentally had the effect of raising fares. All then worked to push a bill to fix fares and limit entry into the cab industry. This resulted in bylaw 2296 of 1933. It made taximeters and public liability insurance mandatory, and required brokers to be a licensed "vehicle-for-hire owner." The minimum fare was set too high and the bylaw was challenged on the streets with fifteen-cent cabs. The magistrates upheld the law which ultimately led to the demise of cut-rate operators. Having got a high minimum fare the tram car operators (BCER and BCNT) lost interest in urban taxi regulation (as they were no longer a threat to revenue dilution of their operation).

This also split the Vancouver taxi proprietors into three factions.¹⁹⁵ The largest of these United made their bid to restructure Vancouver's taxi trade in 1937. It sowed animosity towards the small owners and its bid for monopoly was evident in its request for a cab quota and use of the PC&N test for issue of subsequent licences. A bylaw proposal was drafted in March and City council next sought the necessary authority from the provincial government to enact a bylaw imposing a quota and "public convenience and necessity" regulations. The request died owing to opposition from the VTOA (Vancouver Taxicab Owners Association represented smaller proprietors) over concerns that the bylaw would eventually create a monopoly controlled by a single corporation. In 1939 the council passed a new bylaw 2612, it did not deal with control of licences an issue that was hotly debated about.

Taxi-Cab Post War II Era

On 25 November 1946, seven years after by-law 2612 was passed, By-law No. 2959 was enacted to restrict the number of taxicabs to one cab for each 1,000 persons in the civic population, giving the large operators its goal of controlling entry (though it became oblivious that it already had power to limit the number of cabs due to a 1933 amendments to its charter). Then, in 1950, the quota was toughened, and for the next thirty years Vancouver's cab fleet did not expand with the burgeoning population.

The 1950s witnessed a consolidation of the industry into a few large companies (Yellow Cab, Black Top, Vancouver Taxis and MacClure's). The number of licences remained the same from 1950 to 1980 (i.e. 363) and by 1980, cab licenses had a street value of \$30,000 each. In 1980, twenty-five more licences were issued (i.e. to a total of 388). In 1982-1984, ten more taxicab licences and thirty dual taxicab licences were issued bringing the total to 428. Between 1988 and 1990, an additional 20 taxicab licences

¹⁹⁵ Vancouver taxi proprietors split into three factions: the Vancouver Taxicab Owners Association (VTOA - representing the interests of small proprietors), the United Taxicab Owners Association (representing bigger operators) and the Commercial Motor Vehicle Owners' Association (representing also BCMT).



were issued bringing the total to 448. In 2005, 29 dual cab licenses were issued bringing the total to 477 (i.e. 418 taxi and 59 dual taxicabs). Continued pressure for an increase resulted in the number of licences rising to 882 in 2018. The important developments after WWII are shown in the chart hereafter and described.

Chart IV

1999 <i>Lanyon Report</i>		2004 <i>Passenger Transportation Act</i>		2007 <i>City of Vancouver Staff Report</i>		2015 <i>Vancouver City Staff Report</i>		2018 <i>Select Standing Committee on Crown Corporations</i>		2018 <i>Hara Report</i>	2018 <i>PTB Report</i>
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1999 Study of the Taxi Review Panel (Lanyon Report)

By the late 1990s, the taxi industry wanted change. So in December of 1998 the Honourable Harry Lali, Minister of Transportation and Highways, commissioned a study to look at the current state of the taxi industry in British Columbia. Under the terms of reference Stan Lanyon was asked to examine the financial condition of the industry, the regulatory scheme, and the quality of service including issues of training and safety. On June 15, 1999, the Taxi Review Panel released its report containing fifty-six recommendations. The recommendations fall into four groups: I. Financial Condition of the Industry (eg. fare increases, service innovations, financial disclosure, etc); II. Regulatory Scheme (eg. single regulatory board, taxi division); III. Safety and Service Issues (eg. driver training, vehicle safety, driver safety, etc); and IV. Other (eg. traffic flow, consumer protection, etc). The report reviewed the arguments for and against deregulating the taxi industry in other jurisdictions. It stated that “An objective assessment of the evidence forces one to conclude that the cost of taxi deregulation outweighs its benefits.” However, it did not make any recommendations on this issue. It also refrained from making any specific recommendations on the question of taxi supply. It said: “There are two issues of primary importance to the industry that we do not directly address within the framework of this study – that of taxi supply and territorial boundaries.”¹⁹⁶ As a result of the recommendations of the Lanyon Report, the Province passed legislation that eliminated the issuing of municipal taxi licences to companies lacking Motor Carrier Commission (MCC) licences. The MCC in September 1999 continued its October 1998 moratorium as it applied to “taxicabs” as defined by the Commission.

2004 Passenger Transportation Act

In 2004, the MCA and its regulations were replaced by the Passenger Transportation Act (PTA) and the Passenger Transportation Regulations. In the case of Vancouver, the taxi industry was regulated under

¹⁹⁶ A Study of the Taxi Industry in British Columbia, Stan Lanyon, the Taxi Review Panel, June 15, 1999, pp. 82-83.



the PTA and the Vehicles for Hire By-Law (No. 6066) made pursuant to the Vancouver Charter (s. 272(1) and s. 317(1)(m) (same as that in the 1953 statute). Thus, regulation is a dual process. Approval from both the Passenger Transport Board and the City is required before a taxi is allowed to provide passenger transportation services in Vancouver. Both have concurrent jurisdiction (Confirmed by the BC Supreme Court in *Delta Sunshine Taxi (1972) Ltd. v. City of Vancouver*, 2015). The Passenger Transportation Act sets out three types of commercial passenger vehicles in BC and sets out two types of license authorizations (special and general). It determines access and affordability (number of taxis, tariff rates, boundaries and hours, fleet make-up, licences, penalties, etc). The criteria used by the Board in evaluating licences are: a public need for the service; the applicant is fit and capable; and the application, if granted, would promote sound economic conditions. The City determines the number of taxis, driver training/credential, permits to operate, conditions of vehicles, licences, permits, penalties, etc.

2007 City of Vancouver Staff Report

For more than twenty years (i.e., since 1983), the City had not issued any dual taxicab licences and the demand for accessible transportation increased as population increased. Given the increased demand and complaints, the city undertook a review. On March 21, 2007, a report (Additional Taxicab and Dual Taxicab Licenses) by the City of Vancouver staff made six recommendations to Council. Regarding issuance of licences, it recommended the issuance of 57 taxicab and 54 dual taxicab licenses for 2007, and for their issuance in such a manner that, by the end of 2007, each taxicab fleet will consist of at least 15% dual taxicabs. It also recommended a program of taxicab licence expansion to 2010. Interestingly, the report noted that “it is very difficult for individuals or new companies to obtain new taxi licenses due to the start up expenses and the approval process. ... Staff further recommends that it review options for allocations of licenses from 2008 to 2010 to provide further opportunities for others to compete for future new licenses and also to provide consideration for other innovative service methods (e.g. peak-hour license only).”¹⁹⁷

2015 Vancouver City Staff Report

In response to City Council direction in 2014 to consult with vehicle for hire industry stakeholders and consider opportunities to modernize taxi regulations, Vancouver city staff undertook a review and released its report (2015 Taxi Service Review and Report Back) on October 19, 2015. It made twenty-one recommendations. Regarding control of licences, it recommended: lifting the temporary moratorium on new taxi licences; issuing permanent licences to the local taxi companies for 99 peak-period, part-time licences; and issuing permanent licences to the 38 suburban taxis to pick up in Vancouver’s Downtown

¹⁹⁷ Additional Taxicab and Dual Taxicab Licenses, City of Vancouver, March 21, 2007, p. 12.



Entertainment Area during weekend peak times, subject to regulations (B7-B9). Regarding ridesharing, it recommended examining the issues and opportunities for rideshare in Metro Vancouver and reporting back to Council with findings (B19). The report stated “The rideshare model poses both opportunities and concerns for regulators. On one hand rideshare companies represent a leap forward in taxi supply and service. The public has responded positively to enhancements such as app-based requests, cashless payment and online driver reviews … most … were in favour of ridesharing, … In markets that Uber is operational, there is evidence that the significant increase in supply has resulted in shorter wait times, lower fares, and higher customer satisfaction.”¹⁹⁸ It also indicated that ridesharing increases opportunities for significant advances in transportation such as: universal app-based service; rideshare carpooling; and “driverless” technology.

2018 Select Standing Committee on Crown Corporations

The demand for ride sharing services from the public continued to increase, so on November 28, 2017, the Legislative Assembly approved a motion instructing the Select Standing Committee on Crown Corporations to examine, inquire into, and make recommendations on ride-sharing in British Columbia. Accordingly, a few months later in February 2018, it released its report (*2018 Transportation Network Companies in British Columbia*). It made thirty-two recommendations to help pave the way toward introducing and regulating ride-hailing in B.C. While unanimously supporting a plan for ridesharing services throughout the province and recognizing the need to develop regulations that encompass fairness, consumer protection and worker rights in a constantly changing economy, it made the following recommendations: 1. Requiring drivers to get a criminal record and vulnerable sector check from a third party on an annual basis; 2. Tracking data on every trip and providing the data to the government, so appropriate regulations can be made around pricing and accessibility; and 3. Requiring Insurance Corporation of BC to create a separate, mandatory insurance product for drivers, to reflect different risks associated for personal and commercial use.¹⁹⁹

2018 Modernizing Taxi Regulation (Hara Report)

Together with the above initiative, in the Fall of 2017, the BC government (Ministry of Transportation and Infrastructure) hired Dan Hara of Hara Associates, to consult with industry and stakeholders ways to help people move around how they want and when they want, while maintaining accessibility and safety standards for British Columbians. In June 2018, it released its report *Modernizing Taxi Regulation*.²⁰⁰

¹⁹⁸ 2015 Taxi Service Review and Report Back, City of Vancouver, October 20, 2015, p. 20.

¹⁹⁹ Transportation Network Companies in British Columbia, 2018, Select Standing Committee on Crown Corporations Transportation Network Companies in British Columbia, February 2018, www.leg.bc.ca

²⁰⁰ Modernizing Taxi Regulation, Prepared for Ministry of Transportation and Infrastructure, Hara Associates Inc. June 2018.



The suggestions were presented at the Passenger Transportation Board (PTB) meetings for consideration in August 2018. The immediate suggestions were: allow existing licences a one-time opportunity to increase the number of taxis by 15%; allow discounting from meter rate for app-booked trips; and allow separate day and night vehicles for each licence. The long-term suggestions are legislative for ministry and cabinet to consider.²⁰¹

2018 PTB Report

In 2018, the PTB held consultations in response to Hara's recommendations and in September 2018 made its recommendations.²⁰² The three recommendations were: 1. Increase Taxi Plates (i.e. allow fleet expansion up to 15%); 2. Improve Taxi Availability at Shift Change (i.e. allow 2 vehicles that are paired to operate 24/7, rather than a single vehicle operating 24/7); and 3. Enable Taxi Rate Competitiveness (i.e. allow taxis to reduce fares for app-hailed trips at off-peak hours from September 2019). In a Ministry release dated July 19, 2018, it stated "The ministry will immediately begin working with the PTB to implement a number of the changes Hara has recommended. They include: ²⁰³ Boosting the number of taxis to make it easier for people to get around, quickly. Hara suggests a 15% increase, which would translate to approximately 300 more cabs in the Lower Mainland, and 200 more cabs throughout the rest of the province. ²⁰³ Giving the taxi industry the flexibility to discount fares when trips are booked through an app. Customers like the convenience and security of booking and paying with an app. The PTB will better enable companies to use this technology as part of their approach to fares. ²⁰³ Equipping the PTB with better data to make smarter decisions on meeting transportation demand, including the number of accessible vehicles required."²⁰³

Two months later, on November 19, 2018, the B.C. government introduced legislation to allow ride-hailing companies to enter the market by fall of 2019, while putting priority on safety for passengers. If passed, the Passenger Transportation Amendment Act will enable: 1. The ICBC to develop a modern insurance product for ride-hailing for fall of 2019; 2. A new, data-driven approach to improve taxi service and ride-hailing opportunities; 3. The development of measures to make sure people are not left stranded when traveling from one municipality to another; 4. The inclusion of a per-trip fee to fund more accessibility options for people with disabilities; and 5. An increased enforcement of the rules with stiffer penalties for taxi and ride-hailing companies for working outside the law.

²⁰¹ Taxi Modernization: Short-Term Actions: Results of Consultations & Recommendations, PT Board September, 2018, p. 20.

²⁰² Id.

²⁰³ Government adopts key recommendations on modernizing taxi industry, News Release, Ministry of Transportation and Infrastructure, July 19, 2018, https://archive.news.gov.bc.ca/releases/news_releases_2017-2021/2018TRAN0120-001430.htm



This bill though it allows ride hailing companies to enter the market can result in regulations that are restrictive. It allows the PTB to place: 1. A cap on the number of ride-hailing drivers; 2. The boundaries where ride-sharing cabs can operate; 3. The fares that ride-hailing companies can charge; and 4. A class 4 licence requirement (which is more restrictive than a Class 5 recommended). As one source writes “The real problem is a government so politically obedient to the taxi industry that they’re willing to bring in a regulatory system that makes it difficult or impossible for Uber and Lyft to operate like they do in every other major city in North America.”²⁰⁴

2019 Consultation Report

On August 7, 2019, the BC Public Transportation Board published its report on consultation with the Industry on Transportation Network Service Companies’ Operating Areas, Fleet sizes and Rates. “The consultation included the following principles for setting policy on operating areas, fleet sizes and rates for TNSs: 1) The TNS business model is provided with the opportunity to be viable and meet public need for the service; 2) Negative impacts on taxi stakeholders associated with the introduction of TNSs should be minimized where possible; 3) Policies will be based on defensible research; 4) Meaningful consultation with those directly impacted will occur; 5) Certainty and transparency will be provided in the resulting policies on sound economic conditions; 6) The Board must move to better use of origin / destination and performance indicator data in making decisions and monitoring the impacts of decisions as soon as this data is available. Very little comment was received on these principles.”²⁰⁵ Based on these consultations the Public Transportation Board will form its policy.

At the end of August, the PTB announced regulations for Transportation Network Service (TNS) companies. These regulations covered: pricing, operating regions, and fleet size. Regarding pricing there will be no maximum price, the minimum ride-hailing rate will be the same as the flag rate for a taxi in Metro Vancouver, roughly \$3.25-\$3.95. Regarding operating regions TNS will be allowed to pick up passengers in one of five regions across the province and drop them off anywhere else. They can operate in much larger regional boundaries than taxi companies. Regarding fleet size ride-sharing companies in British Columbia will not face restrictions on fleet sizes, however, restrictions may be imposed at a later date.²⁰⁶ On September 4, 2019, the Vancouver Taxi Association has filed for a judicial review against the Passenger Transportation Board’s (PTB) decision to have no caps for ridesharing vehicles allowed on B.C. roads. They called the regulations ‘unfair’. They were of the opinion that ridesharing vehicles have

²⁰⁴ Mike Smyth: Not an encouraging start to ride-hailing in B.C., November 19, 2018, <https://www.cbc.ca/news>

²⁰⁵ Consultations with Industry on Transportation Network Service Companies’ Operating Areas, Fleet Sizes and Rates: What We Heard, August 7, 2019, pp. 4-5.

²⁰⁶ Rules for B.C. ride-sharing industry released: No restrictions on fleet sizes or surge pricing, Richard Zussman, August 19, 2019, www.globalnews.ca; and BC releases controversial new rules on ride-sharing, Adam Chan, August 20, 2019, www.victoriabuzz.com



been given to predatory pricing, pay 44 per cent less insurance than taxi companies and are paying lower registration fees.²⁰⁷

Taxi-TNC Era

The Vancouver 2015 Taxi War was a war between the City and Uber and between the taxi industry and Uber to prevent the entry of Uber into the market. The 1950s witnessed a consolidation of the industry into a few large companies (Yellow Cab, Black Top, Vancouver Taxis and MacClure's. Their market share of the number of standard licences was: 40.25%, 32.43%, 14.51% and 12.81% of the 882 licences in 2018, respectively) and the number of licences remained the same from 1950 to 1980. From then to 2012, two major reports were issued (Lanyon (1999) and City of Vancouver Report (2007)).²⁰⁸ The basic thrust of these reports was a review of the case for deregulation and licence expansion.

Shortage of taxis began to plague the industry and nothing was done, a calm before the storm. Then in September 12, 2012, TNCs were reported to have begun service. After meeting with Vancouver's regulatory body on November 22, 2012, Uber announced that it would exit its 'Secret Uber' operations. In September 2014, Uber announced that it was staging its comeback. It once again resulted in a reaction. The NDP indicated it was trying to put a break on Uber's re-entry. Opposition leader John Horgan said he will introduce legislation to raise the maximum fine for someone operating without a permit from \$5,000 to \$20,000 under the *Passenger Transportation Act*. Simultaneously, police began an undercover sting operation on Uber's expansion on November 3, 2014 and the Taxi companies file a lawsuit to block Uber from expanding. Uber retaliated by filing a petition so that it could re-launch in Vancouver on November 7, 2014.²⁰⁹ Eleven months later, the City released its Taxi Review Report and made recommendations on control of licences and ridesharing.²¹⁰

A year later (October 2016) the City of Vancouver continued to deny Uber the right to enter the market. Then beginning in March 2017, the tide appears to change in favour of Uber when the Liberal

²⁰⁷ Vancouver Taxi Association launches judicial review over PTB's ridesharing rules, Richard Zussman, September 4, 2019, www.globalnews.ca

²⁰⁸ A Study of the Taxi Industry in British Columbia, Stan Lanyon, the Taxi Review Panel, June 15, 1999; and Additional Taxicab and Dual Taxicab Licenses, City of Vancouver, March 21, 2007.

²⁰⁹ Uber shut out of Vancouver, for now, October 7, 2014, www.westender.com; NDP trying to put brakes on Uber ride-sharing app in B.C., October 30, 2014, www.timescolonist.com; BC to initiate Uber sting operation, November 3, 2014, www.ctvnews.ca; BC Police Plan Undercover Assault on Uber's Vancouver Expansion, November 3, 2014, www.techvibes.com; Taxi companies file lawsuit to block Uber from expanding into Vancouver, November 4, 2014, www.globeandmail.ca; Uber Starts Petition So It Can Re-Launch in Vancouver Without Getting Immediately Destroyed, November 7, 2014, www.techvibes.com; Taxi Companies Drop Lawsuit against Uber in Vancouver, March 24, 2015, www.techvibes.com; Vancouver denies Uber and new taxis for another Year, October 20, 2016, www.604now.com; and Vancouver's Taxis promise to fight Uber, March 8, 2017, www.commonsbcit.ca

²¹⁰ 2015 Taxi Service Review and Report Back, City of Vancouver, October 20, 2015.



government promises to end the Taxi monopoly if re-elected. In response, the Vancouver Taxi Association threatened to take the government to court over changes and to fight Uber. As the delays increase, adverse public reaction continues to mount. Then in 2018, two reports were released (Select Standing Report (February) and Hara Report (July 2018).²¹¹ The thrust of the first was concerned with paving the way to introducing and regulating ride-sharing and the thrust of the second was concerned with modernizing the ‘taxi’ industry (increasing licence availability and reducing fares). The PTB then held consultation on the Hara recommendations and released its findings in September 2018. Finally, on November 19, 2018, the BC government introduced legislation to allow ride sharing companies to enter the market by fall of 2019. Initial reaction was mixed as the proposed laws made it difficult for TNCs to compete. The saga continued into 2020 as the Vancouver Taxi Association asked the Supreme Court of B.C. to order ride-hailing companies off the road.²¹²

²¹¹ Transportation Network Companies in British Columbia, 2018, Select Standing Committee on Crown Corporations Transportation Network Companies in British Columbia, February 2018, www.leg.bc.ca; and Modernizing Taxi Regulation, Hara Associates, Ministry of Transport and Infrastructure, June 8, 2018.

²¹² Supreme Court of B.C. asked to order ride-hailing companies off the road, David Carrigg, January 28, 2020, www.vancouversun.com



Section V – Montreal

The history of Montreal dates back to several centuries before its incorporation as a city in 1832.²¹³ The first European to have visited this place was Jacques Cartier in 1535. In 1611, Samuel de Champlain established a fur trading post on the Island of Montreal, on a site initially named La Place Royale. Montreal (sometimes also called Ville-Marie) was founded in 1642 as a missionary colony under the direction of Paul de Chomedey de Maisonneuve and Jeanne Mance. Its population then was estimated to be 27,000.

The Beginning of the Horse-Cab Transportation

Horses were indispensable for most forms of overland transportation. They were used by carters, hackmen, doctors, priests and businessmen in carts, wagons, carriages, sleigh carriages and even in horse boats. The first recorded use of stagecoaches was as early as 1774 used for the carriage of mail.²¹⁴ In the winter of 1830, W. Weller (Weller Royal Mail Coach Lines) in co-operation with Mr. H. Dickenson of Montreal offered a five times weekly stage coach service from Toronto to Montreal. The journey from Toronto to Montreal usually took five to six days. Sherry Olson states “The coachman or hackman was

²¹³ The charter had a life-span till 1836 and was not renewed due to political unrest in Lower Canada (Quebec). The city was granted a new charter in 1840.

²¹⁴ On January 21, 1811, Josiah Stiles of Quebec City launched the first private stagecoach line. Between 1810-1850, the red line (Samuel Hough) and green line (Michel Gauvin) provided competitive stagecoach service between Montreal-Quebec City. The two rival companies merged in 1844. After the mid 19th century, most people used the steamboats to travel during summer. This put an end to the business of the stagecoach line. The steamboats and the railway rendered the horse-drawn public transportation services obsolete. See The Chemin du Roy between Quebec City and Montreal, par Morissonneau, Christian, www.ameriquefrancaise.org



usually an individual entrepreneur with just one horse, while livery stables might maintain a dozen to provide carriages for business, pleasure trips, and special occasions. The doctor, the pharmacist, and the priest required a horse and carriage; and most of the city's nineteenth-century butchers, bakers, grocers, and milkmen had their own horse and cart. "Carters," whose full-time business was hauling, usually had two horses or three, and operated family enterprises in which sons and nephews were associated, not specified in the records. In the 1840s and '50s, horse-and-cart had to be able to access every dwelling in town, ..."²¹⁵ Further, at all the transfer points for freight and passengers, the horse ensured the intermodal link: between railway stations in the city, between opposite banks of the river, between the docks and the depot, or the mill and the freight station.²¹⁶ By 1844 the population had increased to 44,591 and continued to increase showing the need for more carriages. Records of the Montreal police chief indicate that there were 826 four wheeled vehicles (738 one-horse and 44 two-horse) in 1865 and by 1895 there were 3,958 four wheeled vehicles (3,225 one horse and 733 two horse). In 1880-1, 5.6 percent of households owned a vehicle, the majority being one-horse (i.e. 4.9 percent vs. 0.068 percent). In 1864, John Shedden had the largest stable with 64 horses which increased to 400 by the start of 1900. In 1891 the health inspector reported that there were 3,000 horse stables in the city.²¹⁷

The cab trade in Montreal evolved into "livery cabs" and "street cabs". One writer describes the 1800s as truly the golden age of the horse-drawn vehicle. Montreal Directories over the period 1842 to 1898 indicates that the number of carriage and sleigh or carriage makers that placed their name in these publications ranged from 4 in 1845 to 22 in 1875.²¹⁸ In the early period, the popular makers were O'Meara, Michael and McDonald, Charles. In the later period, the Bruno Ledoux Carriage Company of Montréal was renown as the greatest coach builder in Canadian history, specializing in custom built vehicles for the rich and famous.²¹⁹ Makers that existed in 1890 and 1898 were Berard & Major, Henry, E. N. & Co. and Ledoux, B. Another source, *Industries of Canada* indicates that in 1882, there were 64 establishments involved in carriage making in Montreal employing 347 resulting in an output valued at \$415,760. The well known stables were: Miller & Higgins, and The Montreal Horse Exchange Stables and Driving Park.²²⁰

The Charter of 1832, section X "empowers the Common Council to make By-laws, Rules Regulations, and Ordinances, as they or the majority of them may deem necessary for the purposes of this Act, and for

²¹⁵ The Urban Horse and the Shaping of Montreal, 1840–1914, Sherry Olson, p. 58, www.prism.ucalgary.ca

²¹⁶ Id. p. 64. By 1864, horsepower oligopolists, were already formed like Shedden and City Passenger Railway.

²¹⁷ Id., p. 67.

²¹⁸ See Montreal Directories: 1842 – 6, p. 176; 1845 – 4, pp. 235-6; 1850 – 6, p. 287; 1855 – 7, p. 285; 1871 - 8, p. 33; 1872 – 15, p. 35; 1875 – 22, p. 48; 1880 – 7, p. 34; 1885 – 7, p. 24; 1890 – 9, p. 26; 1898 – 6, p. 38. www.donslist.net

²¹⁹ See Industries of Canada, City of Montreal 1886, p. 129.

²²⁰ Id., p. 89, p. 100, and p. 102.



the security, health comfort and good order of the said city, ..." ²²¹ It is likely that city by-laws governing horse cabs were made shortly thereafter. In 1840, the second charter was passed.²²² The fare tariff regulation of 1842 was based on geographical division.²²³ For example, between 1842 and 1857, the 1857 tariff for coaches (drawn by two horses), cabs (drawn by one horses) and calèches were based on three divisions (within a division; from one to the next division; and from one to third division or vice versa) for one or two persons, and three or four persons. The tariff also contained fares per hour, subsequent hour and pro rata for intermediate quarters of an hour for coaches, cabs and calèches.²²⁴ Horse cabs were regulated by *Règlement concernant les voitures*. The regulation also dealt with cab stands. For example, see section 9 pertaining to the parking of horse cabs amended regulation 50 passed on March 15th, 1870.²²⁵ The specific locations where the horse cabs could be parked were indicated (see ss. 44-47, ss. 54-55 and ss. 59-60). There was also a bicycle licensing bylaw passed in Saint-Henri in 1897 as it became popular, being accessible to a larger number of people even working class at the turn of the century.²²⁶

A rudimentary omnibus horse car service had been started in Montreal in 1848.²²⁷ The first tramway horse-drawn on rails began operating on the city's streets on November 27, 1861. The rails were built for the Montreal City Passenger Railway Company (MCPRC), the city's first public transportation company. The first rail (six miles) was built on Notre-Dame street by American, Alexander Easton. Plans for a second line on Saint-Antoine Street were made in 1861. In its first year, the company carried a million passengers. By 1864, the company had \$240,000 paid capital, 10 miles of track and had carried 1,485,725 passengers at 5 cents each. Three types of cars were used: the summer tramway which had open sides; the winter or sled tramway which was very useful when the rails were covered with snow and ice; and the omnibus, a wheeled vehicle used when the rails were impassable, such as during the spring melt. People simply hailed the tramway to have it stop and pick them up, and they could even ask the driver to wait a few minutes for them.²²⁸ In 1874, MCPRC purchased twelve double-decker horse cars and were the only city in Canada to run double-decker horse cars between the 1870s and 1880s.²²⁹ By 1889 it was operating thirty miles of line with 150 cars, 104 sleighs, 49 omnibuses, and a thousand horses.²³⁰ In

²²¹ An Act to incorporate the City of Montreal, Anno primo Guilielmi IV, c. 54, A.D. 1831, p. 56.

²²² Ordonnance pour incorporer les Cité et Ville de Montréal, Anno quarto Victoriae Reginae, c. 36, 1840, p. 273.

²²³ For the tariff for 1842 see Montreal Directories 1942-3, p. 244.

²²⁴ See Traveller's Guide to Montreal and its Vicinity, 1857, p. 20, www.numeric.banque.qc.ca and Norman Beattie, The Cab Trade in Winnipeg, 1871-1910 Norman Beattie, Urban History Review, Volume 27, No. 1, 1998.

²²⁵ See Conseil de la Ville de Montréal. (1870). *Règlement concernant les voitures, passé le 15 mars, n°50 amendé*, Source: La Société d'histoire et de généalogie du Plateau-Mont-Royal, - 2014, Vol. 9, No. 2, p. 7, www.histoireplateau.org

²²⁶ In the development of transportation Montreal, 1820-1918, by Wayne Timbers, with the collaboration of Brian Young, March 13, 2002, p. 13, <http://collections.musee-mccord.qc.ca/scripts/pdf/esstransportsEN.pdf>

²²⁷ The sesquicentennial of the horse car era, Fred F. Angus, Canadian Rail, No. 496, September-October 2003, p. 172, www.exporail.org

²²⁸ History Stm, www.stm.info. The Montreal Street Railway Company (MSRC) replaced the MCPRC in 1886.

²²⁹ The sesquicentennial of the horse car era, Fred F. Angus, Canadian Rail, No. 496, September-October 2003, p. 180, www.exporail.org

²³⁰ The Urban Horse and the Shaping of Montreal, 1840-1914, Sherry Olson, www.prism.ucalgary.ca



1889 electricity was introduced into the City and in 1892, the first hydropower generating station was built on the Lachine Canal. In the summer of 1892, the city's very first electric tramway, the Rocket, was put into service on September 21, 1892. Within two years, the network was completely electrified, and ridership doubled during that same period from 10 million trips to 20 million. The electric tramways were soon serving Sault-au-Récollet (1893), the parish of Saint-Laurent (1895), Bout-de-l'Île (1896) and Lachine (1897) and introduced many innovative changes.²³¹ Suburban development became increasingly possible which in turn increased the demand for transit. Ridership reached 50 million in 1905 and hit the magic 100-million mark in 1910. This trend is confirmed by data collected by historians Christopher Armstrong and H.V. Nelles indicating that "the proportion of Montreal workers who took the streetcar every day rose from only 11% in 1892 to 41% in 1901, and 63.1% in 1911."²³² In 1911, the Montreal Tramways Company (MTC) was created and became a monopoly provider of local public transportation by acquiring all the transit companies. Concern over the situation, led to the creation of the Montreal Tramways Commission in 1918 to supervise the activities of the MTC.

The Beginning of the Taxi-Cab Transportation

Even though Montreal was introduced to the automobile in 1899 (steam powered). Automobile production was not very large till after 1905, so Tramways dominated the city's local transportation with the only competition from horse cabs as motorized taxis did not appear till 1910. In 1912 Canadian Autobus Company obtained a ten-year franchise to run a five-cent service on most of Montreal's principal streets but did not begin service till Spring of 1915. The jitney taxi service arrived in Montreal in mid June 1915 and only lasted for 50 days. A bus jitney by-law 584 was passed on December 13, 1915 including a clause that would be competitors would require a permit from the city. MTC's attempt "to preserve its monopoly resulted in the delayed introduction of buses into the Montreal mass transit system. Indeed, during the 1910s, the company did all it could to derail any plans for bus service that might be proposed to the city by rival companies. However, once it obtained a new contract to provide streetcar service in 1918, the company decided to gradually implement bus service in Montreal of its own accord."²³³ In 1919, buses were introduced and tramways began to face competition from them and the taxis industry. By 1922, there were several taxi companies - Diamond (with seven independents sharing a switchboard), De Luxe system, Taxi Limited, etc.

²³¹ Transfer tickets, pay as you enter, famous observation tramway, etc. See History Stm, www.stm.info

²³² In the development of transportation Montreal, 1820–1918, by Wayne Timbers, with the collaboration of Brian Young, March 13, 2002, p. 15, <http://collections.musee-mccord.qc.ca/scripts/pdf/esstransportsEN.pdf>

²³³ Ibid., p. 17.



Jitney-Tram Era

In Montreal, there was the second highest rail street traffic density compared to other cities in Canada, so the arrival of the jitney in 1914-15 was expected to be welcomed. Initially it was, as a Montreal Tramways executive in April 1915 stated "that there [were] Montrealers who, while objecting strenuously to being compelled to hang to a strap in a street-car, are perfectly willing to have six or seven fellow-citizens standing on their feet in a jitney."²³⁴ The novelty of this service also attracted women jitney operators who provided service for women and children. It also provided car dealers with an avenue for disposing its unwanted stock of automobiles. Despite this initial popularity, it appears that early jitney service was not in its destiny.

Unlike some Canadian cities jitneys simply did not catch on. It began in mid June 1915 and lasted for 50 days.²³⁵ One possible explanation advanced for its failure was the lack of the swarming process on certain routes and the lack of a number of cars (the city never had more than 15 jitneys it started with on 12 April 1915). Another possible explanation was the failure of the Montreal's Jitney Association which had just six vehicles running. The media blamed the collapse of the Montreal Jitney Association on its decision to abandon the nickel fare and upon the failure of its members to stick to their assigned route if sightseers offered to pay for a detour.²³⁶

This non-starter into the jitney business was also blamed because of fear to tangle with the Canadian Autobus Company. Other factors were also responsible such as the Canadian Autobus Company's ten-year franchise to run a five-cent service on most of Montreal's principal streets in 1912 from City Council.²³⁷ On December 13, 1915, the first bus-jitney by-law appeared - By-law 584.²³⁸ The by-law included a promise that would-be bus competitors would require a permit from the city. Canadian Autobus did not begin service until the Spring of 1915 due to a court challenge by a Montreal Tramways stockholder who claimed that the trolley company had an exclusive franchise. It is believed that its flurry of activity in 1915 undoubtedly deterred some petty capitalists, always fearful of being crushed by a

²³⁴ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 116.

²³⁵ *Ibid.*, p. 117.

²³⁶ *Ibid.*, p. 116.

²³⁷ *Ibid.*, p. 117.

²³⁸ According to D. Davis, Canadian Autobus (CA) was alleged to have links to both Montreal Tramways and the Board of Commissioners and CA had no intention of ever putting buses on Montreal's streets and deterred others from doing so. The City never saw more than 15 bus-jitneys and by July 15, 1915, bus jitneys were dead according to the newspaper *Montreal Star*, despite its initial appeal to Montrealers. See Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, pp. 116-7.



combination of corporate and political muscle, from entering the business of public transportation in Montreal.²³⁹ By July 9, 1915, the press declared the jitney service dead in Montreal.

Taxi-Cab Era²⁴⁰

The jitney 'craze' did not catch on in Montreal, like it did in other Canadian cities. By-law 584 amended the cab by law to require taxis (jitneys) both to refrain from soliciting passengers on the streets and to operate from stands. The public of the 1920s viewed taxis as a lucrative market and it was a popular occupation for the self employed.²⁴¹ In 1922, seven independent taxi cab companies decided to share a switchboard resulting in Canada's largest brokerage, the Diamond Taxicab Association of Montreal. Diamond Taxicab Association Limited, which was Canada's most powerful taxicab service, controlled most of the cabstands and half of the cabs in Montreal.²⁴²

By 1926, the City of Montreal had 1,464 licensed taxis, which was more than twice the number it needed. To add to this, in May 1927 suburban taxis began to operate as jitneys running routes in direct competition to the local bus company. As cabs proliferated, fares fell. By 1929 there were 1,500 taxis in Montreal alone²⁴³ and the Great Depression of 1930s added to the problems. Montreal also had the lowest drop charge of 5 cents in 1930 compared to any other city in Canada. Those with the highest costs went to the wall.²⁴⁴ The number of taxis declined to 800 by 1930.

In 1933 a rate war erupted in Montreal²⁴⁵ and the number of taxis in Quebec declined by 44 percent from its peak in 1928 with six hundred bankruptcies in Montreal. On August 1, 1933, Arthur Gaboury, president of the Quebec Security League recommended the centralization of the taxi industry into a single organization as a public utility service. In 1935, the mayor of Montreal, Camilien Houde, declared that the taxi industry in Montreal will be owned by a private monopoly which would be placed under public control. Though it did not result in any action, small owners continued to sell their licences to larger companies. In 1936, hoping to become the monopoly that Mayor Houde visualized La Cie Diamond (service association then called Taxi Ltd) reorganized. In reaction to the arbitrary policy to this company, small taxi owners and Diamond drivers went on strike and the first service cooperative was formed:

²³⁹ Ibid., p. 117.

²⁴⁰ To gain a better understand of the events a brief description of the market structure is helpful. The taxi market consisted of several taxi operators Diamond (consisting of seven cab companies), the De Luxe system, Taxis Limited, etc. By mid-1930, Montreal was down to one metered cab company, the De Luxe system.

²⁴¹ Quebec, The role of taxis in public transport, ECMT Round Tables (De) Regulation of the Taxis Industry, 2007, D. Carter, p. 12.

²⁴² The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 10; and Continuity and Discontinuity in Canadian Cab History, Donald F. Davis, *Urban History Review /Revue d'histoire urbaine* Vol. XXVII, No. 1, October, 1998, p. 4.

²⁴³ Quebec, The role of taxis in public transport, ECMT Round Tables (De) Regulation of the Taxis Industry, 2007, D. Carter, p. 12.

²⁴⁴ The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 10.

²⁴⁵ Ibid., p. 11



Lasalle Taxis, which had 350 cars. Further, given the depressed conditions that the industry was in, even collective bargaining was unlikely to solve their problem but there was some success. Five hundred “Montreal taxi drivers, joined by 873 licensed cab owners, struck to secure reduced brokerage fees. The city intervened and a committee was created to address the drivers’ and owners’ concerns.”²⁴⁶ Faced with the possibility of a deterioration in the situation, the city of Montreal set up the Schubert Commission which concluded that it was necessary to put the taxi industry in the hands of a private company.²⁴⁷ No action was taken with the onset of the war in 1941 with the federal government taking control of the taxi industry and limiting the number of taxi licences to one for 765 residents.

Taxi-Cab Post War II Era

After the war, with a limit on the number of licences, the industry returned to prosperity. Control of the taxicab industry was returned to the city of Montreal. Following a study by JO Asselin, President of the Executive Council resumed issuing permits without restriction. This resulted in a rapid growth in the number of taxis between 1946 and 1952 to 4,978 for all of Montreal Island.²⁴⁸ It resulted in poor income and poor quality service and a freeze on plate issuance in 1952. In 1953, the city commissioned a report by Judge Paquette which recommended a licensing body, entry control (one licence for 600 residents), fare regulation and telephone exchange control. Dissatisfied (fleet owners) the report was not released till 1957. With licences frozen at one for 300 residents in 1961 and drivers unhappy, a new commission chaired by J. P. Dawson was created but its recommendation of separating taxis and rental cars was rejected. In 1962, the city adopted by-law 2745 limiting the number of permits an owner can obtain in the future. The by-law incidentally had the effect of protecting the largest company from potential competition.

But the problems continued to increase from 1964 to 1968 with low wages in the taxicab industry and the monopoly rights of Murray Hill at Dorval airport, leading to violence in the industry, notably the Murray Hill riots in 1969.²⁴⁹ The Bossé report was released in 1970 followed by regulation n ° 6. A study in

²⁴⁶ Labour Gazette (September 1936) at 777–78 cited in Uber and the Unmaking and Remaking of Taxi Capitalisms: Technology, Law, and Resistance in Historical Perspective, Eric Trucker, in Law and the Sharing Economy, p. 368.

²⁴⁷ Historie du taxi à Montréal, Plus ça change plus c'est pareil. Vie Ouvrière, 157, (1981): 13.

²⁴⁸ The fundamentals of taxi regulation and the Quebec experience, Michel Trudel, Departmental Coordinator Taxi Services, Quebec Department of Transportation, Presentation to the 7th Congress of the European Taxi Confederation, Donostia - San Sebastian, Spain, February 1995.

²⁴⁹ Problems in the taxicab industry continued to increase and in 1964 Mr. Germain Archambault, owner and taxi driver published his book, *Le taxi: profession de pèvre-Hungry*. It explained the causes of the deteriorated situation of the taxi driver and the solutions envisaged. Namely, allow each driver who wishes to have his own taxi car, eliminate parasites, create a Régie administration du taxi, allow drivers to benefit from the minimum wage, social benefits and possibly unionization. The book ends with these words “We no longer want public charity, and we no longer want representatives of this charity which keeps us weak. We want to live, we want to eat, we want to educate our children. We don’t want a quarter of measures anymore. We want JUSTICE.” Two years later, with a group of taxi drivers, Mr. Archambault forms the Social Help Committee of taxi drivers in Montreal. The committee in 1967 claims without success a single dome for all taxi drivers as well as the abolition of the privileges held by Murray Hill (a monopoly transport provider from Dorval airport and certain large hotels). Over 1,200 taxis demonstrated outside Town Hall. In 1968, taxicab drivers and the small owners unite within the Taxi Liberation Movement (MLT) and on October 30, 1968



1970 proposed a “buy-back” plan to reduce the number of plates. The Quebec government took over the responsibility for the industry from the city and tried to deal with the problem by expanding the zone served by Montreal taxis. However, the economic downturn of the early 1980’s led to renewed problems. Both industry representatives complained of inadequate incomes and consumers complained of poor service. This led to two more proposals for plate buy backs, one in 1984 that was unsuccessful and one in 1985 that resulted in roughly 25% of the plates being retired over the next five years. A problem that was created very quickly when entry was opened took almost 40 years to resolve.²⁵⁰ Whereas there had been 4,978 taxis on the island of Montreal in 1952, there were no more than 4,440 in 2010,²⁵¹ despite substantial increases in population and income.

The important developments after WWII are shown in the chart hereafter and described.

Chart V

1952 Study	1961 Dawson Report	1970 Bossé report	1973 The Transport Act	1983 An Act respecting transportation by taxi	1984-85 Buy-Back Plan	1994 Amendments	2001 Taxi Services Act	2005 Després Report	2010 By-law RCG 10-009	2019 Bill n°17
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1952-3

In 1952, a study revealed that Montreal’s a ratio of taxi licenses to the population was 3.5 times that of other North American cities: the task force set up to study metropolitan issues in Montreal therefore suggested that no more taxi licenses be issued. In 1953, following a request from the city, a commission chaired by Judge Paquette, submits a report in which it recommends the creation of a metropolitan body which: a) would issue permits, b) fix the number of permits to be issued, c) determine the taxi fares, and d) take care of the telephone exchange. The commission proposed the ratio of one permit per 600 inhabitants. The fleet owners were dissatisfied with the report resulting in it not being made public until 1957.

the MLT organized a demonstration against Murray Hill in Dorval and a blockade of the airport by 700 taxis which is said to have turned into "urban taxi guerrilla warfare". On October 7, 1969, the Montreal Police go on strike supported by the MLT and the demonstration turns to the Murray Hill garages in Griffintown. The demonstration becomes violent and one corporal Robert Dumas from the Sûreté du Québec was killed by shots fired from the roof by security guards and the owner's son of Murray Hill. In December 1969, the federal government commissions an inquiry into the situation prevailing in the Dorval taxi. In 1970, the federal government opens a shared taxi station in Dorval however much of the privileges of Murray Hill were not changed. Id.

²⁵⁰ Report to/Rapport au: Emergency and Protective Services Committee/Comité des services de protection et d'urgence and Council/ et au Conseil, 11 June 2001 / le 11 juin 2001.

²⁵¹

Permis de transport Ville de Montréal, 1997-2018

Year	1997	1998	1999	2000	2003	2004	2010	2011	2015	2016	2017	2018
Plates*	6,863	6,566	5,578	5,065	4,447	4,445	4,440	4,437	4,782	4,669	4,635	4,789

* Regular Taxis. See Rapport Annuel, MTL, bureau taxi Montréal, 1997-2018.



1961 Dawson Report

With licences frozen at 1 per 300 residents and unrest among drivers, a new commission was created, chaired by J. P. Dawson. He recommended, among other things, that a distinction be made between the taxi and the rental car (taxis not subject to the laws, operated by Murray Hill Company). Murray Hill did not like to see its business subject to the same regulations as those for taxis. In 1962, the city of Montreal adopted by-law 2745 which limits the number of permits an owner can obtain. But the regulation only applied to future license buyers, so that the owner of 500 licenses (it was visible at the time) kept them and protected himself from potential competitors.

1970 Bossé report

In response to the problems in the taxicab industry, the newly elected premier Bourassa asked deputy Alfred Bossé to conduct an investigation into the taxicab industry. In 1971 Bossé published his report. The report recommended: 1) a limitation of permits to 1 per 800 inhabitants;²⁵² 2) the non-transferability of permits; 3) the issuance of permits on a metropolitan basis (as the municipal nature of permits has hitherto caused many problems for drivers); 4) the regulation of concessions; and 5) the abolition of subcontracting. Based on these recommendations, regulation - n ° 6 was drafted, revised and later adopted. Regulation n ° 6 stipulated: 1) the creation of Taxi Leagues (which must include all owners); 2) the creation of Taxi Conferences (which must include all service associations in the agglomerations of Montreal and Quebec); 3) the maintenance of the privileges of Murray Hill; and 4) the obligation for the leagues to offer drivers a pension fund, life insurance and income insurance (not applied in reality!). The regulation did not address the problems of subcontracting, part-time taxi operators, etc.

1973

In 1973, the Transport Act (via Regulation respecting transport by taxicab) was adopted. It marked a change in the course of the taxi industry. Control over pricing and the number of permits were instituted. To alleviate problems arising from the complete mismatch between urban boundaries and taxi rides, the lack of harmonization in taxi licensing at the municipal level, and the problems of access to Dorval Airport, responsibility of taxi permit issued was transferred from the municipal authorities to the government of Quebec. The Quebec Transport Commission (CTQ) was also created. The CTQ determines agglomerations, service and customer rules and set fares for trips. The Act also imposed new representative bodies to respond to the desire of the industry actors to collectively defend their interests. "The government then mapped out specific areas for the taxi industry, covering 57 urban areas and 249

²⁵² While the Bossé report was concerned with the number of licences his proposals "to urge fleets to voluntarily divest themselves of their licences exceeding the number of twenty" and the withdrawal of licences were considered to benefit the larger fleet owners as a reduction would fall more on the smaller owners and drivers. See *Les plaies du taxi, Sous-traitance Surabondance de permis Spéculation Temps partiel*, Martine D'Amours, *Vie Ouvrière*, 157, (1981): 13, pp. 26-31.



regions.” The Act made it compulsory for licence-holders in each urban area to form owners associations (‘ligues de propriétaires’).²⁵³ “In 1978, at the request of the taxi industry, the government imposed a moratorium on taxi licensing in urban areas. The idea was to give each operator a fair share of the market.”²⁵⁴

1983 An Act respecting transportation by taxi

In 1983, An Act respecting transportation by taxi was adopted by the Quebec National Assembly. It gave effect to the plans of government authorities to open new markets in the taxi industry. The Act provided measures related to public transit by taxi, transportation for the disabled, limousine services, taxi tourism services and school transportation. Another important measure was the Act's allowance of taxi service contracts, particularly the freedom to set fares other than those prescribed. Section 42 of the Act states that private transportation by taxi subject to a written contract may be performed at the price specified in the contract on the condition that a copy of the contract is kept in the taxi during the time of transportation. Rates could therefore be used as leverage in a strategy to develop new markets.²⁵⁵ It permitted the development of taxi services in Quebec such as: public transit by taxi; transportation for the disabled; school transportation; limousine services; sightseeing; flat-rate rides; medical transportation; transportation for the elderly; group transportation; personalized delivery; parcel deliveries; car return service for intoxicated drivers; and emergency services.

1984-85 Buy-Back Plan

To deal with the problems of the industry, the first buyback plan was implemented in May 1984 but ended in failure in the same year because of various legal and financial factors. A second buyback plan, similar to the first but including more flexible financial terms was submitted and approved by Ligue de taxis de Montreal and took effect in June 1985. The primary objective of the buyback plan was to reduce the number of licenses in the City of Montreal with the aim of improving the effectiveness and profitability of the taxi industry without diminishing the quality of service. It was agreed that the buyback cost would be absorbed by license holders who continued to provide taxi service. The maximum number of licenses to be bought back was set at 2,000 (there were 5,222 licenses on the market at the time). The buyback plan lasted five and a half years, from June 1985 to November 1990. Within a relatively short period of time, this operation reduced the number of taxis in Montreal by 25%, with 1,287 licenses bought back and eliminated. The buyback plan cost a total of \$21 million, and was paid entirely

²⁵³ Quebec, The role of taxis in public transport, ECMT Round Tables (De) Regulation of the Taxis Industry, 2007, D. Carter, p. 12.

²⁵⁴ Reforme du transport par taxi, pour des services de taxi de meilleure qualite – Document de consultation, Ministere des Transports du Quebec, 1999, p. 8.

²⁵⁵ The fundamentals of taxi regulation and the Quebec experience, Michel Trudel, Departmental Coordinator Taxi Services, Quebec Department of Transportation, Presentation to the 7th Congress of the European Taxi Confederation, Donostia - San Sebastian, Spain, February 1995.



by taxi license holders; in exchange, the profitability of their licenses increased, along with its market value, which now stands at approximately \$55,000.²⁵⁶

1994 Amendments²⁵⁷

In 1994, An Act respecting transportation by taxi was amended to include the authority to prescribe mandatory training courses prior to taxi driver license renewals through regulations in areas designated by the regulations. The training course was to last approximately sixty hours and covers seven topics. The basic training regime was augmented depending on the area the taxicab driver intended to serve. The requirement for a uniform training program could have the effect of reducing the number of drivers entering the market. In May 1995, a professional Taxi Ambassador program was introduced and drivers completing the training received an official certificate and a 'Taxi Ambassador' permit. Two additional courses were included in the new mandatory driver training that was developed by the Quebec Department of Transportation. They were: Taxi Aid (to give drivers information about their own safety and public safety); and Taxi Transportation for the Disabled (to enable drivers appreciate their role in parapublic transportation services).²⁵⁸

2001 Taxi Services Act

On June 21, 2001, the Taxi Services Act was passed and came into force in June 2002 together with implementing regulations. This bill proposed a new framework for transportation by taxi in Québec and its objective was to increase the safety of users and improve the quality of services offered. It was especially aimed at holders of a taxi owner's permit, holders of a taxi driver's permit and at taxi transportation service intermediaries. In particular, the bill introduced a permit system for service intermediaries operating in certain territories determined by order. The Bureau du taxi de la Communauté urbaine de Montréal was to retain all its powers. The bill also established a professional association to represent taxi drivers and promote their interests. It granted new powers to the Commission des transports du Québec as regards the determination of taxi servicing areas and the issue of permits. As a move to more consistent legislation, the Act specified that the Quebec Ministry of Transport had to report to the government of Quebec on the subject in June 2005.²⁵⁹

²⁵⁶ Id.

²⁵⁷ Between 1985 and 1999 some the regulatory developments that occurred have been described as: 'In 1987, the Urban Community of Montreal took over responsibility for the taxi industry within the boundaries, through its offices for Taxi Services. 1994 saw the launch of compulsory training for new taxi drivers in the cities of Quebec, Montreal, Laval and Longueuil. In 1997, the Quebec of Transport announced that the Taxi Travel Act was to be revised. In 1999, a Parliamentary Commission undertook an in-depth review of the reform and looked at all transport services covered by the Act.' Reforme du transport par taxi, pour des services de taxi de meilleure qualite – Document de consultation, Ministere des Transports du Quebec, 1999, p. 8.

²⁵⁸ See Michel Trudel cited above and Report to Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998, p. 35 of 67.

²⁵⁹ Bill 163 (2001, chapter 15) An Act respecting transportation services by taxi, Second Session, Thirty Sixth Legislature, National Assembly.



2005 Després Report

In 2005, the Després Report provided an assessment of the regulatory framework.²⁶⁰ First, it noted the failure of representative institutions established by regulation. It therefore recommended the official recognition of other organisations stemming from emerging solidarities (United Steelworkers' Independent workers; association, RTAM) created in 2002 and Haitian Taxi drivers' association founded in 1982. It expressed concern about the quality of service. Second, it revealed the uneven quality of the training provided to drivers from one territory compared to another. It called for the training contents to be updated and standardised. It also called for vehicle modernization. In this respect, the service intermediaries reiterated their request to have a GPS or on-board computer installed in each vehicle. Third, the Report also returned to the subject of opening up the market to adapted transportation. It noted the industry's difficulty in taking advantage of this opportunity. Fourth, as regards, determining the permit quotas for owners and agglomerations, the Report suggested that this responsibility be transferred to the Quebec Transportation Commission.²⁶¹

2010 Ville de Montréal by-law RCG 10-009 by-law concerning taxi transportation

On March 25, 2010, by law 10-009 concerning taxi transportation was enacted.²⁶² This by-law has eight chapters containing 191 sections and eight schedules. The eight chapters are on: interpretation and application; obligations of the holder of a taxi owner's permit; obligations of a driver; taxi transportation service intermediary; notices; ordinances; penalties; and transitional and final provisions. Chapter two to four spells out in detail the conditions for the provision of this service. They will be briefly described as: 1) Requirement of a validation sticker; requirement of a domelight; posting of interior display unit and conditions for external advertising; display of taximeter and rates; and conditions for the operation of a taxi. 2) Requirement of a driver's permit; obligations of a driver; and compliance with rates and fares. 3) Requirement of a service intermediary permit; dispatching of transport requests; maintaining a register; providing membership contracts and members; adopting and maintaining internal management and discipline; and ensuring conditions of vehicles. It is worthwhile noting that the rates and fares are calculated by a taximeter or any other rate schedule approved by the Commission des transports du Québec. A driver may only claim for a trip the rates and fares in force unless another fare is provided for under a written contract.

²⁶⁰ Rapport sur la loi concernant les services de transport par taxi, Présenté par: Michel Després, Octobre 2005, www.bv.transports.gouv.qc.ca

²⁶¹ Regulatory and institutional experimentation in the taxi industry in Quebec, by Urwana Coiquaud and Lucie Morissette, in Regulating the Platform Economy, by Lourdes Mella Méndez, 2002.

²⁶² Ville de Montréal by-law RCG 10-009 by-law concerning taxi transportation, www.villemontreal.qc.ca



‘Bill n°17: An Act respecting remunerated passenger transportation by automobile

Under the Bill,²⁶³ the Province (i.e. Commission des transports du Québec) will oversee all matters relating to the taxi/limousine industry (except that the Ville de Montréal is granted jurisdiction to exercise certain powers). It has twenty-two chapters containing three hundred and ten sections. It begins by describing the purpose of the Act. The Act defines the obligations to which qualified drivers, owners of qualified automobiles, operators and dispatchers are bound. Persons who provide trip request dispatch services must be registered with the Commission. The Act requires that a fare be calculated in accordance with the rates established by the Commission, unless the trip request is made by certain technological means that allow the customer to be informed of the maximum fare and to agree to it before a driver is informed of the trip request. The Act reserves the name “taxi” for automobiles used to offer or provide passenger transportation for which the trip fare is calculated in accordance with the rates established by the Commission. The bill uses the term ‘transportation system’ (it covers brokers, and TNCs embraces all automobile modes of transportation including ridesharing). A transportation system can have both taxis and ride sharing cars in their fleet under the same dispatcher. Ride sharing vehicles are restricted to receiving trip offers through app dispatching (i.e. no prearranged trips or telephone dispatching). The bill legalizes price competition and only Class 5 license is required (automobile operation). The taxi medallion system is abolished and to accommodate this change the government has provided \$816 million compensation program for its 7600 medallion holders (or \$107,368.42 per permit holder). The “T” license plate system for taxis ends, and there will no longer be annual inspections. It will be financed with a 90 cent per trip tax. Trips outside the city for which the driver is licensed is permitted if it ends in another jurisdiction.²⁶⁴

Taxi-TNC Cab Era

The Montreal 2015 Taxi War was a war between the taxi industry and the City against the TNCs to prevent their entry and a war between the City and the taxi industry against compensation. The post WWII woes of the industry were blamed on the excessive number of licences. So, a plan was proposed to reduce the number of taxi licences. The government of Quebec then proposed *An Act respecting transportation by taxi* in 1982, which was adopted by the National Assembly in 1983.²⁶⁵ The plan (known as the buy back plan – June 1985 to November 1990) resulted in an elimination of 1287 licences

²⁶³ Bill 17 (2019, chapter 18) An Act respecting remunerated passenger transportation by automobile, National Assembly of Quebec, www.publicationsduquebec.gouv.qc.ca

²⁶⁴ Taxi deregulation in Quebec is now here, January 30, 2020, www.jbbtaxis.com

²⁶⁵ It gave effect to the plans of government authorities to open new markets in the taxi industry. The Act provided measures related to public transit by taxi, transportation for the disabled, limousine services, taxi tourism services and school transportation. Another important measure was the Act's allowance of taxi service contracts, particularly the freedom to set fares other than those prescribed (s. 42). See M. Trudel.



(a reduction of 25%) from 5,222 licences costing the government \$21million. In the 1990s, the Act was amended to prescribe for mandatory training courses prior to taxi driver license renewals.²⁶⁶ Towards the end of 2013, TNCs (Hailo and Uber) were reported to have begun service in Montreal.

The entry of Uber on October 18, 2013 was described as the “Uber War”. On October 29, 2014, Montreal’s mayor said UberX is illegal. In June 2015, a law was passed providing for steep fines and seizure of vehicles if Uber continues to offer rides through the app. Then in February 2016, taxi drivers descend on the airport to protest Uber. Thereafter, the opposition becomes more violent, Montreal taxi drivers egg Uber cars and offices as a ‘friendly warning’. In early September 2016, the Quebec government made a deal with Uber (pilot project) and Uber agreed to stay in Quebec. An injunction was then sought in Quebec Superior Court. “Taxi industry lawyer, Marc-Antoine Cloutier, said that when Transport Minister Laurent Lessard made the Uber deal, he created a new law that runs parallel to the existing one regulating the industry.” The taxi industry wants the court to suspend the deal, arguing Lessard has gone beyond the powers given to him by the National Assembly. The City also got in to the act with the new law coming into effect on September 2016 by seizing Uber cars and imposing fines of \$7,500. Simultaneously, the structure of the taxi industry in Montreal was evolving (one company Taxelco now controls 40% of the industry with its purchase of Diamond Taxi, having previously acquired Hochelaga Taxi). But all this failed to deter Uber (who bailed their drivers) and the angry Taxi industry blocked Montreal streets creating gridlocks in certain areas after two failed injunctions.²⁶⁷

The war was not yet over. The March 2019 introduction of ‘Bill n°17: An Act respecting remunerated passenger transportation by automobile’²⁶⁸ prompted traffic jams against the industry overhaul. To appease the industry the Quebec government ups the compensation ante from \$500 million to \$816 million. Notwithstanding the opposition to the bill by the taxi industry, Quebec adopted the taxi reforms in October 2019. Once again, the taxi industry re-launches three class-action lawsuits against Uber and the Quebec government. The industry taxi drivers are now demanding \$1.5 billion from the Quebec

²⁶⁶ Ibid.

²⁶⁷ See: Opposition to its entry can be seen in the following media reports: UberX illegal, says Montreal Mayor Denis Coderre, October 29, 2014, www.cbcnews.ca; Montreal is at war with Uber: which side will surrender, May 22, 2015, www.canadianbusiness.ocm; Taxi drivers in Montreal descend on airport to protest against Uber, February 10, 2016, www.news1130.com; Uber faces injunction in Montreal, February 15, 2016, www.mcgilldaily.com; “This is our first friendly warning”: Montreal taxi drivers egg Uber cars and offices”, February 18, 2016, www.nationalpost.ca; Quebec Uber drivers have cars seized, fine upto \$7,500, September 15, 2016, www.ctvnews.ca; Alexandre Taillefer an important ally in quest to quell taxi unrest, September 12, 2016, www.cbc.ca; Quebec’s Uber pilot project pushed back until mid-October, September 30, 2016, www.cbc.ca; Montreal Taxi Industry fails to shut down Uber, October 4, 2016, www.brockpress.com; “Angry” Taxi drivers block Montreal streets over Uber deal, October 5, 2016, www.cbcnews.ca; Uber paying its drivers to flout Quebec law, October 6, 2016, www.cbc.ca;

²⁶⁸ See: Bill n°17 : An Act respecting remunerated passenger transportation by automobile, National Assembly of Quebec, 2019. The purpose of the bill is to ensure the safety of passengers and the transparency of fares in keeping with the principle of fairness. It also aims to promote the emergence of technological means and mobility modes.



government and Uber to compensate them for the losses they will incur with deregulation of the taxi industry.²⁶⁹

²⁶⁹ Quebec taxi drivers clog streets to protest government's industry overhaul, <https://toronto.citynews.ca>, Mar 25, 2019; Montreal cabbies prompt traffic jams with protest against industry overhaul, www.nationalpost.com, April 05, 2019; Quebec proposes new offer to help taxi drivers under Bill ..., <https://globalnews.ca>, April 15, 2019; Quebec taxi drivers protest government deregulation, www.reinet.ca, September 3, 2019; Quebec adopts taxi reforms despite stiff opposition from industry, www.cbc.ca, Oct 11, 2019; and Quebec taxi drivers want to take Uber, province to court over industry reform, www.globalnews.ca, October 15, 2019.



Section VI – Halifax

The history of Halifax dates back to several years before its incorporation as a city in 1842. Its population then was estimated to be about 30,000. Halifax is located within the traditional ancestral lands of the Mi'kmaq indigenous peoples, known as Mi'kma'ki. The city site was first visited by Samuel de Champlain about 1605, and in the early 18th century it was a French fishing station. The Nova Scotia peninsula was a component of the French colony of Acadia at that time. It was ceded to Britain by the French under the Treaty of Utrecht in 1713. The British takeover resulted in a permanent British settlement at Halifax when Edward Cornwallis arrived with some 2,500 English settlers and founded a fortified town in 1749. The establishment of the Town of Halifax was named after George Montague, Earl of Halifax, the 2nd Earl of Halifax.²⁷⁰ In 1867 it was the fourth largest city in Canada.

The Beginning of the Horse-Cab Transportation

Halifax was condensed into small areas so early local land transportation was done by foot, horse or sedan chair. The earliest coach to carry mail in the province was operated by W. Pritchard in 1768, however it was not regular. Less-travelled streets were impassable to carriages as late as 1780, due to protruding tree stumps and rocks. Paving of the streets began in 1820 and 1824. By 1842 Halifax and Yarmouth had two letter couriers though delivery of courier mail was known much earlier (1809). Its population in 1852, 1861 and 1871 were 39,914, 49,021 and 56,963, respectively. The first provider of horse drawn

²⁷⁰ Halifax, Nova Scotia, Canada, Brett McGillivray, www.britanica.com



carriage services in Halifax is not known, however, Hutchinson's Nova Scotia Directory for 1864-5 indicates five names listed under cabman or coachman, six names listed as providing livery stables and the existence of three carriage makers (J.M. De Wolfe, Richard Martin, and Martin Donovan). McAlpine's Halifax City Directory, for 1870-1871 lists twenty-one names under cabman or coachman; nine names under livery stables; eleven names under Carriage Makers and Wheel Wrights; and the existence of four carriage factories.²⁷¹ According to one source "carriages were usually closed and capable of seating at least four passengers in addition to the driver. Other carriages, such as a barouche, might be substituted in the summer, and a sleigh in the winter. The vehicles were for hire ... however each hack was assigned to a specific stand. It is unclear how common it was for hackmen to pick up fares while travelling the street. It seems that after each customer was taken to his or her destination the hackman returned to his assigned stand."²⁷²

The horse cab industry was regulated by the Halifax City Charter and the Ordinances made pursuant to it. The first Halifax City Charter of 1851 entitled 'An Act Concerning the City of Halifax' contained two sections on Hackney Carriages (s. 133 and s. 134). It provided for the requirement for a licence and the authority for the City Council to make regulations on keeping, driving, plying and conduct on conveyances for carrying passengers together with fares and prices.²⁷³ The Halifax City Charter of 1907 in its section on 'Hacks and Trucks' (ss. 510-520 or ss. 550-560 in the consolidated act of 1914) empowered the city to make regulations on various aspects of the industry and are mentioned hereafter. The eleven sections of the Charter are on: definition, regulation by Board of Control, enforcement by Board, license requirement, term of license, cancellation or suspension of license, number of licences may be limited, stands, engagement beyond the city, ordinances and penalties. Of particular interest is the: 'definition' which defines hack as '...every vehicle of any description whatever for the conveyance of passengers for hire, other than a tram car'; 'number' which indicates that 'The board may license as many hacks and trucks as it deems proper'; 'stands' which indicates that 'The Board shall appoint places or

²⁷¹ See McAlpine's Halifax City Directory, for 1870-1871, pp. 359, 341 and 47, www.collectionscanada.gc.ca

²⁷² Kimberly Berry, "The Last Cowboy: The Community and Culture of Halifax Taxi Drivers," paper presented to History Department, Dalhousie University, April 1995. A barouche is a "four wheeled carriage with a high front seat outside for the driver [and] facing seats inside for two couples and a calash top over the back seat." For an illustration see *Random House Dictionary of the English Language* 2nd edition unabridged (New York 1987), 170. Halifax City Clerks Office (hereafter H.C.C.O.), City Hall, Hack and Truck Minute Book. The minute book describes the location of each hack stand and under each stand lists the names of the hack owners whose vehicles are assigned to that stand. Beside each name is a number, which appears to designate how many vehicles he (the hack owners at this time appear to be exclusively male) has assigned to the stand. When the numbers are high there are also notations instructing how many of his vehicles can be on the stand at one time. The pages of the minute book are not numbered, however this entry can be found between the entries of 3 August, 1906 and 15 July, 1908.

²⁷³ 133. No person shall keep or drive in the City of Halifax any carriage, waggon, gig, chaise, sleigh or conveyance, for the carriage of passengers for hire, or to ply as a hackney carriage, cab or omnibus in the streets or lanes of the city, unless under a license for such purpose, previously obtained, from the Mayor or two alderman, and such fee shall be paid for license, not exceeding ten shillings per annum as the Council direct. 134. The City Council shall have authority by by-laws, to regulate the keeping, driving, plying, and general conduct of all waggons, gigs, chaises, sleighs, or conveyances for carrying of passengers for hire in the city; and the fares and prices to be charged and taken by the keepers, owners, or drivers. See An Act Concerning the City of Halifax, passed 31 March 1851, The Charter and Ordinances of the City of Halifax in the Province of Nova Scotia, with the Provincial Acts Concerning the City Collated and Revised by the Authority of City Council by Beamish Murdoch, p. 36, www.hdl.handle.net/2027/hvd



stands for hacks and trucks and may designate, at which of such places any hack or truck shall stand'; and 'ordinances' which can be made by the Council on: conditions, fares, numbering and placing of names, kind or description of hacks, speed, order and cleanliness, and any other matter for the good order and proper control or protection and convenience of the public.²⁷⁴

The ordinances were very detailed and extensive, they covered licences, fares, vehicles, stands and fares. The first ordinance of 1851 (XVI) on 'Hackney Carriages' had fourteen sections, a table of fares, a table of distances and a form of license for hackney carriages.²⁷⁵ The 14 sections are on: license (application by bonafide owner and bond, license fee 7s/6d, and license period and cancellation); vehicles (Carriage license and number, Carriage inspection, carriage to occupy stands, lamps, and carriage defined); stands (stands numbered); Fares (displayed and followed), Penalty (penalty for no license or licence expiry operation, penalty for non compliance of any section, and Penalty for owners or drivers). Livery stables not occupying stands are exempt from this ordinance, however a license is required for a carriage and it shall display the letter L besides its number. Three aspects of the regulation stand out. The first was on carriage: its definition, its inspection, its numbering, its stand position and its night lamp requirement. The second was on stands: its laying on specific streets, its numbering, its correspondence with carriage, and its occupancy during specified hours. The third was a very detailed table of fares and fares above it could not be charged otherwise the driver could face a penalty. Fares were based on: distance (one way or return); hour; location (within certain distance) and luggage (weight); age (eighteen months not included); and time of day (day or night). This can be seen in the fares adopted by the City Council, on July 7, 1851.²⁷⁶ It set the template for fares of the future with minor changes such as fares for one or two horse cabs. Another interesting aspect of this regulation is that it set the stage for a two-tiered system of cabs: "street cabs" and "livery cabs". Section 12 of this ordinance indicates that livery stables not occupying stands are exempt from this ordinance, however a license is required for a carriage displaying the letter L besides its number. This meant that livery carriages did not have to comply with the fares indicated in the table of fares.²⁷⁷ It should also be noted that there was a section (XVII) in the ordinance

²⁷⁴ F. H. Bell and R. T. MacIlreith, *The Halifax City Charter with the Ordinances and By-Laws* (1914), pp. 168-170.

²⁷⁵ See Ordinance of the City of Halifax passed July 7, 1851 Section XVI, Beamish Murdoch, www.hdl.handel.net/2027/hvd, pp. 97-101

²⁷⁶ Children eighteen months old not to be included. "For any distance up to: half mile 6d, one mile 1s, one mile and half 1s 3d, two miles 1s 6d, two and half miles 1s 9d, three miles 2s. One-half the above rates to be paid if returning in the same carriage, provided the party is not detained more than five minutes. For employment in the night the fare shall be as the parties may agree, not however to exceed double fare. For every carriage hired by the hour the charge, each person, 2s 6d. And in like proportion for every fraction of an hour. - To or from any steamer or passenger vessel, - to or from any hotel or dwelling house, to any stage office or other place within a mile with half a cwt luggage 1s 3d. As above, with more than half cwt and less than 2cwt of luggage - 2s.6d." See Ordinance of the City of Halifax passed July 7, 1851 Section XVI, Beamish Murdoch, www.hdl.handel.net/2027/hvd, p. 100.

²⁷⁷ See s. 12 "... -- Livery stable keepers, not occupying the stands of said city, are exempt from this ordinance; further than that they are required to obtain a license for each carriage they shall use to convey persons for hire, within the limits of the city; which license shall continue in force and be renewed as aforesaid, and the carriage shall be numbered and have the letter L, besides its number, painted or placed on it as aforesaid." See Ordinance of the City of Halifax passed July 7, 1851, Section XVI, Beamish Murdoch, www.hdl.handel.net/2027/hvd, pp. 99-100.



on ‘Furious Driving and Riding’ which set more rules on operation (speed, right side, stopped vehicles and bells on sleigh). Over the next fifty years, the ordinances contained more sections. For example, the ordinance on ‘Hackney Carriages of 1890’ had twenty sections. One noticeable change was the increased provisions pertaining to carriage drivers (i.e. driver license and bond, minimum age for operation, driver badge, driver to remain by carriage, speed, and dead bodies).²⁷⁸

In the early 1900s, the ordinance on ‘Hackney Carriages’ was replaced by Ordinance 14 on the ‘Regulation of Hacks’. The regulation now contained thirty-five sections under the jurisdiction of the Board of Control. The sections can be classified into several categories: 1. Licence; 2. Vehicles; 3. Licensed driver; 4. Stands; 5. Fares; 6. Soliciting traffic; and 7. Penalty.²⁷⁹ It also contained a schedule with: the form of hack licence; and table of fares and conditions. The interesting economic aspects of this ordinance is: it controlled entry by limiting the number of hacks to 80 per year, it set the fares to be charged in the schedule; and it set the conditions of operation that affect its cost. Every person accepting or demanding fares greater than those set out in the schedule is liable to a penalty of five dollars or ten days imprisonment and possible loss or cancellation of the licence. Bicycle riding was also regulated under Ordinance 16 containing twelve sections on its operation and so was the provision of services by omnibuses under Ordinance 17 containing five sections. Omnibuses had to be licensed (annual fee of \$10 for horse drawn and \$20 for mechanically operated). The licence had to specify their route, hours of starting and fares; the fares were determined by the Board of Control; the number and route on which it travelled had to be displayed; and the omnibuses were subject to yearly inspection.²⁸⁰

As the city grew and spread, horse-drawn streetcars were introduced, running from the south end of Halifax to the railway depot²⁸¹ offering competitive local ground transportation to cabmen and operators of omnibuses. The first horse-drawn streetcars on rail in Halifax dates back to 1866 a year before Confederation. It began along Water Street from Richmond in the north to Ocean Terminals in the south. It was operated by the Halifax City Railroad Company which was formed in 1866 and incorporated on 29 April 1863 by William O’Brien. Ten years later, Adams’ omnibus line provided part of the service by the Railroad which went bankrupt and in 1886 was acquired by the Halifax Street Railway Company to

²⁷⁸ AN ORDINANCE TO AMEND AN Ordinance of THE CITY of Halifax Relative to Hackney Carriages, Passed 26 May 1890, see H.C.R.L. City Council Minutes June 4, 1890, pp. 48-52, www.legacycontent.halifax.ca/boardscom/taxi

²⁷⁹ Further details on these categories: 1. licence (i.e., licence requirement, number limited, date of application, term, licence fee, transfer at death, and mode of application); 2. Vehicles (i.e., class, inspection, vehicles to be kept in good condition, horses, number on vehicle and lamps); 3. licensed driver (i.e., licensed drivers, penalty for unlicensed driver, dismissal to be reported, badges, badges supplied by clerk, drivers to remain by team, drivers to be neat and clean, abusive language prohibited, good order at railway stations, fast driving prohibited, and dead bodies); 4. stands (i.e., stands, hacks to be on stands, several hacks of one owner, and berth on stands); 5. fares (i.e., fares, and excessive fares prohibited); 6. soliciting traffic (i.e., soliciting without badge forbidden, and only owner or driver to solicit); and 7. penalty.

²⁸⁰ F. H. Bell and R. T. MacIlreath, *The Halifax City Charter with the Ordinances and By-Laws* (1914), pp. 342-347.

²⁸¹ CityScapes: Halifax, www.bac-lac.gc.ca



eliminate competition as it also provided omnibus services.²⁸² Over the next thirty years horse car service improved with larger vehicles and extended routes.

The Beginning of the Taxi-Cab Transportation

Electric street cars, the next major improvement, replaced the horse-drawn streetcars in 1896. Electric street cars were introduced a few years after electricity arrived in Halifax in 1886 by the Halifax Electric Tramway Company on 30 August 1895. Between 1906 and 1912, the Halifax Electric Tramway laid double tracks. Around about that time, the first motorized automobile arrived in Halifax. A few years later in 1911, the first motorized taxi cab service was initiated with a deluxe Seldon. Credit for being the first goes to Fred Parson and James Wood. Wood operated the vehicle and Parson agreed to start the business having already been in the horsecab business with fourteen hacks.²⁸³ With the introduction of motorized cabs, horse cabs were faced with one more form of competition besides omnibuses and streetcars operating side by side. Regulation for the licensing and operation of vehicles for vehicles for hire were already in place when the first motor car arrived and both hacks and motor cabs operated out of the same livery stables and were subject to the same regulations. The schedule indicating the table of distances and fares in Ordinance 14 of 1914 specifically indicates that the fares for 'licensed motorized cabs' shall be: \$2 for a five-passenger car per hour; \$2.50 for a seven-passenger car per hour.

Jitney Taxi-Cab Era

Unlike some of the other major cities, the use of motorized vehicles as taxicabs in Halifax occurred at a much slower pace. Demand for motorized taxicab service was low as hacks more vigorously solicited passengers. Further, motor taxicabs were a costly investment and a comparatively more expensive means of transportation for local services. The growth of the motor taxicab industry was therefore slow. The Halifax Board of Control set up in 1913 to oversee city transportation problems had a rocky start due to animosity between Board members.²⁸⁴ The first recorded regulatory action was with regard to motor taxicab rates of fares on August 8, 1913. Prior to this action, the Board accepted a recommendation by a cabman Leo Swift to raise the rates suggested by the Chief of Police. The matter was then referred to Council who sent the matter back to the Board for referral to the city's hackmen. The August 8, 1913 meeting was only attended by two cabmen who suggested that the motor cab rates be lowered to those

²⁸² Halifax City Railroad Company (1866-1876) and Adam's omnibus line were acquired by Halifax Street Railway Company (1886-1890). The latter was acquired by Nova Scotia Power Company (01 August 1890 - 30 August 1895) which in turn was acquired by Halifax Electric Tramway Company (30 August 1895 - 10 January 1917) which was acquired by Nova Scotia Tramways and Power Company (10 January 1917 - 28 March 1928).

²⁸³ Kimberly Berry, "The Last Cowboy: The Community and Culture of Halifax Taxi Drivers," paper presented to History Department, Dalhousie University, April 1995.

²⁸⁴ Henry Roper, "The Halifax Board of Control: The Failure of Municipal Reform, 1906-1919."



charged by horse-cabs. The Board did not accept their recommendation but did reduce the rates to that previously recommended by the Chief of Police.²⁸⁵ The lack of attendance and the disagreement on rates possibly due to competition suggests the struggle between drivers themselves and between them and the regulator. By July 1915, Halifax was still jitney free. The geography of the city “may have been too compact, and, with only 200 automobiles in the city, car ownership had not penetrated very far into the class of small proprietors who introduced the jitney elsewhere.”²⁸⁶ Therefore, unlike the other major cities there is no evidence of any jitney taxi-cab wars.

Taxi-Cab Era

The first ordinance that refers to motorized taxicabs was No. 14. of 1914. It refers basically to hacks and the only reference to motor taxicabs was in the table of distances and fares at the end. The first ordinance which refers to the maximum number of motorized taxicab licence that could be issued was the City ordinance in 1919 empowering the Council to issue 80 while reducing the number of hack licences to 70 from 80. This suggests the growing importance of motor taxicabs together with the fact that there were a far greater number of applications (168) for motor taxicab licences compared to the number that could be issued.²⁸⁷ Ordinance 14 was replaced by Ordinance 13.

Motorized taxi drivers role in the regulatory process seemed to be docile offering no resistance to their licence fee set at \$25 in 1916 which was five times that for hacks. And regulatory bodies paid little attention to members of the industry it regulated for example turning a deaf year to requests for change in the deadline for licence application. Further, there was no record in the Council meetings about the industry or regulations from 1922 to 1931. This changed after 1932 as drivers became more vocal with: requests to amend Ordinance 13 (Regulation of Hacks) with regard to taxi fares between 1932 and 1935²⁸⁸; use of taxi metres Ordinance 13A (Respecting Taximeters) in 1938²⁸⁹; and change in vehicle appearance and display of identification number (Ordinance 13 Amendment) on vehicles in 1941.²⁹⁰ Notwithstanding them becoming more vocal, apart from the final matter, the regulators heard them but

²⁸⁵ The Chief of Police suggested a rate of \$2 for a five passenger and \$2.50 for a seven passenger motor car. Swift convinced the Board to raise it to \$3.00 and \$3.50. The horsecab rate was \$1 for a one horse and \$1.50 for a two horse cab.

²⁸⁶ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 115.

²⁸⁷ H.C.R.L. City Council Minutes 1919-1920, 5 June 1919, p. 21, www.legacycontent.halifax.ca

²⁸⁸ H.C.R.L. Halifax City Council Minutes, 15 December 1932, pp. 394-5; 13 September 1934, pp. 260-2; 11 April 1935, p. 773; and 15 March 1935, pp. 687-692.

²⁸⁹ R. J. Flynn representing interest of small independent operators was opposed to the installation of taxi meters as it would put them out of business and the volume of taxi business would be decreased. Leonard W. Fraser representing taxi owners and drivers was in favour as it would benefit drivers to obtain decent wages through uniform rates as there are five different rates of fares in the city. Council voted 11 in favour of installation of taximeters and three against. H.C.R.L. Council Minutes 1938-1939, September 15, 1938, p. 271.

²⁹⁰ L. Fraser submitted a petition representing 105 licensed taxi owners protesting the amendment proposed by the Safety Committee that the taxi vehicle have the word ‘taxi’ in large letters be printed on the rear of the cab. The amendment was repealed. H.C.R.L. City Council Minutes 1941-42, 15 May 1941, p. 19.



paid little heed and did what they considered appropriate. The disagreement within the industry (i.e. between drivers, drivers and regulators and drivers and customers) is further illustrated during World War II when the city established a central call office (Taxi Pool) and attempted to bring all taxis under its direction. While the dispatcher received calls, the difficulty of contacting taxis through call boxes led to a shortage of taxi supply services. Further, gasoline rationing and parts were scarce making efficient operation of a taxi difficult. The Wartime Taxi Association voted for the discontinuance of the taxi pool but drivers and brokers opposed its discontinuance. However, the city decided that Transit Control would make improvements and force cooperation. Some of the taxi companies providing taxi services during this period were: Chas. A. Pender Ltd., Halifax Taxi, Fraser Brothers Taxi, Casino Taxi, Three ESS Taxi Service, Garden Taxi and Armdale Taxi.

Taxi-Cab Post War II Era

Immediately, after the War, the lack of supply of taxis services to meet the demand later turned into an excess supply of taxi services. The taxi industry witnessed consolidation in the industry (taxi offices and brokers²⁹¹), changing market structure and demand (disappearance of demand from sailors and side business i.e., transporting liquor), technological advancement (i.e. broker owned radio systems), and more regulation.

Given the above, drivers attempted to unite. First, in 1957, they attempted to form the Halifax Taxi Association with the view to lobbying for limitation of taxi licenses due to disagreement among taxi members. Second, in 1974, four taxi drivers formed a company called Taxi Union and attracted more members by offering lower stand costs but folded in a few years due to threats from brokers and disagreement among drivers. Third, in 1975, the drivers attempted to form a Union of taxi drivers but failed due to labour laws, as drivers were not considered to be employees. They wanted hotel access to stands, rate increases, and license limitation. They made several representations to City Council which led to the formation of a committee to review the matter and then to the establishment of the Taxi Committee. Though their early attempts of exerting any influence on City Council were largely unsuccessful they finally got the City Council's attention.

²⁹¹ In the 1970s, the brokerage structure underwent considerable consolidation with Yellow Cab buying out a number of its competitors. Independent drivers had fewer brokers to turn to for dispatch services. The number of Halifax taxi services listed in the City Directory declined dramatically from eighteen in 1969 to five in 1987. By the 1980's, Casino, Yellow, and The Y Taxi were the dominant offices in the city.



The period 1979 to 1994 witnessed the emergence of three issues: petition on rate increases;²⁹² referendum in 1986 on exclusive right of Yellow Cab to operate taxi stands;²⁹³ and taxi limitation.²⁹⁴ On the first, the Commission passed a motion not to increase rate increase in 1986. On the second, the opening of stands on private property did not occur other than the Yellow Cab stand at Halifax International Airport. It also began lobbying for the limitation of taxi licenses. On the third, the Commission voted to have a one year moratorium on new taxi licenses in September 1993 which was approved by City Council.

It is worthwhile noting that in the Post War II period, Ordinance no. 14 was replaced by Ordinance T-116 (The Taxi and Limousine Ordinance) in March 1978 and after the amalgamation of the certain municipal governments (City of Halifax; City of Dartmouth; Town of Bedford; and Municipality of the County of Halifax) on April 1, 1996, it was replaced by Ordinance T-108 on July 10, 1999 which was in turn replaced by By-law T-1000 on November 17, 2012 (Halifax Regional Municipality Taxi and Limousine By-law). The maximum number of owner taxi licences that could be issued was stated in the by-law or administrative order and has changed from time to time. For example, Ordinance 116 expressly states that the License and Firearms Department of the Halifax Regional Policy is not permitted to issue more plates until the number falls below 550 which was then increased to 610 in 2002 - 2005. When By-law T-108 came into effect, the maximum number of taxis set in section 77 was the product of 610 multiplied by the GDP of Nova Scotia for the previous year as published by the Conference Board of Canada divided by the GDP of Nova Scotia for 2000 rounded to a whole number. (i.e. (610) x (GDP previous year / GDP 2000)). The number remained the same till 2018. In 2019 the number increased to 1600 (Administrative Order 29, s.7) from 1000 (i.e. 610 in Halifax, 200 in Dartmouth, and 190 in County) before that year. Over the Post War II period, the structure of the industry evolved into a duopoly with fringe suppliers.²⁹⁵

²⁹² Between 1979 and 1986 there were three attempts (1979, 1983/4, and 1986) to petition rate increases. The first wanted rate increase but could not agree on what it should be. The second was divided. The third protested rate increase for fear of fall in demand for services.

²⁹³ In 1986, driver agitation over the exclusive right of Yellow Cab to operate taxi stands at the majority of hotel stands reached a peak. A petition was submitted to Council in November 1986 by 470 drivers protesting Yellow Cabs monopoly. In retaliation Yellow Cab got its own drivers to sign a petition to support this monopoly. The Commission approved an information referendum. Despite the results showing a majority in favour of open stands, the referendum did not result in opening stands on private property. Drivers then threatened to blockade stands at hotels, although none materialized other than the blockade of Yellow Cabs monopoly stand at Halifax international Airport.

²⁹⁴ In 1993 and 1994, the issue of limitation of taxis serving the city reached a peak leading to demonstrations. The Commission responded by holding special meetings and initiating more studies of the problem. The moratorium was not a permanent limitation on taxis.

²⁹⁵ The two major suppliers of taxi cabs are: Casino Taxi and Yellow cab. Casino began operating as a taxi cab company in 1928. Yellow Cab entered the Halifax market in 1962. In the 1970s, it bought out a number of its competitors and in 1980 purchased historic taxi company Armdale Taxi. One writer states "Independent drivers had fewer brokers to turn to for dispatch services. The number of Halifax taxi services listed in the City Directory declined dramatically from eighteen in 1969 to five in 1987. By the 1980's Casino, Yellow, and The Y Taxi were the dominant offices in the city." In 2006, Casino taxi had 260 GPS equipped cars and Yellow Cab had 250 cars accounting for 85% of the 600 licenses. This structure has remained the same in 2020 with Casino Taxi increasing its market share. Casino claims it has 400 taxis and Yellow Cab claims it has 200 taxis. There are a few independents like Best Cab, Green Cab, Premier Cab Service, etc. There are only two brokers or dispatchers and brokers are not covered under the regulation.



One of the distinguishing characteristic of the taxi system in Halifax is that the license or plate is not an asset and therefore does not have any value as in some other municipalities where it rose to several hundred thousand dollars as the plate remained the property of the License and Firearms Department according to Ordinance 116. The plate has to be returned on the death of the plate holder or could be voluntarily returned as plate holders are not permitted to sell their plate on the open market. Brokerages or dispatch companies or taxi companies do need a licence under the taxi regulations. It has also been noted for the introduction of its two-tiered system in that those taxicabs that are equipped with higher calibre drivers and vehicles, via the Hotel Standards program, are permitted to serve the lucrative taxi stands at the hotels and those that do not carry the distinction are excluded.²⁹⁶

The important developments after WWII are shown in the chart hereafter and described.

Chart VI

1977 Report of the Taxi Committee	1994 Hara Report	2002 Report on Taxi Limitation	2015 Report on Accessible Cabs	2018 Hara Report	2019 Staff Recommendation		2019 By-law T-1000
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Report of the Taxi Committee 1977

In response to rate and license limitation concerns of the taxi drivers, the Taxi Committee released its report on June 2, 1977. It acknowledged that the industry was experiencing problems and required a "responsible authority" to regulate or arbitrate disputes between the taxi drivers and the brokers.²⁹⁷ It recommended the formation of a permanent 'Taxi Commission' which was later included into the amendments to Taxi Ordinance 116. The Commission was to consist of five voting members, including one taxi driver and one taxi owner. The one vote meant that the 935 drivers would be recognized.²⁹⁸

Hara Report 1994

The former City of Halifax engaged the service of an independent taxi consultant, Hara Associates, to review of the City's regulation of its taxi industry. The consultant examined a number of aspects of the Halifax taxi industry and in its report dated June 20, 1994, concluded that an owner/operator system when compared to the rental-driver system would provide the best service model. The main reasons given in support of the owner-driver model of taxi operation were drivers: do not face high fixed monthly rents; operate better quality cars than fleets; take better care of their cars than do renters; view the industry as

²⁹⁶ Report to Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998.

²⁹⁷ Halifax City Clerk Office, Taxi Commission File 1977, Report of the Taxi Committee, 2 June 1977, p. 28.

²⁹⁸ One vote was not considered adequate. Interestingly, the brokers had the same representation as drivers on the Commission and this was considered unfair as there were fewer taxi brokers than drivers.



more of a career than a stop-gap; have a greater commitment to serving the public; and have more at stake, so they do a better job. Given that the owner-driver system is good and works, it was logical to conclude that nothing should jeopardize it. The report therefore recommended that “Any reform to Halifax taxi regulations should preserve the strong owner/driver character of the current system”, noting that “Where possible, actions taken should enhance and improve the owner-driver system”.²⁹⁹ The United Cab Drivers Association of Halifax commented on the matter by indicating that “The best way to promote the owner-driver system is to attach the taxi-owner license to the taxi-driver license of an active working taxi driver who owns the taxi vehicle and pays for the insurance and maintenance. Only one taxi owner license must be permitted to be attached to a taxi driver license. HRM (i.e. Halifax Regional Municipality) is responsible for creating the grey market but does not acknowledge the existence of it.”³⁰⁰

Report on Taxi Limitation 2002

The issue of limitation of taxis is an old one dating back to 1919 when it was removed and then demands for reinstatement of it appeared back again in 1938 and 1946. In 1993, City Council voted to have a one year moratorium on issue of licenses after demonstrations called for a limitation.³⁰¹ In 2002 the Committee published a report on taxi limitation leading to a proposed by-law T-119 which would amend by-law T-108. The proposal led to consideration of four issues: 1. Increasing the maximum number of taxi owner licenses in the Halifax Zone for the year 2002 to 610; 2. Providing for the maximum number of owner licenses to increase further over the next three years in accordance with the growth rate of the Gross Domestic Product of the Province of Nova Scotia; 3. Providing for a review of the maximum number of owner licenses after three years; and, 4. Providing a mechanism for the distribution of available owner licenses to drivers who do not have vehicle licenses.³⁰² Despite the fact that approximately 75% of the representation from the industry were against removing the limitation on grounds that they were having difficulty in making a living and they would have to work longer hours, the limits were revised upward to 610 from 550.

Report on Accessible Cabs 2015

A report commissioned by HRM was prepared by Halifax Global on Accessible Cabs in October 2015. It recommended an increase of accessible taxis. The consultants said twenty per cent of people with disabilities surveyed reported long waits for accessible cabs, particularly outside the downtown core. People with disabilities also reported difficulty reserving the Access-A-Bus system. The majority of taxi owners and operators argued that the recommendation to increase the number of accessible cabs would

²⁹⁹ H.C.C.O., Hara Associates, “City of Halifax Taxi Licence Limitation Study,” 20 June 1994, p. 9.

³⁰⁰ Owner Driver System, United Cab Drivers Association of Canada, March 23, 2017, www.facebook.com

³⁰¹ H.C.R.L., Halifax City Council Minutes 1919-1929, 19 June 1919 52; H.C.R.L., Halifax City Council Minutes 1946 238.

³⁰² Halifax Regional Council minutes, February 19, 2002, www.halifax.ca



require them to replace conventional taxis with more costly accessible vans. Replacing conventional taxis with accessible vans would cost taxi owners and drivers around \$20,000. Halifax's transportation committee said it believes the report failed to identify any significant problem in the industry. The committee members also were not convinced that more accessible vans are needed to provide service to those with disabilities pointing to the improved Access-A-Bus system run by Halifax Transit. It accordingly rejected the consultant's recommendation to increase the number of accessible cabs in the city.³⁰³

Hara Report 2018

In response to direction from Regional Council in May 2017, staff was requested to prepare a report on an in depth industry review and jurisdictional scan of the vehicle for hire industry. Staff hired Hara and Associates to review the matter and it released a report 'Taxi and Limousine Vehicle for Hire Industry Review' on August 7, 2018. The report made twenty-seven recommendations (number shown in brackets) in the following areas: safety (7), taxi zones (3), supply vs. demand (4), accessible, service (7), preparation for transportation network companies like Uber and Lyft (4) and other (2).³⁰⁴ The noteworthy recommendations in some of the above areas are: a) the installation of cameras in all taxicabs over a twelve month period; and an acceptable training course as a requirement for a driver's licence together with industry practice updates for renewal of driver's licences. b) the establishment of a two zone system, a Central Zone operating under urban taxi rules, and a surrounding Restrictions-Free Zone where any qualified person wishing to operate a taxi may do so immediately. c) the implementation of a regime where supplemental taxi licences above the present 1000 be made available. d) the establishment of an Accessible Taxi Support program together with a percent of the taxi fleet to become accessible by a particular date. e) the requirement of a licence for brokers of on-demand service by vehicles-for-hire to be brought into the Taxi and Limousine Bylaw (a first step in facilitating TNCs).

Staff recommendation to the Standing Committee Report on Vehicle for Hire Licensing Program Review 2019

After reviewing the Hara and Associates report and soliciting public opinion, staff recommended: a) the installation of cameras is not mandatory (even though it would make passengers feel safer) and the requirement for all taxis to have GPS, and the requirement of a more sensitive training course and a higher level English language test; b) the elimination of all zones to reduce customer confusion; c) an increase in the cap on licenses to 1,600 from the present 1,000 (610 in Halifax, 200 in Dartmouth, and

³⁰³ Halifax rejects report suggesting more accessible taxis, October 22, 2015, www.cbcnews.ca; and Transportation committee rejects accessible taxi recommendation, October 22, 2015, www.signalhfx.ca

³⁰⁴ Taxi and Limousine Vehicle for Hire Industry Review, August 7, 2018, pp. 9-1 to 9-5, www.halifax.ca



190 in County); d) a financial funding program as an incentive to get more accessible taxis on the road; and e) a separate report should be made on ride-sharing services like Uber and Lyft as it is complex enough that a separate report on this item alone is necessary. Staff recommended adopting 15 of the recommendations made by Hara. It also suggested amendments such as including limits on vehicle age, a requirement that all vehicles accept debit and credit cards as well as rules prohibiting the use of cellphones, headsets, cannabis and vaporizers. The transportation standing committee debated and approved the staff recommendations and sent it to Regional Council who voted in favour of it.³⁰⁵

By-law number T-1000 (or Halifax Regional Municipality Taxi and Limousine By-law) 2019

In response to the above, By-law number T-1000 was proposed in 2019. It is a by-law respecting the regulation of taxis, accessible taxis and limousines for carrying for hire passengers in the Halifax Regional Municipality. It is the third amendment made in September 2019 to the bylaw that came into effect on November 17, 2012 and replaced By-law T-108.³⁰⁶ The amended By-law T-1000 which came into effect on September 28, 2019, contains 5 sections as a preamble and 47 sections in 17 parts. The 17 parts are on: Administration; Prohibitions related to unlicensed vehicles and drivers; Owners' licenses; Drivers' licenses; Term of licenses; Owners' responsibilities; Driver rules; Smoke free vehicles, signs, fares, meters and global positioning systems; Taxi owner's license limitations; Common taxi stands; Repeal of Part; National standards certification for drivers; Refusal, suspension and revocation of licenses; Appeals; Prosecutions and general offence; Transition; and Repeal. Some of the noteworthy sections are an owner's license is the property of the Municipality and is non-transferable which also applies to owner's licence issued in the name of a corporation. An important implication is that licenses cannot be sold and will therefore have no plate value as in other cities. Further, an owner must also carry vehicle insurance not less than \$1 million. There is also a limit on the number of taxi owners' license and it must not exceed the number prescribed in Administrative Order 39. As far as vehicles are concerned, every licensed vehicle must have taxi roof lights, a taxi meter; a global positioning system; and a taxi rate schedule visible to passengers. It included the amendments as suggested in the 2019 staff report on safety, taxis zones, supply and demand and certain housekeeping items.

³⁰⁵ Item No. 4.1 Transportation Standing Committee February 5, 2019, www.halifax.ca; Report recommends sweeping changes to Halifax taxi industry, February 1, 2019, www.atlantic.ctcnews.ca; Taxi drivers spar over proposed changes ahead of Halifax council meeting, February 11, 2019, www.thestar.com/halifax; and Halifax Council's Decision to Increase Taxis by 60% is Irresponsible, February 13, 2019, www.driversvoice.ca

³⁰⁶ The By-law was amended on: June 11, 2016 (T-1001); October 21, 2017 (T-1002); September 28, 2019 (T-1003) and www.halifax.ca



Taxi-TNC Era

Ridesharing has been an ongoing point of discussion at Halifax City Hall for years and the debate took on steam when Hara in its Report wrote a section on preparation for transportation network companies like Uber and Lyft. It indicated the advantages of ridesharing; the convenience of an app; a built-in driver and passenger rating system; the ease of payment as TNCs allow fees to be automatically charged to credit cards; and the significantly lower prices that TNCs offer compared to taxis during off-peak periods. It also pointed out some of the disadvantages: the need for a class 4 license as required by taxi drivers versus a class 5 license held by automobile drivers; the need for criminal check backgrounds; the amount of insurance TNCs should carry; and the impact on the existing taxi and limousine industry. A survey was also taken which indicated that 88% of those surveyed (13,400 individuals) were in favour of ride sharing services. Hara then recommended a requirement of a licence for brokers of on-demand service by vehicles-for-hire to be brought into the Taxi and Limousine Bylaw. In response to the Hara report, the staff while noting that “It is inevitable that ride sourcing will come to the region as it has to all major destinations in Canada” recommended that this matter called for a separate report. Then, a newly-formed advocacy group also entered the debate and called for ride-hailing companies, such as Uber and Lyft, to be in Halifax by 2019 Canada Day. A draft report to Council was expected at the end of 2019. On January 14, 2020, Halifax Regional Council, councillors voted to 16 to 1 to pass a heavily-amended motion that directed staff to prepare bylaw amendments that would create a regulatory framework for ridesharing services or TNCs. One of the contentious issues was the requirement of TNC drivers to have a Class 4 licence which would make it more difficult for TNCs to enter the market. Another amendment was the change to tiered license fee system for TNCs depending on the number of vehicles rather than a flat annual license fee of \$25,000 and a \$300 license fee for brokers. It would also require that both taxis and rideshare companies report back to the municipality with data.³⁰⁷

In February 2019, following the release of the staff report indicating a proposal to increase the number of licensed taxicabs to 1600 from 1000, taxi drivers were considering legal action against the municipality. They argue that the staff report notes “existing owners could be negatively affected financially as a result of increasing limitations because there would be more owner licences in the market, and those currently in private lease arrangements may instead choose to obtain their own owner’s licence directly from

³⁰⁷ Staff report says it's 'inevitable' that Uber, Lyft will come to Halifax, February 3, 2019, www.globalnews.ca; Advocacy group wants to see Uber, Lyft in Halifax by Canada Day, February 14, 2019, , www.globalnews.ca; Expect ridesharing services like Uber, Lyft to be operating in Halifax next summer, August 6, 2009, www.globalnews.ca; Item No. 12.1.2 Transportation Standing Committee, December 12, 2019, www.halifax.ca; Halifax one step closer to getting ridesharing services such as Uber and Lyft, By Alexander Quon, January 14, 2020, www.globalnews.ca; Ridesharing companies are getting uber-close to their Halifax debut, January 16, 2020, The Coast, www.thecoast.ca



HRM.” Halifax Taxi Association president, Dave Buffett said “... if council wants to railroad through an increase of 60 per cent on the cabs, that's a crisis, and we're considering legal action and probably joining a labour union.” He said “The market share is simply not there to support a 60-per-cent increase. ... It would in all probability be a class-action suit. We're all going to be negatively impacted.”³⁰⁸

³⁰⁸ Taxi drivers are ready to sue Halifax if major reform goes ahead. Here's why, February 4, 2019, www.thestar.com; and Taxi drivers threaten to sue if Halifax puts more cabs on the road, February 11, 2019, www.atlantic.ctvnews.ca



Section VII – Calgary

Calgary is situated at the confluence of the Bow River and the Elbow River in the southern part of the province of Alberta. David Thompson is credited as the first European to have visited the area in 1787 and John Glenn is credited as the first European settler in 1783. Calgary was officially incorporated as a town on November 7, 1884, a year after the Canadian Pacific Railway reached this area, and as a city on January 1, 1894. Its population in 1894 was 6,000 and by 1911 it had risen to 43,704 and it had become one of the ten largest cities in Canada.

The Beginning of the Horse-Cab Transportation

Early local transportation in Calgary was by foot, horse, cart and wagon. Horses played a very important role in the early development of transportation in Calgary.³⁰⁹ They were often brought in from British Columbia and later Montana. Since the cab was drawn by horses the livery stables had to be first established. Two providers of livery services listed in The 1885 Fitzgerald Business Directory were: Cummings and Allan; and Bain Brothers. There was also a regular mail and passenger stage once a fortnight from Calgary and King & Co. were agents for regular mail and passenger stage line to all points south once a week during winter and by-weekly during summer. By 1905, the number of providers of livery services had increased. Names listed in the 1905 Henderson's Manitoba and Northwest Territories gazetteer and directory were: Alberta Livery Stables Mitchell & Huston, Atlantic Livery & Feed Stables, Frontier Livery Feed & Sale Stables, Calgary Feed & Livery Stables, Pacific Livery Stables, Red Barn

³⁰⁹ Calgary's history with horses, January 13, 2016, www.cbc.ca



Livery Stables, and Windsor Livery Sale & Boarding Stables. By 1910 there were as many as twenty-one providers classified under livery, feed and stables in Henderson's City Directory for Calgary.³¹⁰ The six highlighted providers of livery services were: Alberta Livery; Bain Stables; Elk Livery; Ruttle L. G. & Co.; Scott's Livery & Stables; and Windsor Livery Stables. Other well known names were the Stewart Livery Stable, East End Livery Barn and Grand Livery Stable. Hotels and liveries were often paired enterprises, examples of which are: the National Hotel and the East End Livery Barn and Grand Livery Stable. They indicate the importance of this kind of structure to daily life in the early city when horses and horse-drawn vehicles were an essential mode of travel.

Even before the cab trade began, horses in carriages were used for personal use such as 'the applecart'. By 1905 there were several undertakings involved in some sort of carriage making. Names listed in the 1905 Henderson's Manitoba and Northwest Territories gazetteer and directory were: Alberta Furniture & Carriage Works, The Fairchild Co., Limited, Gourlely & Wetmore, Jarrett Bros., D. Vader, Hamilton William, Jarrett Bros. and W. H. Lee. It is not known whether the horse cab trade in Calgary as in Winnipeg evolved into a two-tiered system consisting of "livery cabs" and "street cabs". The first known provider of such services is not known.

Regulation in the horse cab industry was made possible by the Calgary City Charter and the Ordinances made pursuant to it. The first Calgary City Charter of 1894 entitled An Ordinance to incorporate the City of Calgary, 1893 (effective January 1, 1894) in section 117 provides "For the Controlling, regulating and licensing livery stables and sale stables" In addition, section 30 provides for "Preventing the encumbering of streets and other public places by vehicles, agricultural implements, lumber and other articles, regulating the pace of riding and driving within the City and any portion thereof."³¹¹ The Municipal Ordinance of 1894 goes even further, it provides for licensing hackmen, omnibus drivers and guides, and regulating the same and the sum to be paid for the license and all those who carry on business or carry or convey goods or persons within the municipality and partly without. It also encompasses regulating and charging the prices and fees to be charged by the holders of such licenses.³¹²

³¹⁰ Alberta Livery, Bain Stables, Dickson James, Eat End Livery, Elk Livery, Frontier Stables, Hardy & Young, Lee Metford Sales Stables, McPherson & Romanes, Palace Livery Stables, Pioneer Stables, Quon Stables, Riddock Charles, Red Barn Livery Stables, Ruttle L. G. & Co., Scott's Livery & Stables, Stewart James A., South Side Livery Stables, Twin Stables and Windsor Livery Stables. See Henderson's City Directory for Calgary, 1910, pp. 658-9, www.peel.library.ulberta.ca

³¹¹ See No. 33 of 1893 An Ordinance to incorporate the City of Calgary, Ordinance of the North West Territories, Regina, 1892, pp. 342-344, www.googlebooks.ca. It is worthwhile noting that an ordinance on livery existed as early as 1888 and was amended in 1892. See No.30 of 1892. An Ordinance to Amend and Consolidate as Amended Chapter 32 of the Revised Ordinances, 1888, Instituted "An Ordinance Respecting Keepers of Livery Boarding and Sale Stables".

³¹² See No. 3 of 1894 "An Ordinance to Amend And Consolidate As Amended "The Municipal Ordinance" And the Several Ordinances Amending the Same". Part 3 Section 16 states "The Council of every municipality may pass by-laws:- (36) "For the Controlling, regulating and licensing livery stables and sale stables" (37) "Licensing porters, water dealers, milk dealers or carriers, or common carriers, draymen, hackmen, omnibus drivers and guides, and regulating the same; [a] And for fixing the sum to be paid for license for exercising any or such



Competitive services to the cab trade also sprung up from omnibuses. For example, in 1905-6, an omnibus service (i.e. large carriage pulled by horses) was operated by William B. Sherman, however it was shortlived.³¹³ Automobiles also began to make an appearance. Gas powered automobiles were the first to arrive on the scene and Peter Prince has been credited as having owned the first gas powered car in Calgary. But the greatest competitive threat to the horse car services arrived a few years later with the arrival of electric street cars and motorized automobiles.

The Beginning of the Taxi-Cab Transportation

Calgary was the first of Alberta's urban centres to adopt electricity in 1887. Supply of electricity in the early history of Calgary is associated with the names of Calgary Electric Lighting Company and Calgary Water Power Company. Several years later, in 1909 electric street cars made its appearance in Calgary. The streetcar system started out as the Calgary Electric Railway, rapidly growing in the 1910s to include five lines. The first 12 streetcars travelled along 25.7 km of track, serving a community of 30,000 people. It even had its' own sightseeing car, "Calgary's Pride and Joy". Alternatives to their service were the horse cabs and motorized automobile services. The earliest known providers of motorized automobile services that had the name taxi in their company name or advertisement were: Auto Livery & Taxi Co. (1912); Calgary Taxi Cab Co. (1913); and Motor Livery Ltd. (1915) though they may have been other companies before 1912 that provided such services listed under the title of Automobile liveries. For example, Henderson's City Directory for Calgary listed names such as, Calgary Garage Co., Canada Carriage Co., Red Barn Livery Stables, and Tranweiser & Hume Automobile livery in 1910.³¹⁴ In 1911 there was an automobile club and in September 1912 there was the first police report of an automobile hitting a horse. By 1915, the automobile industry began to gain a firmer toehold in Calgary and there were as many as sixteen names listed under Automobile, Dealers and Repairs including well known names as Diamond Motor Co. Ltd., Ford Motor Co. of Canada Ltd., McLaughlin Carriage Co. Ltd., and Russell Motor Car Co. Ltd. However, there was only one company listed under motor liveries offering

callings within the municipality and the time the license shall be in force; [b] The power hereinafter contained to license and regulate porters, water dealers, carriers, draymen, hackmen, omnibus drivers and guides, shall extend to and include all those who carry on business as such partly within and partly without the municipality, or who carry or convey goods or persons from any place outside the municipality to any place within the same, or from within such municipality to any place within the limits thereof. pp. 100-101. Section 17 states "...the Council may also have full power and authority by-law to provide regulation in connection therewith ... and regulating and charging the prices and fees to be charged by the holders of such licenses..." pp. 104-5. Ordinance of the North West Territories, Regina, 1892, pp. 342-344, www.googlebooks.ca

³¹³ Sanders, Harry Max, *Calgary Transit: A Centennial History*, Calgary: City of Calgary, 2009, pp. 17-18.

³¹⁴ Other services listed under Automobiles and Liveries for 1912, 1913 and 1915 were: Calgary Auto Livery; Bow Auto Livery and Chapman Harry; and Motor Livery Ltd. See Henderson's City Directory for Calgary for 1912, p. 794; 1913, p. 858; and 1915, p. 794, www.peel.library.ualberta.ca



taxi service – Motor Livery Ltd. It appears that the horse cab industry continued to maintain its presence in the market as there were fourteen names listed under Livery, Feed and Sale Stables.³¹⁵

Jitney-Tram Era

The earliest citing of the Jitneys in Calgary was May 1915 (*Calgary Daily Herald*, 22 May 1915). At that time, the maximum reported number of jitneys was between 1 and 25. It may be argued that jitneys never came to Calgary as the lowest known fare was 10 cents. Calgary gave jitneys a cool reception and City Council restricted jitneys to half-dozen autos serving the Sarcee military camp because of concern for the municipally owned street railway and because it did not want to extend the street railway. As in other Canadian cities, unsympathetic regulators helped hasten the end of the jitney,³¹⁶ if it ever got a toehold in the local transportation market.

Taxi-Cab Era

The onset of the 1920s indicates that there was some regulation in place as licence fees were being charged for Motor Livery Vehicles as well as for Taxi Drivers according to a City of Calgary Council Committee report from April 1922.³¹⁷ There were also regulations governing cab stands. Calgary Bylaw 2494, "Being a Bylaw to Regulate Street Traffic in the City of Calgary," provides for the designation of taxicab stands by appropriate signs and the two specific locations of stands. It indicates that taxicabs can ply for hire only at the designated taxicab stands and at the train depot prior to the arrival or after the departure of trains.³¹⁸ There were six providers of taxi services listed in Henderson's City Directory for Calgary in 1920. This number steadily increased to 12 by 1925 and doubled to 24 with the onset of the depression. The names of the providers listed under 'Automobile liveries' in Henderson's City Directory for Calgary for the period 1920 to 1940 is shown in the Table hereafter.

³¹⁵ Alberta Livery, Atlantin Stables, Bain Stables Co., Brandon Livery, Chamberlain & McLean Livery, City Horse Exchange, Elk Livery, Grand Union Stables, Hilman A. & Co., Model Sales Stables, Pioneer Stables, South Side Livery Stables, Welsh & Co. and West End Livery. See Henderson's City Directory for Calgary, 1915, pp. 839-40, www.peel.library.ualberta.ca

³¹⁶ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 116.

³¹⁷ See Council Meeting - Minutes - 1922-04-17, p. 168. It states "8. Regarding Licence Fees, Motor Livery, in accordance with the Charter provisions recently obtained by the City. This matter has been recently inquired into by the License Inspector and the City Solicitor, and the following is their joint report: "That the present license fee be revised and the following substituted therefor:- Motor Livery, \$25.00 for the first automobile. \$5.00 for each additional car. Taxi Drivers, \$5.00 for each person employed as a car driver" Your Committee would recommend that this report be adopted." April 15, 1922, p. 168. See also Discussion Paper *Calgary's Livery Industry & Regulatory Approach: A History and Overview*, December 31, 2019, p. 12.

³¹⁸ See, 2494 Being a By-law to Regulate Street Traffic in the City of Calgary, Article 7 which has six sections related to taxi cabs and buses.



Henderson's City Directory for Calgary (1920, 1925, 1930, 1935, and 1940)

1920	1925	1930		1935		1940	
A.A. Auto Livery*	A.B. Auto Livery*	A.B. Auto Livery	Eagle taxi	A.B. Auto Livery	Diamond Taxi	Alberta Taxi	Empire Taxi
Calgary Auto & Taxi	American Taxi	Aerial Taxi	Empire Taxi	Aerial Taxi	Empire Taxi	Aerial Taxi	Imperial Packard Taxi
Irving & McKillop Motors Ltd.*	Brewster Taxi Co., Ltd.	American Taxi	Fifty Cent Taxi	Auto Taxi	Imperial Taxi	Auto Taxi	Imperial & York Taxi
Motor Livery Co.*	Calgary 99 cent Taxi Ltd	Blue Bird Motor Livery	The Motor Taxi Livery Co., Ltd.	Bells Taxi	Kasher Michael	Bells Taxi	Kasher Michael
Motor Taxi Co.	Central Taxi	Brewster Taxi Co., Ltd.	Motor Taxi Co.	Bennett's 50 Cent Taxi	Lowrie's Taxi	Bennett's Taxi	Lowrie's Taxi
Young J. A.	Checker Taxi	Calgary Taxi	Ninety Nine Cent Taxi	Bennett's Taxi	Motor Livery Taxi	Blue Bird Taxi	Motor Livery Taxi
	Dollar Taxi	Canadian & 49 Cent Taxi	Owl Taxi	Blue Bird Taxi	Packard Taxi	Brewster Taxi Co., Ltd.	Motorport
	Maple Leaf Auto Livery	Car-A-Van Service	Packard Taxi	Brewster Taxi Co., Ltd.	Patrick & Lexier	Broadway Taxi	Palliser Hotel Auto & Taxi Co., Ltd.
	The Motor Taxi Livery Co., Ltd	Central Motor Livery	Palliser Hotel Auto & Taxi Co., Ltd.	Broadway Taxi	Polley's Motor Taxi	Calgary Taxi	Polley's Motor Taxi
	Motor Taxi Co.	Circle Taxi	Reliable Taxi	Calgary Taxi	Smith's Taxi	Central Motor Livery	Royal Taxi
	Palliser Hotel Auto & Taxi Co. Ltd.	Diamond Taxi	Service Taxi	Central Motor Livery		Checker Taxi	Smith's Taxi
	St. Regis Taxi	Dominion Taxi	Smith's Taxi	Checker Taxi		Diamond Taxi	Time Taxi
			Wares Taxi Service			Dominion Taxi	Union Taxi
							Wares Taxi
6	12	25		24		27	

Henderson's City Directory for Calgary (1920, 1925, 1930, 1935, and 1940), see pp. 719, 661, 801, 715 and 891-2, www.peel.library.ualberta.ca

Taxi services initially were still considered a luxury service. The cost of automobiles was high together with other fixed costs such as stands. One source in the decade that followed indicates that Brewster Transport Company received \$5,400 in 1931 for its concession at the Palliser Hotel in Calgary. These transfer fees further added to the cost of doing business for the traditional taxi companies.³¹⁹ Towards the end of the 1920s, automobiles increased dramatically in supply as the assembly line production made it increasingly possible. The prices of automobiles began to decline. This also led to an increase in the supply of taxi numbers and to add to the problem automobile dealers rented out their surplus cars for taxi livery services. A revolution in costs was occurring in this industry which led to price skirmishes between the traditional taxi operators with high fixed costs and new entrants who could easily begin taxi services. The onset of the Great Depression made things worse leading to cut-rate taxi services as drivers attempted to prevent a fall in their incomes, with some cabs offering services with drop charges as low as 49 cents. There was also competition from trams and in 1932 gas fuelled buses were introduced to connect people to communities that were not served by streetcars. It has been suggested that what happened to the taxi industry in other large cities also happened in Calgary namely that "There were pushes from the taxi industry in Canadian municipalities for regulatory reform to counter the effects of the taxi wars and numerous municipal governments subsequently raised the cost of entry into the

³¹⁹ Davis, D. F. (1998). The Canadian Taxi Wars, 1925–1950. *Urban History Review / Revue d'histoire urbaine*, 27 (1), p. 8. <https://doi.org/10.7202/1016609ar>



industry.”³²⁰ Some of the problems of too many drivers and taxis were reversed a few years later with the onset of the Second World War as the federal government conscripted many taxi drivers.

Taxi-Cab Post War II Era

After WWII, Canada and the taxi-cab industry began to return to peace time. War veterans returned home to their cities looking for employment, and once again the number of licences in cities increased as municipalities loosened their quotas. This led subsequently to an era where numerous large cities in Canada clamped down on taxi licences, creating a more restricted entry system into the taxi market, which favoured the old-line taxi companies.

In 1952, the City of Calgary passed License Bylaw 4138 “by establishing a License Department at The City under the supervision and control of the Chief License Inspector who regulated many business types in Calgary, including Motor Liveries and Taxi-Cabs. The Bylaw required motor livery or taxi-cab driver/operators to obtain an annual licence. The owners or operators of the vehicles were also required to obtain annual vehicle licences and were issued a numbered licence plate for each vehicle. Fares were also established through the bylaw. Responding to a petition of owners, operators and driver-operators of taxis, the tariff of fares were increased by City Council in 1965 December.”³²¹

In the 1970s, three major developments occurred. First, in October 1973 the City of Calgary passed The Taxi Commission Bylaw 8857 establishing Calgary’s first Taxi Commission to regulate the taxi industry and control the number of taxi licences. It established that a taxicab licence ‘could not be transferred to another person’ and established mandatory licensing for taxi brokerages. Second, in 1975, “The Taxi Business Bylaw” 8/75 was passed by Council. It set limits on the number of taxicab licences to no more than 512. It also established the mandatory licensing of taxi brokerages. Third, in 1977, “Taxi Business Bylaw” 91/77 replaced by-law 8/75. Apart from minor changes to the former by-law it continued to mandate that licences for a taxi, a taxi broker, or a taxi driver were not allowed to be transferred from one person to another. It did not make any mention of a specific number of licenses to be issued as in the previous by-law.

In the 1980, the major issue was on limitation of plates. During the 80s, Alberta was experiencing an economic recession in 1985 and taxi drivers petitioned the City for taxi licence limits to make a better living (in the 1970s there was no cap on the number of licenses). So, in 1986 (after public hearings and

³²⁰ Discussion Paper Calgary’s Livery Industry & Regulatory Approach: A History and Overview, December 31, 2019, p. 13.

³²¹ Ibid., p. 12.



reports), the Commission froze the number of regular plate licenses issued at 1,311³²² and in 1993, an amendment prohibited the issuance of new plates. The number of plates remained the same till 2012. With the passage of time and the population doubling, there were insufficient cabs to meet the demand.³²³ In September 2009, the city's taxi and limousine advisory committee held a public forum and voters indicated that the city desperately needed more cabs because wait times were too long. Too ease some of the pressure on finding a cab downtown the city introduced a dozen new stands in the city's inner core.³²⁴ Then in 2013, 2014 and 2016, 47, 112 and 222 regular plates were issued. This brought the total number of regular plates to 1,692. To deal with the problem of accessible cabs, 100 accessible plates were issued in 2006, this increased in 2012, 2013, 2014 and 2015 to 55, 13, 14, and 7.³²⁵ This brought the total to 189 they were all owned by individuals and not brokerages. In other words a total of 1,881, regular and accessible plates were issued by July 2020. Approximately 60 per cent are held by individuals and 40 per cent by brokerages. More than 70 per cent of taxi drivers do not actually hold a plate and therefore are a driver for someone else's taxi. The matter of whether the municipality has jurisdiction to limit the number of plates gave rise to a court case, *United Taxi Drivers' Fellowship of Southern Alberta v. Calgary (City of)*, 1998. The trial judge in 1998 concluded that the City had the authority under the Municipal Government Act to limit the number of taxi plate licences. The matter was then appealed. The majority of the Court of Appeal in 2002 disagreed. The matter was then appealed to the Supreme Court of Canada. In its 2004 decision the Supreme Court of Canada agreed with the 1998 Court of Queen's Bench decision that the City has jurisdiction to limit the number of taxi plates.

In the 1990s, the issue was transferability of plates. In 1973, Bylaw 8857 established that a taxicab licence 'could not be transferred to another person'. The matter briefly surfaced in 1975, when the Commission recommended allowing taxicab licenses to be sold at market value but the Council did not approve it. The 1993 bylaw was then amended. It permitted the transferability of plates. At the same time, it made it illegal to charge a fee for the usage of a licence which does not include the vehicle. The issue of transferability was reversed after 2012 and all plates issued thereafter were non-transferable. In other words all 1,311 plates issued before 2006 were transferable and all 381 plates issued after 2012 were non transferable. The 100 accessible plates issued in 2006 were transferable and all 89 accessible plates issued after 2012 were non-transferable. Transfer of licences to distribute revoked or relinquished licences, however could be made through a lottery system that was created. To date, seventy-five percent of the 1,881 plates released are transferable from one plate-holder to another. While every taxicab driver

³²² It was estimated that only 800 to 900 taxi plates were being used at the time. See 'Calgary cab crunch could soon see some relief', August 6, 2013, www.cbc.ca

³²³ Ibid.

³²⁴ See 'Calgarians surveyed on taxi service', August 30, 2009, www.cbc.ca; 'More taxis needed, says citizen lobby group', December 30, 2009, www.cbc.ca; and 'Taxi stands to ease downtown cab crunch', December 10, 2010, www.cbc.ca

³²⁵ It is worthwhile noting that though there were no accessible taxi plates before 2006, the city experimented with accessible taxis beginning in 1993.



may not be associated with a specific vehicle, every TNC driver is associated with a specific vehicle as they are privately owned vehicles without City issued plates. Plate values have increased over time, one driver states that when he purchased five plates or TPLs they were worth \$134,500 and in 2017 they were each worth \$200,000.³²⁶ It is also worthwhile noting that in 1994 the City decided to regulate the limousine industry and passed by-law 3M94. The empowering bylaw enabling the Commission to regulate the limousine industry was bylaw 91/77.

In 2007, The Livery Transport Bylaw 6M2007 was passed in 2007. Since the bylaw was passed 28 amendments have been made. The purposes of this bylaw are: A. to ensure public safety, service quality and consumer protection for customers and service providers in the livery industry; B. to establish a system of licensing Livery Vehicles, Drivers, Brokerages and Transportation Network Companies; C. to establish a system for the inspection of Livery Vehicles; D. to create and maintain a sustainable livery industry that considers the interests of service providers and meets the needs of the travelling public in the city; and E. to provide the administrative and regulatory mechanisms to administer a controlled-entry licensing system and ensure sufficient industry supply to meet consumer demand.

The structure of the industry has also evolved over the post war period. For example, Checker Group in 1975 purchased Killarney and by 2006, the group consisted of Checker Cabs Ltd., Red Top Cabs Ltd., Yellow Cabs Ltd., and Ambassador Limousine with more than 500 cabs. By 2020 it had a diversified fleet of over 910 vehicles. Other taxis in the industry serving Calgary are Associated Cabs, Delta Cab, Black top Taxi Co., Calgary United Cabs and Mayfair Taxi. The taxi brokerage part of the industry has also evolved over time from being unregulated before 1973 to being regulated thereafter. In 2002 there were 9 taxi brokers and 22 limousine brokers and sixty percent of the taxi licenses were owned by brokers.³²⁷ At the end of 2019 there were 6 taxi brokers and 40 percent of taxi licenses were held by brokers. Brokerage taxi fleets consists of plates owned by a broker and/or individual plate owners. Brokers do not hold any accessible plates. In 2002 there were 3,528 licensed taxi drivers and the end of 2019 there were 4,357 licensed taxi drivers and 4,801 licensed TNC drivers.³²⁸

The important developments are shown in the chart and described thereafter in greater detail.

³²⁶ City sued for \$1 million over revocation of taxi plate licences, July 7, 2017, www.cbc.ca

³²⁷ Discussion Paper Calgary's Livery Industry & Regulatory Approach: A History and Overview, December 31, 2019, p. 14.

³²⁸ Ibid., p. 7.



Chart VII

1993 By-law		2003 Reports		2007 By-law		2011 Hara Phase I		2011 Hara Phase II		2012 Hara Scoping Study		2016 By-law		2018/9 Review of By- law
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1993 By-law

The 1993 by-law took some significant steps toward restructuring taxi plate licence holdings, with the long-term goal of reducing the number of plates without active drivers. The amendments added a section which prohibited the issuing of any new taxi plate licences beyond the 1,311 cap and also required the yearly renewal of existing TPLs by the holder. It allowed the transferability of plate licences, while at the same time making it illegal to charge a fee for the usage of a licence which does not include the vehicle. The 1993 bylaw also established conditions of being active in the industry for the purposes of obtaining new licences and transferring existing licences.

2003 Bearing Point and Report TTP2003-26

In March 2003, BearingPoint prepared a document for Council's direction entitled "Draft Livery Transport Regulatory Model Development Process". It described: the Administration's comprehensive review of previous studies and best practices, the development of a mandate and guiding principles, the development of regulatory model selection criteria, the development and refinement of model options, the stakeholder consultation and feedback, and the development and refinement of the recommended model option. The four guiding principles developed for the future bylaw review were: 1) Service quality; 2) Public safety; 3) Consumer Protection, and 4) Enforceability.³²⁹ In May 2003, Report TTP2003-26 approved the controlled-entry system. According to it, the City was to issue new standard taxi licences in proportion to the increased consumer demand. In addition, applicants for new licences would need to meet higher driver standards. "This controlled-entry regulatory approach for TPLs would mean that The City, not the marketplace, would effectively control the size of the industry through regulation of taxi supply."³³⁰

2007 By-law

On January 22, 2007, Council approved and passed the new, comprehensive Livery Transport Bylaw 6M2007. It was developed to create a licensing system designed to attract and retain professional drivers and focus licensees on providing quality customer service. The Bylaw contained 184 sections mainly in nine parts and five schedules. The nine parts were: interpretation and purposes of the bylaw; livery

³²⁹ Ibid., p. 15.

³³⁰ Ibid., p. 15.



transport board; chief livery inspector; livery vehicles; licenses; livery vehicle inspection; rates and fees; enforcement; and transitional. The five schedules were on: rates; fees; enhanced livery vehicle inspection standards; offence and penalty; and reporting requirements.

2011 Hara: Taxi Supply Demand Ratio for the City of Calgary - Phase I:

Phase I of the Hara report on assessment of current service recommended a formula for ongoing adjustment of the numbers of Calgary taxis based on population, with adjustment for the increasing proportion over 65. The report also assessed accessible taxi service and made recommendations for improvement. Phase I is relevant because it shows a potential direction forward on managing the number of taxi licenses if Council chooses to leave this structural element of the industry unchanged. Phase I received support from the industry and was generally well received.³³¹

2011 Hara: Taxi Supply Demand Ratio for the City of Calgary - Phase II:

Phase II on measurable service standards makes recommendations on monitoring taxi service quality in Calgary (dispatch response time, telephone service) using both modern and older technology. Recommendations address general service and accessible service. It lays the groundwork for alternative methods to managing taxi license numbers. For example, taxi numbers might be adjusted to maintain a chosen service level. The Calgary Livery Association expressed concern over Phase II recommendations as excessive regulation and micro-management of their business. The Phase II report was addressed only at performance monitoring as an information tool, although there are broader implications for the management of licenses.³³²

2011 Hara: Livery Transport Services City of Calgary Scoping Study

On April 18, 2011, Calgary's City Council passed a motion that: “ . . . Council directs administration to conduct a scoping study to determine a better structure for the Calgary taxi industry and to report back to Council. . . ” This scoping study: 1) Identifies two structural issues in the taxi industry that may warrant Council directed investigation and action - the way taxi licenses are issued; and service to persons with disabilities. 2) Suggests four options for the scope of a Council directed investigation of these issues. The options include description of the issues, activities, deliverables, time frame, and likely resourcing required. Also included is an assessment of principal risks and risk mitigation strategies. The four options are described under: 1a - all options open; 1b - meeting the future in a secure context; 1c - meeting the future – license management only; and 2 - pilot study of purpose built accessible taxis.

³³¹ Taxi Supply Demand Ratio for the City of Calgary, Hara & Associates 2011. See Livery Transport Services City of Calgary Scoping Study: Determining a better structure for the Calgary Taxi Industry, Hara & Associates, August 31, 2011, p. 9.

³³² Id.



Initiatives 1a, 1b, and 1c are similar – only one was to be selected. 1a and 1b take a comprehensive look at meeting the future demographic challenges, improving working conditions for taxi drivers, and improving the taxi experience. The initiatives vary on the key question of how managing taxi numbers is addressed. In 1a all options are open; in 1b the industry is offered some measure of security by directing that recommendations “respect the historical investment of drivers and other current license holders”; and 1c offers a narrower scope and an expedited process.³³³

2016 By-law

In 2016 Council amended by-law 6M7007 approving the entry of Transportation Network Companies (TNCs) bookable through electronic “Apps” into Calgary’s livery market. “Under the new Council-approved regulatory approach, several key aspects of the system were established. Street hailing and accepting cash payments would remain as an exclusive service for taxis only. Taxis would continue to operate under a plate limit (cap or controlled entry system), as determined by Council, while there would be no limits to the number of vehicles for TNCs or limos (open system). All livery industry participants using an approved App (approved by LTS) could set their own rates for customers, while taxis hired through street hails or telephone dispatch would be required to set rates no higher than the maximum City regulated meter rates.”³³⁴ The different regulations for taxis, Uber and limousines are shown in the table hereafter.

Regulatory Requirement	Taxis	Uber	Limousines
City Issued drivers license	Y	Y	Y
City Provided drivers training	Y	N	N
Street hails / taxi stand pickups permitted	Y	N	N
Limit on total number of vehicles	Y	N	N
Trip data submissions required	Y	Y	Y
On road inspections	Y	Y	N
Physical Copy of license displayed in vehicle	Y	N	Y
Mandatory CTTV in vehicle	Y	N	N

See: Uber says it 'just can't operate' in Calgary under new bylaw before council Monday Social Sharing, February 22, 2016, www.cbc.ca

³³³ 2011 Hara: Livery Transport Services City of Calgary Scoping Study: Determining a better structure for the Calgary Taxi Industry, Hara & Associates, August 31, 2011, pp. 7, 8, 18 and 19.

³³⁴ Discussion Paper Calgary’s Livery Industry & Regulatory Approach: A History and Overview, December 31, 2019, p. 6.



2018/9 Review of By-law

On November 30, 2018, Council approved a review of the Livery Transport Bylaw for Taxi, Limousine & Vehicles-for-Hire line of service. Their research on industry trends compiled on Calgary's livery industry "shows there is increased growth in the combined taxi and TNC market since TNCs were allowed to operate in Calgary. Meanwhile, other aspects of the system show stability such as high customer satisfaction levels across industry sectors, overall number of drivers and limousine fleet size. Data seems to indicate that TNCs filled a gap in customer demand for livery services. The number of taxi trips has declined [i.e. 20% since 2015] but continues to provide a significant share of overall livery trips."³³⁵ In other words, the industry has grown 58% from 2015 to 2019 or from 7.5 million trips to 11.8 million trips. Customer satisfaction surveys of TNCs and taxis in the review indicates a "high level of customer satisfaction results, including satisfaction with drivers, the ride experience, and obtaining taxi services, as well as feeling safe during their last ride. Taxi users were less satisfied with value for money from rides in the 2018 survey (67 per cent were satisfied, consistent with levels since 2014) compared to limousine (85 per cent) and TNC (89 per cent) users, indicating that price sensitivity may be an ongoing concern for taxi users."³³⁶ On May 27, 2019, Council approved an accelerated review of the Livery Transport Bylaw which regulates drivers, vehicles and companies in Calgary's taxi, limousine and vehicles-for-hire industry. The informative discussion paper was released on December 21, 2019 and informs the Bylaw review and provides an overview of the evolution of the livery industry in Calgary. It is organized by the following sections: 1. Historical Development of Calgary's Livery Regulatory Framework; 2. Calgary's Livery Industry Overview; 3. Current Mandate and Role of Livery Transport Services; 4. Customer Satisfaction; and 5. Challenges and Emerging Trends in Calgary.³³⁷

Taxi-TNC Era

TNCs were reported to have first begun service in mid October 2015. On November 9, 2015, the City filed an injunction against Uber to cease operations (and Uber agreed). The following news headlines provide ample evidence of its struggle: 'Uber hits Calgary streets despite City's warnings', October 15, 2015, www.discoverairdrie.com; 'Covert crackdown on Uber drivers underway, violations being processed, says Calgary officials', October 30, 2015, www.calgaryherald.ca; and 'Calgary Uber drivers plead guilty, fined after 2015 city hall sting', April 28, 2017, www.calgaryherald.ca. The last clipping indicates that thirty-four Uber drivers pleaded guilty to operating without the appropriate licensing and

³³⁵ Livery Regulatory Framework Options - CPS2020-0708.pdf

³³⁶ Ibid.

³³⁷ Discussion Paper Calgary's Livery Industry & Regulatory Approach: A History and Overview, December 31, 2019, pp. 1-53.



were fined \$1,500 each, nearly two years after they were caught via a covert sting operation launched by city hall.

In response to the above and demands from the public in February 2016, the City approved a new by-law permitting Uber to operate but Uber said it could not begin operations under the new by-law as the conditions were too onerous. Ramit Kar Uber's general manager in Calgary described Calgary's \$220 in annual per-driver licensing fees and relatively stringent requirements for background checks and vehicle inspections as "unworkable" for Uber drivers, particularly those who work part-time. City Councillor Evan Woolley said the bylaw places too many restrictions on ride-hailing companies. He proposed amendments calling on the city staff to meet with Uber and come back with recommendations to tweak the licensing fee schedule and vehicle maintenance requirements but was voted down. Woolley said "It doesn't matter what bylaws we put in place, if drivers don't sign up to be a driver or to use this system, it doesn't matter. If the barriers are too great then people won't join."³³⁸ But council wouldn't agree to change the fee schedule or background-check requirements. It did, however, vote to loosen the inspection requirement. Instead of getting vehicle inspections every six months, the requirement is now one per year, unless a vehicle exceeded 50,000 kilometres of total travel in the previous year. In that case, six-month inspections would be required. Uber later began operations for the second time on December 6, 2016 after an amendment to the new by-law in November 2016. Under the original fee structure, companies were to be charged \$1,753 per year plus an additional \$220 per driver. The changes approved will see companies pay a fee based on their number of drivers, plus an additional \$15 per driver.³³⁹

The arrival of Transportation Network Companies (TNCs) is expected to transform the industry. The amendments create an open system for TNCs and limousines to increase supply as needed to meet consumer demand in contrast to a taxi system which remained closed (where a plate is needed). A key difference between taxis and TNCs is that TNCs would not be allowed to street hails, use telephone dispatch, or accept cash payments. A key similarity is that rates could be set by the companies or brokers for any livery trip arranged through a Smartphone application.

The maximum rates for taxi trips are regulated by the City that are **not** arranged through an approved app (i.e. street hails and dispatch). The old minimum rate of \$3.80 for the first 120 metres or any portion of a trip, is now the maximum rate. The industry's initial reaction to the deregulation of fares was that it could trigger a price war as taxi operators will now be permitted to set their own fares. Roger Richard of

³³⁸ Calgary bylaw could have been tweaked to retain Uber, says councillor, February 23, 2016, www.cbc.ca

³³⁹ New Uber-friendly fee structure approved by Calgary councillors, November 28, 2016, www.cbc.ca



Associated Cabs brushed off the idea that deregulated rates could cause a fare war among cab companies. Amar Grewal, the manager of Delta Cab, said he doesn't think prices will dip drastically. He noted that companies (Associated Cabs, Delta Cab, Checker Yellow Cab and Mayfair Taxi) which have dropped fares so far have done so by 10 to 20 per cent. Both Richard and Grewal hope that the decreased rates will give rise to increased trips. Richard said. "We are going to attract more people to use taxi instead of using other means of transportation so I don't think their income in the long term is going to go down." Speaking about rivalry among taxi companies he said "What our position is we've got to be better and give better customer service than the competition, and that will define which company customers use."³⁴⁰ There are jurisdictions that are trying to discontinue regulating taxi rates, on the condition that upfront pricing is provided to the customer. Flat rates are also being explored for street hails in some jurisdictions for certain vehicle types, and the use of soft metering technology may enable further dynamic rate options.

³⁴⁰ Calgary bylaw change could signal fare war among taxi drivers, April 6, 2016, www.cbc.ca



Section VIII – Edmonton

In 1754, Anthony Henday, an explorer for the Hudson's Bay Company (HBC), may have been the first European to enter the Edmonton area. By 1795, Fort Edmonton was established on the river's north bank as a major fur trading post for the Hudson's Bay Company, near the mouth of the Sturgeon River close to present-day Fort Saskatchewan. In 1813, it was established in the area now Rossdale and in 1885, the Canadian Pacific Railway (CPR) came to southern Alberta. In February 1892, Edmonton was incorporated as a town with a population of 700 and in 1904 it was incorporated as a city. At the time of its incorporation as a city, Edmonton had a population of 8,350. Edmonton's first governor named it after his hometown in England.

The Beginning of the Horse-Cab Transportation

Early local transportation in Edmonton was by foot, horse, cart and wagon. Horses played an important role in the early development of transportation. Omnibuses (i.e. a larger carriage pulled by horses) was known to exist at least as early as 1895. The Edmonton District Directory states “A daily bus [i.e. Edmonton Bus Line] leaves Edmonton for South Edmonton ... Persons desiring bus to call at house, telephone Brown's Livery stable. Fare 25 cents, good to return same day. Buses for private parties may be had by applying at office, Brown's Livery stable.”³⁴¹ The providers of livery services were: W.

³⁴¹ Edmonton District Directory, 1895, p. 68, www.peel.library.ualberta.ca



Hislop, M. McCauley, Joseph Kelly, E. Grierson, H. Goodridge, and B. Graham (Brown' Livery) listed in the above Directory.

Livery stables were licensed even before the City was incorporated. In 1895, "The municipality of the Town of Edmonton has incorporated a By-Law licensing livery stables... [the licensing fee for] Livery stables, per annum \$21.00"³⁴² On October 8, 1904, the first City charter incorporating the City of Edmonton was passed (the ordinance may be cited as the 'Edmonton Charter'). According to the Ordinance, "The council may make bylaws for the peace, order, good government and welfare of the city of Edmonton and for the issue of licences and payment of licence fees in respect of any business..."³⁴³ Under section 7 of the Ordinance, business "shall include any trade, profession, calling, occupation or employment."

By 1909, there were several carriage makers and the population of the city was approximately 24,000. The 1909 Henderson's Edmonton City Directory lists the following names involved in the making or building or selling of carriages in Edmonton: Edward Evans, Latta & Lyons, Albert Peters, Ribchester Carriage, McLaughin Carriage Co., W. J. Scott, and Strathcona Carriage Works. Apart from individuals who used them for personal purposes, these carriages were supplied to those involved in the livery, feed and sales stables. There were at least twenty names involved in this business.³⁴⁴ Imperial Stables was listed in the directory as a supplier of hacks, cabs and carriages though others from the twenty names were also involved.

The Beginning of the Taxi-Cab Transportation

Electricity arrived in Edmonton in 1891. Edmonton Electric Lighting and Power Company its first power company installed streetlights along the city's main avenue. A couple of years later an ordinance was passed permitting Edmonton to construct and operate a tramway. Tracks were laid in 1907, and the Edmonton Radial Railway system commenced operation on November 9, 1908 with 12 miles of track and two cars. The Ottawa Car Manufacturing Company built the first six cars for Edmonton. These electric trams undoubtedly provided an alternative to the horse cab.³⁴⁵ The first automobile, gasoline-powered, was brought by Joe Morris to Edmonton in 1904 by train from Winnipeg. In 1906 there were a handful of

³⁴² Ibid., p. 18.

³⁴³ An Ordinance to incorporate the City of Edmonton', See section 2 under Title XXII. Legislative jurisdiction.

³⁴⁴ Alberta Livery Co., Capital Feed & Sale Stable, Castle Livery, Chandler A. & Sons, Eclipse Livery, Edmonton Hotel Feed Stable, Edmonton Livery, Gorebel Frederick, Great West Livery Feed & Sale Stable, Hill R. B. Co. Ltd., Horner's Livery Stable, Imperial Stables, International Livery, Market Livery Feed & Sale Stable, Ontario Feed Stables, Peoples Livery, Richelieu Stables, William Sutherland, Taylor & Spinks, and Windsor Livery. The 1909 Henderson's Edmonton City Directory on pp. 362-3, www.peel.library.ualberta.ca

³⁴⁵ See picture in The 1909 Henderson's Edmonton City Directory on p. 382, www.peel.library.ualberta.ca



cars in Edmonton.³⁴⁶ The 1909 Henderson's Edmonton City Directory lists three names as suppliers of automobiles under the heading automobiles: Alberta Automobile Co., Peoples Automobile Livery, and Vardon Auto Garage. With the emergence of automobiles, providers of motorized taxicab services also sprung up. By 1915, there were at least five names listed in Henderson's Directory involved in taxicab services: Capital City Taxi Ltd., Phoenix Taxi & Auto Co., Ltd., Twin City Taxi-Auto Ltd., Edmonton Taxicab Co., and Horner's Livery & Garage Co.³⁴⁷ There were twenty-four names listed under livery, feed and sales stables,³⁴⁸ suggesting that the horse cab business was still important. Edmonton Radial Railway also increased the miles of track laid to 52 and increased its rolling stock to 87 cars in 1914. Given the existences of three alternative forms of local transportation: horse cabs, trams and motorized cabs some form of competition existed between the three. The railway was owned by the city municipality.

Jitney-Tram Era

By March/April 1915 Jitneys had reached Edmonton. The maximum number of reported jitneys was between 75 and 100 reaching their peak around July 1, 1919. Jitneys provided competitive service and were considered intruders to the street railways whose passenger density per passenger car was 61.2. They thrived in Edmonton but City Council attempted to put an end to their success in 1915 in the Alberta Supreme Court but initially failed (as the court did not rule in favour of the city imposing an onerous license fee) taking another six years before they succeeded. "In August 1921 it [City Council] finally forced them off their profitable routes and they apparently soon disappeared."³⁴⁹ Even though the jitneys may have had some allies in areas inadequately served by the street railways, they were eliminated by the municipal street railways who had veto over their jitney routes or licenses and by unsympathetic regulators.³⁵⁰

³⁴⁶ Old Alberta: A history of automobiles in Edmonton, By Tom Monto, March 19, 2013, www.oldalberta.blogspot.com. This source indicates that there were a double-handful of cars in Edmonton and Strathcona. Five southerners had cars: Chester Martin (Grace Martin's brother), Judge J.G. Tipton, Premier A.C. Rutherford, businessman Harold Ritchie (with licence number "16") and public official Delmar Bard. Strathcona was a city to the south of Edmonton and was amalgamated with Edmonton in 1912.

³⁴⁷ The 1915 Henderson's Edmonton City Directory on p. 716, www.peel.library.ualberta.ca

³⁴⁸ Alberta Livery Co., C N R Barn, Capital Sales Stable, City Livery, Driving Club Livery, Eclipse Livery, Edmonton Horse Exchange, G.T.P. Livery Stables, Great West Livery Feed & Sale Stable, Hill R. B. Co. Ltd., Horner's Livery Stable, Imperial Stables, International Livery, I X L Stables, Jasper Livery, MacDonald Geo, Market Livery Feed & Sale Stable, Midway Horse Exchange, OK Barn, Ontario Feed Stables, Queen's Ave Horse Exchange, Richelieu Stables, Rowlands Livery Stables, and Twin City Barn. The 1915 Henderson's Edmonton City Directory on pp. 687-8, www.peel.library.ualberta.ca

³⁴⁹ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, Urban History Review, Volume 18, Number 2, October 1989, p. 116.

³⁵⁰ Id.



Taxi-Cab Era

The onset of the 1920s indicates that there were some other regulations in place, besides the licensing regulation of the previous decade. There were bylaws in place such as: Edmonton Bylaw No. 25, 1917; Edmonton Bylaw No. 20, 1919, "A Bylaw to further amend Bylaw No. 25, 1917," Sept. 8, 1919; Edmonton Bylaw No. 9, "A Bylaw to amend and consolidate as amended the provisions of Bylaw No. 25, 1917," Feb. 19, 1923; and Edmonton Bylaw No. 42, 1924, "A Bylaw to assign stands for Motor Vehicles kept for passenger hire," July 2, 1924. There were 20 providers of taxi services listed in Henderson's Edmonton Directory for Edmonton in 1920. This number fell to 15 by 1925 and increased to 24 with the onset of the Great Depression in 1930. The names of the providers listed under 'Automobile liveries' and elsewhere in Henderson's City Directory for Edmonton for the period 1920 to 1940 is shown in the Table hereafter.

Henderson's City Directory for Edmonton (1920, 1925, 1930, 1935, and 1940)

1920	1925	1930	1935	1940
Alberta Motor Express & Taxi	Acme Dollar Taxi	American Taxi	Acme Taxi	Acme Taxi
Alberta Taxi Ltd.	American Taxi Co. Ltd.	Big 4 Trans & Storage	American Taxi	American Taxi
Albert's Central Taxi	Central Taxi	Blue Line Dollar Taxi	Blue Line Taxi	Black & White Taxi
Empire Taxi & Auto Livery	Corona Taxi	Blue Line Taxi	Checker Taxi Cabs Ltd.	Blue Line Taxi
Logan Auto Livery	Dollar Taxi Co. Ltd.	City Taxi	Corona Taxi	Capitol City Transfer Taxi
Fancy Taxi & Trucks	Drive Yourself Livery & Auto Ex.	Corona Taxi	Davies Taxi	Checker Taxi Cabs Ltd.
Edmonton Taxi Service	Edmonton Taxi Co.	De Luxe Taxi	De Luxe Taxi	Corona Taxi
Clarke's Taxi & Auto Livery	Empire Taxi Service	Diamond Taxi	Diamond Taxi	David's Taxi
Gair C.	Eskimo Taxi	Ellite Dollar Taxi	Edmonton Taxi	Davies Taxi
Leland Taxi	Hay's & Jack Taxi Cab	Grey Line Cab Co.	Grey Line Cab Co.	De Luxe Taxi
Legree Irene	MacDonald Taxi	Hay's Jack Ltd.	Hay's Jack Ltd.	Diamond Taxi
Northern Taxi & Transfer	Motor Taxi	Smith Jimmy's Trans & Taxi	McFarlane's Taxi	Grey Line Cab Co.
Paris Taxi	Twin City Taxi	Lefebvre's Taxi	Mc Neill's Taxi	Hay's Jack Ltd.
Saunders Transfer	Veteran Taxi Auto Co.	MacDonald Taxi	Miller's Taxi	Lefebvre's Taxi
Sellick & Trudeau Auto Co.	Yellow Cab Co.	Mc Neill's Ltd.	Puritan Dollar Taxi	McFarlane's Taxi
Twin City Auto Livery		Miller's Taxi	Sam's Express & Taxi	McNeill's Taxi
United Taxi & Transfer		Pete's Dollar Taxi	Saunders Transfer & Taxi	Radio Taxi
Veteran Taxi Auto Co.		Puritan Dollar Taxi	Smith Jimmy	Sam's Express & Taxi
Victory Taxi		Saunders Transfer & Taxi	Veteran Transfer & Taxi Co.	Saunders Transfer & Taxi
Victoria Taxi & Auto Livery		Veteran Taxi	Veteran 50c Taxi	Smith's Transfer & Taxi
		Veteran Transfer & Taxi Co.	Viking Taxi Co.	Tip Top Taxi
		Viking Taxi	Werner's Taxi & Auto Livery	Veteran Transfer & Taxi Co
		Werner's Taxi & Auto Livery	White Line Taxi	
		White Line Taxi		

Henderson's City Directory for Edmonton (1920, 1925, 1930, 1935, and 1940), see pp. 647, 543, 635, 691 and 786, www.peel.libray.ualberta.ca

Taxi services initially were still considered a luxury service. The cost of automobiles was high together with other fixed costs such as taximeters, telephone dispatch networks and stands. One source indicates that "Some cities (for example, Edmonton in 1923) insisted that cab companies own "a permanent place of business supplied with telephone service," but even where not officially required, telephony had



become pervasive.”³⁵¹ There was undoubtedly price cutting by new entrants that did not have to maintain some of the high fixed costs which became worse with the onset of the Great Depression. By 1935 even a 50c Taxi emerged. January 22, 1937 marked a major milestone in the regulation of taxi fares in Edmonton. A bylaw was passed that required the installation of taxi meters. The meters would mechanically register the distance travelled and the fee to be charged. A driver or proprietor of a taxi could not demand a fare less than or more than the amount registered on the meter. The penalties for violating the bylaw were: a fine of not more than \$10 and costs or not more than five days in jail in default of payment for a first offence; a fine of not more than \$20 or 10 days imprisonment for a second offence; a fine of not more than \$50 or 20 days in jail for a third offence. Any driver convicted of a third offence or who was convicted of a crime or breach of the liquor control act was liable to have his licence cancelled or revoked. Hand baggage was not subject to any charge. Any person who ordered a cab and subsequently cancelled the order would have to pay a 50-cent fee. The bylaw also prohibited car radios in taxis. The bylaw for taxi meters was advocated by taxi companies. They fought a long battle to get the taxi meters even though it would cost \$111.11 to get each of the city’s 90 cabs with meters. The *Edmonton Journal* reported that “Taxi operators claimed the meters were necessary in order to eliminate alleged price cutting and unfair competition which made it impossible to meet the new provincial statute setting a \$15 minimum weekly wage for drivers.”³⁵² One of the three Council Members (Hugh Macdonald) objected to the proposal because it would raise fares and because “the consuming public was not being sufficiently considered in the deal.”³⁵³

Taxi-Cab Post War II Era

In 1945 the listed taxi companies in 1945 Henderson’s City Directory for Edmonton were: Acme Taxi, Arcade Taxi, Black & White Taxi, Blue Diamond Taxi, Checker Taxi Cabs Ltd., Corona Taxi, Davies Taxi Ltd., Grey Line Cab Co, Hay’s Jack Ltd., McFarlane’s Taxi, McNeill’s Taxi, Sam’s Express & Taxi, South Side Taxi, Taxi B. Van, Veteran Taxi & Trans., and United Taxi. By 2005 consolidation of taxi cab services resulted in fewer operators, with the largest two companies Yellow Cab and associates with more than 300 vehicles and Alberta Co-op Taxi with over 500 vehicles. Other operators in the industry were: Barrel Taxi, Prestige Cabs and Checker Cabs.

Bylaw 6016 established the Edmonton Taxi Commission which continued under Bylaws 11093, 12020 and 14700 until 2012 when it was replaced by the Vehicle for Hire Industry Advisory Group after June

³⁵¹ See Canadian Taxi Wars, 1925–1950 Donald F. Davis, *Urban History Review*, Volume 27, No. 1, 1998, p. 8.

³⁵² Day in History, Jan. 22, 1937: City taxi fares to be regulated by meters, January 22, 2016 www.edmontonjournal.com

³⁵³ Ibid.



2013. The mandate of the Commission was to regulate Vehicles for Hire in the city of Edmonton including licensing. The important bylaws passed in the post war II era were: The Edmonton Taxi Cab Bylaw No. 6016; Bylaw No. 11093; Bylaw 12020; Bylaw 14700; Bylaw 10670, the Limousine Bylaw; Bylaw 13909, the Accessible Taxi Bylaw; and Bylaw 17400, the Vehicle for Hire Bylaw.

The Edmonton Taxi Cab Bylaw No. 6016 required that a taxi cab operator be affiliated with a broker licensed under the Bylaw before he could operate his cab. Beck applied for a declaration that the Bylaw violated his right to freedom of association under s. 2(d) of the Charter. The Alberta Court of Queen's Bench held that the Bylaw violated s. 2(d) and was not a reasonable limit prescribed by law under s. 1 of the Charter. *Beck v. Edmonton* (1993), 143 A.R. 74 (QB).

Bylaw 12020 of May 4, 1999 contained eleven parts (or seventy-four sections) and four schedules. The eleven sections were on: purpose and definitions; taxi cab commission; chief license inspector; taxi broker; independent driver owner; taxi driver; taxi licenses; transferability of taxi licenses; violations; appeal; and general (i.e., on fees; number and gender references; repeals; and regulations.) The four schedules were on: city of Edmonton taxi license transfer application and endorsement; fine amounts; rates and tariffs; and fees. Section 42 of this bylaw is interesting in that no new taxi plates were to be issued until such time the Commission is satisfied that there are insufficient taxis in the city.³⁵⁴

Bylaw 14700 was initially passed on September 11, 2007. Its initial version is interesting in that it goes much further on the question of plate licensing in that it indicates the specific number of licenses that can be issued. It limits the number of taxi licenses to 1,185 and accessible taxi licenses to 45.³⁵⁵ It was amended numerous times.³⁵⁶

In the decade of the 1990s, the most interesting issue was the limitation of plates. Beginning in February 1995, Edmonton opted to freeze the number of taxicab plates at 1,185. This resulted in litigation and the Edmonton Taxicab Commission felt that City Council should approve the retention of independent legal

³⁵⁴ Section 42 of Bylaw 12020 - May 4, 1999 states "No new Taxi Licenses will be issued until such time as the Commission is satisfied that there are insufficient Taxis in use in the City to provide adequate taxi transportation for the public. At that time, new Taxi Licenses will be made available by a draw conducted by the Chief License Inspector at the first meeting of the Commission in the September following the decision of the Commission to issue new Taxi Licenses."

³⁵⁵ Bylaw 14700, as amended, passed by Council September 11, 2007. See Part III - Taxi licensing on limit on taxi licenses in division 1 states: "(1) The total number of Taxi Vehicle Licences issued by the City that are either: (a) valid; (a) suspended; or (a) expired but still eligible for renewal; shall not exceed 1,185 at any time. ... If the total number of issued Taxi Vehicle Licences that are either: (i) valid; (ii) suspended; or (iii) expired but still eligible for renewal; falls below 1,185 the Commission may authorize the issue of new Taxi Vehicle Licences in a number sufficient to bring the total to the limit described in this section." Division II on accessible taxi licenses in section 4(2) (a) states: "The total number of Accessible Taxi Vehicle Licences issued by the City that are either: i) valid; or ii) suspended; falls below 45 the Commission may authorize the issue of new Accessible Taxi Vehicle Licences in a number sufficient to bring the total to the limit described in this section."

³⁵⁶ Besides 2017 and 2019 the amendments were: Bylaw 14789, December 04, 2007; Bylaw 14835, February 13, 2008; Bylaw 14952, June 18, 2008; Bylaw 15041, December 09, 2008; Bylaw 15165, April 29, 2009; Bylaw 15170, October 28, 2009; and Bylaw 15330, December 7, 2009



counsel fearing an increase in litigation. One challenge was when a complaint was filed by a disabled person in 2003 with the Alberta Human Rights Commission that the City was systematically discriminating against disabled persons by having a limit on the number of Accessible Taxi Vehicle Licences and not taking any other steps to ensure 24 hour a day, 7 days a week availability of Accessible Taxis. The Alberta Court of Queen's Bench agreed in 2006 and the by-law was amended. In 2007, it decided to issue 35 accessible plates, these were all taken by three brokerage companies. In March 2012, the city issued 50 more taxicab plates bringing the total to 1,235 taxicab plates. It also issued 49 more accessible plates bringing the total accessible plates to 84. In other words, a total of 1,319 were issued plates by 2015. So the only way a driver could get a plate was to buy it in the open market from an existing owner of a plate. The limitation of plates together with its transferability meant the beginning of a grey market for plates and an escalation of plate values, which also depends on when the city decides to issue new plates, the types of plates and the conditions placed on them (eg. transferable or not – a condition placed on the plates in 2019).³⁵⁷ A news paper clipping states “That resale value is now around \$200,000, significantly more than the city’s original \$400 fee.”³⁵⁸ It is worthwhile noting that a plate owner can rent a cab to licensed cab drivers. Vehicles could also be ‘split-shift’ i.e. somebody rents it for the morning and somebody rents it for the afternoon.

In the decade of the 2000s, the issue of plates continued to dominate the scene . A report was prepared in 2005 and City Council wanted to know answers to three questions: 1. Why a taxi plate cannot be transferred between more than one vehicle? The answer to this was because the by-law specifies that a taxi license may only be registered to one unique vehicle. If only the taxi license is leased the owner could face a fine and taxi license revocation and cancellation according to the by-law. The philosophy is based on safety in that only the vehicle to which the license is prescribed has passed a safety inspection. Couched in this reasoning is that the person who owns the license operates the business and that licenses would not end up under the control of large investment companies, apart from the belief that the owner of the licence and vehicle has greater interests in its upkeep and maintenance. 2. What would be the benefit/cost of allowing drivers to share a plate over more than one vehicle? The answer to this was it would benefit the taxi driver that does not wish to purchase the plate but if more than one vehicle is used it would lead to a doubling of the number of cabs (half of which are not licensed) and an increase in enforcement issues. It could also lead to other problems. 3. How do other jurisdictions, of comparable size to Edmonton, handle this? The answer to this was in comparable jurisdictions such as Calgary,

³⁵⁷ Councillor Andrew Knack wants to make the plates non-transferable, which is a condition placed on plates issued in 2012. He sees the secondary market as a problem that needs to be fixed. “We intentionally or unintentionally created sort of a grey market once the plates were frozen back in the day,” he said. “So, let’s have learned, hopefully learned from that mistake and adjust as we go forward.” See More cabs, cheaper plates will cripple taxi industry, say some drivers, January 23, 2015, www.cbcnews.ca

³⁵⁸ Ibid.



Vancouver, Winnipeg and Ottawa it is possible for a taxi licence to jointly register two persons but they share one vehicle.

In the decade of 2010, the issue of shortage of taxis at specific periods and the emergence of TNCs took the spotlight. In 2012, the city issued a total of 84 plates bringing the total number of plates to 1,319, the legal maximum. But by the end of 2014, the shortage of plates began to surface again. One source indicated that “Edmonton is short about 200 licensed taxis to meet the ideal ratio to population (17 cabs per 10,000 population). … Local taxi service to the Edmonton International Airport adds even more pressure.”³⁵⁹ To deal with this matter, the Council Executive Committee met on January 15, 2015 to consider ten options. Some of the options were: releasing a capped number of night plates, which allow drivers to only work Friday and Saturday nights, as well as during specified hours at night; releasing an unlimited number of night plates; releasing plates that allow drivers to operate only during winter months; and removing the limits on the number of plates, and giving them to whoever wants them, as long as drivers hold taxi licences and follow all city regulations. Uber’s entry into the Edmonton market on December 18, 2014, shifted the spotlight. In response to the shortage of licenses and Uber’s entry, the City of Edmonton on September 4, 2015 proposed a Vehicle for Hire Bylaw that would allow technology-based companies like ride-sharing app Uber to operate legally in Edmonton. It was a significant step forward as it recognized the presence of technology based companies. While Uber was pleased with this, it indicated that the bylaw placed onerous conditions and made an appeal to Edmontonians indicating that it would force Uber to exit. On September 22, 2015, the City Council met to discuss the proposed bylaw³⁶⁰ and sent it back to the administration to make amendments to be debated at a meeting on November 17, 2015. The September meeting brought angry protests from Edmonton cab drivers. President Balraj Manhas of the United Cabbies Association of Edmonton said Sept. 4 was like “Black Friday” “It’s a very sad day for the city taxi industry.”³⁶¹ On November 17, 2015, the bylaw passed first reading³⁶² and was sent back to the administration to make amendments to be debated at a meeting on

³⁵⁹ Council to consider adding cabs to combat Uber, January 15, 2015, www.cbc.ca

³⁶⁰ The proposed bylaw would essentially make Uber drivers much like existing taxi drivers. It would require Uber drivers to undergo a criminal record check, have their vehicle inspected yearly and acquire a licence from the city. They would also need a commercial insurance policy with appropriate liability coverage similar to that used by a taxi operator; personal insurance would not be adequate. The proposed rules would cost an Uber driver approximately \$6,800 more a year. Uber spokesperson Xavier Van Chau called the proposal “unworkable,” given most drivers don’t work for them full-time. On the question of insurance, drivers typically carry personal coverage. A commercial policy would cost two to three times more. While Uber carries a commercial policy up to \$5 million worth of bodily injuries and property damage, Canadian law requires ‘commercial drivers’ to have their own insurance to cover claims incurred while transporting a passenger for profit. This leaves Uber drivers with no option but to have a commercial policy. Taxi drivers were also upset because under the present rules there is no cap on the number of Uber drivers and their fares are regulated whereas Uber fares are not. See Uber drivers say proposed regulations could drive them out of business, September 14, 2015, www.cbc.ca

³⁶¹ Report on proposed Edmonton vehicle-for-hire bylaw released, November 12, 2015, www.globalnews.ca

³⁶² The important revisions to the earlier bill was the proposed creation of a distinct class of license for Transportation Network Companies with appropriate license fees; a drivers license fee for drivers or NTCs of \$50 a year; a new fee structure that shifts the costs from ride-sharing drivers to ride-sharing companies, etc.. The proposed bill would continue to require Uber drivers to pay a \$1,000 registration fee and



January 26, 2016.³⁶³ At the conclusion of this meeting on January 27, 2016, City Councillors approved the bylaw permitting ride sharing to operate legally as of March 1, 2016.

The important developments are shown in the chart and described thereafter in greater detail.

Chart VIII

1951 The City Act	1998 Restructuring Report	2005 P&D Dept. Report	2008 Hara Report	2011 Sustainable Development	2015 Report	2016 Bylaw 17400
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The City Act 1951

The empowering statute for the City of Edmonton to regulate taxis is provided in the statutes of Alberta. For example in the Post War Period, this is found in *An Act Respecting Cities* or *The City Act*. Section 357 in Part VI of the Act states “(1) The Council may pass by-laws licensing and regulating taxi business, (2) Without restricting the generality of subsection (1) the Council may pass by-laws, --” on a wide variety of matters which is spelt out in great detail on: classifying persons operating taxis; establishing taxi fares; classifying motor vehicles; limiting the number of taxis; compelling use of taxi meters; establishing zones; establishing maximum and minimum fares; prohibiting overcharging; limiting number of passengers; defining carrying place on vehicles; defining operating limits of taxis; and limiting maximum hours for taxi drivers.³⁶⁴ This authority in subsequent years is indicated in the Municipal Act. For example in 1968, this is found in *An Act respecting the Municipal Government* or *The Municipal Government Act*. Section 224 states “(1) The Council may pass by-laws licensing, regulating and controlling the taxi business, (2) Without restricting the generality of the foregoing the Council may pass by-laws” on matters listed in subsection (a) to (f) such as fares; limits on the number of vehicles, limits on the number of passengers to be carried in each taxi; taxi meters; limits on hours any person may drive; and refusal of a license or its renewal.³⁶⁵ This authority appears in subsequent Municipal Acts.³⁶⁶

Uber drivers would continue to be licensed by the City. Issues such as licensing, insurance and regulation of Uber's fares had yet to be resolved.

³⁶³ For the January 26, 2016 meeting, staff prepared a report for Council, recommending that the city deregulate taxi fares for pre-arranged trips to allow drivers to compete with Uber drivers. The report also recommended that the city should charge a licensing fee to Uber, instead of levying the fee on individual drivers. After a couple of hours of debate, councillors passed an amendment that set a minimum fare of \$3.25 per ride for Uber and taxis hailed through an app to avoid predatory pricing.

³⁶⁴ An Act Respecting Cities, c. 9, Part VI, pp. 158-9, Assented on April 7, 1951.

³⁶⁵ An Act respecting the Municipal Government “The Municipal Government Act” 1968, c. 68, Assented May 2, 1968.

³⁶⁶ For example see *Municipal Act 1980*, RSA 1980, c. M26 in s. 8 states “Without restricting section 7, a council may in a bylaw passed under this division (a) regulate or prohibit, ... (c) provide for a system of licenses, permits or approvals, including any or all of the following: ... (c.1) establish and specify the fees, rates, fares, tariffs or charges that may be charged for the hire of taxis or limousines;



Restructuring the Edmonton Taxi Cab Commission Report 1998 – Auditor’s General Report 1998

The Report³⁶⁷ made several recommendations, some of which are on: increasing person years devoted to taxi inspection; testing and certifying responsibility should be retained by the City; training of by-law officers; selecting considerations of persons to sit on the Taxi Commission; gathering of industry information by creation of new analyst position; requiring Taxi Commission to become self-sufficient; and regulating driver requirements, vehicle requirements, and meter rates to be continued by the City. The City Council, at its May 19, 1998, meeting recommended implementing the above recommendations. It also asked the Taxi Commission/Administration to review a couple of matters: allowing broker garages to provide their own certificates of mechanical fitness; and removing the freeze on City taxi license plates and corresponding changes.³⁶⁸

Planning and Development Department report 2005

This report provides information on taxi plate transfers or sharing, and how other jurisdictions handle this issue. It examines issues such as: why a taxi plate cannot be transferred between more than one vehicle?; what would be the benefit/cost of allowing drivers to share a plate over more than one vehicle?; and how do other jurisdictions, of comparable size to Edmonton, handle this? The answer to these issues were presented earlier.

Hara Report 2008

Hara’s report was commissioned for the City to examine the adequacy of taxis plates serving Edmonton. It indicated that recent increases in population have resulted in the ratio of taxis becoming 1.5 : 1000 residents. The report recommended increasing the ratio of taxis to 1.7 : 1000. This would mean that the city would have to increase the number of plates by 177.³⁶⁹ It also provided information on transfer prices prior to the emergence on ride-sharing service, indicating that transfer prices were as high as \$55,000 in Edmonton, \$185,000 in Ottawa, \$280,000 in Winnipeg, and \$500,000 in Vancouver. Incidentally, in Edmonton it was trading within the range of \$150,000 and \$200,000 at the start of 2015.³⁷⁰

Report 2011 Sustainable Development report 2011SCP030

This report on Options for the Addition of New Taxi Vehicle Licences outlines the options to increase the number of Taxi Vehicle Licences. Licences may be issued with or without conditions, and may be

³⁶⁷ Restructuring the Edmonton Taxi Cab Commission”, Auditor General Report, February 9, 1998.

³⁶⁸ City council meeting no. 28, Tuesday, May 19, 1998, www.edmonton.ca/city

³⁶⁹ City of Edmonton, Hara Associates Inc., “Assessment of Changes in Edmonton Taxi Demand and Supply”, April 7, 2008.

³⁷⁰ “More Cabs, Cheaper Plates Will Cripple Taxi Industry, Say Some Drivers,” CBC, January 23, 2015, www.cbc.ca



distributed with the existing lottery provisions, or with altered lottery conditions. It examines: Need for new licences; New Licence Class; Distribution of Licences; Accessible Taxi Options; and Possible Motion. Should the executive committee decide to make any revisions to the bylaw, it should: a. increase the number of licences; b. create a new class of taxi vehicle licence; and c. put some conditions on entry into the distribution process for new licences.

Report 2015

In a 2015 report, staff said the public supports the use of apps to improve taxi dispatch but says Edmonton doesn't have enough licensed cars to meet the demand. Edmonton is short about 200 licensed taxis to meet the ideal ratio to population (17 cabs per 10,000 residents). Only 1,319 cabs are legally allowed to operate within city limits. Local taxi service to the Edmonton International Airport adds even more pressure. Staff made a number of recommendations which include removing the cap on the number of licences available to drivers and the development of a local taxpayer-funded taxi app. Other options include releasing plates that allow taxis to operate only at night and on Friday and Saturday nights or plates that only allow taxis to work during the winter. None of the recommendations suggest working with Uber, or allowing the service to operate in the city.

By-law 17400

On March 1, 2016, Bylaw 17400 permitted TNCs to operate in Edmonton (the first city to permit its operation in Canada). It contained several interesting features. It includes two licences: one for ride-sharing companies, called private transportation providers, and the other for taxis. Under the bylaw, both taxis and private providers must charge a minimum of \$3.25 for any trip pre-arranged through a mobile app or written contract. Maximum prices are not set by the bylaw and surge pricing could occur. Only taxis will be permitted to pick up street hails or use taxi stands. Taxi rides that are hailed on the street, at a cab stand or ordered over the phone still face regulated rates (i.e., \$3.60, plus \$0.20 per 135 metres and \$0.20 for every extra 24 seconds of waiting time) set by the city. Taxi drivers will be allowed to give a 10 per cent discount to seniors, and there are new flat fares set for each area of the city to the airport. Taxi drivers will also be allowed to give discounts for pre-arranged trips so as to allow it to compete with TNCs. Drivers will be required to provide proof of the proper insurance (i.e., full commercial policy) and class of driver's licence (i.e., Class 1, 2 or 4), as outlined in provincial law. Criminal record checks and an annual vehicle inspection by a licensed garage and mechanic will also be required. TNCs will have to permit examination of its record. To ensure fees are paid. A TNC will pay a rate of \$70,000 a year to operate in Edmonton (i.e. \$50,000 annual fee + \$20,000 accessible charge). In addition, there is also a six cents per trip charge in order to cover the city's costs for regulation and enforcement. Requirements of



the old bylaw for taxis drivers (and also for the PTN drivers) that have been dropped are driver's abstract, specialty driver training, English proficiency and a defensive driving course. Driver training is now left up to each company.³⁷¹

Taxi-TNC Era

The stage for the TNC era had been set up as there was a litany of complaints against the Taxi industry even before Uber's entry into the market. A Journal columnist writer revealed that the statistics on complaints and tickets (i.e. 135 complaints against taxi drivers in 2014 besides the 336 enforcement tickets made in 2015) are a perfect example of the growing frustration against a "broken, non-competitive business model that has resulted in poor service."³⁷² Uber entered the Edmonton market on December 18, 2014 with Bill Smith, Edmonton mayor as its first passenger by offering free short rides for a limited period (i.e. to midnight December 26, 2014). The opposition to Uber did not take long and the fight continued for nearly a year as can be seen in the following newspaper clippings: Edmonton taxi drivers protest Uber app downtown, January 14, 2015, www.calgarysun.ca; Edmonton cabbies urge city to crack down on Uber, January 14, 2015, www.GlobalNews.ca; Edmonton cabbies took off their shirts and demanded pizza at a protest over Uber. But they also had a point, September 23, 2015, www.CalgaryHerald.com; About 70 Uber drivers charged in Edmonton undercover sting, December 2015, www.edmontonjournal.com; and Police break up Edmonton debate over Uber, January 27, 2016, www.insurancebusiness.com.

Uber's climb was all uphill. A newspaper article outlines its sentiment with the following title 'Council to consider adding cabs to combat Uber'.³⁷³ A meeting scheduled for January 15, 2015 was to consider the staff report on considering increasing the number of taxis to meet the shortage of taxis. The report among other things outlined what can be done to steer people away from the car-sharing service and does not suggest working with Uber, or allowing the service to operate in the city. Apart from opposition by the taxis, The City of Edmonton filed an injunction in the hopes of stopping Uber from operating in the city on February 5, 2015.³⁷⁴ On September 9, 2015, a number of taxi companies (the Greater Edmonton Taxi Services, Alberta Co-op Taxi Lines, and 24-7 Taxi Line) in Edmonton filed a lawsuit against Uber accusing Uber of violating the vehicle for hire bylaw and the Traffic Safety Act. It also sought an

³⁷¹ City of Edmonton bylaw 17400 vehicle for hire. Also see Uber: The ins and outs of what Edmonton City Council passed for it and the taxi industry, January 29, 2016, www.edmontonjournal.com

³⁷² Litany of taxi complaints set the stage for Uber, Edmonton Journal, September 8, 2015, www.edmontonjournal.com

³⁷³ Council to consider adding cabs to combat Uber, January 15, 2015, www.cbc.ca

³⁷⁴ A motion passed by executive committee on Jan. 20, 2015 and administration was directed to ask Uber to voluntarily cease operations. However, Uber has chosen not to cease operations which has forced us to file for an injunction. See City of Edmonton files court injunction against Uber, February 5, 2015, www.globalnews.ca



injunction to stop Uber and its drivers from operating. The lawsuit sought \$150 million in general damages. In addition, it also filed a complaint with the Competition Bureau alleging that Uber had engaged in price fixing with its competing drivers thereby violating section 45 of conspiracy provisions of the Competition Act.³⁷⁵

Uber's first break appeared when Justice Michelle Crighton denied Edmonton's request for an injunction. In the decision *Edmonton (City) v Uber Canada Inc 2015*, Justice Michelle Crighton said there wasn't enough evidence that what Uber was doing was enough to be considered operating a business. "In the end, the City has simply failed to meet its burden to prove a *prima facie* clear and continuing breach of Bylaw 13813 or 14700 by Uber Canada. The application for an interlocutory injunction is denied." Crighton also said encouraging people to download the app isn't illegal and that it's up to the driver to decide whether to take an Uber fare. In paragraph 27, the judge states "support, recruitment and advertising does not constitute business within the meaning of the bylaw".³⁷⁶

Uber's second break or what appeared to be so came when a new bylaw was released acknowledging the presence of TNCs on September 4, 2015. While Uber was pleased that the City had finally acknowledged the existence of TNCs, Uber spokesperson Xavier Van Chau called the proposal "unworkable as it would require Uber drivers to undergo a criminal record check, have their vehicle inspected yearly and acquire a licence from the city. They would also need a commercial insurance policy with appropriate liability coverage similar to that used by a taxi operator; personal insurance would not be adequate. Uber had to grapple with several issues. First, Uber did not want the city to regulate its drivers, it argued that the company regulates its own drivers. As proposed regulations stand now, drivers will be licensed by the city. Mayor Don Iveson said if companies like Uber want to self-regulate, they will have to earn the privilege. "It only comes with meeting a lot of requirements and expectations of disclosure, auditability, the integrity of data. At this point frankly, we don't have that relationship with Uber."³⁷⁷ There was also the question of driver license fees and class of license required by drivers. Second, Uber drivers' objected to having commercial insurance, Uber argued that if the City wanted the drivers to have commercial insurance it would raise the cost to drivers by two or three times making it very costly for drivers to operate. Third, Uber was opposed to any minimum or maximum rates. "While city council's move today to establish fare minimums would allow us to continue to operate in Edmonton, additional attempts to set maximum or minimum rates would be unworkable and could prevent further innovation like uberPOOL," the company said in a written statement. "There are no ridesharing regulations in the world that place a

³⁷⁵ Uber accused of price-fixing in \$150M lawsuit by Edmonton taxi companies, September 14, 2015, www.cbc.ca

³⁷⁶ Judge denies Edmonton's request for injunction against Uber, April 2, 2015, www.globalnews.ca

³⁷⁷ City council has some Uber thinking to do, September 18, 2015, www.cbc.ca



cap on prices, because regulators want to ensure reliability for riders and consumer choice. Uber continues to encourage city council to adopt the recommendations presented by city staff."³⁷⁸

To add to its uphill battle, the City launched a covert investigation against Uber in December, and on December 17, 2015 laid roughly 70 charges against Uber drivers. Paul Moreau, hired by Uber to handle them said "We've set 70 or so for trial and they keep coming in. This is sucking up an enormous amount of resources. They're having to adjourn other cases to make room for this." Some of them got tied up because of complicated issues on admissibility of evidence.³⁷⁹ Then there was the problem of appeals.

On January 27, 2016, when the bill permitting TNCs to operate in Edmonton on March 1, 2016 was passed, Uber decided to stop operating in Edmonton. The company said commercial insurance policies are too expensive for their drivers and they would have to wait till the province approved a policy specifically for ride-sharing companies.³⁸⁰ The Minister of Transportation, Brian Mason, confirmed that such an insurance policy will be available in Alberta starting July 1, 2016. On July 1, 2016, Uber decided to enter the market again but indicated that there are other barriers, like requiring Uber drivers to have a upgraded licence i.e. Class 4. It felt this requirement would exclude many drivers willing to provide the service.³⁸¹

³⁷⁸ Edmonton council chambers cleared as Uber debate overheats, again, January 26, 2020, www.cbc.ca

³⁷⁹ About 70 Uber drivers charged in Edmonton undercover sting, December 12, 2015, www.edmontonjournal.com

³⁸⁰ Uber threatens to quit Alberta if NDP fails to make insurance changes, February 17, 2020, www.cbc.ca; and Uber drivers, supporters march on Alberta's legislature demanding changes, February 27, 2020, www.cbc.ca

³⁸¹ Uber back in business in Edmonton, June 30, 2016, www.cbc.ca. On June 28, 2016, Transportation Minister Brian Mason also announced that the province was rejecting Uber's request to waive the requirement for drivers to have Class 4 licences, which are required for commercial operators. Uber drivers will also have to pass a police information check, he said. "It's our position that people driving vehicles for commercial purposes are not using their vehicles for the same purposes as those with a Class 5 licence," Mason said. "The bottom line is that the Class 4 requirement is essential for the safety of both passengers and drivers." Uber 'reviewing' new Alberta rules before deciding to resume service, June 28, 2016, www.cbc.ca



Section IX – Hamilton

Before Hamilton was known as a town, according to all records from local historians, this district was called Attiwandaronia by the native Neutral people in the 1700s. The initial origins of Hamilton can be traced to 1812 when George Hamilton purchased the farm holdings of James Durand. It gained recognition when it was chosen as the administrative centre of the new Gore District. In 1834 it had a population of 1,834 and by 1845 it had a population of 6,478 and it received official status when it was incorporated as a city on June 9, 1846.

The Beginning of the Horse-Cab Transportation

In 1846, there were useful roads to many communities as well as stagecoaches and steamboats to Toronto, Queenston, and Niagara. Eleven cargo schooners were owned in Hamilton. By 1855, “Hamilton's core boasted a sewer system, graded streets and planked sidewalks. Stumps, boulders, and rocks were finally removed from the streets, animals were banned from wandering freely on the new thoroughfare.”³⁸² The existence of roads made it possible for stage coach and horse-cab services to develop. Stage coach service existed daily from the American Hotel at a specific time and for a specific fare from: Hamilton to Guelph, Hamilton to Milton, Hamilton to Port Dover, Caledonia to Hamilton, Brantford to Hamilton, and Hamilton to Dundas.³⁸³

³⁸² Timeline of events in Hamilton, Ontario. www.wikipedia.com

³⁸³ Sutherland's City of Hamilton Directory for 1870, p. 72



Information on who started the first local horse-cab service for hire is not known or when it was first started. It is quite likely that the cab trade evolved into a two-tiered system consisting of "street cabs" and "livery cabs". The City of Hamilton Directory for 1853 lists nine livery stables.³⁸⁴ These livery stables usually provided carriages. For example B. Jones in his advertisement states "Carriages furnished at the shortest notice, to parties to and from trains, steamers &c. with Trusy drivers."³⁸⁵ It also lists four or five coach factories (Hamilton Coach Factory; Wiliams & Cooper; Tallman's Coach Factory; Smith's; and Pickard & Ruttle). It also lists about 20 individuals engaged as coach makers some of whom may have been employed in these factories or who worked as independent coach makers.

The horse-cab industry was regulated through bylaws. The 1856 bylaw not only determines behaviour of the horse cab driver but also the fare. The tariff of rates for cabs was based on geographic division, whether the cab was drawn by two horses or one horse, per person and per hour. The rate declining for one horse, each additional person and each additional hour. The fare also increased at night. A copy of the tariff was to be put in the cab and had to be handed to the passenger if demanded. Passengers were also allowed a certain amount of baggage free. Cabmen were not to leave their cabs nor use obscene, abusive or impertinent language. They could not illtreat their horses nor drop any loads on the street. Horse-cabs had a registered number and they could not use any number, other than the number given and the horse cab driver had to give the number of their vehicle and owner's name if required to the passenger.³⁸⁶

³⁸⁴ A livery stable is a stable where horses and vehicles are kept for hire and horses are boarded. The nine names were: B. Jones; Robinson's; A. Leonard; J. Traine; O. Nowlan; J. Baxter; J. Camp's; J. Matthew; and Benjamin Jones. It is also worthwhile noting that ten more names were also listed as providing stables. Stables is a broader term providing boarding for all types of farm animals, pigs, sheep, cows, horses, etc.

³⁸⁵ The City of Hamilton Directory for 1856, p. 30.

³⁸⁶ **Tariff of rates for cabs, carts, &c.**

Charges for carriages, drawn by two or more horses.

From any place within the First Division to any place within the Second Division, and vice versa

s	p
1	3
	5

For additional person

From any place within the First or Second Division to any place to any place within the same

1	0
---	---

Division, and vice versa

3

For additional person

3	9
---	---

Charge per hour—for first hour

2	6
---	---

For each additional hour

....

Charges for carriages, drawn by one horse

.....
N.B.-1st Division—that part of the City bounded by Main, Queen, Barton, and Wellington Street & 2nd Division—that part of the City and Liberties outside of the 1st Division.

Cabmen may demand prompt payment.—Passengers may return in the Cab, & c., without payment of additional fare, provided the detention is not more than five minutes; if quarter of an hour, half fare additional; if over quarter of an hour, two thirds fare additional.—One-third more fare to be paid if employed after 7 o'clock, p.m., from 1st October to 30th April—and if after 9 o'clock, from 1st May to 1st October.—A copy of the tariff to be put up in the Cab, &c., and a copy to be handed to passenger if demanded.— Passengers to be allowed a reasonable weight of baggage free of charge.—Cabmen not to leave their Cabs, nor make use of obscene, abusive, or impertinent language — to give the number of their vehicle, and owner's name, if required — shall not refuse to be employed—nor ill-use their horses--nor drop any of their load on the streets--nor exchange numbers—nor have a different number from the number registered. Penalties for breach of the By-Law not to exceed £5." See The City of Hamilton Directory for 1858, pp. 137-138.



By 1870, the population had increased to about 26,000. The livery and Sale Stable listed in Sutherland's City of Hamilton Directory (business section) for 1870 were: Dennis Bevier; Coutts's & Stintcel; John Darrow; Joseph Mathews; O. Nowlan; David Ogilvie; and Temple, John & Co. The Carriage and Coach-builders were: Robert Buskard; H.G. Cooper; Macabe, Thomas & Co.; and J. P. Pronguey.³⁸⁷ The horse was king of local transportation. Improvement in local service and competition between the horse cab developed in 1873 when the city incorporated a horse-car service the Hamilton Street Railway (HSR) and began service in May 1874. This first horse-drawn streetcar service on rails "travelled along three miles of track from the Grand Truck Railway's passenger station east along Stuart Street West to James Street, then south to Gore Park, and then east on King to Wellington Street. Six cars were operated, each capable of carrying up to 16 passengers. The service was so popular, another four cars were added soon after. The line was then extended west along King Street to Locke Street, near the Crystal Palace Grounds (today's Victoria Park) and east to Wentworth Street, which was the city limits at the time."³⁸⁸ By 1880, Hamilton Street Railway had 20 cars and 50 horses. In 1877-8, Hamilton also scored by having the first commercial telephone service in Canada and the British Empire. In 1890-1, Vernon's business directory listed four livery providers (Samuel McKay, G. H., Matthews, John Sullivan, and John Temple) and four carriage makers (H. C. Cooper & Co., C. Delorme, Malloy & Malcolm, and James M.D. Neligan).³⁸⁹ Its 1901 business directory, listed 13 livery keepers, 11 carriage manufacturers and 13 cabmen.³⁹⁰

The Beginning of the Taxi-Cab Transportation

In 1896, Sir John Morison Gibson formed the Dominion Power and Transmission Company, it brought hydroelectric power for the first time to Hamilton. The arrival of electricity foreshadowed the demise of the horse car operation on rails. The Hamilton Street Railway considered electrification after a train service that used electricity made its debut in August 1884 at Toronto's Canadian Industrial Exhibition. The Railway struck a deal in 1892 for "electrification of the HSR's 12 miles of track, replacing its 45 cars, 9 sleighs and 160 horses."³⁹¹ New trackage was added. Fifteen horsecars (ten closed and five open) were remodelled as electric streetcars and new cars were ordered. On June 29, 1892, the first electric

³⁸⁷ See Sutherland's City of Hamilton Directory for 1870, p. 331 and p. 309.

³⁸⁸ A short history of the Hamilton street railway's streetcar and trolley bus operations, James Bow, www.transittoronto.ca

³⁸⁹ See The City of Hamilton Directory for 1890-1, p. 311 and p. 305.

³⁹⁰ Livery keepers: Wm. H. Carson, Bros. Craig, Sami Judd, Jno Linfoot, Sami McKay, Geo.H. Matthew, Chas Morrow, Dani Sullivan, J. Sullivan, R. A. Sullivan, Hugh Sweeny, John Temple, and R. A. Wilson. Carriage makers: Robt Buskard, C. Delorme, Flitcroft & Strickland, Wm. McGrath, Alex AcKay, Malloy & Malcolm, J. D. Patterson, Andrew Ross, Joseph Ross, Jas Shoots, and Geo Travaskis. Cabmen: John Buscome, John Carmichael, Wm. Carmichael, A. Cline, Edward Harrison, David Jarvis, Geo W. Jarvis, Lawrence Kehoe, Herman Lentz, Michael McMahon, Wm. Manning, John O'Connor, and Thos O'Connor. See The City of Hamilton Directory for 1901, p. 474, p. 455, and p. 454, respectively.

³⁹¹ At the end of 1891, the Hamilton Street Railway operated 45 horsecars and 160 horses on 5 different routes: The Green route; The Barton, James & Herkimer route; The James street North & King St West route; The York Street route; and The East Hamilton route. See 1892-Electrification of the HSR: From Horses to Horsepower, www.trainseb.org



streetcar operated on Hamilton's streets.³⁹² In 1899, the HSR franchise was acquired by the Hamilton Cataract, Power, Light and Traction Company. Between 1900 and 1914, the population of Hamilton doubled (from 51,561 to 100,808) and the HSR needed to expand its network, so Hamilton Cataract bought several railways and added more cars. With the turn of the century, the automobile began to make its appearance and with it automobile taxis. The first automobile to have been brought into Hamilton has been credited to John Moodie Jr. in 1898.³⁹³ By 1903, there were 18 vehicles on the road in Hamilton and by 1911 Hamilton also had its own automobile manufacturer (Schacht Motor Car Company of Cincinnati). The horse cab was soon to be faced with competition from the electric railcars or trams and the motorized cabs.

Jitney-Tram Era

The earliest known reportings of jitneys in Hamilton was March 15, 1915.³⁹⁴ The maximum number of jitneys serving Hamilton in 1915 was between 600 and 700, though they may have reached their peak around July 1919. The jitneyists were tradespeople or shopkeepers, a marginal group affected by the recession. There was also the Hamilton Jitney Association with 40 to 60 jitneys but it did not last for more than a year winding up in May 1916, with most of the operators then becoming independents. The only operator mentioned in the pages of CR&MW was Hamilton Jitney Co. in the May 1915 issue.³⁹⁵ Vernon's 1916 Hamilton City Directory indicates seven individuals as jitney drivers.³⁹⁶

Jitneys were popular and many Canadians were willing to pay a premium to ride a bus as passenger density per railway car was 64.1 the second highest in Canada after Toronto. They were also known to leave Hamilton and go to Toronto, for example when there were Transit strikes in Toronto in 1917, 1919 and 1920. Jitneys thrived in Hamilton and also provided women an opportunity to become entrepreneurs. But why did they perish? Their extermination was due to several factors: First, the electric tramcar company wanted the government to apply the same regulations applied to them to jitneys in the name of fairness, as they knew the jitneyists would not be able to survive. Second, it not only threatened the economic order but also the moral order and women being a relevant social group wanted its

³⁹² Id.

³⁹³ April 12, 1898: First automobile in Hamilton goes for a spin, September 23, 2016, Hamilton Spectator, www.thespec.com

³⁹⁴ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29, Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 104.

³⁹⁵ *Transit History of Hamilton, Ontario*, www.home.cc.umanitoba.ca

³⁹⁶ Frank Ruse, Harry Lewis, Jos Launders, Graydon Hodge, John Hawkes, William J. Gray, Arthur Garry, and Geo W. Bannerman. Under the title of 'taxis' four names were listed: Taxi Garage; Hamilton Taxicab & Garage Taxi Co. Ltd.; Ham Taxi Co.; and Thos L. Kindree. Under the title 'Auto Livery' five names were listed: Taxi Garage; Sami G. Williams; French L. Wood; John Lapman; and Jos D. Kennedy. It should be noted that this listing likely indicates only a fraction of the number in existence. See 1916 Hamilton City Directory,



suppression.³⁹⁷ The jitneyists fought for survival, and “were given two years to find alternative work, and yet dozens refused to accept the ban. For four months in 1928 they remained defiant, even as the police levied — at \$20 a ticket — \$45,000 in fines.”³⁹⁸ But the forces against them were too great, the local capital controlled the tramcars with their exclusive franchise. The main reason Donald F. Davis suggested why jitneys did not survive was that the jitney, which represented “small producers and cooperative egalitarianism,” came up against corporate capitalism and hence did not stand a chance.³⁹⁹

Bylaws also sprung up with the jitneys. For example, the jitney bylaws of 1915 and 1923 decreed, “No female shall be permitted to drive or have charge of a ‘licensed omnibus’” (see HPL, RG 10, Series T, Board of Police Commissioners By-laws, By-law 36, 24 June 1915; By-law 53-A, 31 Oct. 1923). Minimum fares were imposed on automobiles-for-hire in Hamilton in 1918 in order to suppress the hailed-ride jitney. The final blow came when the Ontario government announced that jitneys would no longer be allowed to operate after June 30, 1928.

Taxi-Cab Era

The start of the mid 1920s witnessed a period of laissez-faire and municipalities were losing their desire for regulation, a thing of the past. The memory of Jitneys and minimum fares imposed was forgotten. By 1920, there were 6,000 cars in Hamilton and Hamilton's ratio of one car for every 15 people was higher than that of New York, Chicago, Boston or Toronto.⁴⁰⁰ The established taxicab companies had built up their cost structure by investing in automobiles that were still expensive, as were telephone dispatch systems and cabstands. The impact of the assembly line production dramatically began to drop the costs of automobiles. “Thanks to Henry Ford, the price of Model-T’s had come down to about \$850 in Canada, and by 1915 you could already buy less expensive used autos. Cars then were still a novelty...”⁴⁰¹

The cost of entry into the industry was no longer daunting, setting the market in Hamilton for a taxi war with the onset of the Great Depression. As unemployment increased and income declined, employment in the taxi industry became increasingly attractive and the number of cabs begun to soar. Hamilton's taxi fleet increased three times between 1929 and 1933, and a taxi war was imminent between the established

³⁹⁷ “There were concerns that some jitney drivers were packing in too many passengers, some of whom were innocent young women with nowhere to sit except on the laps of eager young men. Male “jitney joy riders” were castigated in the press for targeting crowded jitneys with women passengers for the sole purpose of flirting with them. The jitneys were scandalized further when, gasp, women started driving them, though Saturday Night magazine praised the women drivers for their “careful handling” of the vehicles.” See Allan Levine: Long before there was Uber, there was ... The jitney craze, October 14, 2015, www.nationalpost.com

³⁹⁸ Competition’s Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29, Donald F. Davis, Urban History Review, Volume 18, Number 2, October 1989, p. 113.

³⁹⁹ Allan Levine: Long before there was Uber, there was ... The jitney craze, October 14, 2015, www.nationalpost.com

⁴⁰⁰ Timeline of events in Hamilton, Ontario, www.wikipedia.com

⁴⁰¹ Ibid.



carriers and the new entrants. In addition, taxis were also faced with competition from buses and tram cars. It is reported that in 1926, *Mount Hamilton Bus Lines, Ltd.* was operating 3 buses and a second survey a few months later said the route was operated by *W.L. Owen* (probably the owner of Mount) using 1 bus, on an hourly schedule, for a fare of 7¢ or 4 tickets for 25¢ (the bus lines was acquired by HSR circa 1926).⁴⁰² It has been reported that “the bulk of Hamilton's motor cabs in the early 1930s operated like jitneys — that is, as hailed ride, route vehicles.”⁴⁰³

At the height of the taxi war, it cost only twenty-five cents to go almost anywhere within the city limits of Hamilton between 1931-1934, with the drop charge reaching a low of 10 cents in 1933. If one lived along an arterial route close to the business district one could get home for a nickel or a dime in Hamilton, the price of a streetcar ride. To struggle against the established taxi companies, many of the new entrants did not even carry liability insurance. One source indicates that Hamilton's taxi fleet actually trebled between 1929 and 1933, even as the steel city experienced a calamitous decline in industrial employment.⁴⁰⁴ As the taxi war intensified, taxicab companies failed. The taxi companies listed in Vernon's City of Hamilton Directory for the period 1920 to 1940 are shown in the table hereafter.

Vernon's Hamilton City Directory (1920, 1925, 1930, 1935, and 1940)

1920	1925	1930	1935	1940
Citizen's Taxi Car & Garage	Citizen's Taxi Car & Garage	Bankowski A.	Barton Taxi	ABC Taxi
City Automobile Livery	Daley F. F.	Banthelin Sam	Blue Light Taxi	Aberdeen Taxi
H & H Taxicab Co.	Dollar Taxi	Bell Taxi	Cut Rate Taxi	Bingham Jos
Hamilton Taxi & Garage Ltd.	Garfield Taxi Service	Blue Light Taxi Service	Da-Nite Taxi	Black & White Cabs
Ham Taxi & Garage	Ginsberg D.	Citizen's Taxi Car & Garage	Delta Taxi	Blue Lite Taaxi
Richmond J. G. Taxi Livery	Grace J. R.	City Taxi	De Luxe Cab	City Cabs
	Hamilton Taxi & Garage Ltd.	Dollar Taxi	Geiss H.	Crown Cabs
	Hart Wm.	Elite Taxi	Gold Seal Cabs of Ontario Ltd.	Delta Taxi
	Kenney P.	Garfield Taxi Service	Grandy G. H.	De Luxe Radio Cabs
	Maple Leaf Taxi Service	Geiss H.E.	Hawkes John A.	Dodge Cabs
	Polpoplar Garage	Grace J. R.	Hertz Drive-U-Self	Gold Seal Cabs
	Regent Taxi	Green Wm.	Jewel Taxi	The Mercury Cab Co.
	Richards Jos	Handy Taxi	Mosse Louis	Mosse Louis
	Sager & Holditch	Hart Wm.	Mountain Taxi	Regal Taxi
	Scott S.	Hertz Drive-U-Self	Rainbow Taxi	Royal Taxi
	Sedan Taxi Service	Hindberg Arf	Regal Taxi	Standard Taxi Co.
	Veteran Garage	Jess John	Service Cabs Ltd.	Uptown Taxi
	Yellow Cab Co. of Hamilton	Kenney P. S.	Standard Taxi	Yellow Cab Co.
	Yaffe W.	Maple Leaf Taxi Service	Uptown Taxi	Your Taxi
		Morley Stephen	Watson J.S.	
		Regent Taxi	Wentworth Taxi Service	
		Sager & Holditch	Westdale Taxi	
		Scott S.	Yellow Cab Co. of Hamilton	
		Standard Taxi		
		Uptown Taxi		
		Wilks Walter		
		Yellow Cab Co. of Hamilton		

See Vernon City of Hamilton Directory for 1920, 1925, 1930, 1935 and 1940, p. 1022, p. 1232, p. 1506, pp. 1500-60 and p. 157 for each year.

⁴⁰² Transit History of Hamilton, Ontario, www.home.cc.umanitoba.ca

⁴⁰³ Continuity and Discontinuity in Canadian Cab History, Donald F. Davis, *Urban History Review /Revue d'histoire urbaine* Vol. XXVII, No. 1, October, 1998, p. 5.

⁴⁰⁴ The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 11.



It can be seen in the Table that it increased from five in 1920 to a high of 27 in 1930 and then declined to 19 in 1940.⁴⁰⁵

It is also worthwhile noting that brokerages began to emerge in the early 1930s driving costs down further. Hamilton passed bylaws between 1932 and 1935 to restrict the number of brokers by requiring them to be licensed cab owners with adequate garage facilities, and to be the bona fide owner of all the cabs they licensed.

Taxi-Cab Post War II Era

In the Post War II era, there was a consolidation in the industry with the number of taxicab companies declining from a high of 28 in the 1950s to 18 in 1960 and 1965. The cab business is typically organized with the brokerages at the top of the industry chain holding a fleet of taxicabs and plates. This is also true of Hamilton with their two brokers: Hamilton Cab and Blue Line. They provide dispatch service. Hamilton Cab was formed in October 2003 when Veterans Taxi and Hamilton Co-op Taxi merged. Hamilton Co-op was formed in 2002 and Veterans Taxi was formed in 1947. In 2006, Hamilton Cab bought Yellow Cab formed in 1922. Hamilton Cab is one of the largest taxi cab companies in Hamilton with a fleet of over 200 vehicles. Blue Line Taxi was founded in 1984. Blue Line Taxi has grown to become the largest taxi brokerage in Hamilton with over half of the City's taxi licences. Next in the chain are 'multiple plate owners'. They rent or lease the plate to another driver typically with the help of the broker's agent. There are also 'single plate owners' for a single taxicab. They typically drive the cab themselves or lease it to another driver or sometimes hire a part-time driver. At the bottom of the chain are taxicab drivers. They typically rent or lease the vehicle and plate for twelve hours a day on a daily basis or on a weekly basis from the broker, broker's agent or the plate owner.

In mid 2015, there were 447 taxi plates in Hamilton owned by about 150 plate owners. The top four owners own 34 percent of the plates (one in Blue Line; and three in Hamilton Cab).⁴⁰⁶ There are 311 leases and 136 owner operators. There are about 1,200 taxi drivers. Plates are transferable they therefore can be bought and sold in the open market. The result is plates are considered an asset and overtime have risen in value from about \$3,600 in 1966 to \$60,000 in 1993 and \$200,000 in 2015.⁴⁰⁷ Like every asset,

⁴⁰⁵ The number declined to 14 in 1945 then rose to 28 in 1950, declined to 19 in 1955 and to 18 in 1960 and 1965. See p. 145, p. 132, p. 92, p. 96 and p. 99 in Vernon City of Hamilton Directory for those respective years.

⁴⁰⁶ Cab industry rides into a new era, The Hamilton Spectator, August 7, 2015.

⁴⁰⁷ Ibid.



plate values are affected by insurance rates, the possibility of deregulation of the industry and threat of entry of other providers of shared ride services such as Uber and Lyft.

Since December 2009, Hamilton drivers and plate owners have been trying to form a body to bargain for better working conditions with the city's two brokerage. The companies challenged the driver's right to form a union before Ontario Labour Relations Board on grounds that the companies are not employers. In October 2013, the Ontario Taxiworkers Union (OTWU) scored a major victory in the struggle to unionize and obtain a first contract for Hamilton taxi drivers⁴⁰⁸ as the Ontario Labour Relations Board ruled against the Hamilton Cab brokerage.

The important developments are shown in the chart and described thereafter in greater detail.

Chart IX

1950 Municipal Act	2001 Municipal Act	2002 Hamilton Taxi Reform Report	2008 Bylaw 07-710	2017 Bylaw 17-012		2017 Bylaw 17-013
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1950 Municipal Act

The Ontario Municipal Act of 1950 provides the City with the power to regulate taxis. Section 406 chapter 243 of the Act states “By laws may be passed by the council of towns, villages and townships and by boards of commissioners of police of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs..., or any class or classes thereof;” The Act was amended in 1954 providing the City with the power to limit the number of cabs. Chapter 56 s. 25.(1) states “By laws may be passed by the council of towns, villages and townships and by boards of commissioners of police of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs... for limiting the number of cabs ... used for hire, or any class or classes thereof;” This section later appears as s. 232 of the Municipal Act R.S.O. 1990 c. M 45 which states “By laws may be passed by the council of towns, villages and townships and by police boards of cities: 1. For licensing, regulating and governing ... owners and drivers of cabs ... used for hire or any class or classes thereof; for establishing the rates or fares to be charged by the owners or drivers of such vehicles for the conveyance of goods or passengers either wholly within the municipality or to any point not more than five kilometres beyond its limits, and for providing for the collection of such rates or fares; for limiting the number of cabs ... used for hire, or any class or classes thereof; and for revoking any such licence.”

⁴⁰⁸ Hamilton Taxi Workers Union Wins at Labour Board, October 16, 2013, www.newswire.ca



2001 Municipal Act

The Ontario Municipal Act of 2001 provides the City with the power to regulate taxis. Regarding licensing of taxicabs section 156 states: (1) Without limiting sections 9, 10 and 11, a local municipality, in a by-law under section 151 with respect to the owners and drivers of taxicabs, may, (a) 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 the municipality; (b) provide for the collection of the rates or fares charged for the conveyance; and (c) limit the number of taxicabs or any class of them. 2006, c. 32, Sched. A, s. 82. A restriction is stated in subsection (2) A business licensing by-law of a municipality with respect to the owners and drivers of taxicabs is void to the extent that it restricts, limits or prevents the owners and drivers of taxicabs from engaging in conveyances that meet both of the following criteria: 1. The purpose of the conveyance is to transport persons with physical, emotional or mental disabilities from any point in the municipality to any point outside the municipality. 2. The conveyance is made pursuant to a written contract for the use of a taxicab which can legally operate in the municipality in which the conveyance begins or ends. 2006, c. 32, Sched. A, s. 82.

2002 - The City of Hamilton Taxi Industry Reform Report (PD01120(a))

The 2002 City of Hamilton Taxi Industry Reform Report provides information in the following areas: A. Comments from industry stakeholders on the proposed recommendations; B. Comparisons to other municipalities respecting: the plate issuance ratio of number plates issued per population; the taxi fares; the minimum fares and/or flat rates charged; the charge backs for inspections; and the criteria established for issuance of new taxicab plates; C. History of assaults and robberies related to taxicab drivers; D. Criteria for refusal to issue a license; E. Development of criteria to establish active taxicab plate status; F. Details of the former City of Hamilton and City of Stoney Creek priority list; and G. The validity of seeking special legislation to maintain the borders of the prior municipalities. The taxi reform sub-committee, on July 17, 2002, made recommendations on: 1. Harmonized by-law for the City of Hamilton/borders of former area municipalities; 2. Owner Operated Taxicabs and Leasing; 3. Priority List and the Issuance of Taxicab Plates; 4. Inactive Taxicab Plates; 5. Wheelchair Accessible Taxicabs; 6. Customer Service; 7. Quality of Service; 8. Driver Training and Safety; 9. Increased Municipal Enforcement.⁴⁰⁹

⁴⁰⁹ Taxi Reform Sub-Committee Report 02-001 – (City Wide), City of Hamilton, July 18, 2002, www2.hamilton.ca



Bylaw 07-170 A By-law to License and Regulate Various Businesses

In A By-law to License and Regulate Various Businesses, Schedule 25 - A By-Law to Regulate Taxicabs and Taxicab Drivers, Owners and Brokers" deals specifically with taxicabs. The bylaw has 82 sections and several Appendices. There are the general licensing provisions which require every driver, owner and broker of a taxicab to have a licence for the conveyance of passengers for hire or compensation in the City (s. 12). The bylaw contains detailed licensing requirements for: taxicab drivers (s. 19); taxicab owners (s. 20); accessible taxicab owners (s.21); and taxicab brokers (s. 22). It also contains detailed provisions on duties and prohibition for taxicab drivers (ss. 62-63); taxicab owners (ss. 64-65); and taxicab brokers (ss. 66-67). A limitation is placed on the number of licences that the City can issue based on population (i.e. 1:1,700), however temporary licences maybe issued for special events determined by the Council. Further, every licence and licence plate is the property of the City (s. 25). The bylaw also contains provisions for the transfer (s. 46) and lease of taxicab and plates (s. 49) which has to be filed. Fares are regulated though the use of a taxicab meter (s. 53) and a tariff (s. 61) based on a drop charge, each additional metre and waiting time (together with a tariff for livery cabs by agreement per hour). It is worthwhile noting that no taxicab broker, taxicab owner, taxicab lessee or taxicab driver shall participate or acquiesce in any promotional scheme to directly or indirectly subsidize the rates, tariffs or fares without the written consent of the Licensing Committee (s. 68(1)). The licensing and fare provisions are restricted in their application for the carriage of goods or passengers or disabled person from within the city to outside the boundaries of the city, as indicated in section 3. There are also sections which affect the cost of providing taxicab services such as vehicle inspection (s. 56), taxicab vehicle standards and inspections 57(1), insurance (not less than \$2 million) (s. 64(1)(d), ...etc..

Bylaw 07-012 amendment

On January 25, 2017, Bylaw 17-012 was passed to amend By-law No. 07-170 by amending Schedule 25. The amendment was passed on the same day as Bylaw 17-013 (described in the paragraph below) to make it easier for taxicabs to compete with PTPs. A few amendments worthwhile noting are: First, the service and skills training program for taxicab drivers has been reduced and simplified to a completion of a one day in-class customer service training and completion of an eight-hour on-line taxi driver's training course (s 4 amending ss. 15-19 of bylaw 07-170). Second, a taxicab broker may offer, and the taxicab driver that agrees to provide the trip shall accept, a rate lower than the tariff for a taxicab trip to a maximum discount or promotion up to 20% off the maximum fare as calculated by the taxi meter at the City regulated rate if: (a) the trip is booked with the taxicab broker or through a software application; and (b) the taxi meter in the taxicab can calculate and display the discounted rate to be charged to the passenger (s. 19 amending s. 68 of bylaw 07-170). Third, an owner, lessee or driver of a taxicab may



participate or acquiesce in a promotional scheme or practice of a taxicab broker that is authorized under this section (s. 19 amending s. 68 of bylaw 07-170).

Bylaw 17-013 To Amend By-law No. 07-170, a By-law to License and Regulate Various Businesses To permit ridesharing companies to legally operate, on January 25, 2017, Bylaw 17-013 was passed to amend By-law No. 07-170 by adding a new Schedule 24, entitled “Personal Transportation Providers” (PTP), to the Appendix A to this Bylaw. The PTP contains thirty five sections (shown in brackets) under the following titles: Definitions (1); Application of schedule (1); General prohibitions and obligations (10); PTP Licensing (6); Licensing renewals (1); PTP requirements: Information to Passengers (2), Identification (1), Data Collection Records (2), Access to software or platform (1), Insurance (1), Requirements related to PTP Driver (7), and Requirements related to PTP vehicle (2). Some of the interesting aspect of this bylaw are there are three classes of PTPs: Class A – 100 or more vehicles, Class B – 25 to 99; and Class C – 24 to 1. The PTP has prohibitions for example: picking up or solicitation of traffic by PPT drivers, permitting a PPT driver to drive without carrying the required insurance, and accepting cash payment. The PTP will also need a license and proper identification with a photograph for itself and its drivers. The PTP’s platform shall provide passengers with information for example: total cost, information on the driver and vehicle, link to rate the driver, payment mechanism, and electronic receipt showing rate and total paid. The PTP shall maintain records such as: the total number of transportation services, the drivers, and the vehicles provided by the PTP annually. The PTP shall obtain and maintain while licensed minimum insurance requirements (Commercial General Liability insurance and Non-Owned Automobile Insurance - \$5 million). A PTP driver will also have certain requirements for example: class G licence, ability to communicate in English, criminal record check and driving record maintained with the PTP, and Automobile Liability Insurance for owned or leased PTP vehicles, with limits of not less than Two Million Dollars (\$2,000,000.00) inclusive per occurrence for bodily injury, death, and damage to property. There are also requirements related to the PTP vehicle for example a valid and current Ontario Ministry of Transportation Safety Standards Certificate and a PTP vehicle no more than 10 years old, excluding the manufactured year.

Taxi-TNC Era

Uber began to launch its service in Hamilton on January 15, 2015 when it began its recruitment of drivers. The city of Hamilton warned legal action could follow if the company goes ahead without following certain rules for taxis. Actual service in Hamilton did not begin until July 2015. And on September 9, 2015, Ken Leendertse, the city's director of licensing said enforcement officers have begun investigating



for more than a month and expects to have charges finalized that week.⁴¹⁰ However, this was not good enough for Hamilton Cab and Blue Line Taxi, they wrote to city officials and councillors, saying the city isn't doing enough to enforce its own bylaw. "The question is why have no charges been laid against the broker and the drivers who are openly flouting the city laws by operating illegally in our city?"⁴¹¹ On October 21, 2015, the City asked Uber to suspend service in Hamilton while it consults on possible changes to local taxi regulations.⁴¹² Susie Heath spokesperson for Uber indicated that it was happy to talk about potential "smart regulations" but did not indicate whether they would suspend operations in Hamilton. At the end, council passed two motions: one that Uber suspend its operations while city probes regulatory changes, and a second to invite Uber and other stakeholders (including the taxi industry) to meet and brainstorm solutions.⁴¹³

For a while, the city tried slapping fines on Uber drivers. In September 2015, it charged eight individual with 23 charges and on January 12, 2016, thirteen more Uber drivers were charged bringing the total to 21. This did not daunt Uber drivers as Uber has repeatedly said it will "support drivers in instances of enforcement" – which basically means they will cover these sorts of fines.⁴¹⁴ By the end of 2016, the city had charged thirty-two people for driving without a taxi license, each charge came with a \$305 fine. The cases have been on hold.

On January 19, 2017, City council's planning committee passed a new personal transportation providers (PTP) bylaw. The new bylaw creates categories of PTPs depending on vehicle fleet size. Uber and other PTP companies with more than 100 vehicles will pay a \$50,000 annual fee plus six cents per trip, which will generate about \$110,000 a year for the city. The bylaw requires clear identification of Uber vehicles. Drivers will be screened, their vehicles will be inspected and they will need the required insurance. Uber cars will not be required to have cameras and do not need any training. Curbside hails and roadside pickups will not be permitted so that rides could only be done through apps. To even the playing field, the new bylaw will reduce the annual fees for taxi drivers from \$194 to \$100 (\$60,000 loss to the city). The city will also reduce the training requirements for new drivers and cameras will continue to be mandatory (paid by drivers). Curbside hails will be left for traditional taxi companies and they will be permitted to provide discounts upto 20% of the tariff if prearranged.

⁴¹⁰ Drive Uber in Hamilton? You could be charged this week, September 9, 2015, www.cbc.ca

⁴¹¹ Ibid.

⁴¹² Hamilton asks Uber to suspend service, October 21, 2015, www.cbc.ca

⁴¹³ Ibid.

⁴¹⁴ 13 more Uber drivers charged in Hamilton, January 12, 2016, www.cbc.ca



Section X – Quebec City

The first inhabitants of Quebec City were the First Nations people of the region. Jacques Cartier is credited as the first European to have visited this area in 1545 where he met the Iroquois at Stadacona. His attempt to establish a town failed. It was not until 1608 that Quebec City was established by Samuel de Champlain and Pierre Dugua de Mons. From 1608 until 1663, Quebec City was the main administrative center of the Company of New France. The City was lost to the British after the Battle of the Plains of Abraham in 1759. During British rule, the 1774 Quebec Act was and the 1791 Constitution Act was passed. The latter Act divided Canada into Upper Canada and Lower Canada. Lower Canada was the centre of French culture, and Quebec City was made its capital.⁴¹⁵

The Beginning of the Horse-Cab Transportation

Quebec City being situated along the St. Lawrence River is a port city and transportation by water played an important role in determining its initial growth. It was Canada's major port of entry in the early 19th century. Its population in 1759 was eight thousand. Within Quebec City, given the nature of its terrain between the upper and lower city (being connected by stairs), foot, cart, sleigh, cariole and bicycles were important forms of local transportation. The narrow roads in the upper city also placed certain constraints.

⁴¹⁵ See History of Quebec, www.wikipedia.ca



In the first two decades of 1800, carters provided the first for hire carriage services. The 1822 rules of Police within the City of Quebec states in section 12 on carters the following: “Carter shall have a sign announcing their name and that they have carriages or horses for hire, under a penalty of 1s. for every days de-fault.” The rules in section 17, 18 and 20 go on to state: “Carters keeping Carriages for conveying passengers out of Quebec with one Horse and Man have 2s6 for the first League — and 1s6 for every additional league — also 1s for every delay of an hour in the day time — and they are not bound to go further than twelve miles from Town”; “At these rates they shall, if required, convey two persons and 28lbs. weight of Baggage but not more” and “The Fare for conveyance within the City, in a Calèche or Cariole is 2s. and for returning (which may include a delay of half an hour), 1s. more; but at night Carters are not liable to this Duty.”⁴¹⁶ There were also stand rules.

In the next decade, the City was incorporated in 1832 and given its actual charter in 1840, the year that Parliament voted to rejoin Upper and Lower Canada as the Province of Canada.⁴¹⁷ Québec City received its first municipal charter in 1833. This only lasted until 1835 and a second was issued in 1840. These charters established an elected municipal council with the power to adopt regulations in their area of jurisdiction.⁴¹⁸ As the city developed, the horse cab service took on a more distinct form from the carter trade. With it, regulations more specific to the horse cab industry were passed. These regulations covered stands⁴¹⁹ and fares and go back to 1850 or before that date. Fares were based from a specific point to specific points for a coach drawn by two horses, a cab drawn by one horse, and a caleche based on the number of persons (falling as the number increased). An hourly rate also applied to each of the above (falling with each additional hour). The tariff applied to cases in which no specific agreement had been entered into between the parties. This can also be seen in a later tariff where fares within the city were based on the number of persons carried, the type of vehicle (i.e. one horse - caleche, wagon, or two horse vehicle) and baggage. For fares from the city to outside the city the hourly rates were to apply. For fares for travel from midnight to 4 a.m. the usual fare applied plus an additional fifty percent.⁴²⁰

⁴¹⁶ The Quebec Directory for 1822, *Annuaires de la ville de Québec*, 1822 Appendix.

⁴¹⁷ See *Britanica*, www.britanica.com

⁴¹⁸ The Canadian Encyclopedia, www.canadianencyclopedia.ca

⁴¹⁹ Cab and Caleche stands: LOWER TOWN - St. Paul street near St. Roch street. The Cul de Sac. At the junction of the Cul de Sac and Champlain streets. Dalhousie street. St. James street. Sault au Matelot street near St. Paul street. UPPER TOWN. Upper Town Market place. Ste. Ann street, Place d'Armes. Palace street. St. Stanislas street. Dauphin street. Glacis street, St. John's ward. See *The Canada Directory* 1851, p. 289.

⁴²⁰ “TARIFF FOR HACKNEY CARRIAGE---ONE HORSE VEHICLE.

CALECHE. From any place to any other within the City limits : 1 person, 2.5 cts., 2: persons, 40 cts. If to return, add 50 per cent to the above rates.

When the drive exceeds the hour, hour rates to be charged. By the hour, for the first hour: 1 person, 50 cts., 2 persons, 60 cts.; for each additional hour : 1 person, 40 cts., 2 persons, 50.

WAGGON. From any place to any other place within the City limits : 1 or 2 persons, 50 cts., 3 or 4 persons, 75 cts. If to return, add 50 per cent to the above rates.

When the drive exceeds the hour, hour rates to be charged: By the hour, for the first hour : 1 or 2 persons, 75 cts., 3 or 4 persons, \$1; for each additional hour : 1 or 2 persons, 50 cts., 3 or 4 persons, 75 cts.



By the 1850s the livery and carriage trades became established. The Canada Directory for 1851 lists the presence of two livery stables (Charles Hough and M. Gauvin) and eighteen coach and carriage builders.⁴²¹ In 1865-6 Mitchell & Co's Canada Classified Directory lists four livery stables (Florence Driscoll; Michael Harty; Charles Hough; and John Kerwin) and twelve carriage makers.⁴²²

By 1861, the population had arisen to sixty thousand, and as the population increased so did the demand for local transportation. Until then, the horse drawn carriage dominated local transportation. On August 18, 1865, the horse drawn tramways appeared that were capable of carrying more passengers. These horse tramcars moved on wooden rails and provided an alternative to the cab or caleche. The service was provided by the Quebec Street Railway Company (QSRC) incorporated on October 15, 1863. Initially, the company was interested in providing service to the commercial and port sector of Lower Town. "The arrival of streetcars disrupted centuries-old practices: a ticket cost 5 cents while a horse-drawn carriage varied between 25 and 50 cents. Coach drivers denounced unfair competition and some vehicles were vandalized, rails removed and drivers brutalized."⁴²³ In 1874, the service was extended to Saint Sauveur and in 1878 Upper Town received its horse car service from Chateau Frontenac to De Salaberry from the St. John Street Railway Company Ltd., a second company. In 1897, the horse drawn trams were replaced with the arrival of the electric trams. An exclusive franchise was obtained from the City Council to provide this service and the Quebec District Railway Company was created by the Quebec, Montmorency and Charlevoix Railway Company. They purchased the two existing tramcar companies, laid iron rails and modernized the electric power system. In the summer of 1897, four lines of this united and electrified public transport system were opened (the Red Diamond Line; the Maltese Cross Line; the White Circle on Green Cross Line; and the White Circle Line). In 1910, the network was expanded and by 1932 there were a total of 32 lines.

TWO HORSE VEHICLE.

From any place to any, other place within the City limits : 1 or 2 persons, \$1; 3 or 4 persons, \$1.50. If to return, add, 50 per cent to the above rates. If the drive exceeds the hour, hour rates to be charged.

By the hour, for the first hour : 1 or 2 persons \$1; 3 or 4 persons, \$1.50; each additional hour : 1 or 2 persons, 75 cts., 3 or 4 persons, \$1. Provided always that the rate per day of 21 hours will not exceed \$10, \$5 for caleche, \$7.50 for waggon, or \$10 for a two horse vehicle.

Fractions of hours to be charged at pro rata hour rates, but not less than one quarter of an hour shall be charged when the time exceeds the hour. Fifty percent to be added to the tariff rates from midnight to 4 A. M.

The tariff by the hour shall be applied to all drives extending beyond the City limits, when the engagement is commenced and conducted within the City.

BAGGAGE.

For each trunk or box carried in any vehicle 5 cents, but no charge shall be made for travelling baggage or valises which passengers can carry by the hand." See Almanach des adresses Cherrier de la Ville de Québec, 1886, p. 15. www.bac-lac.gc.ca

⁴²¹ Gingras, Edward; Saurin J. J.; Allain, J.; Bigoutte dit Thomas, J. O.; Bureau, J. B.; Gagne, A.; Joseph; Lafleur, J. B.; Lepine, Joseph; Narceau, E.; Page, J; Paris, J.; Paris, Joseph; Pichette, F. X.; Proteau, Edward; Seguin, 0.; Trudel, F., Vere, A. See The Canada Directory 1851, p. 321.

⁴²² Alain, J.; Alain, Michel; Belanger, Pierre; Bureau, J.; Cote, Dennis; Gingras, Edward & Co.; Gingras, Godfroy; Giroux, P.; McKnight, P. W.; Pichette, L. B.; Trudel, Flavieu; Verret, Ambroise. Mitchell & Co's Canada Classified Directory for 1865-66, pp. 559-60 and p. 573 for livery.

⁴²³ Quebec tramcar, www.wikipedia.com



The Beginning of the Taxi-Cab Transportation

At about the same time that the electric trams begun service in Quebec City, the automobile made its debut on the Quebec City map. The first known automobile to have appeared was that of Henri-Edmond Casgrain in 1897, a Léon Bollée.⁴²⁴ The slow start to the growth of the automobile compared to other large Canadian cities can be seen in the following statement "To fill the tank, Casgrain had to visit the local purveyors of lamp oil, the only source of gasoline. Would-be automobile owners of the day didn't visit car dealerships, but rather Joseph Varennes, whose sign proclaimed him as a "seller of bicycles, watches, jewelry, and automobiles".⁴²⁵

Jitney-Tram Era

In 1915 the maximum number of jitneys reported in Quebec was between 1-25.⁴²⁶ Unlike some of the other major Canadian cities of that day, jitneys did not catch on with any degree of passion, despite the fact that the number of passengers per tramcar was 64.1 the second highest in Canada. While city population and city size were the plus factors, other factors militated against it becoming a craze like geographical terrain, the nature of its streets, and the lag in the total number of automobiles compared to other cities where the jitney craze took hold.

Taxi-Cab Era

In 1917, it was reported that the city had over 10,000 cars and traffic jams were reported on Rue Saint-Joseph.⁴²⁷ By 1919, regulations pertaining to motorized taxi-cabs appeared along with regulations for horse-cabs. The tariffs for taxi-cabs were based on a four or seven passenger vehicle and duration of ride which the drivers had to adhere to. Children below the age of ten were not charged and the tariff also covered baggage.⁴²⁸ In May 1920, the population of Quebec City had risen to 157, 375 increasing the

⁴²⁴ An era of transformation (1867–1945), www.ville.quebec.qc.ca

⁴²⁵ Id.

⁴²⁶ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29, Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 106.

⁴²⁷ Id.

⁴²⁸ "TARIFF For Automobiles for Hire

The chauffeurs or conductors of automobiles for hire, shall not have the right to ask or receive, for the transfer of passengers and their baggage, prices higher than those hereinunder enumerated, whatever the number of passengers transported.

For a 4 passenger Automobile or less

For a drive not exceeding 1/4 of an hour...\$ 1.00; For a drive not exceeding 1/2 of an hour... 2.00; For a drive not exceeding 3/4 of an hour... 3.00;

For one hour3.50

If the drive lasts more than one hour, the tariff shall be charged at the pro-rata for every additional 1/4 of an hour, according to the above tariff.

For a 7 passenger Automobile

For a drive not exceeding 1/4 of an hour...\$1.25; For a drive not exceeding 1/2 of an hour... 2.25; For a drive not exceeding 3/4 of an hour... 3.25;

For one hour4.00

For a Drive by the Hour

If the drive lasts more than one hour, the tariff shall be charged at the pro-rata for every additional 1/4 of an hour, according to the above tariff. The stoppages shall be paid on the same basis as the drive.

(a) The price by the hour shall apply to every drive outside the City limits; provided that the drive does not exceed over and above a run of 50 miles, that is going and returning. (b) Nothing shall be paid for children aged less than 10 years. (c) For all baggage carried by the hand, nothing



viability of a taxi industry. The first companies that listed taxi service in the Quebec City Directory were: Black and White Garage & Taxi Co. Ltd; and Quebec Cartage & Transfer Co. in 1924.⁴²⁹

As the taxi-cab industry developed, the established taxi company's investments in cabstands, transfer fees, central dispatching, taximeters and built-for-the-purpose vehicles raised the barriers for new entrants into the business. Donald F. Davis indicates that "In Quebec City, the Chateau Frontenac collected 15 percent of "all revenue" (\$9,966 in 1930) earned by the taxis and omnibuses of Quebec Cartage and Transfer "from the hotel." Even at these prices, hotel and railway concessions were highly coveted, and could be sold by the companies that held them."

Notwithstanding, the above, the gradual increase in the number of automobiles and the fall in the price of automobiles (after the assembly line production became firmly established which diminished the cost of automobiles) together with the large investments of established taxi companies set the stage for the taxi wars in Quebec City. As early as May 1927, it was reported that taxis appeared in the vicinity of Quebec City that operated like jitneys in competition to the local bus transportation. The onset of the Great Depression made taxi driving an attractive solution to the increase in unemployment. The taxi companies providing service shown in the table hereafter provides some indication of the state of the industry during

Taxi Companies Providing Service in Quebec City (1925-1949)

Company Name	1925-26	1928-29	1931-2	1934-35	1939-40	1944-45	1948-49
Black and White Garage & Taxi Co. Ltd.	/	/					
Blue & White	/	/					
Dominion Cartage Co.	/						
Association de Taxi "Québec" Ltée	/	/		/			
Quebec Cartage & Transfer Co.	/	/	/		/		
Association des Taxi de Lévis		/	/				
Red Diamond Taxi	/	/	/		/	/	/
Yellow Taxi Corp.	/	/	/		/	/	/
De Luxe Taxi Association / Taxi de Luxe				/	/	/	/
Canada Taxi				/			
Taxis Jaunes				/	/	/	/
Capital Taxi					/		
Dominion Taxi					/	/	
Taxi Dominion (35cts)					/		
Ideal Taxi / Taxi Ideal Enr					/		
Taxi Champlain					/	/	
Taxi Modern					/		
Taxi Royal					/		
Taxi Imperial						/	
Taxi Co-op							/
Taxi Maguire							/

Source: Annuaires de la ville de Québec for 1925-6, 28-29, 31-32, 34-35, 39-40, 44-45, and 48-49, p. 1062, pp. 122-3, p. 149, p. 94, p. 136, p. 126, and p. 774.

this period and thereafter.

shall be charged, but if said baggage is confided to the care of the chauffeur, an extra 20 cents shall be paid. (d) The chauffeur or conductor of an automobile is not obliged to carry large trunks or valises. He may do it at a price fixed with the traveller. Passed 13 June, 1919."

See Annuaires de la ville de Quebec, Quebec Address 1921-22, p. 17, <http://numerique.banq.qc.ca>

⁴²⁹ Annuaires de la ville de Québec, 1924, p. 1040, <http://numerique.banq.qc.ca>



It was reported that unlicensed "prowler" cabs plagued street railways in the 1930s in Quebec.⁴³⁰ At the height of the taxi wars in 1931-1934, it cost only twenty-five cents to go almost anywhere within the city limits of Quebec.⁴³¹ The lowest known drop charge in Quebec in 1934 was 20 cents. To stabilize prices, the size of the taxi fleet had to thin down and a number fell victim to competition as the number of taxis declined by forty-four percent in the province of Quebec in five years from its peak year in 1928. It is likely that there was an increase in demand for regulation in the form of limitation of licences and use of taxi meters from established taxicab company drivers to protect their income and reduce the number of hours of work, together with an attempt by taxicab drivers to form collective and cooperative agreements. The onset of the World War II may have somewhat alleviated this situation with a call for service men and a corresponding decline in the number of taxi drivers and taxi cabs. Simultaneously, the federal government took control of the taxi industry and limited the number of taxi licences to one for 765 residents.

Taxi-Cab Post War II Era

After World War II, with a limit on the number of licences, the industry returned to prosperity. With the removal of the limitation on the number of plates issued, the problems before the war reappeared with the rapid increase in the number of licenses. Triggered by the studies and developments in Montreal, the government decided to review the situation. So in 1970, a buy back scheme was proposed given the overabundance of licences (Montreal).

1973 marked a significant change in the policy towards taxis in Quebec. It became a provincial responsibility in 1973 and An Act respecting transportation by taxi was adopted by the Quebec National Assembly in 1983. The government mapped out specific areas for the taxi industry, covering 57 urban areas and 249 regions and made it compulsory for licence-holders in each urban area to form owners associations. In 1978, at the request of the taxi industry, the government imposed a moratorium on taxi licensing in urban areas.

In 1983, an act respecting transportation by taxi was adopted by the Quebec National Assembly. It gave effect to the plans of government authorities to open new markets in the taxi industry. A taxi company in Quebec City took advantage of this opportunity to start a taxi ride sharing program. Through it

⁴³⁰ See CRMW, October 1931, 661

⁴³¹ The Canadian Taxi Wars, 1925-1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 12.



employers, social clubs, recreational centres and others can reserve a taxi for a group of passengers.⁴³² The government adopted a policy of partnership with taxis in Quebec to supplement its local transportation system.

In 1994, the government launched compulsory training for new drivers in Quebec City and in 2001 it focussed on catering to taxi service for the ageing population and passengers in wheelchairs. Being recently voted as the 'Best Destination in Canada' for tourists, the taxi industry plays an important role in Quebec City.

At the moment the largest taxi company in Quebec City is Taxis Coop formed in 1945 with over 330 drivers. There are other taxi companies that provide services there such as Taxi Laurier, Taxi Coop Beaufort, Taxi Levis 9000, Taxi Coop Sainte-Foy-Sillery, Hypra Taxis, etc.

The important developments are shown in the chart and described thereafter in greater detail.

Chart X

1973 The Transport Act	1983 An Act respecting transportation by taxi	1984-85 Buy-Back Plan	1994 Amendments	2001 Taxi Services Act		2005 Després Report		2005 Bill n°17
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1973

The Transport Act (via Regulation respecting transport by taxicab) was adopted in 1973. It marked a change in the course of the taxi industry. Control of pricing and the number of permits was instituted. To alleviate problems arising from the complete mismatch between urban boundaries and taxi rides and the lack of harmonization in taxi licensing at the municipal level, responsibility of taxi issues was transferred from the municipal authorities to the government of Quebec. The Quebec Transport Commission (CTQ) was created. The CTQ determines agglomerations, service and customer rules and set fares for trips. The Act also imposes new representative bodies to respond to the desire of the industry actors to collectively defend their interests. "The government then mapped out specific areas for the taxi industry, covering 57 urban areas and 249 regions." The Act also made it compulsory for licence-holders in each urban area to form owners associations ('ligues de propriétaires').⁴³³ "In 1978, at the request of the taxi industry, the

⁴³² The fundamentals of taxi regulation and the Quebec experience, Michel Trudel, Departmental Coordinator Taxi Services, Quebec Department of Transportation, Presentation to the 7th Congress of the European Taxi Confederation, Donostia - San Sebastian, Spain, February 1995.

⁴³³ Quebec, The role of taxis in public transport, ECMT Round Tables (De) Regulation of the Taxis Industry, 2007, D. Carter, p. 12.



government imposed a moratorium on taxi licensing in urban areas. The idea was to give each operator a fair share of the market.”⁴³⁴

1983 An Act respecting transportation by taxi

An Act respecting transportation by taxi was adopted by the Quebec National Assembly in 1983. It gave effect to the plans of government authorities to open new markets in the taxi industry. The Act provided measures related to public transit by taxi, transportation for the disabled, limousine services, taxi tourism services and school transportation. Another important measure was the Act's allowance of taxi service contracts, particularly the freedom to set fares other than those prescribed. Section 42 of the Act states that private transportation by taxi subject to a written contract may be performed at the price specified in the contract on the condition that a copy of the contract is kept in the taxi during the time of transportation. Rates could therefore be used as leverage in a strategy to develop new markets.⁴³⁵ It permits the development of taxi services in Quebec such as: public transit by taxi; transportation for the disabled; school transportation; limousine services; sightseeing; flat-rate rides; medical transportation; transportation for the elderly; group transportation; personalized delivery; parcel deliveries; car return service for intoxicated drivers; and emergency services.

1984-85 Buy-Back Plan

To deal with the problems of the industry, the first buyback plan was implemented in May 1984 but ended in failure in the same year because of various legal and financial factors. A second buyback plan, similar to the first but including more flexible financial terms was submitted and approved by Ligue de taxis de Montreal and took effect in June 1985. The primary objective of the buyback plan was to reduce the number of licenses in the City of Montreal with the aim of improving the effectiveness and profitability of the taxi industry without diminishing the quality of service. It was agreed that the buyback cost would be absorbed by license holders who continued to provide taxi service. The maximum number of licenses to be bought back was set at 2,000 (there were 5,222 licenses on the market at the time). The buyback plan lasted five and a half years, from June 1985 to November 1990. Within a relatively short period of time, this operation reduced the number of taxis in Montreal by 25%, with 1,287 licenses bought back and eliminated. The buyback plan cost a total of \$21 million, and was paid entirely

⁴³⁴ Reforme du transport par taxi, pour des services de taxi de meilleure qualite – Document de consultation, Ministere des Transports du Quebec, 1999, p. 8.

⁴³⁵ The fundamentals of taxi regulation and the Quebec experience, Michel Trudel, Departmental Coordinator Taxi Services, Quebec Department of Transportation, Presentation to the 7th Congress of the European Taxi Confederation, Donostia - San Sebastian, Spain, February 1995.



by taxi license holders; in exchange, the profitability of their licenses increased, along with its market value, which now stands at approximately \$55,000.⁴³⁶

1994 Amendments⁴³⁷

An Act respecting transportation by taxi was amended to include the authority to prescribe mandatory training courses prior to taxi driver license renewals through regulations in areas designated by the regulations. The training course lasts approximately sixty hours and covers seven topics. The basic training regime is augmented depending on the area the taxicab driver intends to serve. The requirement for a uniform training program could have the effect of reducing the number of drivers entering the market. In May 1995, a professional Taxi Ambassador program was later introduced and drivers completing the training were given an official certificate and a 'Taxi Ambassador' permit. Two additional courses included in the new mandatory driver training that was developed by the Quebec Department of Transportation were: Taxi Aid (to give drivers information about their own safety and public safety); and Taxi Transportation for the Disabled (to enable drivers appreciate their role in parapublic transportation services).⁴³⁸

2001 Taxi Services Act

On June 21, 2001, the Taxi Services Act was passed and came into force in June 2002 together with implementing regulations. This bill proposed a new framework for transportation by taxis in Québec and its objective was to increase the safety of users and improve the quality of services offered. It was especially aimed at holders of a taxi owner's permit, holders of a taxi driver's permit and at taxi transportation service intermediaries. In particular, the bill introduced a permit system for service intermediaries operating in certain territories determined by order. The Bureau du taxi de la Communauté urbaine de Montréal was to retain all its powers. The bill also established a professional association to represent taxi drivers and promote their interests. It granted new powers to the Commission des transports du Québec as regards the determination of taxi servicing areas and the issue of permits. As a move to more consistent legislation, the Act specified that the Quebec Ministry of Transport had to report to the government of Quebec on the subject in June 2005.⁴³⁹

⁴³⁶ Id.

⁴³⁷ Between 1985 and 1999 some the regulatory developments that occurred have been described as: 'In 1987, the Urban Community of Montreal took over responsibility for the taxi industry within the boundaries, through its offices for Taxi Services. 1994 saw the launch of compulsory training for new taxi drivers in the cities of Quebec, Montreal, Laval and Longueuil. In 1997, the Quebec of Transport announced that the Taxi Travel Act was to be revised. In 1999, a Parliamentary Commission undertook an in-depth review of the reform and looked at all transport services covered by the Act.' *Reforme du transport par taxi, pour des services de taxi de meilleure qualite – Document de consultation*, Ministere des Transports du Quebec, 1999, p. 8.

⁴³⁸ See Michel Trudel cited above and Report to Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998, p. 35 or 67.

⁴³⁹ Bill 163 (2001, chapter 15) *An Act respecting transportation services by taxi*, Second Session, Thirty Sixth Legislature, National Assembly.



2005 Després Report

In 2005, the Després Report provided an assessment of the regulatory framework.⁴⁴⁰ First, it noted the failure of representative institutions established by regulation. It therefore recommended the official recognition of other organisations stemming from emerging solidarities (United Steelworkers' Independent workers; association, RTAM) created in 2002 and Haitian Taxi drivers' association founded in 1982. It expressed concern about the quality of service. Second, it revealed the uneven quality of the training provided to drivers from one territory compared to another. It therefore called for the training contents to be updated and standardised. It also called for vehicle modernization. In this respect, the service intermediaries reiterated their request to have a GPS or on-board computer installed in each vehicle. Third, the Report also returned to the subject of opening up the market to adapted transportation. It noted the industry's difficulty in taking advantage of this opportunity. Fourth, as regards, determining the permit quotas for owners and agglomerations, the Report suggested that this responsibility be transferred to the Quebec Transportation Commission.⁴⁴¹

‘Bill n°17: An Act respecting remunerated passenger transportation by automobile

Under the Bill,⁴⁴² the Province (i.e. Commission des transports du Québec) will oversee all matters relating to the taxi/limousine industry (except that the Ville de Montréal is granted jurisdiction to exercise certain powers). It has twenty-two chapters containing three hundred and ten sections. It begins by describing the purpose of the Act. The Act defines the obligations to which qualified drivers, owners of qualified automobiles, operators and dispatchers are bound. Persons who provide trip request dispatch services must be registered with the Commission. The Act requires that a fare be calculated in accordance with the rates established by the Commission, unless the trip request is made by certain technological means that allow the customer to be informed of the maximum fare and to agree to it before a driver is informed of the trip request. The Act reserves the name “taxi” for automobiles used to offer or provide passenger transportation for which the trip fare is calculated in accordance with the rates established by the Commission. The bill uses the term ‘transportation system’ (it covers brokers, and TNCs embraces all automobile modes of transportation including ridesharing). A transportation system can have both taxis and ride sharing cars in their fleet under the same dispatcher. Ride sharing vehicles are restricted to receiving trip offers through app dispatching (i.e. no prearranged trips or telephone

⁴⁴⁰ Rapport sur la loi concernant les services de transport par taxi, Présenté par: Michel Després, Octobre 2005, www.bv.transports.gouv.qc.ca

⁴⁴¹ Regulatory and institutional experimentation in the taxi industry in Quebec, by Urwana Coiquaud and Lucie Morissette, in Regulating the Platform Economy, by Lourdes Mella Méndez, 2002.

⁴⁴² Bill 17 (2019, chapter 18) An Act respecting remunerated passenger transportation by automobile, National Assembly of Quebec, www.publicationsduquebec.gouv.qc.ca



dispatching). The bill legalizes price competition and only Class 5 license is required (automobile operation). The taxi medallion system is abolished and to accommodate this change the government has provided \$816 million compensation program for its 7600 medallion holders (or \$107,368.42 per permit holder). The “T” license plate system for taxis ends, and there will no longer be annual inspections. It will be financed with a 90 cent per trip tax. Trips outside the city for which the driver is licensed is permitted if it ends in another jurisdiction.⁴⁴³

Taxi-TNC Era

Uber did not receive any warm reception in Quebec City. In 2015 TNCs were reported to have begun service in Quebec City. On August 14, 2015, in response to Uber’s offers of free rides, protests were planned in Quebec City.⁴⁴⁴ On September 27, 2016, after the judges dismissed the Quebec taxi injunction to stop Uber, the industry planned its first pressure tactic by sending a convoy of taxis to the national assembly in Quebec City. Benoit Jugand, a spokesman for the taxi industry said “They (the government) are going to have us in their face until we get what we want.”⁴⁴⁵ In December 2016, Le Front commun du taxi representing three large taxi groups protested allowing Uber to operate at the Jean Lesage International Airport in Quebec City. On March 25, 2019, in response to Quebec’s transport minister’s plan to overhaul the taxi industry thousands of angry taxi drivers clogged the streets during rush hour that morning, causing major traffic jams in Quebec City.⁴⁴⁶ On April 10, 2019, hundreds of taxi drivers protested Bill 17 in Quebec City by converging on the Quebec National Assembly to protest the proposed deregulation of the taxi industry by Transport Minister François Bonnardel.⁴⁴⁷

The war was not yet over. The March 2019 introduction of ‘Bill n°17: An Act respecting remunerated passenger transportation by automobile’⁴⁴⁸ prompted traffic jams against the industry overhaul. To appease the industry the Quebec government ups the compensation ante from \$500 million to \$814 million. Notwithstanding the opposition to the bill by the taxi industry, Quebec adopted the taxi reforms in October 2019. Once again, the taxi industry re-launches three class-action lawsuits against Uber and the Quebec government. The industry taxi drivers are now demanding \$1.5 billion from the Quebec

⁴⁴³ Taxi deregulation in Quebec is now here, January 30, 2020, www.jbbtaxis.com

⁴⁴⁴ Uber offers free rides to new subscribers as Quebec taxis protest, August 14, 2015, www.montrealgazette.ca

⁴⁴⁵ Judge dismisses latest attempt by Quebec taxi industry injunction to stymie Uber, www.canadianbusiness.com

⁴⁴⁶ Quebec taxi drivers clog streets to protest government’s industry overhaul, March 25, 2019, www.canadianpress.ca

⁴⁴⁷ Hundreds of taxi drivers protest Bill 17 in Quebec City, April 10, 2019, www.sootoday.com

⁴⁴⁸ See: Bill n°17 : An Act respecting remunerated passenger transportation by automobile, National Assembly of Quebec, 2019. The purpose of the bill is to ensure the safety of passengers and the transparency of fares in keeping with the principle of fairness. It also aims to promote the emergence of technological means and mobility modes.



government and Uber to compensate them for the losses they will incur with deregulation of the taxi industry.⁴⁴⁹

The above citations provide ample evidence of TNCs struggling to enter into the market, a struggle that became a war, a war of words, ideology, intimidation, demonstrations, road blockages and violence. A war that spread from city streets to city councils and to provincial governments. A war that is still ongoing in some Canadian Cities and Provinces.

⁴⁴⁹ Quebec taxi drivers clog streets to protest government's industry overhaul, <https://toronto.citynews.ca>, Mar 25, 2019; Montreal cabbies prompt traffic jams with protest against industry overhaul, www.nationalpost.com, April 05, 2019; Quebec proposes new offer to help taxi drivers under Bill ..., <https://globalnews.ca>, April 15, 2019; Quebec taxi drivers protest government deregulation, www.rcinet.ca, September 3, 2019; Quebec adopts taxi reforms despite stiff opposition from industry, www.cbc.ca, Oct 11, 2019; and Quebec taxi drivers want to take Uber, province to court over industry reform, [www.globalnews.ca](https://globalnews.ca), October 15, 2019.



PART II – ECONOMIC ANALYSIS

In this part, the strategy used by the taxi industry during the last one hundred years is examined. It is examined under three economic theories used by economists: raising rival's cost; capture theory; and capitalization of economic rents. Under each of the theories, the concept, theory and evidence are presented.

Section I - Raising Rival's Cost / Reducing Rival's Revenue

a. The Concept of Raising Rival's Cost

The words raising rival's cost in everyday language would mean to elevate the cost of a competitor. Its origin has been attributed to Professors Aaron Director and Edward H. Levi of the University of Chicago Law School, who wrote in 1956 that a firm with monopoly power can decide to impose additional costs on others in an industry for exclusionary purposes. They stated that such a tactic "might be valuable if the effect of it would be to impose greater costs on possible competitors." It was later developed analytically by other economists notably Jaunusz A. Ordover, Garth Saloner, etc. The phrase raising rival's cost was further advanced by antitrust economists as a tactic or device to gain market share or exclude competitors. In the mid-1980s, the concept gained increased popularity with the work of Steven Salop and David Scheffman and antitrust practitioners. They witnessed the tactics of monopolists or incumbent firms to keep upstarts from entering the market and gaining a threshold and then acting as a competitive challenge. The argument then crept its way into antitrust court cases such as in *Conwood Co., L.P. v. United States Tobacco Co., United Mine Workers v. Pennington*⁴⁵⁰ and others.

b. Raising Rival's Cost - Reducing Rival's Revenue Theory

The economic analysis that illustrates how such devices have an exclusionary effect is often shown in a duopolistic or oligopolistic setting using reaction functions. Church and Ware indicates that "In an oligopolistic setting, if one firm can strategically increase the costs of a rival firm its own price and profits will increase. ... The same is true for a dominant firm facing a competitive fringe where the dominant

⁴⁵⁰ In *Conwood Co., L.P. v. United States Tobacco Co.*, USTC, a dominant manufacturer (77% market share) of "moist snuff" sought to eliminate Conwood as a competitor by tactics that raised its operating costs; and in *United Mine Workers v. Pennington*, a group of large coal companies conspired with a union to eliminate smaller coal companies by agreeing to impose higher wage rates and welfare fund payments in the industry, which the smaller companies could not afford. See Raising Rivals Cost in www.wikipedia.org

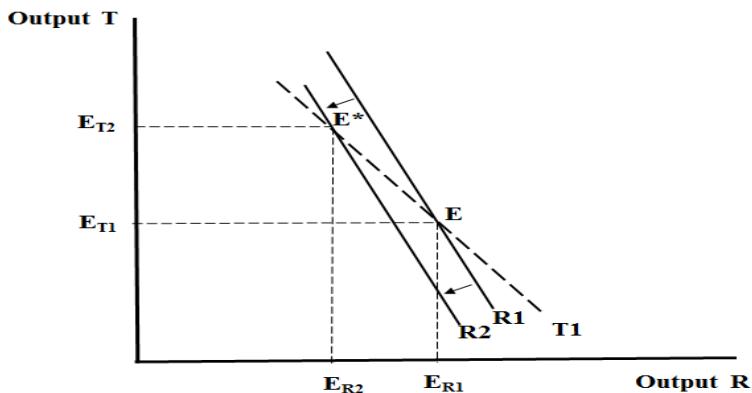


firm can take action to increase the costs of the fringe firm.”⁴⁵¹ While the taxi market today has a few firms that account for a large parts of the market but several providers, as a regulated cartel it competes with the TNCs as a duopolist.

In figure 1 the economic model is constructed using the quantity of taxi output and the quantity of TNCs output. These quantities are inversely related (i.e. the quantity of the taxi industry output (T) falls as the TNCs quantity (R) goes up and vice versa) since they are substitutes, further the two different quantity curves of the taxi industry (T1) and the TNC (R1) imply they have different costs.

Initially, the two curves intersect at point E. Here, the quantity of the Taxi industry output shown on the vertical axis is ET1 and the quantity of the TNC on the horizontal axis is ER1. Suppose the Taxi industry succeeds in raising the costs of the TNC (or getting the regulators to do so) by shifting the quantity curve of the TNC leftward (R2). Now the two curves intersect at point E*. At this intersection, the quantity of the Taxi industry output on the vertical axis is ET2 and the quantity of the TNC on the horizontal axis is ER2. It can be clearly seen that the ET2 is greater than ET1 and ER2 is less than ER1. Further, if it is pointed out that if the TNC sold any quantity less than ER1 it would make it difficult for the TNC to stay in business, it becomes apparent why the taxi industry would want to raise its rival cost (or TNC cost).

Figure 1 Efforts to impede a competitor by raising their costs.



At this intersection, the quantity of the Taxi industry output on the vertical axis is ET2 and the quantity of the TNC on the horizontal axis is ER2. It can be clearly seen that the ET2 is greater than ET1 and ER2 is less than ER1. Further, if it is pointed out that if the TNC sold any quantity less than ER1 it would make it difficult for the TNC to stay in business, it becomes apparent why the taxi industry would want to raise its rival cost (or TNC cost).

Examples of raising TNC costs are: imposing minimum insurance, requiring new model cars, imposing licence costs and fees, requiring safety inspections, etc. Examples of reducing TNC revenue are: prohibiting services except those booked through apps, prohibiting service to roadside hailers, raising

⁴⁵¹ J. Church and R. Ware, *Industrial Organization, A Strategic Approach*, 2000, pp. 625-642.



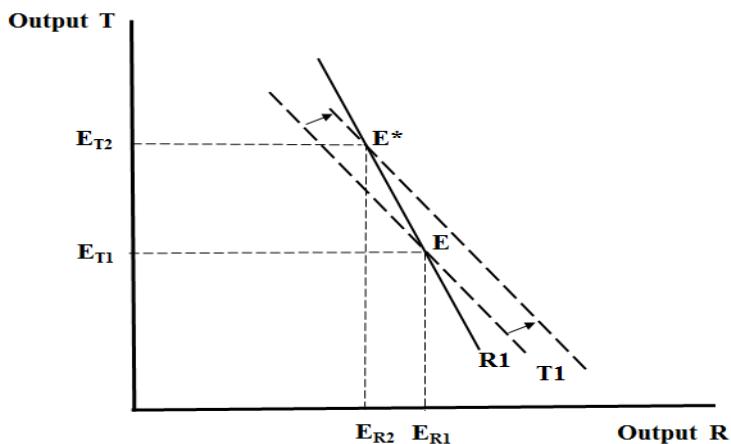
minimum fare, remitting a fee per ride, etc. Analytically the decision that raises the rival's cost has a similar effect as one that lowers the rival's net revenue.

c. Reducing Taxi Cost – Raising Taxi Revenue Theory

Analytically a similar effect can be achieved if the incumbent's costs and revenue can be manipulated.

The quantities of the taxi and TNCs are on the same axis as in the previous figure with the initial equilibrium at E. The result of reducing taxi cost and raising taxi revenue is shown in figure 2 below. Reducing its cost or raising its revenue results in the intersection at E*, in other words T1 moves to the right. At this intersection, the quantity of the Taxi industry output on the vertical axis is ET2 and the quantity of the TNC on the horizontal axis is ER2. It can be clearly seen that ET2 is greater than ET1 and ER2 is less than ER1.

Figure 2 Efforts to impede a competitor by “levelling the playing field”.



Examples of reducing taxi costs are: requiring no refresher courses, removing certain fees, reducing licence fees, etc. Examples of increasing taxi revenue are: reducing meter fares (to compete with the TNCs), allowing rides booked through apps via the brokerage and providing for flexible pricing, etc.

Hereafter, some of the evidence on the relevance of this theory in the two periods for the cities where available will be presented.

d. The 1920 taxi war

In Winnipeg, during the 1920 taxi wars there were two major competitors: the old line operators such as Black and White Taxi-cab and Diamond Taxi (with heavy overhead costs such as taximeters, sedans,



stands, telephone and dispatch systems); and the cut rate operator George Moore. By 1929-1930 fare-cutting had become so threatening to the old line operators that they petitioned Winnipeg city council for protection. They secured some relief from bylaw 14272 passed by Council on December 30, 1931 providing for compulsory meterization, a minimum fare, as well as the regulation of drivers' wages and hours. This raised the cost of the cut rate operator George Moore and others and their reaction is described. "Opposition to regulatory reform came from George Moore and other cut-rate operators, who said there would be lay-offs if higher fares chased away their clients. Three hundred and seventeen of their drivers reportedly endorsed a petition opposing regulation of their wages and hours."⁴⁵² Compromises were attempted and were challenged. "The city responded with bylaw 14378 in July 1932. It once again established a minimum fare, but adjusted it downward in a vain attempt to placate George Moore. To assuage the drivers' concerns that higher fares would cost them customers, hence income, ..."⁴⁵³ Ninety-one drivers complained stating in a petition that the \$18 minimum wage was throwing them out of employment and it would be preferable to work for a smaller wage, than get no work at all. The Council then passed bylaw 14418 on January 4, 1933, raising fares to 50-70-90 cents for the first three zones. This brought a reaction from George Moore again in a flurry of newspaper advertisements. He "accused council of already having cost the jobs of forty of his drivers through its earlier bylaws, and of now forcing a further fifty-four onto relief. He accused council of being gulled by "meter manufacturers" and by the old-line companies, who advocated regulation solely "for the purpose of preventing the small man getting a foothold in the business...."⁴⁵⁴ This led to bylaw 14487⁴⁵⁵ passed on February 28, 1933 and taxi drivers paid little heed to it and dozens were arrested. In other words, meters and minimum wages increased the costs of cut rate operators and minimum fares lowered their income.

In Vancouver, the dominant carrier Gray Cab, Yellow Cab and others were the old line high cost operators. There were also independent low cost cut rate cabs such as Royal Blue Cabs. The strategy used in this market (by the tram car company which owned Gray Cab and Yellow Cab) was to get the fares raised for the taxi industry to prevent competition from the cut rate cabs. It gave Gray Cab the name of monopoly. So, in 1933, attempts were being made to push a bill through the provincial legislature on the taxi industry. "At these meetings, Star Cabs and the taxi brokers accused the association of seeking a monopoly."⁴⁵⁶ But their arguments did not go very far as they in turn were accused of exploiting labour.

⁴⁵² The Canadian Taxi Wars, 1925-1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 14.

⁴⁵³ *Id.*, p. 15.

⁴⁵⁴ *Id.*

⁴⁵⁵ It resulted in a minimum wage being \$15 for a 48-hour week, required \$5000 of public liability insurance, banned solicitation, and established a minimum tariff of 25 cents for up to four passengers for the first half mile and 5 cents for each additional half mile.

⁴⁵⁶ The Canadian Taxi Wars, 1925-1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 17.



In December 1933 bylaw 2296 was passed⁴⁵⁷ and the minimum fare was set too high, "apparently to please Gray Cab which had the highest costs in the industry"⁴⁵⁸ and also the tram car companies. The following April the minimum fare was reduced to 45 cents. "Several operators still considered the tariff too high for them to attract a profitable business, and they challenged the bylaw on the streets, with fifteen-cent cabs, and in the courts, where they had the backing of the Motorists Protective Association. Even so, magistrates repeatedly upheld the taxi bylaw, and by December 1934, the cut-rate operators were reduced to ruses..."⁴⁵⁹ One more attempt by a fifteen-cent cab company to combine its business with other activities was successfully prosecuted and this was the end of fifteen-cent cabs and low cost operators. In other words, raising the fares of cut rate operators to the level of high cost operators lowered their revenues to the point where they would not be able to stay in business because they could not attract sufficient business.

In a more general way, the evidence for this theory during the taxi wars of 1925-30 can be found in the statements of a well known writer on the subject "...those who wished to constrain competition almost invariably sought a uniform fare; sealed, mandatory taximeters; tougher vehicle standards; restrictions on entry into the industry, either through a per capita quota or the requirement to prove the "convenience and necessity" of additional service; minimum wage and maximum hour requirements for drivers; and compulsory personal liability insurance. As a package, these regulations raised the cost of owning a taxicab, thereby driving out marginal operators, while reducing competition sufficiently to permit both increased fares and wages."⁴⁶⁰ A uniform fare would lower the income of the cut rate operators (such as Moore's) and the requirement to have a taximeter would up its costs, especially as taximeters were not cheap (\$400-\$450 for a deluxe models and \$125 to \$195 for a basic model). To add to this insurance costs (\$310 to \$239) were practically prohibitive as Davis states "Inevitably cabbies did without insurance: by 1930-32, less than half the cabs of Toronto, Ottawa, Winnipeg, Hamilton and Vancouver carried public liability insurance."⁴⁶¹ He goes on to state "They [i.e. the established high cost operators] simply could not get their own costs down and prices low enough. Hence they had to find a way to raise those of their competitors." In another article he states "Collectively, these regulations "raised the cost of owning a taxicab, thereby driving out marginal operators, while reducing competition sufficiently to permit both increased fares and wages."^{462,463}

⁴⁵⁷ It made taximeters and public liability insurance mandatory, and required brokers to be a licensed "vehicle-for-hire owner."

⁴⁵⁸ The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 19.

⁴⁵⁹ *Id.*

⁴⁶⁰ The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), pp. 13-14.

⁴⁶¹ *Id.*, p.13.

⁴⁶² *Id.*, p. 19; and Continuity and Discontinuity in Canadian Cab History, Donald F. Davis, *Urban History Review /Revue d'histoire urbaine* Vol XXVII, No. 1, October, 1998, p. 5.



e. The 2015 taxi-TNC war

This exclusionary tactic of raising rivals cost in the recent taxi wars of 2015 is reminiscent of the past. It began with open oppression of the TNCs, various sting operations by the cities, law suits and court challenges by the taxi companies and cities. When it became inevitable that TNCs were here to stay, cities finally attempted to resolve the entry of TNCs by creating more regulations that raised their costs (license fees per trip, maximum vehicle age, minimum commercial and motor vehicle insurance, etc.) and lowered their income (no street hailing, pick up of passengers only through use of apps, minimum fares, etc.) by creating a situation they believed to be a level competitive playing field. On the reverse side of the coin, the by-laws of various municipalities changed the existing regulations for the taxi industry that lowered its cost and increased its revenues. In some cases it went as far as providing the taxi companies with funds to update its technology. One of the barriers that also had a major impact on lowering the revenue of TNCs was delays or imposition of a time barrier. For each of the cities covered (in the earlier part of this book) where TNCs made an attempt to enter, the evidence to support the above theory is described.

In Winnipeg, TNCs were reported to have started serving the market towards the end of 2015. The first attempt at raising rivals cost came from the industry. The two established taxis began their opposition to Uber's potential entry.⁴⁶⁴ They went as far as combining to prevent the TNCs' entry, whose application was before the provincial taxicab Board.⁴⁶⁵ The second development that raised their cost was the new bylaw passed on February 28, 2018, that permitted the operation of PTPs such as Uber. The major barrier that prevented Uber from entering was PTP insurance. Uber said it could not negotiate insurance similar to its insurance in other jurisdictions with Manitoba Public Insurance (MPI) that has a provincial monopoly. In a submission to the Public Utilities Board, Manitoba Public Insurance proposed insurance rates for four different time frames for ride sharing. For each time option chosen, ride sharing drivers would pay five per cent above their all-purpose rate. In a statement to CTV News, ride sharing companies Uber rival Lyft said, "While we appreciate the work done by the Manitoba Legislature, we do

⁴⁶³ The relevance of the theory here can also be seen after the jitneys in 1915 posed a threat to the revenue of the traction companies. "The traction companies lobbied for and — in most cities — obtained by-laws requiring jitneys to be licensed, to end overcrowding, to offer continuous service, and to follow specific routes. These requirements, especially the licence fee, cut into profits and drove hundreds of part-timers out of the business. ... 'The most potent regulation for eliminating jitneys was the bond requirement.'" The rationale of the bond requirement (\$1,000 to \$5,000 per vehicle) was to settle accident claims in case of accidents. It raised their costs, if the jitneys could find someone to secure their bond, and lowered their revenue immediately eliminating all but the dedicated jitneyists. Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 110.

⁴⁶⁴ Taxis take aim at Uber, September 24, 2015, www.winnipegson.ca; Winnipeg Taxis drivers stepup fight against Uber, January 19, 2016, *Economy and Business*, www.communitynewscommons.org

⁴⁶⁵ Duffy's Taxi and Unicity Taxi formed the Winnipeg Taxi Alliance to fight Uber's potential incursion into the Winnipeg market. Uber's application to operate in Winnipeg is currently before the provincial Taxicab Board." February 5, 2016, www.rankandfile.ca/2016/02/05/uber-not-the-answer-to-winnipegtransport-woes



have serious concerns over the current insurance proposal and don't believe it would allow true ridesharing to operate in the province. We look forward to continuing to work with the Manitoba Public Insurance Corporation to find a way forward that expands Manitobans' access to affordable, reliable transportation options like Lyft.⁴⁶⁶ It took 'two' years for Uber to be able to negotiate an acceptable insurance product before it entered the market in March 2020.⁴⁶⁷ The length of time and delay gave the existing taxi companies time to update its technology and pricing strategy should PTPs choose to enter.

In Ottawa, TNCs were reported to have first begun service in October 2014. The first attempt at raising rivals cost came from the industry. The opposition to Uber in Ottawa was even more violent than Winnipeg. This was documented in several newspaper reports.⁴⁶⁸ The second development that raised its cost came from the city first through its 234 charges against Uber and then through its new regulations. When TNCs (or private transportation companies (PTCs)) were allowed to operate on September 30, 2016⁴⁶⁹ certain requirements had to be met. These requirements raised their costs and lowered their revenue. For example, it only permits a ride to be booked for compensation through an app. A PTC must have minimum \$5 million in Commercial General Liability and \$2 million motor vehicle insurance and PTC drivers must hold \$2 million in liability insurance; A PTC vehicle must satisfy certain safety requirements, eg. Ontario Ministry Safety Certificate or alternative, annual safety check for vehicles less than five years and bi-annual check for vehicles more than five years; PTC vehicles can be no older than ten model years. In addition, the PTC will be required to remit to the city a charge of 11 cents per ride and will pay an application fee of \$807 (1-24 vehicles), \$2469 (25-99 vehicles) and \$7,253 (100+ vehicles). Further, no street hailing is allowed; no cash payments or cash tips are allowed and no use of taxi stands is permitted. Furthermore, credit and debit card payment has to be pre-arranged. On the other side of the coin, to reduce the costs for the taxi industry, the new regulations: eliminate the \$820 Algonquin College taxi course for drivers; allow vehicles to be no older than ten model years instead of eight; eliminate the \$1.50 service fee for customers paying with credit and debit in taxis; reduce the taxi licence fee by 43.5 per cent (i.e. to \$96 from \$170), and eliminate it altogether for drivers of accessible taxis; and allow taxi drivers to offer reduced fares, but only when pre-arranged through an app.

⁴⁶⁶ Uber may make U-turn away from Winnipeg, January 10, 2018, www.winnipeg.ctvnews.ca

⁴⁶⁷ Uber's venture into Winnipeg 'testimony to understanding' of local regulations: MPI; March 11, 2020, www.cbc.ca; and Uber gears up to hit the streets of Winnipeg this spring, no exact date confirmed, March 10, 2020, www.cbcnews.com

⁴⁶⁸ Uber driver beaten unconscious in Ottawa, 2 suspects charged, June 24, 2015, www.canadianpress.ca; Ottawa Taxi baron leads national effort against Uber ridesharing, July 11, 2015, www.starphoenix.com; Video shows cabby harassing Uber customer at Ottawa train station, September 4, 2015, www.thetherontosun.com; An Ottawa taxi driver absolutely loses his mind on an Uber driver.(Video), September 15, 2015, www.thechive.com; Ottawa Taxi Union Seeks injunction to ban Uber Smartphone App., February 19, 2016, www.iphonecanada.ca; Ottawa's proposal to legalize Uber draws ire from the taxi industry, March 31, 2016, www.globeandmail.com; Taxi drivers launch \$215 million lawsuit against City of Ottawa weeks before Uber becomes legal, August 13, 2016, www.nationalpost.ca; and Uber battle with Toronto, Ottawa taxi industry to ramp up, March 10, 2017, www.bnn.ca

⁴⁶⁹ See www.documents.ottawa.ca



In Toronto, the first attempt at raising rivals cost came from the industry. When TNCs first begun service in 2012 (August 31) it was greeted with demonstrations, road blockages, intimidation and violence from 2012 to 2016. This is documented in the numerous newspaper clippings.⁴⁷⁰ This raised TNCs cost of entry and would have discouraged any competitor. In fact this had this affect on one entrant Hailo which withdrew from the market. The second development that raised Uber's cost came from the city initially through its 208 charges against 104 UberX drivers and then through its new regulations. TNCs (or private transportation companies (PTCs)) were allowed to operate on July 15, 2016⁴⁷¹ but several requirements had to be met before they could operate which raised their costs and affected their revenues. Rides for compensation had to be booked through a smartphone; drivers must hold a PTC drivers license, must hold \$2 million in liability insurance and provide proof to the city; PTC drivers must obtain a licence from the City and satisfy certain requirements and a PTC must maintain certain records and checks; PTC Vehicles must pass mechanical inspections at City-run facilities, use Ministry of Transportation Safety Standards Certificates and related requirements; PTC vehicles can be no older than seven model years; and PTC drivers will charge a minimum fare price — \$3.25 and ensure a record is maintained that the passenger accepted the unregulated rate prior to the trip commencing. In addition, PTC drivers will add a 30-cents-per-ride charge to the fare price to be remitted to the city, pay an annual \$15 per-driver fee and the PTC company will pay a one-time application fee of \$20,000. On the reverse side of the coin, the new regulation also brings about changes for the taxi industry that will reduce or remove the competitive advantage of new PTC entrants. The most important changes are: elimination for taxi drivers to take a 17-day initial training program and refresher courses together with the requirement for CPR and First Aid certification; and permission for taxis to discount fares from regulated meter rates, and charge higher rates than meter rates if trips are booked through a smartphone. The drop charge was also lowered from \$4.25 to \$3.25. These regulatory changes were made to enable the taxi industry to reduce costs and to provide greater flexibility in pricing.

In Vancouver, TNCs were reported to have first begun service on September 12, 2012. The first development that raised raising rivals cost came from the city when NDP leader indicated he would introduce legislation raising the maximum fine for TNCs providing a service without a taxi licence. The

⁴⁷⁰ Liberal MPP John Fraser introduced an anti-Uber bill today, December 3, 2014, www.ottawacitizen.ca; TTA (Toronto Taxi Alliance) Thanks John Fraser For Anti-Uber Bill, www.taxialliance.ca; Tip line to report Uber drivers to the Insurance Bureau of Canada, Toronto Taxi Business, www.taxialliance.com; TTA thanks Justice Dunphy at close of Uber court hearing, June 3, 2015, Toronto Taxi Business; In the Uber vs. taxi industry mud-slinging, everyone looks dirty, June 4, 2015, www.canadianbusiness.com; Taxi industry to City, police: enforce the law, July 2, 2015, Toronto Taxi Business; CDN\$400M Class Action Commenced Against Uber X and Uber XL on Behalf of all Taxicab and Limousine Drivers, Owners and Brokers Licensed in Ontario, July 23, 2015, www.marketwired.com; Toronto Cabbies go on Hunger strike against Uber, December 1, 2015, www.vicenews.com; Toronto cab drivers gather for Uber protest in Ottawa, February 2, 2016, www.citynew.com; The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com; etc.

⁴⁷¹ See www.app.toronto.ca



second attempt at raising Uber's cost was when Vancouver Taxi companies filed a lawsuit to block Uber from entering the market in November 2014.⁴⁷² The third development that raised Uber's cost was the city's undercover police sting operation on November 3, 2014, its seven year delay in permitting Uber to operate, and the provisions in its legislation that raise the costs of TNCs. These can be enumerated as: 1. A Mandatory criminal check; 2. A cap on the number of ride-hailing drivers; 3. The boundaries where ride-sharing cabs can operate; 4. The fares that ride-hailing companies can charge; and 5. A class 4 licence requirement (which is more restrictive than a Class 5 recommended). As one source writes "The real problem is a government so politically obedient to the taxi industry that they're willing to bring in a regulatory system that makes it difficult or impossible for Uber and Lyft to operate like they do in every other major city in North America."⁴⁷³ On the other side of the coin, taxi company regulations would be changed that would enable them to reduce costs and increase revenues for example geographic restrictions for taxi companies would end (cabs from Surrey could pick up fares in downtown Vancouver). To add to this, the taxi industry was provided financial assistance. One writer states "Earlier this year, the provincial government in the meantime, adopted a suite of recommendations to "modernize the taxi industry," and boost the number of cabs throughout BC to give people more rides."⁴⁷⁴

In Montreal, TNCs (Hailo and Uber) were reported to have first begun service towards the end of 2013. The entry of Uber was described as a 'Uber War'. The first attempt at raising rivals cost came from the industry as can be seen in the media reports.⁴⁷⁵ The next development that would raise Uber's cost was in June 2015, when a law was passed providing for steep fines and seizure of vehicles if Uber continues to offer rides through the app. To add to this, the City of Montreal reportedly seized about 200 private vehicles since the beginning of 2015 for allegedly engaging in illegal ride-sharing. In 2016, it seized cars and began imposing fines of \$7,500. When the regulations were passed in October 2019 though it permitted ride sharing companies such as Uber it raised its cost (i.e. no prearranged trips or telephone dispatching). On the other side of the coin, to appease the industry the Quebec government has changed regulations of the taxi industry (eg. no longer Class 4C driver license, restriction on pick of traffic) to

⁴⁷² Uber shut out of Vancouver, for now, October 7, 2014, www.westender.com; NDP trying to put brakes on Uber ride-sharing app in B.C., October 30, 2014, www.timescolonist.com; BC to initiate Uber sting operation, November 3, 2014, www.ctvnews.ca; BC Police Plan Undercover Assault on Uber's Vancouver Expansion, November 3, 2014, www.techvibes.com; Taxi companies file lawsuit to block Uber from expanding into Vancouver, November 4, 2014, www.globeandmail.ca; Uber Starts Petition So It Can Re-Launch in Vancouver Without Getting Immediately Destroyed, November 7, 2014, www.techvibes.com; Taxi Companies Drop Lawsuit against Uber in Vancouver, March 24, 2015, www.techvibes.com; Vancouver denies Uber and new taxis for another Year, October 20, 2016, www.604now.com; and Vancouver's Taxis promise to fight Uber, March 8, 2017, www.commonsbcit.ca

⁴⁷³ Mike Smyth: Not an encouraging start to ride-hailing in B.C., November 19, 2018, <https://www.cbc.ca/news>

⁴⁷⁴ It's official: BC government unveils rideshare legislation, November 19, 2019, www.dailymhive.com

⁴⁷⁵ UberX illegal, says Montreal Mayor Denis Coderre, October 29, 2014, www.cbcnews.ca; Montreal is at war with Uber: which side will surrender, May 22, 2015, www.canadianbusiness.com; Taxi drivers in Montreal descend on airport to protest against Uber, February 10, 2016, www.news1130.com; Uber faces injunction in Montreal, February 15, 2016, www.mcgilldaily.com; "This is our first friendly warning": Montreal taxi drivers egg Uber cars and offices", February 18, 2016, www.nationalpost.ca; Quebec Uber drivers have cars seized, fine upto \$7,500, September 15, 2016, www.ctvnews.ca; Montreal Taxi Industry fails to shut down Uber, October 4, 2016, www.brockpress.com; and "Angry" Taxi drivers block Montreal streets over Uber deal, October 5, 2016, www.cbcnews.ca



make it easier for it to compete with ride sharing companies. In addition, it has increased the compensation package from \$500 million to \$816 million.

In Halifax, TNCs have not made their debut as of 2020. A bylaw is being prepared to create a regulatory framework for ridesharing services or TNCs. The proposed bylaw indicates that some of the regulations will increase the cost of entry. The first is the requirement for TNC drivers to have a Class 4 licence which make it more difficult for TNCs to recruit drivers and enter the market. The second is a tiered license fee system for TNCs depending on the number of vehicles rather than a flat annual license fee of \$25,000 and a \$300 license fee for brokers. The third is a per-trip fee of 20 cents. "Councillor Matt Whitman told council that Uber and Lyft have been "crystal clear" they won't come to Halifax if the Class 4 requirement stands. Uber already operates in some areas with Class 4 rules in place but there's no guarantee it'll operate in Halifax without the change."⁴⁷⁶

In Calgary, TNCs were reported to have first begun service in mid October 2015. The initial development that raised TNCs cost of operation came from the city.⁴⁷⁷ First, at the end of October 2015, the city conducted covert crackdown operations against Uber drivers to ensure that they were complying with the law. On November 9, 2015, the City filed an injunction against Uber and 57 Uber drivers to cease operations. Uber indicated it planned to pull all of its drivers from Calgary roads by early November 14, 2015 morning to comply with an injunction that was approved by a judge on November 13, 2015. Nearly a year and a half later, on April 27, 2017, thirty-four Uber drivers pleaded guilty to operating without an appropriate license and were fined \$1,500 each after they were caught via a covert sting operation launched by city hall at the end of October 2015. The next development that raised its cost was the new bylaw passed in February 2016. Under the by-law TNCs would require a licence from the city and companies were to be charged \$1,753 per year plus an additional \$220 per driver in licensing fees. It also required stringent background checks and submission of trip data. TNCs would also be subject to road inspections and pickup of traffic by street hails or from taxi stand were not permitted. Ramit Kar Uber's general manager in Calgary said it could not begin operations under the new by-law as the conditions were too onerous. It was not until November 2016 when the by-law was amended (i.e. companies would have to pay a fee based on their number of drivers plus an additional \$15 per driver instead of the original fee above) that Uber began operations. On the other side of the coin, the bylaw provides the taxi industry with greater pricing flexibility. Fares are not regulated that are arranged

⁴⁷⁶ Ridesharing companies are getting uber-close to their Halifax debut, January 16, 2020, The Coast, www.thecoast.ca

⁴⁷⁷ Uber hits Calgary streets despite City's warnings, October 15, 2015, www.discoverairdrie.com; Covert crackdown on Uber drivers underway, violations being processed, says Calgary officials, October 30, 2015, www.calgaryherald.ca; and Calgary Uber drivers plead guilty, fined after 2015 city hall sting, April 28, 2017, www.calgaryherald.ca



through an approved app. The old regulated minimum rate of \$3.80 for the first 120 metres or any portion of a trip is now the maximum rate.

In Edmonton, TNCs were reported to have first begun service on December 18, 2014. The first attempt at raising its cost came from the industry.⁴⁷⁸ On September 9, 2015, a number of taxi companies (the Greater Edmonton Taxi Services, Alberta Co-op Taxi Lines, and 24-7 Taxi Line) in Edmonton filed a lawsuit against Uber accusing Uber of violating the vehicle for hire bylaw and the Traffic Safety Act. It also sought an injunction to stop Uber and its drivers from operating. The lawsuit sought \$150 million in general damages. In addition, it also filed a complaint with the Competition Bureau alleging that Uber had engaged in price fixing with its competing drivers thereby violating section 45 of conspiracy provisions of the Competition Act.⁴⁷⁹ The second development that raised its cost came from the city in December 2015, when 70 Uber drivers were charged in Edmonton in an undercover sting operation. Fines, court challenges and legal costs raised its cost even before it could gain a toehold in the market. Then, the by-law that was passed permitting the operation of TNCs further increased Uber's cost of entry and reduced its revenue. The new regulations would require TNCs: to provide proof of the proper insurance (i.e., full commercial policy) and class of driver's licence (i.e., Class 1, 2 or 4), as outlined in provincial law; to obtain criminal record checks and an annual vehicle inspection by a licensed garage and mechanic; to permit examination of its record; to charge a minimum fare of \$3.25; and to pay a rate of \$70,000 a year to operate in Edmonton plus six cents per trip. TNCs will also be prohibited from pick up street hails or use of taxi stands. Reaction to this from TNCs (i.e. UBER) was this was unworkable. First, a commercial policy would cost an Uber driver approximately \$6,800 more a year, as personal insurance would not be adequate, especially as most Uber drivers work only part time. Second, the need for specific a class of licence would discourage many Uber drivers from entering the market to provide service. Third, undergoing criminal record checks and requiring annual vehicle costs would raise the cost of Uber drivers (Uber has its own requirements). Fourth, requiring minimum rates could prevent further innovate services like uberPOOL that could affect its revenue. Even after the regulation was passed in Edmonton to allow TNCs to operate on March 1, 2016, Uber decided to stop operating, in Edmonton, indicating that the commercial insurance policies required by the city for its drivers were too expensive. It would only return after the Province approved a policy that was more acceptable for ride sharing companies. On the other side of the coin to increase revenue of the taxi industry and reduce its cost, taxi

⁴⁷⁸ Edmonton taxi drivers protest Uber app downtown, January 14, 2015, www.calgarysun.ca; Edmonton cabbies urge city to crack down on Uber, January 14, 2015, www.GlobalNews.ca; Edmonton cabbies took off their shirts and demanded pizza at a protest over Uber. But they also had a point, September 23, 2015, www.CalgaryHerald.com; About 70 Uber drivers charged in Edmonton undercover sting, December 2015, www.edmontonjournal.com; and Police break up Edmonton debate over Uber, January 27, 2016, www.insurancebusiness.com.

⁴⁷⁹ Uber accused of price-fixing in \$150M lawsuit by Edmonton taxi companies, September 14, 2015, www.cbc.ca



drivers will be allowed to give a 10 per cent discount to seniors, and there are new flat fares set for each area of the city to the airport. Taxi drivers will also be allowed to give discounts for pre-arranged trips so as to allow it to compete with TNCs. Other concessions were also made in the old bylaw for taxis drivers such as dropping: driver's abstract, specialty driver training, English proficiency and a defensive driving course.

In Hamilton, Uber launched its service on July 15, 2015 though its recruitment of drivers began earlier on January 15, 2015. The first development that raised its cost came from the city. The City warned Uber that legal actions would be taken and the city began investigations. To add to this, the city tried slapping fines on Uber drivers and in September 2015, it charged eight individual with 23 charges and on January 12, 2016, thirteen more Uber drivers were charged bringing the total to 21.⁴⁸⁰ This raised Uber's cost even before it began operations in full. The next development was the bylaw passed on January 19, 2017 that raised its costs through its regulations. The new by-law would permit personal transportation provider (PTP) service. Some of the requirements for PTPs to enter the market that would raise its cost are: a clear identification of Uber vehicles; a screening of drivers; a inspection of vehicles; and a required insurance. Uber and other PTP companies with more than 100 vehicles will have to pay a \$50,000 annual fee plus six cents per trip. PTPs will not be permitted curbside hails and roadside pickups so that rides could only be done through apps. On the other side of the coin, to lower the cost of traditional taxis and increase their revenue, the new bylaw will: reduce the annual fees for taxi drivers from \$194 to \$100; reduce the training requirements for new drivers; keep curbside hail market for them; and permit them to provide discounts upto 20% of the tariff if prearranged.

In summary, the cities attempted to resolve the entry of cut rate operators and TNCs by creating more regulations that raised their costs and lowered their revenue and at the same time did the reverse for the established taxi industry with a view to creating a situation they believed to be a level competitive playing field. “Many people’s view in the taxi industry of a level playing field means the same playing field and that there is no room for anything outside of taxicab service”⁴⁸¹ in other words competition. The notion of managing competition by regulators through making playing fields competitive hardly inspires confidence that this can be done as they have failed in the past. And is this a more optimal situation? It raises average cost of all operators, TNCs and taxis, impacting on profits. This ultimately leads the industry to increase the fares to the travelling public and the prices of other innovative products that require home delivery.

⁴⁸⁰ 13 more Uber drivers charged in Hamilton, January 12, 2016, www.cbc.ca

⁴⁸¹ Toronto council votes to legalize rideshares like Uber, Toronto News, May 3, 2016.



Section II - Capture Theory

a. The Concept of Capture Theory

The Oxford Dictionary defines capture as to ‘seize, take possession of thing or person’. Typically the concept has a connotation of using force. It can be used in a wide variety of senses. It could be used to gain control over institutions, media, academia, popular culture, etc. When used in the context of gaining control over institutions that have regulatory power it takes a narrower connotation of regulatory capture. The commonly used connotation of regulatory capture is that the regulatory agency may come to be dominated by the industries or interests they are charged with regulating. This typically happens when vested interest in an industry have the greatest financial stake in a regulatory activity and are more likely to influence its decision than widely dispersed individual consumers each of whom has little particular incentive to influence its decision. The result is that an agency, charged with acting in the public interest, instead acts in ways that benefit the industry it is supposed to be regulating. Capture by an industry is facilitated in situations when the industry has knowledge and superior understanding of the underlying issues compared to consumers or taxpayers and when the industry present themselves as a combined group and consumers do not.⁴⁸² Richard Posner says “The term regulatory capture, as I use it, refers to the subversion of regulatory agencies by the firms they regulate. This is to be distinguished from regulation that is intended by the legislative body that enacts it to serve the private interests of the regulated firms, for example by shielding them from new entry. Capture implies conflict, and regulatory capture implies that the regulated firms have, as it were, made war on the regulatory agency and won the war, turning the agency into their vassal. That at any rate is how I understand the concept.”⁴⁸³

b. The Capture Theory of Regulation

The capture theory of regulation states that over time regulators can be convinced to administer regulations to the benefit of the regulated.⁴⁸⁴ The development of the economic theory of regulatory capture has been credited to George Stigler.⁴⁸⁵ He argued that regulators regulate at the behest of producers who “capture” the regulatory agency and use regulation to prevent competition. In other words, the regulatory agency advances the concerns of interest groups rather than acts in the public

⁴⁸² According to Wikipedia “**Regulatory capture**” is a form of government failure which occurs when a **regulatory** agency, created to act in the public interest, instead advances the commercial or political concerns of special interest groups that dominate the industry or sector it is charged with regulating. When **regulatory capture** occurs, the interests of firms, organizations, or political groups are prioritized over the general interests of the public, leading to a net loss for society.” See www.wikipedia.net

⁴⁸³ “The Concept of Regulatory Capture: A Short, Inglorious History,” Richard Posner, www.researchgate.net

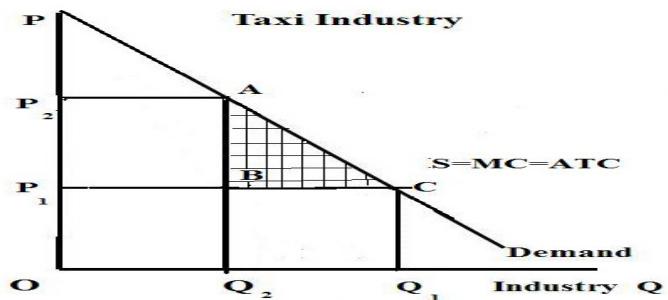
⁴⁸⁴ Prentice, Barry E. and Darren Prokop. Concepts of Transport Economics. Singapore: World Scientific Press, 2016.

⁴⁸⁵ Stigler, George. “The Theory of Economic Regulation”. Bell Journal of Economics and Management Science, (Spring, 1971). 2 (1): 3–21.



interest. And regulators more and more identify with the problems of the industry they regulate. The regulators tend to cooperate with the industry at the expense of public welfare. The economic rationale of the regulated interested group can be explained by the following diagram. Suppose the market is competitive i.e. where entry is assumed to be open in the longrun, demand (i.e. average revenue - a downward sloping curve) equals supply (i.e. marginal costs equals average total costs assuming a horizontal supply curve) resulting in an optimal level of service (Q_1). When entry into the market is closed at the request of the regulated interest group, the quantity falls short of this equilibrium output (Q_2) and prices are higher P_2 than the competitive level P_1 and there is a loss in consumer surplus or economic efficiency. The higher prices mean that the regulated interest group makes a profit above the competitive equilibrium.

Figure 1 Theoretical Model of Competitive Market with Open Entry



In the case of the taxicab license holders, they can benefit from regulators that limit competition by restricting the issuance of additional taxi licenses. The theory indicates that regulators regulate at the behest of producers who “capture” the regulatory agency and use regulation to prevent competition. In other words, the regulatory agency advances the concerns of interest groups rather than acts in the public interest.

It therefore makes sense for the regulated group to incur costs in capturing the regulator so long as the costs are not more than the profits that the regulated group obtains from attempting to capture the regulator. In the above diagram, if one assumes that the rectangle OP₁BQ₂ is the cost that the regulated group has to incur to obtain the regulation to limit entry, then so long as P₁P₂AB is larger than OP₁BQ₂ it makes sense for the regulated group to seek limiting entry. There may also be other reasons why the regulated group demands regulation, it may want regulation to raise the costs of entry to any potential entrant.



Regulated industries to which the economic capture theory is applicable have certain characteristics. Namely, its users have an occasional interest in it, its revenue is not large, it is dominated by owner operators, and its participants in the political process leave a lot to be desired. The taxi industry is believed to be one such industry. It has a great deal to benefit from regulations that limit the issuance of additional taxi licenses, and thus limit competition. Further, its users (business and tourists) do not have any lobby groups, the taxi industry revenue is relatively not very large, and it began as an owner operator competitive business with its participant drivers not skilled negotiators.

The original capture theory has evolved over time and extended by economists such as Peltzman (1976), Becker (1983-85), (Vogel 1996), Theodore Keeler (1984), Peltzman (1989), Carpenter Moss (2013), etc. just to name a few. Theory is only relevant if there is any evidence to show that it is applicable. This is described hereafter. The evidence is presented under: the jitney tramcar wars; the 1920 taxi wars; and the 2015 tax-TNC wars. The first situation involves a small deviation as it involves the trams and the taxis.

c. The jitney tramcar wars

In Winnipeg, the operation of jitney's cut into the monopoly revenues of WESR who previously faced little or no competition. It created mammoth losses in revenue of \$374,377.00 in 1915; \$284,582.00 in 1916; \$367,079.00 in 1917, and \$30,736.00 up to April 1918.⁴⁸⁶ In June, 1917, WESR ran a deficit for the first time and its \$100 shares fell in value to \$36. By February 1918, the company could not meet its financial obligations to the city.⁴⁸⁷ In 1918, the WESR lawyer Edward Anderson claimed that the success of the city and the success of the company went hand-in-hand and that when one suffered the other also suffered. The lawyer for the Jitney Owners' and Jitney Drivers' Association, T.J. Murray, told council it wanted the question of jitneys continuing in Winnipeg be put before the people in a referendum, as other cities in North America had two or more companies providing transportation services and that jitneys assist the streetcar company in handling the city's transportation needs, especially during rush hour. Apart from the pressure put on by WESR, the city had a vested interest in tramcar service. Accordingly, City Council decided in favour of the traction company.⁴⁸⁸ This indicates a case of regulatory capture. By 1918, the number of jitney cars dropped to 172 when they were finally eliminated by By-law 9750 by the "Jitney Agreement."⁴⁸⁹

⁴⁸⁶ Norman Beattie, Winnipeg Cab History / 52, Jitneys (4). <http://www.taxi-library.org/winnipeg-history/wc52.htm>

⁴⁸⁷ A History of Transportation in Winnipeg, Walter E. Bradley, www.mhs.mb.ca

⁴⁸⁸ Jitneys and Uber, www.winnipegrealstatenews.com

⁴⁸⁹ Norman Beattie, Winnipeg Cab History / 52, Jitneys (4); and A History of Transportation in Winnipeg, Walter E. Bradley, www.mhs.mb.ca



In Ottawa, the Amalgamated Association of Street Railway Employees lobbied for the strict regulation, if not suppression.⁴⁹⁰ But since jitneys did not catch on in Ottawa to any degree, there is no evidence of regulatory capture. Nevertheless, jitneys were finally eliminated in 1923 by the exclusive transportation franchise given to the city.

In Toronto, though the jitneys were a success especially during tram car strikes and at some stage carried a substantial number of passengers, they died because the public found eventual favour with the improved public transit by the Toronto Transportation Commission. So the evidence of regulatory capture is not strong. The licensed bus jitneys in Toronto disappeared in 1927 and was finally driven out when the Ontario government announced they would no longer be allowed to operate after June 30, 1928.⁴⁹¹

In Vancouver, jitneys had a major impact on the revenues of tram service provider BCER and claimed about one-third of the transit's revenue pie.⁴⁹² BCER warned that continued jitney competition would force rail service cutbacks and an end to the universal fare. This was considered so serious that the City Council passed a resolution in June 1917, requesting the Lieutenant Governor in Council to appoint a commission to investigate the matter of transportation in the City. The investigation reported that the Electric Railway Company could not maintain an efficient service with this competition.⁴⁹³ Jitneys were also costly to municipal governments who had a financial stake in preserving a transit monopoly.⁴⁹⁴ The case for regulatory capture is stronger in Vancouver than some of the other cities given the pressure applied by BCER. The provincial commission in 1917, came out against the jitneys⁴⁹⁵ and on June 21, 1918, Vancouver passed City By-law No. 1329 (pursuant to amendment to the City Charter) prohibiting jitney operations⁴⁹⁶ giving BCER what it wanted an end to the jitney.

In Montreal, the jitney business did not catch on partly because of Canadian Autobus Company had obtained a ten year franchise from the City and due to passage of by-law 584 which included a promise that would-be bus competitors would require a permit from the city. So whatever jitney service there was it was dead by July, 9, 1915 and there is not much evidence of regulatory capture.

⁴⁹⁰ See Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, D. Davis p. 110.

⁴⁹¹ Ibid.

⁴⁹² Too hot for the competition: Tom Coldicutt and the Blue Funnel Motor Line of jitneys, June 23, 2014, <https://oppositethecity.wordpress.com/>

⁴⁹³ BLUE FUNNEL MOTOR LINE, LIMITED, ET AL. v. CITY OF VANCOUVER ET AL., October 15, 1918, *British Columbia Reports*, Volume XXVL, p. 142.

⁴⁹⁴ Ibid., p. 113.

⁴⁹⁵ *L.D.: Mayor Louis Taylor and the Rise of Vancouver*. Daniel Francis, Vancouver, B.C., Arsenal Pulp Press; 1st edition. (April 1 2004) 2014.

⁴⁹⁶ Too hot for the competition: Tom Coldicutt and the Blue Funnel Motor Line of jitneys, June 23, 2014,

<https://oppositethecity.wordpress.com/2014/06/23/too-hot-for-the-competition-tom-coldicutt-and-the-blue-funnel-motor-line-of-jitneys/>



In Calgary, City Council restricted jitneys to half-dozen autos serving the Sarcee military camp because of concern for the municipally owned street railway and because it did not want to extend the street railway. Jitneys did not get a toehold in the market with unsympathetic regulators who had a vested in tramcar service. This suggests a possible case for regulatory capture.

In Edmonton, jitneys provided competitive service to the street railways. They thrived in Edmonton but City Council attempted to put an end to their success first by a failed attempt through a court case in 1915 in the Alberta Supreme Court but succeeded six years later. "In August 1921 it [City Council] finally forced them off their profitable routes and they apparently soon disappeared."⁴⁹⁷ They were eliminated by the municipal street railways who had veto over their jitney routes or licenses and by unsympathetic regulators.⁴⁹⁸ This suggests a case for regulatory capture.

In Hamilton, jitneys were popular and jitneys from Hamilton came to Toronto when there was a tram car strike. Bylaws also sprung up with the jitneys. Minimum fares were imposed on automobiles-for-hire in Hamilton in 1918 in order to suppress the hailed-ride jitney. It is unlikely that this requirement would come from jitneys. The final blow came when the Ontario government announced that jitneys would no longer be allowed to operate after June 30, 1928.

Overall, support for the capture theory between the tram cars and jitneys, can be found in statements by Davis such as "The traction companies lobbied for and — in most cities — obtained by-laws requiring jitneys to be licensed."⁴⁹⁹ Negative regulation and later outright suppression of jitneys came about because the street railways had powerful allies at city hall."⁵⁰⁰ "With so extensive a coalition backing them, by mid 1915 street railways in most communities were able to obtain regulations that, as Ross Eckert and George Hilton have observed for the United States, imposed 'some special burden on the jitney ...'⁵⁰¹ The reason why regulators were easily manipulated were because street cars were powerful businesses upon which cities obtained a great deal of tax revenues whereas jitneys were disorganized owner operators from which they obtained little or no revenue. Street car companies were also in the process of negotiating monopoly franchises for local public transportation and were able to convince

⁴⁹⁷ Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29 Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 116.

⁴⁹⁸ *Id.*

⁴⁹⁹ *Competition's Moment The Jitney-Bus and Corporate Capitalism in the Canadian City, 1914-29*, Donald F. Davis, *Urban History Review*, Volume 18, Number 2, October 1989, p. 110.

⁵⁰⁰ *Ibid.*, p. 110.

⁵⁰¹ Davis, Donald, 'Technological momentum, motor buses, and persistence of Canada's street railways to 1940', *Material History Review*, 36, Fall 1992, pp. 6-17.



cities that if jitney competition resulted in a fall of their revenue not only would it result in poorer service but they would not be able to extend the tram car services to rural areas.

d. The 1920 taxi wars -

In Winnipeg, in the taxi wars regulatory capture finally resulted with the regulator becoming the victim. It begins with bylaw 11703 in 1925 which prescribed a tariff of 40 cents for the first half mile and 10 cents for each additional quarter mile or part. It was passed to protect the old-line high cost operators (Black and White Taxi-cab and Diamond Taxi) but little attention was paid to it by the cut-rate operators (George Moore and others) that made up the other half of the industry. So the high cost operators petitioned the city council for protection. The City tried compromises with bylaw after bylaw and some were challenged in court.⁵⁰² Then, the *Highway Traffic Act* was amended and the city responded with bylaw 14378 in July 1932 by establishing a minimum fare and adjusting it downward to placate George Moore.⁵⁰³ But price cutting continued and the situation worsened with the Candaele case⁵⁰⁴ ruling against the City. It shows that the regulator was captured by the industry it was regulating. The ongoing events impelled provincial action and the provincial government enacted the *Taxicab Act* in early April 1935. The Act created the Manitoba Taxicab Board (MTB) to regulate the industry and the municipality lost its autonomy. Later, another indication of capture can be indicated by the length of time the number of licences had not changed despite increases in population. In Winnipeg, in 1946 the number of licences were 400 **seventy** years later (October 2016) they were 410 notwithstanding that population had increased.

In Ottawa, in 1980 there were 586 plates. In 2000, when the Taxi Team's preliminary report recommended 'open entry' the taxi drivers mounted a massive protest and 400 taxis clogged downtown Wellington Street before Parliament. Furious drivers vowed to walk (which would result in no service), created gridlock and rallied at the Taxi Board's office. The result was that the City abandoned its idea of open entry. The number of plates have remained the same till 2016,⁵⁰⁵ in other words **thirty-six** years despite the growth in population and tourism.

⁵⁰² See *The Canadian Taxi Wars, 1925–1950*, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), pp. 14-16.

⁵⁰³ *The Canadian Taxi Wars, 1925–1950*, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 15.

⁵⁰⁴ The court in the Candaele case ruled that the city could not require a driver from another municipality to have another licence to carry passengers not from its municipality.

⁵⁰⁵ It is worthwhile noting that it would seem the number of plates increased as the number of plates reported in 2012 was 1,188. But this was because in 2001 there was an amalgamation of Ottawa and five neighbouring municipalities (i.e. 586 + 219 + 107 + 44 + 30 + 15) and from 2002 to 2007, 187 accessible taxi cab licences were issued cabs (i.e. 25 in 2002; 40 in January 2007; and 40 in July 2007 for three years). In other words no new standard taxicab licenses were issued.



In Toronto in 1954 the authority to limit the number of licences was first introduced by the 1954 amendments to Ontario Municipal Act of 1950 and its sale was permitted in 1963. From 1953 till 1961 the number of 1500 plates remained unchanged, it then rose to 2613 in 1982.

In Vancouver, after the tram car operators had captured the regulatory body having got what it wanted, a high minimum fare, it had little or no interest in the taxi business. By 1933, the taxi industry had learnt all the tactics for survival from the tram operators. It consisted of three factions: the Vancouver Taxicab Owners Association (VTOA - representing the interests of small proprietors), the United Taxicab Owners Association (representing bigger operators) and the Commercial Motor Vehicle Owners' Association (representing also BCMT). The largest of these United made their bid to restructure Vancouver's taxi trade in 1937. Its bid for monopoly was evident in its request for a cab quota and use of the PC&N test for subsequent licences. So a bylaw was drafted in March. Next city council sought the necessary authority from the provincial government to enact a bylaw imposing a quota and "public convenience and necessity" regulations. The request died owing to opposition from the VTOA over concerns that the bylaw would eventually create a monopoly controlled by a single corporation. In 1939 the council passed a new bylaw 2612, however, it did not deal with control of licences an issue that was hotly debated about. United however got what it wanted seven years later (November 1946) when bylaw 2959 was enacted restricting the number of taxicabs to one cab for each 1,000 persons in the civic population, giving the large operators its goal of controlling entry. The capture over the regulator continued after that when the bylaw was toughened in 1950. In that year, there were 363 cabs, the number remained the same until 1980 (i.e. **thirty years**) rising to 477 in 2005.

In Calgary, there was no evidence of capture during the early taxi wars. However, in 1985, taxi drivers petitioned the City to place limits on number of taxi licences. So, in 1986, the Commission froze the number of regular plate licenses issued at 1,311⁵⁰⁶ and in 1993, an amendment prohibited the issuance of new plates. The number of plates remained the same till 2012. For nearly **twenty years** no plates were issued.

In Edmonton, a bylaw was passed on January 22, 1937 that required the installation of taxi meters. Drivers had to adhere to the meter fares and there were penalties for violation. The bylaw for taxi meters was advocated by taxi companies. They fought a long battle to get the taxi meters even though it would cost \$111.11 to get each of the city's 90 cabs with meters. The *Edmonton Journal* reported that "Taxi operators claimed the meters were necessary in order to eliminate alleged price cutting and unfair

⁵⁰⁶ It was estimated that only 800 to 900 taxi plates were being used at the time. See 'Calgary cab crunch could soon see some relief', August 6, 2013, www.cbc.ca



competition which made it impossible to meet the new provincial statute setting a \$15 minimum weekly wage for drivers.”⁵⁰⁷ One of the three Council Members (Hugh Macdonald) objected to the proposal because it would raise fares and because “the consuming public was not being sufficiently considered in the deal.”⁵⁰⁸ This suggests that the city was swayed by the views of the major taxi operators to raise fares without considering the interests of the public. Again the city decided to freeze the number of plates in February 1995 at 1,185 and did so for **seventeen years** until February 2012 but it is not known whether the industry played a role in getting the freeze and whether the public was represented.

Overall, the capture theory between the established companies and the cut rate operators, can be found in statements by Davis such as “The older firms that had made these investments were able by 1950 to persuade the larger Canadian cities … to introduce the present regulatory regime.”⁵⁰⁹ “…long-established operators feared for their survival. They lobbied government for regulatory relief. …From these local taxi wars emerged the collective Canadian decision to limit the number of taxicabs and to end their price competition.”⁵¹⁰ “ … for city councils and other regulators generally looked to the cab industry to suggest the rules for its own governance.”⁵¹¹ The reason why regulators were subject to regulatory capture was they were caught in a war between the older high cost companies and the cut throat operators. They were also concerned about the general conditions in the industry such as long work hours, driver earnings and safety. The interests of the industry became that of the regulator. Which led to Davis somewhat rhetorical question “Who successfully defined the public interest as reduced competition and opportunity, as higher costs and prices?”⁵¹²

e. The 2015 taxi-TNC wars

The arrival of disruptive technology through TNCs again raised the question of whether the regulators in Canada were subject to regulatory capture. It was clear that the users of taxi services, especially the younger generation, favoured the new services through TNCs. The results in the United States where these services started first should have provided a guiding light in the darkness to what Canadian regulators should do. But did the regulators welcome these new and innovative services or did they favour the established taxi industry? Did they attempt to challenge these new services rather than try to amend their regulations immediately to accommodate these services? Was there indication of a delay in getting new regulations because of the established industry or the regulators belief what the travelling

⁵⁰⁷ Day in History, Jan. 22, 1937: City taxi fares to be regulated by meters, January 22, 2016 www.edmontonjournal.com

⁵⁰⁸ *Id.*

⁵⁰⁹ “The Canadian Taxi Wars, 1925–1950.” Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 7.

⁵¹⁰ *Ibid.*, p. 7.

⁵¹¹ *Ibid.*, p. 19.

⁵¹² The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 19.



public should use? Were there attempts by the regulatory authorities to subsidize the established industry through funds to secure the new technology and update their services?

In Winnipeg, towards the end of 2015, TNCs were reported to have started service in the Winnipeg market and the two established taxis began their opposition. The by-law to permit TNCs to operate received Royal Assent on November 9th, 2017. In other words there was a two year delay. One writer commenting on the taxi business states “Winnipeg’s taxi business represents a textbook case of what economists call “regulatory capture” –the taxicab Board pays more attention to protecting cab owners’ capital gains than the needs of their customers, who want more cabs, better service and lower prices. In a sprawling city like Winnipeg, where the winters are harsh and long, regulatory capture encumbers the industry’s ability to fulfil its role as a necessary part of the overall transportation system.”⁵¹³

In Ottawa, TNCs were reported to have started service in October 2014 but were only legally permitted to operate in April 2016. In other words there was a one and half year delay. When TNCs entered the taxi market with their new technology, the regulators initially sided with the taxi industry. Jim Watson, Ottawa Mayor has been heavier handed in his Uber criticisms. He said the city would continue cracking down on Uber drivers. He plans to lobby support for Ottawa South MPP John Fraser’s private member’s bill, which orders stricter consequences for unlicensed cab drivers.⁵¹⁴ From October 2014 to May 2016, the City laid 234 charges against 110 Uber drivers collecting \$52,000 in fines. The taxicab industry tried to influence the city through its violence against Uber drivers and through its demonstrations at city hall. During this period at least five reports were made on the existing regulations before TNCs were allowed despite the public’s demand for such services.

In Toronto, TNCs were reported to have begun service in August and September 2012 but were only legally permitted to operate in May 2016. In other words a few months short of a four year delay. The taxi industry mustered the support of politicians to weigh in on the matter.⁵¹⁵ This lead to the introduction of an anti-Uber bill on December 3, 2014 by MPP John Fraser and the Toronto Taxi Alliance thanked John Fraser for his support. The matter takes on a darker twist as the matter heads to Court after the City of Toronto applies for an injunction on November 18, 2014 against Uber and related companies. The Canadian business reports that in the Uber vs. taxi industry mud-slinging, everyone looks dirty. To assist

⁵¹³ Cabbies, Customers deserve better, www.manitobaforward.ca, Republished from the Winnipeg Free Press print edition January 29, 2014 A8.

⁵¹⁴ City of Ottawa to ‘level playing field’ for Uber, cab drivers: Mayor, July 6, 2015, www.uberpeople.net

⁵¹⁵ Liberal MPP John Fraser introduced an anti-Uber bill today, December 3, 2014, www.ottawacitizen.ca; TTA (Toronto Taxi Alliance) Thanks John Fraser For Anti-Uber Bill, www.taxialliance.ca; Tip line to report Uber drivers to the Insurance Bureau of Canada, Toronto Taxi Business, www.taxialliance.com; TTA thanks Justice Dunphy at close of Uber court hearing, June 3, 2015, Toronto Taxi Business; In the Uber vs. taxi industry mud-slinging, everyone looks dirty, June 4, 2015, www.canadianbusiness.com; Taxi industry to City, police: enforce the law, July 2, 2015, www.marketwired.com;



the regulator, the Taxi cab industry reports Uber drivers to the Insurance Bureau of Canada and also teams up with the police. Between 2012 and 2015 the City of Toronto laid 208 charges against 104 UberX drivers.

In Vancouver, TNCs were reported to have begun service on September 12, 2012 but were only legally permitted to operate in 2019. In other words there was a seven year delay. Uber exited the market after discussions with the regulatory board in 2012 but later announced a comeback in September 2014 which resulted in an immediate reaction from politicians. The NDP indicated it was trying to put a break on Uber's re-entry. Opposition leader John Horgan said he will introduce legislation to raise the maximum fine for someone operating without a permit from \$5,000 to \$20,000 under the *Passenger Transportation Act*. On November 3, 2014, police began an undercover sting operation on Uber's expansion. Simultaneously, the Taxi companies filed a lawsuit to block Uber from expanding. Uber retaliated by filing a petition so that it could re-launch in Vancouver on November 7, 2014.⁵¹⁶ Despite the handwriting on the wall, the City of Vancouver denied Uber entry into the market and conducted more studies with each government party promising to end the taxi monopoly if re-elected. This saga goes on from 2015 to November 2018 when the BC government introduces legislation to allow ride sharing companies to enter the market by fall of 2019. As if that was not enough, in 2017, it was reported that the taxi industry would get \$1 million in provincial funds to develop an app to compete with ride-hailing companies, as well as \$3.5 million in crash-avoidance technology in all their vehicles.⁵¹⁷ One reporter states "After seven years of delays, excuses, double-talk and plain old political hogwash, the John Horgan government says ride-hailing services will finally arrive in B.C. later this year. ... But before you install the Uber app on your smartphone, be aware that the New Democrats — just like the Liberals before them — have never been co-operative or welcoming to this industry. In fact, they have been downright hostile. Both parties have been obedient to the powerful taxi lobby. And there are signs the deep-seated opposition to Uber and Lyft is still in place, despite the latest promises and lip service."⁵¹⁸ All this despite the fact that the public was complaining about inadequate service.

In Montreal, TNCs were reported to have begun service on October 18, 2013 but were only legally permitted to operate in 2019. In other words there was a six year delay. Their entry was described as an

⁵¹⁶ Uber shut out of Vancouver, for now, October 7, 2014, www.westender.com; NDP trying to put brakes on Uber ride-sharing app in B.C., October 30, 2014, www.timescolonist.com; BC to initiate Uber sting operation, November 3, 2014, www.ctvnews.ca; BC Police Plan Undercover Assault on Uber's Vancouver Expansion, November 3, 2014, www.techvibes.com; Taxi companies file lawsuit to block Uber from expanding into Vancouver, November 4, 2014, www.globeandmail.ca; Uber Starts Petition So It Can Re-Launch in Vancouver Without Getting Immediately Destroyed, November 7, 2014, www.techvibes.com; Taxi Companies Drop Lawsuit against Uber in Vancouver, March 24, 2015, www.techvibes.com; Vancouver denies Uber and new taxis for another Year, October 20, 2016, www.604now.com; and Vancouver's Taxis promise to fight Uber, March 8, 2017, www.commonsbcit.ca

⁵¹⁷ Uber Vancouver: B.C. government announces support for ride-hailing services, March 8, 2017, www.vancouverersun.com

⁵¹⁸ Mike Smyth: NDP gets an earful on Uber and Lyft, but will it matter?, February 2, 2019, www.theprovince.com



“Uber War”. On October 29, 2014, Montreal’s mayor says UberX is illegal. Several months later, in June 2015, a law was passed providing for steep fines and seizure of vehicles if Uber continues to offer rides through the app. Then, in early September 2016, the Quebec government made a deal with Uber (pilot project) and an injunction was sought in Quebec Superior Court to prevent any deal with Uber. The industry protests by blocking streets in Montreal. In the same month, the City begins seizing Uber cars and imposing fines of \$7,500. A year later in October 2019, Quebec adopts the taxi reforms permitting ride sharing through TNCs. To appease the taxi industry the Quebec government ups the compensation ante to the industry from \$500 million to \$816 million.

In Calgary, TNCs were reported to have first begun service in mid October 2015 but were only legally permitted to operate in February 2016. In other words there was a six month delay. On November 9, 2015, the City filed an injunction against Uber to cease operations (and Uber agreed). In 2017, thirty-four Uber drivers pleaded guilty to operating without the appropriate licensing and were fined \$1,500 each, nearly two years after they were caught via a covert sting operation launched by city hall. Uber did not enter the market till the bylaw was amended in November 2016 as the license fee per driver was considered too high when the bylaw was passed in February 2016.

In Edmonton, TNCs were reported to have first begun service on December 18, 2014 but were only legally permitted to operate in March 1, 2016. In other words there was a year and half delay. Initially, the city refused to recognize TNCs. A newspaper article outlines its sentiment with the following title ‘Council to consider adding cabs to combat Uber’.⁵¹⁹ A staff report outlined what can be done to steer people away from the car-sharing service nor does it suggest working with Uber, or allowing the service to operate in the city. Apart from opposition by the taxis, the City of Edmonton filed an injunction in the hopes of stopping Uber from operating in the city on February 5, 2015.⁵²⁰ The City also launched a covert investigation against Uber in December 2015, and on December 17, 2015 laid roughly 70 charges against Uber drivers. Even though Uber was legally permitted to operate on March 1, 2016, Uber decided to stop operating in Edmonton. The company said commercial insurance policies are too expensive for their drivers and they would have to wait till the province approved a policy specifically for ride-sharing companies.⁵²¹ A Journal columnist writer revealed that the statistics on complaints and tickets before TNCs entered the market (i.e. 135 complaints against taxi drivers in 2014 besides the 336

⁵¹⁹ Council to consider adding cabs to combat Uber, January 15, 2015, www.cbc.ca

⁵²⁰ A motion passed by executive committee on Jan. 20, 2015 and administration was directed to ask Uber to voluntarily cease operations. However, Uber has chosen not to cease operations which has forced us to file for an injunction. See City of Edmonton files court injunction against Uber, February 5, 2015, www.globalnews.ca

⁵²¹ Uber threatens to quit Alberta if NDP fails to make insurance changes, February 17, 2020, www.cbc.ca; and Uber drivers, supporters march on Alberta’s legislature demanding changes, February 27, 2020, www.cbc.ca



enforcement tickets made in 2015) are a perfect example of the growing frustration against a "broken, non-competitive business model that has resulted in poor service."⁵²²

In Hamilton, TNCs were reported to have first begun service on July 2015 but were only legally permitted to operate on January 19, 2017. In other words there was a year and half delay. On October 21, 2015, the City asked Uber to suspend service in Hamilton. The Hamilton Cab and Blue Line Taxi wrote to city officials and councillors, saying the city isn't doing enough to enforce its own bylaw. For a while, the city tried slapping fines on Uber drivers. In September 2015, it charged eight individual with 23 charges and on January 12, 2016, thirteen more Uber drivers were charged bringing the total to 21. By the end of 2016, it had charged thirty-two people for driving without a taxi license which came with a \$305 fine.

In Quebec City, TNCs were reported to have first begun in 2015 but were only legally permitted to operate in 2019. On September 27, 2016, after the judges dismissed the Quebec taxi's request for an injunction to stop Uber, the industry planned its first pressure tactic by sending a convoy of taxis to the national assembly in Quebec City. Benoit Jugand, a spokesman for the taxi industry said "They (the government) are going to have us in their face until we get what we want."⁵²³ On March 25, 2019, in response to Quebec's transport minister's plan to overhaul the taxi industry thousands of angry taxi drivers clogged the streets during rush hour that morning, causing major traffic jams in Quebec City. "The minister, who was making an announcement in the Quebec City region ... said today's pressure tactics only inconvenience taxi customers unable to hail a cab and motorists caught behind the slow-moving protest convoys. ... Transport Minister Francois Bonnardel said his government will not increase planned compensation totalling \$500 million for drivers who have seen the value of their permits drop with the arrival of Uber and other ride-hailing applications."⁵²⁴ Several months later to appease the industry the Quebec government ups the compensation to \$814 million.

Overall, the above indicates the evidence in support of the capture theory regarding the taxi industry as related to TNCs, some of the evidence may be more convincing for some cities than others. One type of evidence that was not mentioned was the presence and demonstrations in nearly every city hall meeting

⁵²² Litany of taxi complaints set the stage for Uber, Edmonton Journal, September 8, 2015, www.edmontonjournal.com

⁵²³ Judge dismisses latest attempt by Quebec taxi industry injunction to stymie Uber, www.canadianbusiness.com

⁵²⁴ Quebec taxi drivers clog streets to protest government's industry overhaul, March 25, 2019, www.canadianpress.ca



by the taxi drivers when the bylaws that would permit TNCs were being considered.⁵²⁵ One writer indicated that the “evidence from the Canadian taxi markets suggests that regulatory capture has taken place. In the case of taxi regulations, incumbent license holders may benefit from having access to a market that is protected from new competition, however the public suffers from a shortage of taxis. There has been evidence of active lobbying by license holders including taxi drivers recently attending a Council Meetings en masse.”⁵²⁶ More generally one writer states “The industry’s response to this new technology does little to curb the impression that the taxi market is an industry dominated by ‘regulatory capture’.”⁵²⁷

In summary, over the past hundred years, history indicates that the regulators were first captured by the powerful railway and streetcar companies to eliminate the taxi jitneys, then the regulators were captured by the warring taxi companies in some cities and finally by the older taxi and dominant companies to do what was in their interest to some degree or the other.

⁵²⁵ Cab drivers worried about Uber pack Winnipeg city hall, September 27, 2017, www.globalnews.ca; 'We are fighting an unfair battle': Taxi drivers protest Uber at city hall, September 16, 2015, www.ottawacitizen.com; Taxi driver protest against Uber ends at City Hall, September 16, 2015, www.cbcnews.ca; Ottawa taxi drivers take Uber protest to City Hall, 2015, www.reddit.com; Uber-protesting Toronto taxi drivers block streets around city hall, May 14, 2015, www.cbc.ca; Taxi vs. Uber fight continues at city hall, September 16, 2015, www.cbc.ca; Taxi drivers protesting Uber move inside city hall, December 4, 2015, www.cbc.ca; Uber suffers blow as Toronto City Hall committee votes against legalization, December 9, 2015, www.theglobeandmail.ca; Taxi drivers and Uber drivers clash at city hall, May 3, 2016, www.globalnews.ca; Taxi drivers say no fair to city plan, October 30, 2015, www.vancouversun.ca; Quebec taxi drivers clog streets to protest government's industry overhaul, March 25, 2019, www.canadianpress.ca; Taxi drivers take Uber protest to City Hall, January 14, 2015, www.cbcnews.ca; Taxi drivers protest at Edmonton city hall, September 22, 2015, www.cbcnews.ca; Taxi drivers break out in angry protest at Edmonton city council meeting, September 22, 2015, www.globalnews.ca Edmonton police empty city council chambers after taxi drivers protesting Uber leave their seats chanting 'shame', January 27, 2017, www.edmontonjournal.ca

⁵²⁶ Canada's Taxi Markets: Market Failure or Regulatory Failure?, www.fcpp.org, February 9, 2009.

⁵²⁷ *Technology and the taxi market*, Jamie Wilson, www.tcd.ie; and *The economics of smartphone technology and the taxi market*, Jamie Wilson, The Student Economic Review vol. XXVIII, p. 124.



Section III - Capitalization of Economic Rents

a. The Concept of Capitalization of Economic Rents

Rent in everyday language is the payment for use of a room or house, machinery or any property. The use of the term in economics takes on a special connotation. Economic rent is any payment to an owner or factor of production in excess of the costs needed to bring that factor into production. Its first usage, associated with economists such as David Ricardo, developed in connection with natural resources that are limited. Later the concept was encompassed to include other factors of production by Vilfredo Pareto and took on a moral overtone since it was unearned, unlike economic profits. The annual economic rent if expected indefinitely into the future and then valued results in capitalization in economic rents. The value of the capitalization depends on the present economic rent and the discount factor.⁵²⁸

b. The Capitalization of Economic Rents Theory⁵²⁹

Most cities in North America have regulatory boards that restrict taxi licenses and regulate taxi fares charged. In practice it is difficult to set the tariffs and the number of taxi licences to provide an optimal level of service. Each taxicab may be busier by restricting entry and may be more efficient, in the technical sense, but this is not a social gain. Either customers must wait longer for these busy taxicabs or, the regulators let meter rates rise to reduce demand to available capacity.

Taxi owners that received these licenses free of charge or for a small fee benefited economically because of the restricted access. The visible manifestation of inaccurate regulation shows up in the taxicab license values where the extra benefits of regulation become capitalized into this limiting resource i.e. access to the market. The economic theory of taxicab licence capitalization is well established. The revenue of the taxi industry is based on the average fare and the number of rides provided. The regulated fares and fixed number of licences determines the share of rides and total revenue that each taxi receives. The value of a taxi licence is a function of the extra profits received beyond the normal profits earned in a competitive market. As these “regulated rights” to the market are exchanged over time, the benefits of the regulation

⁵²⁸ Suppose the rent is \$100 and the discount factor is 0.05 per year, the value of the capitalized economic rent is \$2000 (i.e. 100 divided by .05). If the rent is doubled or the discount factor halved, the value of the capitalized economic rent is \$4000.

⁵²⁹ B. Prentice, C. Mossman and A. van Schijndel, Taxi fares and the capitalization of taxi licences, Proceedings of the 45th Annual Conference, pp. 773-774.

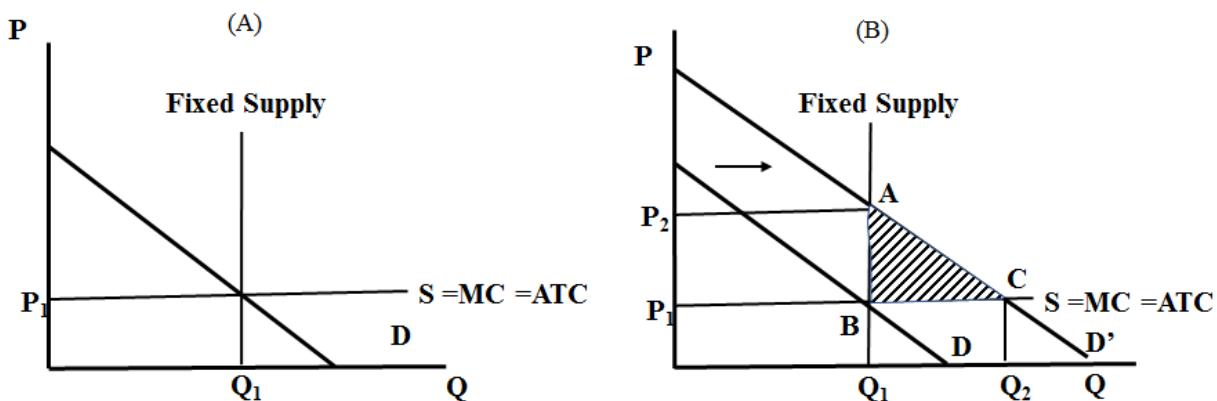


(higher fares) become capitalized into the market value of the licenses, especially if the number of licence plates does not keep up with population growth.

A stylized view of a regulatory regime in the taxi industry is shown in figure 1. A competitive taxi industry in the absence of regulation could be characterized by a long-run equilibrium in Part A, where the average total cost equals average revenue and normal profits are earned. For simplicity, a horizontal supply function (S) is used because the taxi industry faces constant costs.⁵³⁰ Consequently, the Marginal Costs of the individual taxicabs (MC) equal the Average Total Costs (ATC). As population grows, demand shifts to the right, as illustrated in Part B. As the regulated rates increase, the license holders receive an economic rent equal to ABP_2P_1 , while society suffers a deadweight lost of ABC (the shaded area). This is a transfer of wealth from taxi consumers to taxi licence owners.⁵³¹

If taxi license owners retire or leave the industry, they can sell their licenses to new entrants at inflated values based on the expected long-run returns accruing to restricted entry. The value of the license depends on the size of ABP_2P_1 , the discount rates of new entrants and their expectations of change in the regulatory system. Assuming that they believe the extra benefits of regulation will be available for as long as the new entrants continue to operate, they will be willing to offer the net present value of the extra benefits ABP_2P_1 earned over the future years.

Figure 1 Theoretical Model of Taxicab Licence Capitalization



⁵³⁰ Another car can be added to the taxi fleet at the same cost as the one before it. Although average overhead costs for dispatch could decline slightly, average total costs change only marginally with the addition or subtraction of cars.

⁵³¹ The shaded area ABC is the efficiency loss created by the regulated monopoly. Offering less service at higher prices causes this loss in consumer surplus.



One means of visualizing the capitalization of taxicab licences is to consider the value of a perpetual government bond (no redemption date or fixed value) that has a fixed coupon rate. Dividing the coupon by the current rate of interest provides the price or exchange value of the bond. Alternatively, multiplying the price of the bond by the current interest rate gives the expected annual payment of the bond. Similarly, if a taxi license is worth \$350,000 and current interest rates are 5%, the imputed excess profit would equal $(\$350,000)(0.05)$, or \$17,500 for each taxi every year. This means that under these assumptions, the artificial shortage of taxicabs and inflated tariff rates would provide an extra income of \$17,500 annually above the normal income required to compensate for wages and other expenses, and the “modest profit” of operating a taxi. One study goes even further indicating that a rise in that extra income or rent would lead to an increase in medallion prices which ultimately leads to a rise in taxi fares.⁵³² If this excess revenue were not there, the new taxi licence owner would not be able to pay off the investment required to buy the licence.⁵³³ The proof is in the pudding. This can be seen in the rise of plate values.

c. The 1920 taxi war

The effect of limiting entry and its capitalization did not occur in the 1920s. It was a period of laissez-faire. There was intense price cutting in fares and vigorous competition resulting in proposals and attempts to introduce limits or reduce the number of taxi plates that the licensing body should issue. However, no policy of introducing quotas or limiting the number of plates issued was introduced, generally. Therefore, there is no evidence of increasing price of plate values or capitalization.

d. The 2015 taxi-TNC war

Capitalization of plate values is basically a post War II phenomena in the taxi industry. The evidence that capitalization in licence plate values occurred in the major Canadian cities where plate values became transferable (i.e. bought and sold) in the open market is overwhelming. For this to occur there must be evidence on limits on supply of plates or shortage of plates and the subsequent increase in the value or price of plates. That this occurred is shown for the major Canadian cities and is also shown in Table 1.

⁵³² In a study done by Wayne Taylor of the New York taxi market, he argues that regulation brings about artificial rents by increasing medallion prices, and an increase in medallion prices gives rises to upward pressure on taxi fares. The evidence presented by him shows that regulation of the New York taxicab market increases medallion prices, and this increase in medallion prices pressures on taxi fares. He shows that a 1% decrease in the number of taxis causes a 0.45% increase on real medallion prices. This leads to a 1% increase in real medallion prices which causes a 0.12% increase in taxi fares. Wayne Taylor, The Economic effects of the Direct Regulation of the Taxicab Industry in Metropolitan Toronto, *Logistics and Transportation Review*, 25, No. 2, June 1989, pp. 169-182.

⁵³³ Note that the buying and selling of taxi licences creates capital gains as well as the rents collected for their use. Both these sources of income are above and beyond the revenues needed to keep the taxis and drivers in the market.



In Winnipeg in December 1946 a quota was established on the number of cabs. The number (400) remained basically unchanged till 2016 (410) i.e. 70 years. During this time or part thereof, plate values rose from \$8,000-\$9,000 each in 1956 to \$280,000 in 2009 and to \$400,000 in 2015.⁵³⁴ As early as 1972, the taxicab Inquiry Commission Report (or H.L. Stevens report), noted transfer prices had “skyrocketed from... \$13,000 in 1966 to as high as \$24,000 in 1970.” H. L. Stevens recommended a cap of “two times the replacement value of the vehicle.” Later “It was the *Winnipeg Tribune*, rather than the regulators, which thought that the \$17,500 asked for taxi licenses might also be weakening demand by artificially driving up the industry's costs and fares. When a taxi operator has to pay \$120,000 for an operating license ..., it is not surprising that the industry is bedevilled by an uncompetitive cost-and-fare structure.”⁵³⁵

In Ottawa in 1954 the authority to limit the number of licences was first introduced by the 1954 amendments to the Ontario Municipal Act of 1950. By Law L6 in 1971 contained a provision for the control of supply – through the maximum number of cabs that can be licensed (1 per 540 residents). In 1980 there were 586 plates, this number increased to 1001 by 2001 (due to amalgamation with neighbouring municipalities i.e. 586 + 219 + 107 + 44 + 30 + 15) and to 1,188 in 2016 (i.e. 1001 standard plates and 187 accessible plates). In other words, the number of standard plates was frozen for 36 years. During this period, plate values increased from \$100,000/\$120,000 in 2001 to \$173,000 in 2014 with some newspaper indicating it was between \$200,000/\$300,000.⁵³⁶

In Toronto in 1954 the authority to limit the number of licences was first introduced by the 1954 amendments to the Ontario Municipal Act of 1950 and its sale was permitted in 1963. From 1953 till 1961 the number of 1500 plates remained unchanged, it then rose to 2613 in 1982 and 4,849 in 2015. During this period or part thereof, plate values rose from \$45,024 in 1982 to \$80,000 in 1997 and peaked in 2012 at \$360,000,⁵³⁷ notwithstanding that the number of plates had nearly doubled from 1982. In 1963,

⁵³⁴ This is an approximate amount based on recent sale transfer values as a private transaction between a licence holder and a person that wishes to acquire a licence. When acquired from the TCB, the licence fee is \$200. The highest actual price for a standard taxi licence transfer in Winnipeg in 2015 was \$430,000. (Taxicab Industry Data Report, 2015) In the three years before that the highest value was over \$500,000. The actual transfer value is negotiated between the buyer and seller with the funds payable to the seller. It can be affected dramatically by government regulatory decisions to issue more licences, impose other restrictions or the effect of the competitive forces in the market. Summary Overview of the Taxicab Industry in Winnipeg, Prepared by MNP, p. 21.

⁵³⁵ Continuity and Discontinuity in Canadian Cab History, Donald F. Davis, *Urban History Review /Revue d'histoire urbaine* Vol XXVII, No. 1, October, 1998, p. 4.

⁵³⁶ 2. The elephant in taxi industry's room: value of plates is evaporating, Joanne Laucius, Updated: *Ottawa Citizen*, October 16, 2015; and City Hall.

⁵³⁷ Report of Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998, p. 9 of 67; and Taxi drivers see investment ‘wiped out’ by city hall decision, February 26, 2014, www.toronto.citynews.ca; and Toronto taxi licence prices are plummeting. Is Uber to blame?, January 22, 2015, www.globalnews.ca



selling of licenses on the open market was permitted. Plate values rose even though licence plates increased under its limited entry policy.

In Vancouver in November 1946 a by-law was enacted to restrict the number of taxicabs (though it had the power to limit the number of cabs due to the 1933 amendments to its charter) and the quota was toughened in 1950. In that year, there were 363 cabs, the number remained the same until 1980 rising to 477 in 2005 and to 882 in 2018. In other words, the number of standard plates was frozen for 30 years. During this period or part thereof, the capital value of the licence was \$70, 000, in 1980 twenty years later it was \$350,000 and in 2014 it was reported to be as high as \$800,000 with one source indicating it was \$1 million.⁵³⁸

In Montreal poor income and poor quality of services resulted in a freeze on plate issuance in 1952. In other words, the number of standard plates was frozen for 58 years. In that year there were 4,978 plates by 2010 the plates declined to 4,440 despite substantial increases in population and income. In 1992, the price of a taxi permit for downtown Montreal was fixed at \$25,000 by 2007 it had climbed to over \$230,000. En 2014, un permis de taxi à Montréal valait en moyenne 189 810 \$.⁵³⁹

In Halifax taxi plates are the property of the License and Firearms Department according to Ordinance 116 in March 1978. Plates cannot be bought and sold and therefore has no market value.

In Calgary in 1986 (after public hearings and reports), the Commission froze the number of regular plate licenses issued at 1,311. In 1993, an amendment prohibited the issuance of new plates and the number remained the same till 2012. In other words, the number of standard plates was frozen for 20 years. Then in 2013, 2014 and 2016, 47, 112 and 222 regular plates were issued. This brought the total number of regular plates to 1,692. The number of plates remained the same till 2012. Seroya's lawsuit says while he purchased five plates (between 1986/2002) for the total sum of \$134,500 (or for an average price of \$26,900 each). "At the time of the transfer, June of 2014, each TPL was valued at \$200,000." He accordingly sued the City of Calgary for \$1 million.⁵⁴⁰

In Edmonton beginning in February 1995, Edmonton opted to freeze the number of taxicab plates at 1,185. The freeze lasted to the beginning of 2012. In other words, the number of standard plates was

⁵³⁸ Regulation and Competition in the Taxi Industry in Vancouver, CTRF Proceedings, 54th Annual Proceedings, Joseph Monteiro and Barry Prentice, p. 333.

⁵³⁹ The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com

⁵⁴⁰ City sued for \$1 million over revocation of taxi plate licences, July 7, 2017, www.cbc.ca



frozen for 17 years. In March 2012, the city issued 50 more taxicab plates bringing the total to 1,235 taxicab plates. It also issued 49 more accessible plates bringing the total accessible plates to 84. In other words, a total of 1,319 plates by 2015. A 2015 news paper clipping states "That resale value is now around \$200,000, significantly more than the city's original \$400 fee."⁵⁴¹

In Hamilton "for decades, the city has restricted the number of cabs, fixed the price of passenger fares and allowed taxi plates to be bought and sold. As of 2015 there were 447 taxi plates, 16 of which are for vehicles accessible to the disabled."⁵⁴² A limitation is placed on the number of licences that the City can issue based on population (i.e. 1:1,700) (according to its present by-law 07-170). John Weiss a retired cab driver said "My wife and I got into the cab business in 1966 by buying our first taxi plate for \$3,500, and that included a clunker of a car." They went on to own six plates: "The last one I purchased for \$60,000 in 1993." By 2015, "Hamilton taxi plates have fetched as much as \$220,000, says Al Fletcher, the city's manager of licensing and permits."⁵⁴³

In sum, the above indicates the capitalization that has occurred for taxi plate values where the number of plates has been frozen for extended periods of time or has not risen sufficiently to meet the increased demand for taxi services. When plate rents fall or can no longer be capitalized in licence plate values, the value of the plate declines. This is what happened when TNCs entered as an alternative viable service and rents on taxi plates declined. The Winnipeg Taxicab Services Review concluded "It is generally agreed that the value of a taxi plate or business licence will be affected. ... Medallion owners are no longer able to achieve the high 'rents' from drivers to run the car. ... In Toronto, taxi licence values are reported to have declined from \$360,000 in mid-2012 to below \$100,000 in 2014 (Cain, 2015). In Edmonton, plate values were reported to have dropped from \$180,000-\$200,000 in 2013 to \$70,000 in 2016 in anticipation of the proposed new by law (Querengesser, 2016). In Ottawa, the number of plates trading, and perhaps the value, has declined, although there are limited numbers of trades on which to base such a conclusion (Reevely, 2016)."⁵⁴⁴

Conclusion: In this part the strategy used by the taxi industry under three economic theories used by economists has been examined: raising rival's cost; capture theory; and capitalization of economic rents. The evidence on the relevance of each of these theories was presented. It is difficult not to conclude that

⁵⁴¹ See More cabs, cheaper plates will cripple taxi industry, say some drivers, January 23, 2015, www.cbcnews.ca

⁵⁴² Cab industry rides into a new era, The Hamilton Spectator, August 7, 2015 www.thespec.com

⁵⁴³ Id.

⁵⁴⁴ Winnipeg Taxicab Services Review FINAL REPORT December 20, 2016, Prepared by MNP, pp. 27-28.



the regulators favoured the status quo. Even when technological change occurred they revealed a great deal of inertia in encouraging those in the industry to adapt to it and to encourage new innovative entrants into the market.

Table 1 - Value of Plates in Several Municipalities – Effect of Capitalization

	Winnipeg	Ottawa	Toronto	Vancouver	Montreal	Halifax	Calgary	Edmonton	Hamilton	Quebec City
Year	1956	2001	1987	1980/2000	1992	NA	1986/02	1994	1993	
Value	8-9,000	100K/120K	80,000	70K/350K	25,000	NA	26,900	400	60,000	
Year	2009	2014	2012	2015	2014	NA	2017	2015	2015	
Value	280,000	173,000	250K/300K	800,000	189,810	NA	200,000	200,000	200,000	

K=Thousand. NA=Not Applicable. Source: The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Volume 27, numéro 1, October 1998, p. 17; and Prentice, Mossman and Schijndel, Taxis Fares and Capitalization of Taxi Licences, *CTR Proceedings*, 45th Annual Proceedings, p. 776; The elephant in taxi industry's room: value of plates is evaporating, Joanne Laucius, Updated: *Ottawa Citizen*, October 16, 2015; and City Hall Blog: What a taxi plate goes for, David Reevly Updated: *Ottawa Citizen*, April 12, 2016; Report of Review the Toronto Taxi Industry by the Toronto Task Force to Review the Taxi Industry, October 1998, p. 9 of 67; and Taxi drivers see investment 'wiped out' by city hall decision, February 26, 2014, www.toronto.citynews.ca; and Toronto taxi licence prices are plummeting. Is Uber to blame?, January 22, 2015, www.globalnews.ca; Regulation and Competition in the Taxi Industry in Vancouver, *CTR Proceedings*, 54th Annual Proceedings p. 333; The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com; City sued for \$1 million over revocation of taxi plate licences, July 7, 2017, www.cbc.ca; City sued for \$1 million over revocation of taxi plate licences, July 7, 2017, www.cbc.ca; See More cabs, cheaper plates will cripple taxi industry, say some drivers, January 23, 2015, www.cbcnews.ca; and Cab industry rides into a new era, The Hamilton Spectator, August 7, 2015 www.thespec.com

Table 2 - Number of Years a Freeze on Plate Values Existed in a Few Cities

	Winnipeg	Ottawa	Toronto	Vancouver	Montreal	Halifax	Calgary	Edmonton	Hamilton	Quebec City
	70	36	8	30	58		20	17		

Table 3 - Taxicabs and Estimated Transfer Values of Standard Taxicab Business Licences 2010**

City	Population (Statistics Canada, 2011)	Standard Taxicab Licences *	Accessible Taxicab Licences	All Taxicabs Per 10,000 Population (calculated)	Licence Transfer Value 2010
Vancouver (City)	603,502	476	113	9.8	\$500,000
Calgary	1,096,833	1,311	100	12.9	150,00
Edmonton	812,201	1,185	35	15.6	100,000
Regina	193,100	120 + 44 seasonal	5	8.8	180,000
Winnipeg (City)	120 + 44 seasonal	120 + 44 seasonal	33	7.7	400,000
Mississauga	713,443	483	32	7.2	200,000
Toronto	2,615,000	4,952		18	160,000
Ottawa	883,391	1001	165	13.2	185,000
Montreal (GMA)	3,824,221	4,445	150	12	220,000

** See Winnipeg Taxicab Services Review FINAL REPORT December 20, 2016, Prepared by MNP, pp. 21-22. *includes seasonal licences,

Table 4 - Taxicab Licenses Across Jurisdictions 2015-16*

	Winnipeg	Ottawa	Toronto	Vancouver	Montreal	Halifax	Calgary	Edmonton	Hamilton
Number of Taxicabs	410 + 52 AT (565 Nov-Mar)	1,188	3451 +1313AM +425TTL	475 + 133 AT		610	1,699 +210 AT	1,235 + 95 AT	450

*See Winnipeg Taxicab Services Review FINAL REPORT December 20, 2016, Prepared by MNP, p. 132

Permis de transport Ville de Montréal, 1997-2018

Year	1997	1998	1999	2000	2003	2004	2010	2011	2015	2016	2017	2018
Plates*	6,863	6,566	5,578	5,065	4,447	4,445	4,440	4,437	4,782	4,669	4,635	4,789

* Regular Taxis. See Rapport Annuel, MTL, bureau taxi Montréal, 1997-2018.



PART III – LIMITATIONS OF ESTIMATION MODELS ON SUPPLY OF TAXI PLATES, PLATE VALUES AND BENEFITS OF COMPETITION

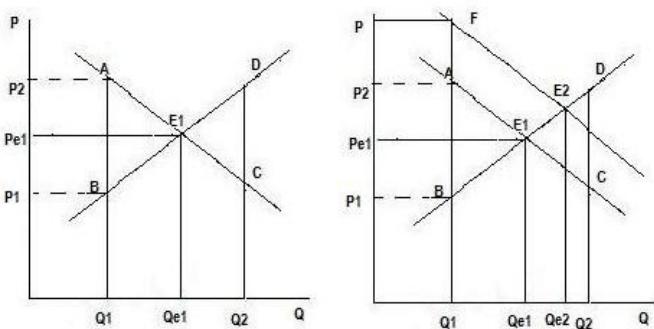
This Part will consist of three sections: I. Limitations of estimation models on supply of taxi plates; II. Do Plate Values Fall With the Threat of Competition?; and III. Are There Benefits From Competition? Given all the theory in favour of competition, developments after 2009 and the attempts by TNCs to enter the market, are not the answers to these questions obvious? If so, why rehash these issues again? First, there are some philosophers who may not agree that the outcome is obvious. Second, theory may not be borne out in reality. Third, statistics on the outcome provide a more convincing case. Fourth, some idea of the magnitudes provides one with a better view on what the regulatory system costs. There is also another reason. It is to tie in the fact that underestimating the supply of plates or keeping their number frozen for years will lead to an increase in plate values in the absence of competition or the threat of competition and that competition should lead to a fall in plate values and to consumer benefits with an emphasis on quantifiable magnitudes rather than just theory.

Section I - Limitations of Estimation Models on Supply of Taxi Plates

Determining the exact number of taxi plates needed in each city has been a major source of problems. Too many plates in the prewar or immediate post war period has led to an excess supply of taxi services and too few plates thereafter have led to a shortage in the supply of plates resulting in an inadequate supply of taxi services, and failure of the taxi industry to provide improved and innovative service together with speculation about plate values. To resolve this problem, various estimation models have been used over time to determine what the appropriate number of taxi plates should be in various Canadian cities. In this section, the difficult of doing so correctly and forecasting the future in one of Canada's major cities will be examined. But before proceeding let us examine some simple issues in estimating the number of taxi plates that a city would need.



Let us begin with a simple economic demand and supply model showing the aggregate demand and aggregate supply of taxi services.⁵⁴⁵ The aggregate demand shows the price and quantity of taxis demanded by consumers and the aggregate supply shows the price and quantity supplied in an open market. The downward slope of the demand curve shows that as price declines the quantity of taxis services demanded increases and the upward slope of the supply curve shows that as price increases the quantity of taxis services provided increase. The point where the two curves intersect indicates where the demand for taxi services and the supply of taxis is equal (E_1) as shown in diagram 1. The regulator's task is to be able to determine price P_{e1} and quantity Q_{e1} that would satisfy consumers and suppliers of taxi services. The near impossibility of doing so even in a static world is evident. If the regulator chooses quantity Q_1 the demand price of taxi services would be P_2 , less than the demand price that would occur at point E_1 , i.e. P_{e1} and the supply price would be P_1 . In such a situation, $P_2 - P_1$ is the excess price that suppliers of taxi services collect from consumers or a total transfer ABP_1P_2 called the economic rent. In such cases, one would expect the value of licence plates to be much higher than the value of the licence plate at point P_E . This is because taxi plate owners are able to take additional revenue because of a limitation on the number of plates by the regulator. In practice, regulators in many jurisdictions have kept the number of plates issued the same for many years, notwithstanding that disposable income and population have changed together with other factors. This change is shown in the second diagram by a shift in the demand curve which indicates that the total transfer with a fixed number of plates increases over time leading to an even higher increase in the value of plates. Evidence on plate values in nearly every jurisdiction shows that the limit on the number of plates is below the point where the demand equals supply.



Suppose in the year 1950 in the City of Springfield there were 1,000 people and it was felt that 1 taxi plate was sufficient to meet the needs of the city. After twenty-fifty years (i.e. 1975), the population had

⁵⁴⁵ Also see Who owns taxi licences, David Seymour, FCPP Policy Series No. 67, September 2009, p. 8.



increased to 50,000. Based on initial ratio of 1 taxi per 1,000 people, the number of taxi plates needed would be 50. Now suppose in the year 2000, the population had increased to 100,000. Based on the initial ratio, the number of taxi plates needed would be 100. But suppose the City felt that in the meantime, the disposable income had risen by 1.2 (i.e. to \$60,000 from \$50,000) and it was felt that this should be considered in determining the number of taxi plates needed and it should be given a weight of 0.1. Then the increase in the number of taxi plates would be 100 plus 12 (i.e. 100×0.12) more taxi plates or a total of 112. But suppose critics to the City's estimate felt that not only disposable income should be considered but also the number of tourists (i.e. 1,000) should be considered and it was felt that this should be given a weight of 0.1. Then the increase in the number of taxi plates would be 10 more cabs ($100 \times .01$) or a total of 122. From this example, it can be seen that the total number of taxi plates needed in the year 2000 depends on the initial ratio, the number of factors that are considered (i.e., disposable income and then tourism) and the weights to be given to each of these factors. Changes in these numbers would mean a different number of taxi plates that are needed.

Different initial ratios are used by different cities. The reason may be partly historical and partly because different cities in Canada have their own views what is appropriate for their own cities. The ratios for different cities are shown below in Table 1. It indicates that the ratios vary widely from a low of 860 for

Table 1 - Population Ratio Per Taxicab in Various Canadian Cities

Cities	Winnipeg	Ottawa	Toronto	Vancouver	Montreal	Halifax	Calgary	Edmonton	Hamilton	Quebec City
Population	730,018	1,236,324	5,583,064	603,502	3,824,221	390,328	1,214,839	1,159,869	721,053	765,706
Taxicabs	410	1,001	3,451	476	4,445	1,000	1,311	1,235	419	638
Ratio	1,781	1,235	1,618	1,268	860	390	927	939	1,721	1,200

Sources: Winnipeg Taxicab Services Review FINAL REPORT December 20, 2016, Prepared by MNP, pp. 21-22; and TAXICAB INDUSTRY DATA REPORT, For Taxicab & Limousines operating in the City of Winnipeg, For the Period of January 1 to June 30, 2016, p. 3. Population statistics from Statistics Canada is based on the 2011 Census.

Montreal to a high of 1,781 for Winnipeg. The estimating models used by the City of Toronto will now be examined.

a. Population Ratio Model / Population GDP Model

In Toronto, The Taxicab Industry Review in 2012 indicated that over the years several models were used to determine the number of taxi plates that would be appropriate for the city. Prior to 1982, the ML&S used the population ratio method for the issuance of new plates. The model is simple and straightforward on how many plates should be added every year. It is based on the initial ratio of taxi plates to population and the decrease or increase in population. Similarly, in Halifax a Gross Domestic Product (GDP) model



was used. When By-law T108 came into effect, the maximum number of taxis set in section 77 was the product of 610 plates multiplied by the GDP of Nova Scotia for the previous year as published by the Conference Board of Canada divided by the GDP of Nova Scotia for 2000 rounded to a whole number. (i.e. (610) x (GDP previous year / GDP 2000)).

b. Population Ratio & Surrounding Population Models

1982 & 1987 Currie, Coopers and Lybrand Reviews

In 1982, Currie, Coopers & Lybrand Ltd. (C&L) was employed to provide an estimate of plate numbers that would be appropriate for Toronto. It reviewed the ML&S method for the issuance of new plates. It acknowledged that the ratio measure used by the ML&S did not take into account important trends: the expanding municipalities contiguous to Metro Toronto which created additional demand for taxicab services; the increasing number of visitors more than the rate of population increase, whose demand for taxis is higher; and the increasing use of public transportation which results in increased secondary demand. So to make their predictions they used certain additional variables for example CMA population, GO Transit ridership, airline passengers, and convention delegates. These were weighted (0.840, 0.125, 0.025 and 0.010).⁵⁴⁶

In 1987, they reviewed the matter of taxicab licences again. “They acknowledged that the objective of the stabilization of plate prices and lease rates had not been realized, suggesting that demand had outstripped the supply of plates.”⁵⁴⁷ They recommended changing the weights in their model (i.e. to 0.714, 0.106, 0.129 and 0.051)

The matter was once again reviewed by Bruce Chapman. In 1994, he completed a report on taxicab regulation for the ML&S. The research estimated that the demand for taxicab services fell by 30-40 percent during the recession of the early 1990’s, and its effect resulted in reductions in plate values and lease rates. The report also acknowledged that it is very difficult to measure overall demand without accurate records of daily activity by drivers. He acknowledged the absence of a transit measure in his model for predicting taxis. He therefore suggested that the ML&S may want to look more closely at this relationship in the future as some empirical evidence indicates that public transit use is a good indicator of overall demand for taxis.⁵⁴⁸

⁵⁴⁶ The above weightings are multiplied with the (% change) of the applicable Demand Indicator, with the resulting product representing a weighted % change. The sum of the applicable weighted change demand indicators for each model represents the change in taxicab demand predicted.

⁵⁴⁷ Toronto’s Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012. See Appendix B, p. 5 of 13.

⁵⁴⁸ Ibid. See Appendix B, p. 6 of 13.



c. Population Ratio & Other Variables Model

1997 the Economic Planning Group of Canada Report

In 1997, the ML&S retained The Economic Planning Group of Canada (EPG) to determine if the model, developed by the Coopers & Lybrand Consulting group in 1987 was still valid, and to make recommendations for changes that should be made to the model, if any. They concluded that the current model used for making predictions was no longer valid due to changes in demographic, economic and social factors since its inception in 1987. Their reasoning was that measuring a combination of quantitative and qualitative factors is problematic, further complicated by the lack of data. The report recommended changes not only to the inputs for the model, but also to the weighting applied to the inputs.⁵⁴⁹ Some of the factors such as CMA population, GO Transit ridership, and convention delegates were dropped out. Additional inputs such as changes in metro population, surrounding population, employment, VIA rail passengers, retail spending, occupied office space, tourists and the consumer confidence index were added. Weights were assigned to each of these factors, the heaviest weights were 0.350, 0.140 and 0.090 to metro population, employment and retail spending (i.e. per capita income).

1998 City of Toronto

In 1998, several alternate models were developed by the City of Toronto Corporate Finance staff (Toronto) to provide a more accurate prediction. These models found TTC ridership, surrounding population, employment, and convention delegates gave a more promising correlation to the surrogate measure of observed demand. Weights were assigned to each of these factors and the weights were 0.7989, 0.6498, 0.2979 and 0.1556 to the above factors. Other factors of the previous model were dropped.

The next step was to evaluate the predictions of the above models against the current number of plates issued for the period 1995 to 2011. The three models above: C&L 1987, EPG 1997 and Toronto 1998: indicated the change in demand indicators required an increase in the number of standard plates as shown in the table hereafter. Between 1995 and 2011 no standard plates were issued (there were 3,480 plates in 1995) and 1,313 Ambassador plates were issued. So the first task was to convert Ambassador plates to equivalent standard plates. It was assumed that 1 Ambassador plate was equivalent to 0.65 standard plate. This resulted in a standard plate equivalent of 853.45 standard plates, so the total standard plate equivalent was 4,333. The total indicated by the three models minus the total standard plate equivalent provided an estimate of the oversupply or undersupply of equivalent standard plates.

⁵⁴⁹ Ibid.



Table 2 - Appropriate Number of Taxicabs by C&L 1987, EPG 1997 and Toronto 1998

Models	Standard Plates In 1995	Change in Demand Indicators 95-11	Indicated Increase in Std. Plates 95-11	Total Indicated Std. Plates	Oversupply (Undersupply) (Std. Equivalent)
C&L 1987	3,480	60.9%	2,119	5,599	(1,265)
EPG 1997	3,480	33.3%	1,160	4,640	(307)
Toronto 1998	3,480	62.8%	2,187	5,667	(1,333)

Source: Toronto's Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012. See Appendix B, p. 8 of 13.

These models suggest a current undersupply of taxicab licenses in the range of 307 Standard Plate Equivalents to 1,313 Standard Plate Equivalents (i.e., 7.08% to 30.76%), because it did not keep up with the increase in the demand indicators (ranging from 33.3% to 62.8%). It is worthwhile noting that an Ambassador plate was considered to be equivalent to 0.65 a standard plate. The reason for this is because a taxi having an Ambassador plate operates only in the morning for 12 hours compared to a taxi with a standard plate which operates 24 hours a day but since it operates during the busiest part of the day, a weighting was chosen of 0.65. The undersupply could have been much larger if 1 Ambassador plate was given the same weight as a standard plate rather than 0.65 or a weight in between it and 0.50, eg. 0.575. If the latter was assumed the undersupply by the three models would be 1,364, 405 and 1,432 because the standard equivalent plates would be 754.97 instead of 853.45.

Schaller Model ML&S staff also attempted to provide estimates using a model based on regression analysis developed by Bruce Schaller in New York for US cities. His model employs surrogate measures for taxicab demand. It found the strongest correlation between taxicab demand and three observed factors: subway office commuters, airport taxicab trips, and the number of no-vehicle household in a city. From this analysis, the Schaller model would suggest that taxicab demand in Toronto would be satisfied with 5,523 taxicabs Standard Equivalent Plates (i.e. demand from above factors 4,239, 145 and 1,138 = 5,523). This would indicate a current undersupply of taxicab licences in the order of 1,190 Standard Equivalent Plates.

2011 Updated City of Toronto Model

In 2011, the City obtained additional data which resulted in new estimates from its updated model. The updated data contained suggests that the demand for taxicabs increased by 17% since 1995, despite the fact that a total of 1,313 Ambassador licences (853 Standard Plate Equivalents) were issued, thus suggesting a current undersupply of 590 Standard Plate Equivalent taxicabs.



2012 New Model

In 2012, an attempt was then made to develop a new model. A multi-variant regression analysis was performed on the demand indicator variables against the updated surrogate demand measure in an attempt to develop a more current model for taxicab licence issuance. The demand variables were: convention delegates, surrounding population, Toronto employment, TTC Ridership, GO Ridership and CMA employment. It was compared against the results using the 1998 model. It was noted that the importance of the demand variables in the 1998 model and the new model could change over time. While employment continues to be a strong indicator of demand, and variables such as surrounding population, and more importantly, GO ridership present stronger variables that relate to surrogate demand for taxicabs, the other variables contribute to a lesser extent.

An analysis was also undertaken to see if the model could be useful for predictions into the future. The study states **“However, this task proved to be elusive. The period 1995 to 2011 was fraught with social, economic and global influences that do not easily lend themselves to prediction models. Key unpredictable events that occurred and had influence on taxicab demand included the September 11, 2001 attacks and its post effects; the credit crisis of 2008, and the euro-zone financial crisis of 2010. As a consequence, no statistically valid prediction model on a go-forward basis could be developed at this time, and would require further data and analysis. However, it can be said that variables influencing demand for taxicab services changes with time, so historic models may no longer be valid. From the observations, it is probable that any such taxicab demand models are likely valid only in the jurisdiction from which the data is collected since influences appear to be unique.”** (Highlighting added)

In summary, the Toronto Taxicab Industry Review in an attempt to determine the appropriate number of Taxi licence plates for the City used six models. It found that using different models the extent of undersupply varied considerable as shown in the table hereafter.

Table 3 - Appropriate Number of Taxicabs - Overview of Financial Models

	Models	(Undersupply) of Standard Plate Equivalents
1	Coopers & Lybrand	(1265)
2	Economic Planning Group	(307)
3	City of Toronto, 1998	(1333)
4	City of Toronto, 2012	(590)
5	Schaller	(1190)
6	Per Capita	no undersupply

Source: Toronto's Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012. See Appendix B, p. 1 of 13.



It shows a wide variation of estimates of undersupply ranging from 7.08% to 30.76% depending on what variables are included.

The single ratio population model (or other single variable models) has their advantages in determining the appropriate number of taxi plates to be issued each year and in the future. These models are easy to deal with administratively, it leaves no uncertainty as to the results and it removes the need for expensive consultant reports. They also have their shortcomings. These models do not take account of other factors that affect demand (eg. personal disposable income, GDP, tourism, other transit developments, no vehicle households), variability in demand (eg. peak hour, night and day, weekend, etc.), changes in demand (eg. partially accessible service or accessible service, innovative services, shared services, food delivery, etc.), changing demand preferences (eg. pricing flexibility, demand for services through apps.), changes in technology (eg. autonomous vehicles.), changes in structure of supply of services (eg. competitive to oligopolistic or duopolistic or changes in the vertical structure of the market),etc.

In sum, the task of providing an estimate of the right number of taxi cab plates for any city is an elusive task. Using the words of the Taxicab Industry Review “There is no such thing as the ‘perfect’ number of taxicabs for any city. Demand for taxicabs fluctuates: when it rains, there will never be enough taxicabs and at 3 a.m. on a Tuesday, there will always be too many.”⁵⁵⁰ From the simple illustration, at the beginning of this chapter it was also shown how the estimate can change depending on population ratio, factors included and the weight given to each factor. This is amply illustrated in the six models used in Toronto. An extreme over- or under-supply of taxicabs can seriously impact a city's transportation network.⁵⁵¹

To determine the exact point of equilibrium between demand and supply in any market is a difficult task and to do so in regulated industries is asking too much from any regulator, particularly so when both supply factors and demand factors change. This has been recently witnessed first with the entry of shared network transportation services (such as Uber and Lyft) and second with the Covid pandemic. Determining the appropriate number of taxi plates to be issued each year and in the future is fraught with problems. The Toronto Taxicab Industry Review came to this conclusion even before these major events shook this industry. Given the limitations, determining the appropriate number is best left to market forces of an open competitive market. As David Seymour stated “The aim of taxi regulators is to set the price of taxi services and the number of cabs offering them as close to the natural equilibrium as possible,

⁵⁵⁰ Toronto’s Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012, p. 26.

⁵⁵¹ Id.



and in this way the preferences of individuals in the market are met perfectly. Because taxi markets represent the ever-changing preferences of hundreds of thousands of people and the number of licences issued in a city is often constant in a jurisdiction for decades at a time, it is likely that the quantity set by regulators is either above or below the market equilibrium at any given time.”⁵⁵²

⁵⁵² Who owns taxi licences, David Seymour, FCPP Policy Series No. 67, September 2009, p. 8.



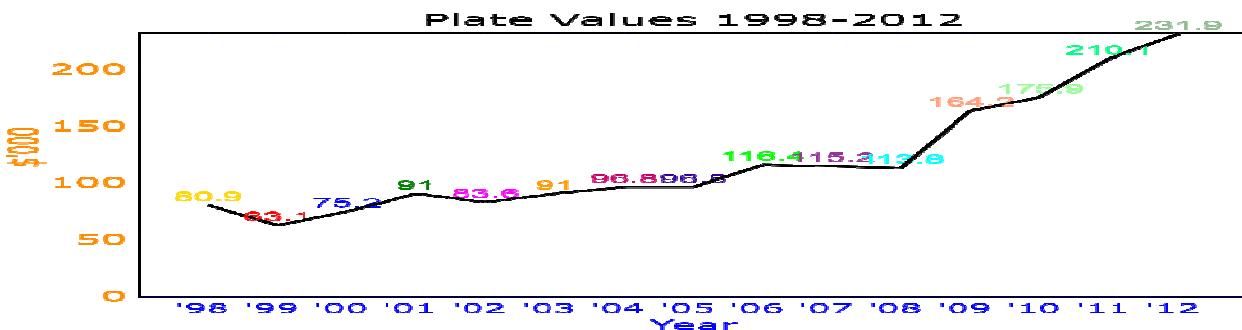
Section II - Do Plate Values Fall With the Threat of Competition?

A major concern in the taxi industry was the rising value of taxicab licence plate values. As the plate values increased the cost of leasing a taxicab went up. This made it more difficult for drivers who rented their plates on a daily, weekly or monthly basis to earn a reasonable income. This led to requests for an upward adjustment of the regulated fares. This in turn led to the 2012 Taxicab Industry Review comment that “lease rates and plate values have continued to climb in spite of the issuance of 1,313 Ambassador licences” suggesting that there was an undersupply of taxicabs. In free and open markets, this undersupply would not have occurred and plate values would not have risen. To see if the presence or threat of competition has an effect on plate values, plate values will be examined where data is available.

A. Plate Values Before and After the Threat of Competition

In this section, the plate values will be examined for the period 1998 to 2012 before the threat of competition. The cities for which data is available is presented.

Toronto: For Toronto, there is an abundance of official data on plate values. The data is available from 1982 to 2014. Before the threat of competition, the period 1998-2012 is shown in the graph hereafter and in Table 1.⁵⁵³



⁵⁵³ Plate values for the earlier period and average monthly rates are shown in the table below indicating the upward trend of both.

Historic Plate Values and Average Monthly Lease Rates of Taxicabs in Toronto 1982-1997

Year	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Plate Value \$	45,024	46,373	56,345	68,893	82,825	89,442	80,000	81,601	78,672	73,376	54,472	49,976	67,295	69,799	74,363	80,000
Average monthly lease rates	519	528	623	679	739	742	760	779	807	783	645	610	680	746	850	900

Source: Report to Review the Toronto Taxi Industry, October 1998, page 9 of 67.



Table 1 - Historic Plate Values of Taxicabs in Toronto 1998-2014

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total # of Taxicabs Sold	118	72	158	11	21	166	51	105	102	108	99	127	118	91			
Plate Value \$ '00	809	631	752	910	836	910	968	968	116.4	115.2	113.8	164.2	175.9	210.1	231.9*	197.4*	136.3*

Sources: Toronto's Taxicab Industry, Discussion Paper, Taxicab Industry Review, Preliminary Reports, September 2012, p. 42. * Calculated from Monthly Plate Values.

It clearly shows a steady increase in average plate values from \$80,900 to \$231,900 reaching a peak of \$321,083 in July 2012. One source states the market peaked with Standard licence #1859. It sold on September 10, 2012 for \$360,000. During this period, there were years when the plate values decreased which has been attributed to the overall economic conditions. This was before the threat of competition.

After the threat of competition (i.e. during August and September 2012), ride sharing companies began to appear in the Toronto market and plate values began to steadily decline. This is shown in the graph on a yearly basis. The graph indicates its steady fall from the year 2012 to 2014.

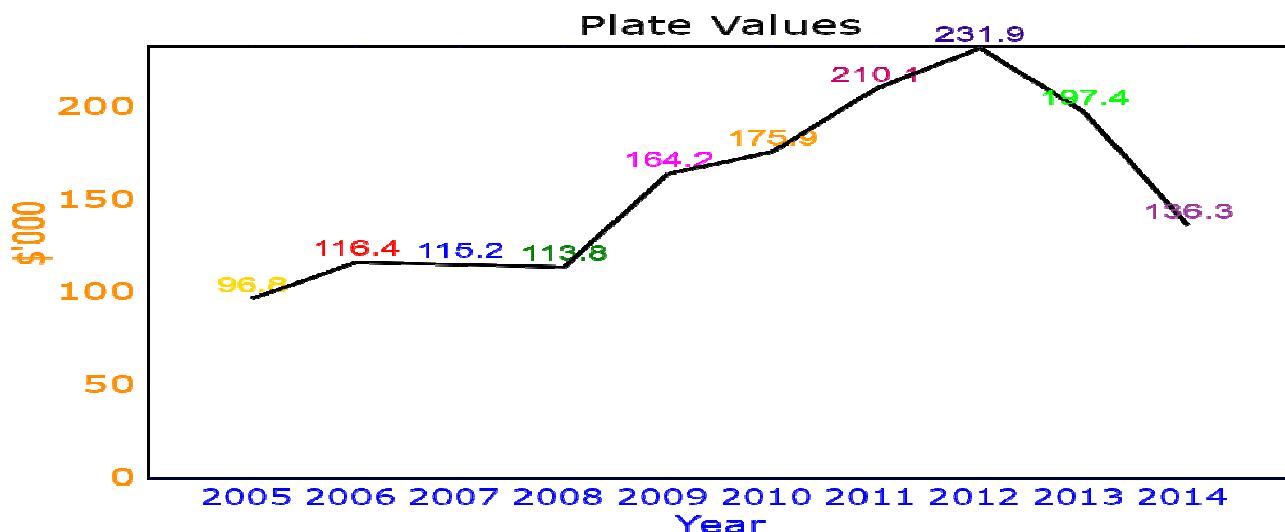
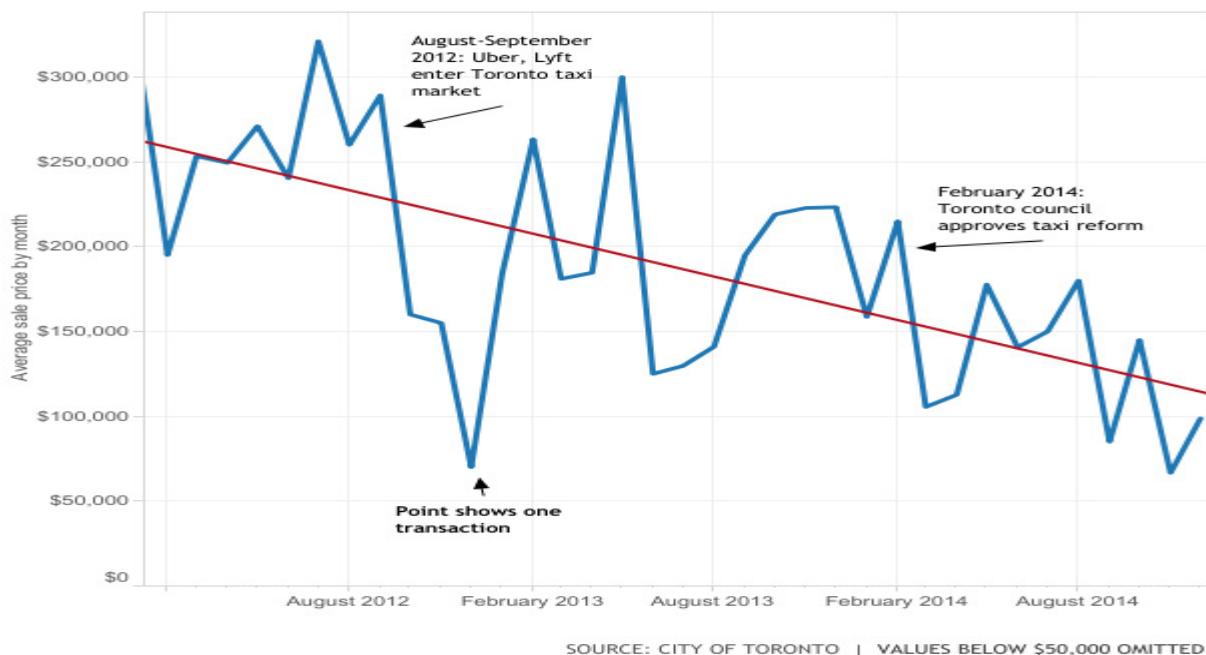


Table 2 and the graph show the decline in plate values on a monthly basis after 2012. Two factors have

Table 2 - Monthly Taxi Plate Values 2012-2014

MONTH	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2012	318,500	195,000	253,333	249,400	271,000	240,286	321,083	260,000	289,222	160,000	155,000	70,000
2013	184,063	263,333	181,000	184,625	300,000	125,000	129,700	141,000	194,833	219,000	222,813	223,286
2014	158,563	215,000	105,500	112,700	177,667	140,677	150,000	180,000	85,000	145,000	66,667	98,750

Source: City of Toronto. Toronto taxi licence prices are plummeting. Is Uber to blame?, Patrick Cain, January 22, 2015, www.globalnews.ca



been attributed for this decline the entry of Uber and Lyft in August-September 2012 and the approval of taxi reforms by the Toronto Council in February 2014. One source states “Values of Toronto taxi plates have collapsed since Uber entered the Toronto market in mid-2012, city data shows. In the space of two years, Toronto’s taxi licences plunged in price from a high of \$360,000 in mid-2012 to below \$100,000 in mid-2014. What happened? New municipal rules, for one. And Uber.”⁵⁵⁴ It goes on to say “Plate values started to fall after August 2012, when Uber entered the Toronto taxi market. Their value never recovered. In 2014, licences sold for an average of \$118,235, down from \$153,867 in 2013 and \$227,976 in 2012. … The market peaked … just a few weeks after Uber entered the Toronto taxi market, followed by rival Hailo (which has since left of its own accord). Licence prices have never recovered.”⁵⁵⁵ A newspaper article in 2018 states “There are still sales between private individuals, but the bottom has fallen out of the market. According to city of Toronto data, the average price for a standard plate this year [2018] is about \$43,000, down from an average high of \$228,000 in 2012.”⁵⁵⁶

Has the decline in taxi plate values affected taxi lease rates? In Table 3, the monthly taxis lease rates are indicated for the period 1993-2014. Over this period, the average monthly lease rates have steadily increased over this period. However, the average monthly lease rates have not followed the decline as the

⁵⁵⁴ Toronto taxi licence prices are plummeting. Is Uber to blame?, Patrick Cain Global News, Posted January 22, 2015, www.globalnews.ca

⁵⁵⁵ Id.

⁵⁵⁶ Do Canada’s taxi drivers have a place in transportation’s changing future?, October 4, 2018, www.theglobeandmail.com



Table 3 - Monthly Taxi Lease Rates (\$) in Toronto 1993-2014

MONTH	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Av.
1993	275	210	283	325	512	319	240	326	354	245	333	458	3,880	323
1994	439	296	537	576	692	664	587	606	753	801	801	708	7,460	622
1995	848	714	819	895	903	873	960	916	1,040	1,080	1,111	920	11,079	923
1996	969	923	1,004	914	1,023	995	1,025	1,142	1,044	1,096	1,037	988	12,160	1,013
1997	983	1,041	1,149	1,077	1,103	1,096	1,072	1,095	967	1,089	1,021	1,027	12,720	1,060
1998	1,064	1,104	1,165	1,091	1,076	1,066	1,023	1,041	1,074	954	1,044	987	12,689	1,057
1999	1,180	1,032	981	978	1,037	875	901	954	1,113	1,108	1,085	985	12,229	1,019
2000	1,003	1,218	1,059	1,250	1,034	1,083	1,248	1,014	1,238	1,076	1,118	1,085	13,426	1,119
2001	1,198	1,197	1,152	1,012	1,020	1,241	1,169	1,097	1,046	958	1,180	1,171	13,441	1,120
2002	930	1,005	930	927	977	968	1,027	987	938	1,003	964	989	11,645	970
2003	1,144	1,030	997	1,088	1,097	1,015	1,109	1,170	983	1,115	1,009	1,034	12,791	1,066
2004	1,001	1,017	1,235	1,027	982	1,092	995	1,039	1,012	961	1,160	1,045	12,566	1,047
2005	1,089	1,007	1,005	988	998	1,044	1,108	1,123	1,054	1,119	1,102	1,074	12,711	1,059
2006	1,138	1,104	1,119	1,148	1,086	1,078	1,082	1,058	1,104	1,063	1,077	1,121	13,178	1,098
2007	1,079	1,127	1,035	1,126	1,035	1,090	1,222	1,075	1,145	1,134	1,128	1,059	13,155	1,096
2008	1,130	1,135	1,023	1,259	1,088	1,285	1,141	1,108	1,190	1,189	1,373	1,258	14,179	1,182
2009	1,103	1,389	1,203	1,401	1,301	1,448	933	1,258	1,175	1,205	1,385	1,168	14,969	1,247
2010	1,204	1,299	1,226	1,142	1,143	1,152	1,328	1,208	1,294	1,249	1,200	1,211	14,656	1,221
2011	1,290	1,614	1,505	1,199	1,153	1,293	1,471	1,754	1,495	1,320	1,380	1,283	16,757	1,396
2012	1,295	1,523	1,391	1,888	1,373	1,616	1,763	1,618	1,511	1,533	1,376	1,223	18,110	1,509
2013	1,690	1,602	1,541	1,353	1,547	1,683	1,500	1,491	1,439	1,382	1,475	1,718	18,421	1,535
2014	1,291	1,261	1,574	1,426	1,540	1,689	1,777	1,909	1,720	1,695	1,597	1,421	18,900	1,575

Source: City of Toronto. Toronto taxi licence prices are plummeting Is Uber to blame?, Patrick Cain, January 22, 2015, www.globalnews.ca

plate values after 2012. It is worthwhile noting that the monthly lease rates peaked in August 2014 at \$1,909 and steadily declined after that month till the end of the year, whether this reflects a normal yearly pattern or a decline in response to declining plate values is too early to tell from the above data. First differences in average yearly lease rates also do not indicate any definitive conclusive finding based on the limited data.

Ottawa: The values on plates in Ottawa comes from various sources, nevertheless, it provides some idea of trends. It is shown in the graph hereafter and in Table 4.

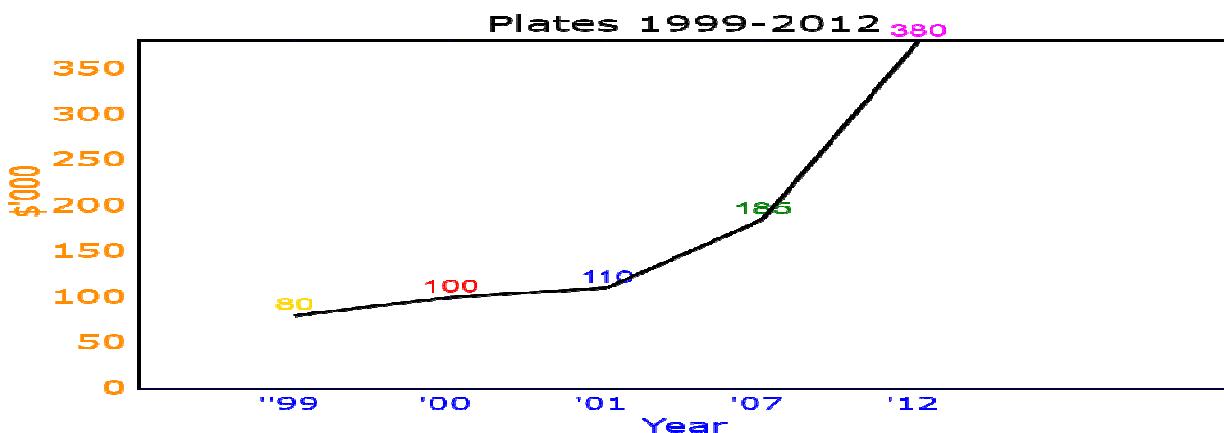


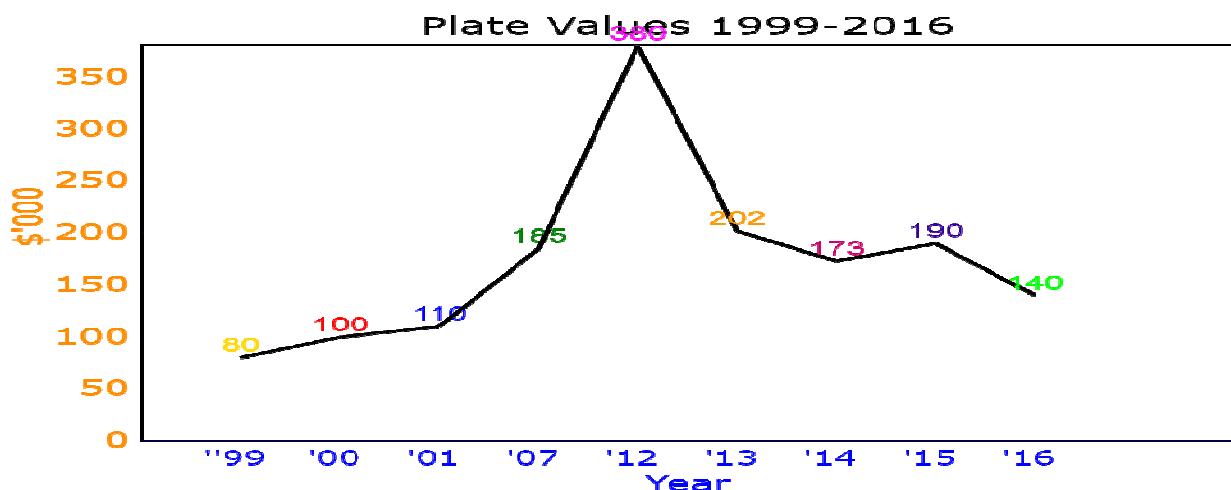


Table 4 - Plate Values in Ottawa 1999-2016

1999	\$80,000#
2000	over \$100,000 (as high as \$125,000)^
2001	\$100,000 to \$120,000#
2007	\$185,000 (highest price reported)+
2012	\$380,000 by 2012#
2013	10 regular plates traded, prices ranging from \$50,000 to \$320,000 (average \$202,000)*
2014**	11 regular plates traded, \$68,000 to \$275,000 (average \$173,000)*
2015	4 regular plates traded, \$137,000 to \$250,000 (average \$190,000)*
2016	1 regular plate traded, \$140,000*

Sources: # newspaper clippings. ^ Haydon Report. + David Seymour, Who Owns Taxi Licences?, Policy Series, 2009 (cites 2007 Hara Associates report to the City of Edmonton, *Assessment of Changes in Edmonton Taxi Demand and Supply*). *City Records. **Uber enters the market.

It clearly shows a steady increase in average plate values from \$80,000 in 1990 to \$380,000 in 2012. The



effect of the threat of competition can be seen after 2012. One newspaper source states “In 2001, the street price of plates in Ottawa was quoted at \$100,000 to \$120,000, and an average of \$50,000 in the former Nepean and Gloucester. More recently, before Uber entered the market, plates sold for \$200,000 to \$300,000. But the street value of plates is dropping rapidly.”⁵⁵⁷

⁵⁵⁷ The elephant in taxi industry's room: value of plates is evaporating, October 15, 2015, www.ottawasun.ca



Winnipeg: For Winnipeg, there is an abundance of official data on plate values.⁵⁵⁸ The data is available from 2006 to 2016.⁵⁵⁹ Before the threat of competition, the period 2006-2014 is shown in the graph hereafter and in Table 5.

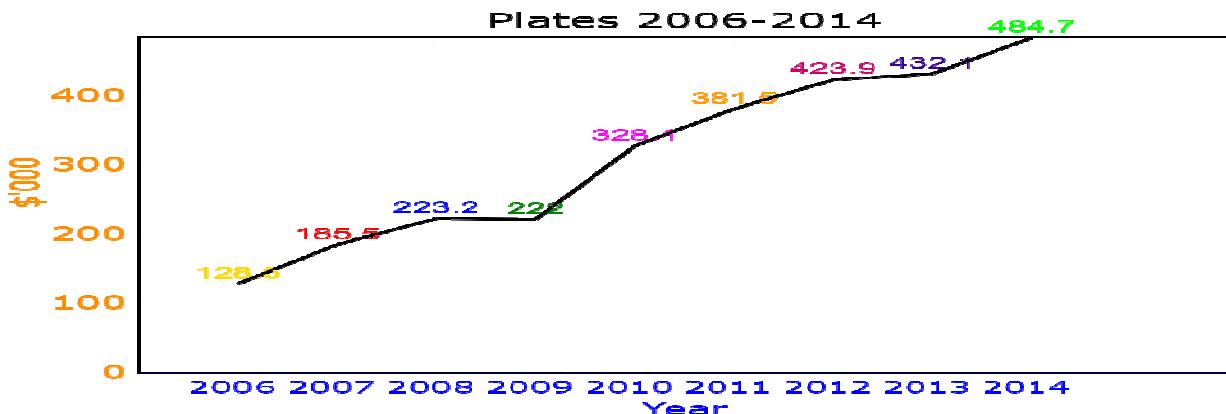
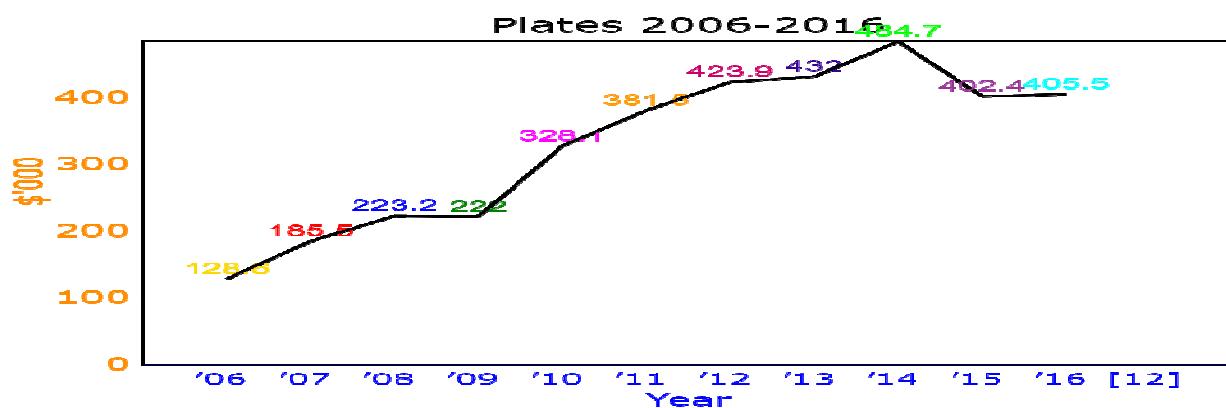


Table 5 – Plate Values - Average Sale Transfer Values (Taxicabs) 2006-2016

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Value (\$)	128,605	185,469	223,174	222,030	328,073	381,502	423,897	432,071	484,750	402,435	405,500

Source: TAXICAB INDUSTRY DATA REPORT, For Taxicab & Limousines operating in the City of Winnipeg, For the Period of January 1 to June 30, 2016, p. 15.

It clearly shows a steady increase in average plate values from \$128,605 to \$484,750 (a peak of \$545,000 was reached in July 2013). During this period, the plate values rose continuously apart from a minor dip in 2009. This was before the threat of competition.



⁵⁵⁸ TAXICAB INDUSTRY DATA REPORT, For Taxicab & Limousines operating in the City of Winnipeg, For the Period of January 1 to June 30, 2016, p. 15.

⁵⁵⁹ Before this period, plate values were reported to be between \$8,000-\$9,000 in 1956, \$13,000 in 1966 and \$24,000 in 1970. See Taxicab Inquiry Commission Report (or H.L. Stevens report).



After the threat of competition (i.e. 2014-2015), ride sharing companies began to appear in the Winnipeg market and plate values began to steadily decline. This is shown in the graph on a yearly basis. The graph indicates its decline after 2014.

Vancouver: The values on plates in Vancouver comes from various sources, nevertheless, it provides some idea of trends. It is shown in the graph hereafter and in Table 6.

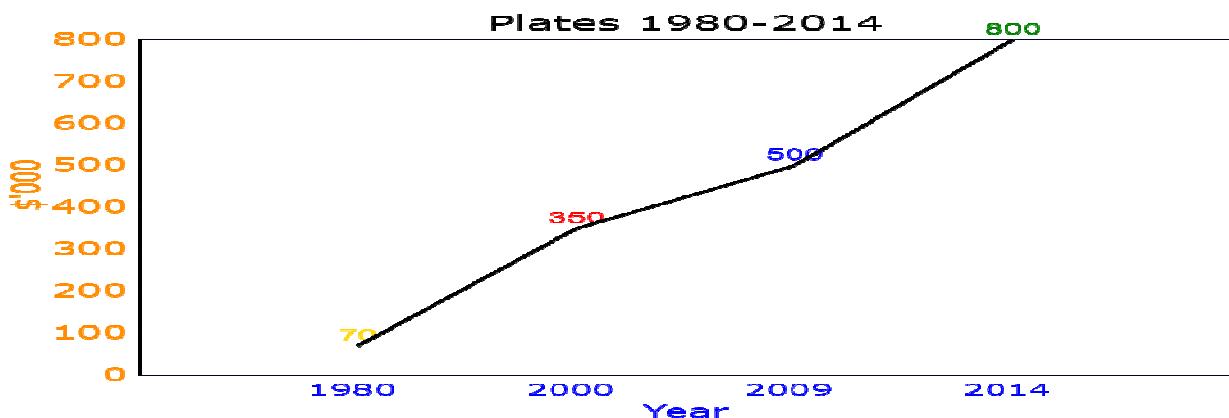


Table 6 – Plate Values of Taxicab Licenses in Vancouver 1980-2014

Year	1980	2000	2009	2014
Plate Value (\$)	70,000	350,000	500,000	800,000

Sources: See Monteiro, Joseph and Prentice, Barry E., Regulation and competition in the taxi industry in Vancouver, Canadian Transportation Research Forum Proceedings of the 2019 Annual Conference, Vancouver, BC, May 26-May 29, 2019, p. 333; and Who owns taxi licences, David Seymour, FCPP Policy Series No. 67, September 2009, p. 15.

In 1980 the capital value of the licence was \$70,000, twenty years later it was \$350,000, in 2009 it was estimated to be \$500,000 and in 2014 it was reported to be as high as \$800,000 with one source indicating it was \$1 million. It clearly shows the steep rise of plate values.

After the threat of competition, plate values began to decline, one report by Dana Hara of Hara Associates⁵⁶⁰ states “that the Vancouver Taxi Association (VTA), which hasn’t returned calls asking for comment, indicated to Hara that taxi licences in Vancouver have been worth as much as \$1 million in the

⁵⁶⁰ “Both taxi associations, and virtually all the member taxi companies, oppose the entry of TNCs to the market. They are concerned that TNC service will undercut the taxi licence limits, resulting in reduced revenues per taxi, with impacts on driver income and taxi licence lease rates and values. They note that there are substantial loans outstanding for which taxi licences are being used as collateral (reported by the VTA to exceed \$500 million), and that those loans would be threatened, along with taxi licence owner’s wealth, if taxi licence values declined substantially. The VTA indicated that taxi licences in the City of Vancouver have been worth as much as \$1,000,000 in the past, although values have declined significantly with the uncertainty created by anticipated entry of TNCs.” Modernizing Taxi Regulation, Hara Associates Inc. June 8, 2018, p.13; and “Prior to the uncertainty introduced by TNCs, a Vancouver taxi licence reportedly traded for as high as \$800,000. Current values are much reduced, but the underlying lease revenue remains.” Ibid., p.32.



past. Kang said the value of taxi licences began to fall years ago, when ride-hailing began being discussed. He suggested that the current values are equivalent to what they were 20 or 30 years ago. Kang said the value placed on a licence is arbitrary and depends on a number of factors, such as the size of a fleet, the area covered by the licence, the customer base, the company's reputation and the investment the applicant has made in the taxi service.”⁵⁶¹

Montreal: For Montreal, a complete time series of plate values is not available. However, for a few years various sources indicated its plate values. Plate values before the threat of competition and after (the period 1985-2016) is shown in the graph hereafter and in Table 7.

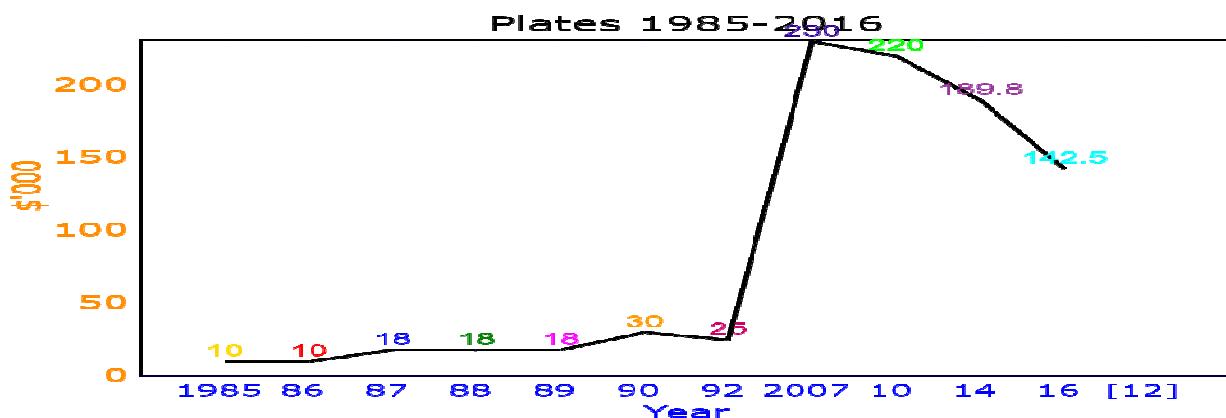


Table 7 – Plate Values of Taxicab Licenses in Montreal 1985-2016

Year	1985	1986	1987	1988	1989	1990	1992	2007	2010	2014	2016
Plate Value (\$)	10,000	10,000	18,000	18,000	18,000	30,000	25,000	230,000	220,000	189,000	120-165,000

Sources: 1985-1990 plate values based on prices sold in the 1984-85 buy back plan. Plates bought in 1985-87:785, 1988-89: 288, and 1990: 214. See The fundamentals of taxi regulation and the Quebec experience, Michel Trudel, Departmental Coordinator Taxi Services, Quebec Department of Transportation, Presentation to the 7th Congress of the European Taxi Confederation, Donostia - San Sebastian, Spain, February 1995; The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com; and As taxi permit value drops, Quebec looking at ways to help drivers, December 7, 2016, www.ctvmontrealnews.ca

From 1985 to 1990, the plate values are those provided by the Quebec government's buy-back plan for Montreal plates. In 1992, the price of a taxi permit for downtown Montreal was fixed at \$25,000 and by 2007 it had climbed to over \$230,000. In 2010 it was valued at \$220, 000 and “En 2014, un permis de taxi à Montréal valait en moyenne 189 810 \$.”⁵⁶²

⁵⁶¹ Taxi industry in B.C. worried value of taxi licences could fall further owing to ride-hailing, July 27, 2018 www.vancouversun.com

⁵⁶² The Uber controversy reveals the rottenness of the taxi industry, January 5, 2016, www.marxist.com



After the treat of competition, “Montreal taxi drivers say the value of their operating permits is rapidly dropping, as the provincial government is about to study what to do about the problem. The operating permits, also known as taxi medallions, are issued by the municipal taxi bureau to limit the number of taxis on the street at any given time. Those permits have become a de facto pension plan for many owners, who sell them in order to enter retirement. But those permits, which were being sold for up to \$200,000 a few months ago, have plunged in value since Quebec allowed Uber to operate a pilot project. Several drivers told CTV on Wednesday they were trying to sell their operating permits for anywhere from \$120,000 to \$165,000 without any luck.”⁵⁶³

For other cities examined in this book, a time series for plate values is not available at the moment but we do have a few values which indicate their upward trend before the arrival of TNCs. For Calgary, between 1994-2002, the average value was \$26,900 in 1994, in 2009 it was \$80,000 and in 2014 it was \$200,000.⁵⁶⁴ For Edmonton, between 2009-2015, the value was \$55,000 in 2009 and in 2015 it was \$200,000.⁵⁶⁵ For Hamilton, between 1993-2015, the value was \$60,000 in 1993 and in 2015 it was \$220,000.⁵⁶⁶

In sum, in this section the data for a few major cities on plate values were presented. It has shown conclusively that plate values have consistently risen in the absence of competition, particularly so when the number of plates in the major cities were frozen. The threat of competitive services from ride sharing companies not only arrested their upward climb but led to their fall and when the threat became a reality in some cities the plates values have fallen significantly. As more data is published by the municipalities of the major cities examined a true picture of the effect of competition on plate values will be known. Plate values, however, are only part of the overall picture as a number of taxi operators do not own their vehicles but lease their vehicles on a daily, weekly or monthly basis. In this case, the lease rates that taxi drivers have to pay is important as it affects the cost of providing taxicab services. One expects lease rates to decline once plate values decline. But this will have to be confirmed when and if data from the municipalities of these cities become available.

⁵⁶³ As taxi permit value drops, Quebec looking at ways to help drivers, December 7, 2016, www.ctvmontrealnews.ca

⁵⁶⁴ “Seroya’s lawsuit says while he purchased five plates (between 1994/2002) for the total sum of \$134,500 (or for an average price of \$26,900 each). “At the time of the transfer, June of 2014, each TPL was valued at \$200,000.” He accordingly sued the City of Calgary for \$1 million.” See City sued for \$1 million over revocation of taxi plate licences, July 7, 2017, www.cbc.ca; and the value of \$80,000 was indicated in Who owns taxi licences, David Seymour, FCPP Policy Series No. 67, September 2009, p. 15.

⁵⁶⁵ A 2015 news paper clipping states “That resale value is now around \$200,000, significantly more than the city’s original \$400 fee.” See More cabs, cheaper plates will cripple taxi industry, say some drivers, January 23, 2015, www.cbcnews.ca; and the value of \$80,000 was indicated in Who owns taxi licences, David Seymour, FCPP Policy Series No. 67, September 2009, p. 15.

⁵⁶⁶ “My wife and I got into the cab business in 1966 by buying our first taxi plate for \$3,500, and that included a clunker of a car.” They went on to own six plates: “The last one I purchased for \$60,000 in 1993.” By 2015, “Hamilton taxi plates have fetched as much as \$220,000, says Al Fletcher, the city’s manager of licensing and permits.” See Cab industry rides into a new era, The Hamilton Spectator, August 7, 2015 www.thespec.com



To confirm, the general belief that plate values will fall with the threat of competitive services or deregulation of the taxi industry, the evidence from other jurisdiction should also provide further insights. What happened in Australia will be briefly mentioned. In **Sydney**, its 5,500 metro taxi licences have seen their plate value fall from an average of \$375,000 in January 2015 to about \$300,000 in September 2015, a combined loss of just over \$400 million. “The losses come as UberX continues to make inroads into the Sydney market even as the NSW government fights a rearguard action against the legally ambiguous smartphone-based ridesharing service and has suspended the vehicle registrations of 40 UberX drivers for three months.”⁵⁶⁷ In **Melbourne**, its 4,300 metro licence plates have fallen from about \$290,000 each in January 2015 to about \$250,000 in September 2015, a loss of \$170 million. From 2010, plates have fallen from about \$500,000 – for a combined loss of nearly \$1 billion – mostly due to the deregulation, which allowed an unlimited number of plates to be issued at a fixed annual fee. Similarly, in **Brisbane** taxi plate values have fallen from an average \$515,000 in December 2014 to about \$480,000 in September 2015, a combined loss of about \$80 million for the approximately 2,200 metro plate owners.⁵⁶⁸

⁵⁶⁷ Uber takes big bite out of taxi licence plate valuations, financial review Ben Potter, October 2, 2015, www.afr.com

⁵⁶⁸ Loses were also incurred in other Australian cities. For example, Adelaide's 1100 metro plates have lost a combined \$55 million. See Uber takes big bite out of taxi licence plate valuations, financial review Ben Potter, October 2, 2015, www.afr.com



Section III - Are There Benefits From Competition?

In this section, the benefits arising from competition shall be described that has been noted in official publications and in a rather general way in the absence of data.

Toronto: For Toronto, the Economic Impact Study explores the economic and social changes affecting consumers, drivers, residents, and the vehicle-for-hire industry, since the introduction of the Vehicle-for-Hire By-law in 2016 (i.e. the law that permitted network sharing companies described in Toronto as PTCs). For consumers, the combined total consumer surplus for all taxicab and PTC users increased from \$255.7 million in 2011 to \$368.6 million in 2016. This was mainly due to the entry of PTCs in 2012, making the Toronto vehicle-for-hire market more competitive. For taxicab drivers, flexibility of work, expenses, job satisfaction, and job stability have “Strongly Decreased” since the entry of PTCs. For the industry, the arrival of PTCs has seen an overall increase in economic valuation of \$140.7 million from 2011 to 2016. For ancillary industries, the GDP generated from the taxi industry decreased but the economic gain from entry of PTC outweighed the economic loss.⁵⁶⁹

In a more general way, fares have also declined as seen by a downward adjustment of the drop charge for taxis from \$4.25 to \$3.25. The percentage drop is 30.77% more realistic on a total \$15 fare the percentage drop is 6.7%. The entry of PTCs has permitted the development of a wide variety of services such as Uber Pool, UberEATS, etc., to name a few. It has also provided a convenient way to access local transportation services through apps that consumers wanted.

Calgary: For Calgary, on November 30, 2018, Council approved a review of the Livery Transport Bylaw for Taxi, Limousine & Vehicles-for-Hire line of service. Their research on industry trends compiled on Calgary’s livery industry “shows there is increased growth in the combined taxi and TNC market since TNCs were allowed to operate in Calgary. Meanwhile, other aspects of the system show stability such as high customer satisfaction levels across industry sectors, overall number of drivers and limousine fleet size. Data seems to indicate that TNCs filled a gap in customer demand for livery services. The number of taxi trips has declined [i.e. 20% since 2015] but continues to provide a significant share of overall

⁵⁶⁹ See City of Toronto, Municipal Licensing and Standards, Economic impact analysis of Toronto’s taxicab, limousine, and private transportation companies, May 17, 2019 and Review of the City of Toronto Municipal Code, Chapter 546, Licensing of Vehicles-for-Hire Date: June 21, 2019.



livery trips.”⁵⁷⁰ In other words, the industry has grown 58% from 2015 to 2019 or from 7.5 million trips to 11.8 million trips. Customer satisfaction surveys of TNCs and taxis in the review indicates a “high level of customer satisfaction results, including satisfaction with drivers, the ride experience, and obtaining taxi services, as well as feeling safe during their last ride. Taxi users were less satisfied with value for money from rides in the 2018 survey (67 per cent were satisfied, consistent with levels since 2014) compared to limousine (85 per cent) and TNC (89 per cent) users, indicating that price sensitivity may be an ongoing concern for taxi users.”⁵⁷¹

In a more general way, the old ‘minimum rate’ of \$3.80 for the first 120 metres or any portion of a trip is now the ‘maximum rate’. The industry’s initial reaction to the deregulation of fares was that it could trigger a price war as taxi operators will now be permitted to set their own fares. Roger Richard of Associated Cabs brushed off the idea that deregulated rates could cause a fare war among cab companies. Amar Grewal, the manager of Delta Cab, said he doesn’t think prices will dip drastically. He noted that companies (Associated Cabs, Delta Cab, Checker Yellow Cab and Mayfair Taxi) which have dropped fares so far have done so by 10 to 20 per cent. Both Richard and Grewal hope that the decreased rates will give rise to increased trips. Richard said. “We are going to attract more people to use taxi instead of using other means of transportation so I don’t think their income in the long term is going to go down.”⁵⁷² The entry of PTCs have also permitted the development of a wide variety of services and provided a convenient way to access local transportation services through apps that consumers wanted.

Vancouver: For Vancouver, there are no official studies released on the benefits of permitting TNCs into the market. First, Vancouver has only recently (2019-2020) permitted entry of TNCs and so statistics are unlikely to be available. Second, it is not known whether the British Columbia PTB will make any studies or release them to the public.

In a more general way, it is expected that the entry of TNCs (Lyft Inc has already announced that it intends to operate in the BC market) will considerably improve the provision of service by reducing wait times for service that the local population and tourists complain about and reduce the overall pricing of local transportation services (though the PTB has indicated that the drop charge will be the same for both taxis and TNCs). It is also expected to give consumers the diverse services that TNCs provide and want.

⁵⁷⁰ Discussion Paper Calgary’s Livery Industry & Regulatory Approach: A History and Overview, December 31, 2019, p. 6.

⁵⁷¹ Livery Regulatory Framework Options - CPS2020-0708.pdf

⁵⁷² Calgary bylaw change could signal fare war among taxi drivers, April 6, 2016, www.cbc.ca



There have also been expectations based on studies by the Fraser Institute.⁵⁷³ The study by Green and Jackson states “The lack of competition allows taxis to charge higher prices. And taxis under a cartel system have fewer incentives to offer better services. Indeed, it seems like taxi competition in Vancouver and across Canada is exactly what is needed. The table below, from a Globe & Mail article on high taxi rates, compares fares for similar taxi rides across Canada and to a couple of major American cities.

Table 1 - Taxi Fares across Canada

City	Base Rate	5 Km Ride
Chicago	\$3.25	\$8.85
New York	\$2.50	\$8.90
Winnipeg	\$3.50	\$10.50
Calgary	\$3.40	\$10.60
Edmonton	\$3.60	\$10.80
Montreal	\$3.30	\$11.30
Vancouver	\$3.20	\$12.15
Ottawa	\$3.45	\$12.50
Toronto	\$4.25	\$12.85

All figures in Canadian dollars. Based on daytime fare, with two passengers in taxi and little to no waiting in traffic.

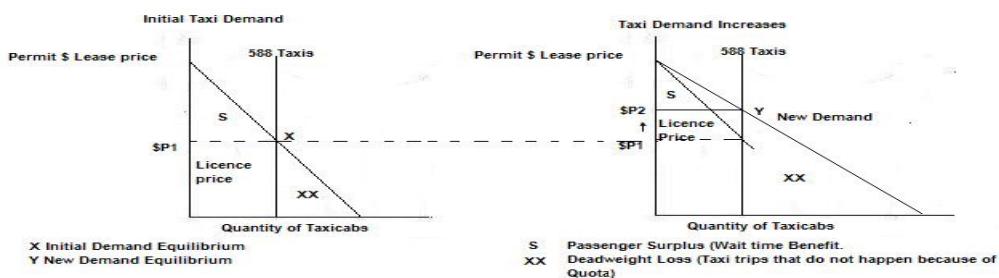
Source: Taxis need some competition, Kenneth P. Green, Taylor Jackson, October 2, 2015, Fraser Forum, Fraser Institute, www.fraserinstitute.com

In Vancouver, residents not only pay higher prices compared to most other Canadian cities, but they also pay considerably higher prices when compared to the U.S. It's not even clear that these high fares are paid in exchange for good service. A Google search of two of the city's most prominent taxi services shows that one has a rating of 1.7 out of 5 stars (based on 90 reviews) and another has a rating of 1.9 out of 5 stars (based on 59 reviews).⁵⁷⁴ A dissertation on taxi plates in Vancouver asks the question What Happens to License Prices When Taxi Demand Increases Under a Quota? It states “Consider what would happen if demand for taxi rides increased but the number of licenses remained fixed at 588. Taxi demand could increase because of a variety of factors ... If regulators fail to respond to new demand and keep the quota fixed, a taxi shortage will emerge. Passenger wait time will rise and thus the associated benefits to passengers will decline (area of triangle S). Owners of taxi licenses will see their “license lease price” (box Licence Price) rise because drivers are willing to pay a higher premium for a license because of increased taxi demand. Society’s loss (the triangle XX) becomes larger, as the quota prevents mutually beneficial taxi trips from taking place.”⁵⁷⁵ This is shown in the following diagram.

⁵⁷³ Taxis need some competition, Kenneth P. Green, Taylor Jackson, October 2, 2015, Fraser Forum, Fraser Institute, www.fraserinstitute.com; and Despite the critics, Uber will benefit passengers in B.C. and beyond, John Chant, January 22, 2016, Fraser Forum, Fraser Institute, www.fraserinstitute.com

⁵⁷⁴ Id.

⁵⁷⁵ Assessing and Reforming Vancouver’s Taxi Regulations by Benn Proctor, 2014, University of Victoria, p. 18.



In sum, two Canadian cities (Toronto and Calgary) where the benefits of competition were officially quantified have been indicated together with a more general belief about the gains of competition in these two cities and Vancouver. In Toronto, for consumers, the combined total consumer surplus for all taxicab and PTC users increased from \$255.7 million in 2011 to \$368.6 million in 2016. In Calgary, the industry has grown 58% from 2015 to 2019 or from 7.5 million trips to 11.8 million trips and customer satisfaction surveys of TNCs and taxis indicates a “high level of customer satisfaction.

However, to confirm, the general theoretical belief that there will be benefits from competition, the evidence from other jurisdiction where ridesharing began a few years earlier than in Canada should also provide some insights. One U.S. study by the National Bureau of Economic Research examined the benefits that have risen from one ride sharing company Uber (in four largest markets). Its findings were “We obtain large estimates of the consumer surplus generated by UberX. We compute the dollar value of consumer surplus from UberX rides taken in Uber’s four biggest U.S. markets in 2015 (Chicago, Los Angeles, New York, and San Francisco) to be roughly \$2.88 billion (SE=\$122 million) annually. This is more than six times Uber’s revenues from UberX in those cities. In 2015, these cities accounted for around 42.6% of UberX US gross bookings. If we assume that consumer surplus is proportional to gross bookings, we can extrapolate to an estimate of \$6.76 billion in consumer surplus from UberX in the U.S. The estimated consumer surplus is approximately 1.57 times as large as consumer expenditures on rides taken at base pricing. That is, for each \$1 spent on an UberX ride at 1.0x, we estimate the consumer receives \$1.57 in extra surplus. These estimates of consumer surplus are large relative to the likely gains or losses experienced by taxi drivers as a consequence of Uber’s entrance into the market (Cramer 2016).”⁵⁷⁶ In other words, if Uber were to disappear for a day, U.S. consumers would lose an estimated \$18 million in surplus. It should be kept in mind that the above findings were only for Uber and not for all ride sharing companies and for only four U.S. markets.

⁵⁷⁶ USING BIG DATA TO ESTIMATE CONSUMER SURPLUS: THE CASE OF UBER Peter Cohen Robert Hahn Jonathan Hall Steven Levitt Robert Metcalfe Working Paper 22627 <http://www.nber.org/papers/w22627> NATIONAL BUREAU OF ECONOMIC RESEARCH 1050 Massachusetts Avenue Cambridge, MA 02138 September 2016, p. 5.



In conclusion, in this Part, it has been indicated that there were limitations on estimation models in determining the number of taxi plates a city should have when the number of taxi plates were not frozen for several years for the City of Toronto. The estimation models underestimated the number of plates that were needed. In general, freezing the number of plates for many years by most Canadian cities and then increasing non standard plates (i.e. accessible, ambassador plates, etc.) has not resulted in the number of standard taxi plates that these cities should have had to keep up the changing economy. This in turn has led to a dramatic increase in plate values in the absence of any threat of competitive services. In turn it is believed that this has ultimately led to an increase in lease rates and an increase in taxi fares. When the threat of competition became a reality with the emergence of TNCs, plate values began to spiral downward. Competition in turn has brought about quantifiable benefits that advocates of competition claimed would occur (in the two Canadian cities where official studies were released). Notwithstanding these quantifiable gains, it is worthwhile remembering, that some of the real costs of the regulatory system may not be that it resulted in exorbitant fares but that it may deprive consumers of services they may have had in the present or may have had in the future.



PART IV – REGULATED INDUSTRIES, COMPETITION AND ECONOMIC PROGRESS

In this part, three related subjects will be briefly examined: regulated industries, competition and economic progress. Given the history of the taxi industry, three questions are briefly examined. Do regulated industries promote economic progress? Does serving the Public include considerations of competition? Where is economic progress taking this industry?

The first two questions are not new but given the emergence of technological revolutions (mobile phones, the internet, GPS and other world-transforming technologies) and social revolutions (shared economy) during the 2015 Taxi wars they have arisen once again.

Section I - Regulated Industries

Regulated industries are seldom the fountainheads of economic progress. In their zeal to satisfy the prevailing industry regulators often impede the introduction of new products and services. Impediments can take various forms. One writer on monopoly and economic progress states “Established authorities in many ways obstructed the full and rapid exploitation of new ideas.”⁵⁷⁷ This can also be said of the regulating authorities in the Taxi industry in Canada. History speaks for itself and in the most recent taxi wars one cannot help but conclude that regulatory authorities have tried to:

A. Give consumers what the authorities want rather than what consumers want. For example, in Toronto, Ipsos Reid found that “There is a strong sentiment among Toronto residents that people should be able *to choose* for themselves whether they want to use Uber or taxi services...”⁵⁷⁸ - the MLC tried to stop this service. This can also be found to hold for residents of other provinces which wanted TNCs. In Toronto John Tory, may well be the first mayor in Canada to have some grasp of the new realities. “Uber and services like it,” said Mayor-to-be Tory in a statement, “are here to stay. It is time our regulatory system

⁵⁷⁷ Monopoly and Economic Progress, J. Jewkes, *Economica*, August 1953, pp. 197-214.

⁵⁷⁸ City of Toronto, Taxi and Uber Consultation Qualitative Research, Ipsos Reid (See Findings (2) p. 6).



got in line with evolving consumer demands in the 21st century. As Mayor, I intend to see that it does, while being fair to all parties, respecting the law and public safety.”⁵⁷⁹

B. Entrench its regulatory powers with additional regulations in the area it was granted power. For example, in Toronto, the MLC tried to stop the service of Uber by entrenching its regulatory powers over local private ground transportation. In the case of *City of Toronto v. Uber Canada Inc. et al*, 2015, Judge Sean F. Dunphy, J. of the Ontario Superior Court dismissed the City of Toronto's attempt to shut down ride-sharing company Uber. He pointed that the regulation as applied to brokerage, required the brokerage to ‘accept’ or ‘call’ but that the service provided by Uber did not satisfy any of those terms. In addition, the service provided was based on a very different technology not imagined by those who designed the regulations.⁵⁸⁰

C. Extend its regulatory powers by additional regulations into other areas or extending the scope of its regulatory powers in the same area (eg. if the regulatory body is empowered to make regulations on safety it extends its power by making regulations on economic fronts i.e. price, entry). More recently, regulatory bodies have attempted to extend themselves by trying to regulate services of TNCs that have nothing to do with transportation of passengers such as Uber eats, packages, etc.⁵⁸¹ This matter was recognized as early as 1918 in *See BLUE FUNNEL MOTOR LINE, LIMITED, ET AL. v. CITY OF VANCOUVER ET AL.* when Justice Morrison said

“Public bodies invested with statutory powers must take care to keep within the limits of the authority committed to them, and in carrying out their powers, must act in good faith and reasonably and with some regard to the interest of those who may suffer for the good of the community”.⁵⁸²

In another case, *Ross vs. Queen*, Justice Cartwright J. of the Supreme Court of Canada in 1955 states

“F.G. Mackay J. A. ... sums up the law in the following passages which I respectfully agree: -

“It is settled law that municipal corporations in the exercise of statutory powers conferred upon them to make by-laws should be confined strictly within the limits of their authority. ...” ⁵⁸³

⁵⁷⁹ Terence Corcoran: Uber is shaking up the taxi industry. Why not just let this happen?, November 18, 2014, www.financialpost.ca

⁵⁸⁰ See Reasons for Judgment of Sean F. Dunphy, J. in *City of Toronto v. Uber Canada Inc. et al*, 2015

⁵⁸¹ See new regulations. *A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation Industry* (LS10.3); also see new regulations passed by Edmonton, Ottawa, Manitoba, Quebec, etc.

⁵⁸² See *BLUE FUNNEL MOTOR LINE, LIMITED, ET AL. v. CITY OF VANCOUVER ET AL.*, October 15, 1918, British Columbia Reports, Volume XXVL, p. 113.

⁵⁸³ *Ross vs. Queen*, Cartwright J. S.C.R., p. 435.



D. Impede or slow the adoption of innovations or innovative services. For example, the first City that permitted TNCs to operate was Edmonton on March 1, 2016, this was several years after TNCs were known to have attempted to gain a toe hold in the market, i.e. between 2010 and 2012. In most cities, the delays became a political tussle, the most revealing example being in Vancouver where they have continued until 2019.⁵⁸⁴

How the taxi regulator was caught unprepared can be aptly described by Judge Sean F. Dunphy, J. of the Ontario Superior Court statement in paragraph twelve of the decision:

“Have the City’s regulations, crafted in a different era, with different technologies in mind created a flexible regulatory firewall around the taxi industry sufficient to resist the Uber challenge, or have they instead created the equivalent of a regulatory Maginot Line behind which it has retreated, neither confronting nor embracing the challenges of the new world of internet-enabled mobile communications?”⁵⁸⁵

The growing literature on regulatory bodies and governance draws our attention to the dangers of the above described activities. Some of these concerns are well documented in the related area of abuses of statutory monopoly (for example, extension of patents or intellectual property rights, entrenchment of patents, etc.).

As one writer noted ‘Experience of all types of institutions suggests that established authority tends to inertia. Those who have once come into command of a situation or an institution gradually come to think of their task and responsibilities in a set way. Working rules gradually stiffen into tradition, the purpose may remain but it narrows or fails to widen with changing circumstances. Vested interests look askance at revolutionary ideas’.⁵⁸⁶ Where ‘the new normal is change’ established authority is unlikely to fare well.

Terence Corcoran a well-known commentator states “One of the greatest obstacles to innovation is regulation, as more than a few economists have argued over the centuries. Regulators become captive of the companies they regulate. They often set rules to protect existing firms. Innovative technologies such

⁵⁸⁴ “Hailo operated as a licensed taxicab broker until November 2014, when it made a decision to withdraw from the North American market,” 2015 Ground Transportation Review: Taxis, Limos and Uber, See Recommendation from the MLS. Also see comment regarding Lyft “They are only operating in jurisdictions where some type of Transportation Network Company regulation has been adopted.”, Toronto’s Ground Transportation Review Findings Report, p. 40.

⁵⁸⁵ See Reasons for Judgment of Sean F. Dunphy, J. in *City of Toronto v. Uber Canada Inc. et al., 2015*

⁵⁸⁶ Monopoly and Economic Progress, J. Jewkes, *Economica*, August 1953, p. 207.



as Uber always pose a threat to dead-weight vested interests and protected antiquated business models. For the first time in its history, since the horse-and-buggy era, Canada's taxi industry is being shaken.”⁵⁸⁷

Another concern is whatever the original impetus for and purpose of regulation, once it has started, the regulatory agency will develop its own interests and priorities (referred to as the Regulators' interest theory). In other words, the regulator is more concerned about its self-preservation, prestige, power, size, etc. Of particular concern is when the regulated agency is protected by legislation. A recent example, of this is the Canadian Wheat Board where its directors sought an injunction to prevent the federal government from implementing its legislation to kill the CWB monopoly.⁵⁸⁸

This does not mean that the City does not have the power to regulate new types of passenger service. They certainly have the power to do so pursuant to valid legislation. But until such regulations are passed questions will always arise. There are other laws and other laws may apply even if the industry is regulated. This is evident from the inquiry began in June 1998, by the Competition Bureau into an alleged conspiracy to restrict the number of taxi licences issued by the City of Toronto. The Bureau discontinued the inquiry in 2001 because it found that the City was authorized to control the number of taxi licences it issued and that there was no evidence to suggest that it had been prevented from effectively exercising its regulatory authority.⁵⁸⁹

⁵⁸⁷ Terence Corcoran: Uber is shaking up the taxi industry. Why not just let this happen?, November 18, 2014, www.financialpost.ca

⁵⁸⁸ Canadian Wheat Board takes Ottawa to court over rule of law, Financial Post, December 14, 2011, www.businessfinancialpost.com

⁵⁸⁹ Commissioner's Annual Report 2001, Competition Bureau, p. 39. See other cases, Taxi Cab Services – Chatham, New Brunswick where a conviction was obtained under the conspiracy provisions (i.e. s. 32(1)(c) / s. 45 (1)(c) of the Combines Investigation Act / Competition Act) and Taxis Vancouver case discontinued or dismissed under section 32.2 / 47.2 of the above Acts. See Annual Reports of the Director of Investigation and Research, Competition Act, 1979, p. 63 and 1986, p. 36.



Section II – Competition

In this section, one of the questions that were raised in a review of the taxi industry is whether serving the public interest include considerations of competition.

The author of *The Canadian taxi wars, 1925–1950* concluded with this observation:

“Who successfully defined the public interest as reduced competition and opportunity, as higher costs and prices?”⁵⁹⁰

To answer this question, one would have to examine the statutes or regulation of each of the municipalities where these wars occurred and to see if the words ‘public interest’ are specifically defined and whether it requires the regulator to specifically consider competition in arriving at its decision. Then the question has to be answered is the word competition defined. Is it to be narrowly interpreted as ‘intra modal’ competition or more broadly as ‘inter modal’ competition? Similar questions can be posed at to costs and prices or fares in the taxi context.

Examining the statutes or regulations may be more concealing than revealing. They typically contain the words “to serve the interests of the public” or “consider the public convenience and necessity” but they do not define them. Perhaps this was deliberately done. The Australian Law Reform Commission has expressly noted:

‘Public interest should not be defined.’⁵⁹¹

And, in a Federal Court Freedom of Information case, Justice Brian Tamberlin wrote:

*The public interest is not one homogenous undivided concept. It will often be multi-faceted and the decision-maker will have to consider and evaluate the relative weight of these facets before reaching a final conclusion as to where the public interest resides.*⁵⁹²

Legal bodies and judgements also steer clear of definitions as these words morph with place, locality and time. But this does little to answer the question at any moment in time.

Explicit or implicit in the regulations is also the authority to control entry or limit the number of licence plates issued and incidentally competition in the taxi industry. Controlling entry or limiting the number

⁵⁹⁰ The Canadian Taxi Wars, 1925–1950, Donald F. Davis, *Urban History Review*, Vol. XXVII, No. 1 (October, 1998), p. 19.

⁵⁹¹ Whose interests? Why defining the ‘public interest’ is such a challenge, September 21, 2017, www.theconversation.com

⁵⁹² Ibid.



of licence plates were expressly introduced in the regulations of British Columbia in 1933, Winnipeg in 1935, Ontario in 1954 and in Montreal since WWII. This usually places one on the horns of a dilemma. ‘To be or not to be’. If the regulations do not provide any guidance then one sometimes turns to economic literature and its evolution overtime to provide some guidance.

The evolution of history in transportation reveals that before the era of deregulation in transportation, transport laws often contained the words ‘public convenience and necessity’ before a licence could be issued and at that time most regulatory bodies interpreted the words in a way to exclude competition (either because consideration of it was not specially required by the statute or the jurisprudence on those words did not indicate that it should be considered). This changed in the late 1980s when the economic profession sided on removing entry and pricing regulation in favour of open competition, though in the taxi industry economists have tended to be ambivalent on the matter until more recently. The philosophy in favour of competition and why it is included in anti-trust or competition legislation has been stated in one opinion as follows:

“Possession of unchallenged economic power deadens initiative, discourages thrift and depresses energy; immunity from competition is a narcotic, and rivalry a stimulant to industrial progress; the spur of constant stress is necessary to counteract an inevitable disposition to let well alone.”⁵⁹³

Competition in the taxi industry not only leads to lower prices, greater convenience and better service quality, but also new products and services, and new methods of delivering these products and services. Judge Posner in his decision in the Chicago taxi cartel case, said that:

the fact that Uber, Lyft, and others are wreaking destruction on the old taxi cartel is a natural part of free market behaviour. When new technologies or new business methods appear, a common result is the decline or even disappearance of the old. Were the old deemed to have a constitutional right to preclude the entry of the new into the markets of the old, economic progress might grind to a halt. Instead of taxis we might have horse and buggies.⁵⁹⁴

This has been recognized by the Competition Bureau in its submission to the MLC in statements such as

“Competition is generally the best means of ensuring that consumers have access to the broadest range of products and services at the most competitive prices. ...

⁵⁹³ *U.S. v. Aluminum Co. of America*, 1948, Fed. 2d., 416 (1945).

⁵⁹⁴ Court Upholds Freedom and the Fifth Amendment in Taxi Cartel Case, by Bob Adelmann, October 10, 2016, www.newsamerican.com



Regulation that restricts competition more than an equally effective alternative imposes unnecessary costs on Canadian consumers and businesses.”⁵⁹⁵

The exhortations of the Competition Bureau were also exhaustively referred to in the Manitoba Government’s *Winnipeg Taxi Services Review*. This highlights the importance of ensuring that those responsible for the regulatory oversight over industry access, licensing and other salient competitive factors properly consider the impact their rules and policies have on competition.

To add to the complexity of the matter, the objective of the statute may also contain clauses such as ‘while offering a structure that can support the well-being of its participants’. If the regulatory body supports the well-being of its participants over new entrants, it is unlikely that competition will occur or innovative products will ever have a chance of succeeding. Further, the market structure reveals that the industry is controlled by a few taxi companies. It is therefore not surprising that the Competition Bureau recommended that the City of Toronto’s regulatory framework for taxi services facilitate new forms of competition that are likely to benefit consumers.

While the above may be valid from the economic regulatory aspect, it is still incomplete. The regulator neither examines the cost of the industry, nor answers the question of whether the public interest is being served. There are also other issues. How should one deal with the non economic regulatory matters in resolving the question of public interest? Does one consider matters of safety and protection of the travelling public in this equation? Does one consider employment provided by the taxi industry in this equation? Are there any other factors that should be included? Then, what weight do we give to each of these factors in considering public interest. These considerations make it very difficult to provide an unambiguous answer as to whether the industry is regulated in the interest of the public. Further, what period in history is being considered – jitneys, 1920-1950, 1950- 2015 – and where – Vancouver, Winnipeg, Toronto, Montreal.? If one were to equate public interest with economic regulations on cost, price, quantity and quality of service then the task of answering this question would be easier.

In considering the empirical evidence on economic regulation from a number of countries in the 1980s and 1990s, the evidence indicated that on balance deregulation of the taxi industry has not worked.⁵⁹⁶ The bipolar economic view on the merits of deregulation was gradually shifting in favour of opening entry of

⁵⁹⁵ Submission by the Commissioner of Competition Provided to the City of Toronto Taxicab Industry Review, February 18, 2014.

⁵⁹⁶ Taxi Industry Regulation, Deregulation & Reregulation: the Paradox of Market Failure, Paul Stephen Dempsey, *Transportation Law Journal*, Volume 24, Number 73, 1996, pp. 114-116; and Joseph Monteiro and Sofia Civettini, *Taxi and Limousine Industry in Canada*, CTRF Proceedings 2007, May 11-May 14, pp. 249-263



the industry in theory. There was also growing concern that the services provided were not adequately meeting the needs of the travelling public. The advent of TNCs left little doubt on this matter. The evidence on the benefits of competition is suggested by the statistics after the arrival of TNCs. In Toronto, for consumers, the combined total consumer surplus for all taxicab and PTC users increased from \$255.7 million in 2011 to \$368.6 million in 2016. This was mainly due to the entry of PTCs in 2012, making the Toronto vehicle-for-hire market more competitive. In Calgary data indicates that TNCs filled a gap in customer demand for livery services. The total number of rides in Calgary has increased though the number of taxi trips has declined [i.e. 20% since 2015], taxis nevertheless continues to provide a significant share of overall livery trips.⁵⁹⁷ In other words, the industry has grown 58% from 2015 to 2019 or from 7.5 million trips to 11.8 million trips. Customer satisfaction surveys of TNCs and taxis in the review indicates a “high level of customer satisfaction results, including satisfaction with drivers, the ride experience, and obtaining taxi services, as well as feeling safe during their last ride.

Questions of how the regulatory environment ought to or what policy choices the City should make to respond to mobile communications technology changes or new forms of transportation services are political ones.⁵⁹⁸ These are not matters for the regulatory body to decide but for the provincial government or city government to decide in light of economic freedom.⁵⁹⁹ The residents of Canada have made their views known to their cities and their respective provincial governments that they want competition, competitive prices and new services that are emerging in this rapidly changing world and economists are trying to weigh in on how the regulations in its existing form can **create distortions** that affect the industry’s ability **to serve the interest of the public**.

⁵⁹⁷ Livery Regulatory Framework Options - CPS2020-0708.pdf

⁵⁹⁸ Reasons for Judgment of Sean F. Dunphy, J. in *City of Toronto v. Uber Canada Inc. et al.* 2015. “While both sides took great pains to couch their arguments in terms of the public interest, this court is not the proper forum for that debate. Questions of what policy choices the City should make or how the regulatory environment ought to respond to mobile communications technology changes are political ones. Such questions are, of course, the stuff of democracy. While democracy can be a messy business, our system wisely recognizes that the perfect must sometimes yield to the practical at the risk of a wrong turn or two along the way. Courts determine disputes in the light of the output of the political process and with all of the respect for the differing opinions of the actors that our constitutional order demands.”

⁵⁹⁹ Professor Malcolm Sparrow (2000) argues: “Regulators, under unprecedeted pressure, face a range of demands, often contradictory in nature [he advises them to]:... deal with important issues – but do not stray outside your statutory authority; be more responsive to the regulated community – but do not get captured by industry” The Regulatory Craft, The Brookings Institution Press, Washington, D.C, 2000, p. 17.



Section III – Economic Progress in the Taxi Industry

When the horse was king of any form of local transportation until the end of 1900s it would have been impossible to guess, the next form of local transportation unless one had the imagination of Jules Verne. Today, one has a little more to go on.

The world is in the midst of a technological revolution and much of economic progress and growth witnessed today in transportation is because of this revolution. Who could have imagined mobile phones, the internet, GPS and other world-transforming technologies just 50 years ago? An autonomous world – with driverless vehicles, where cars can even fly, drones and airships can deliver parcels, people and goods can be transported in closed loops or by magnetic levitation, ships and ports that operate autonomously, and robots that repair and maintain rail lines and roads. The revolution in transportation is also being accompanied by other revolutions Self-Monitoring Analysis and Reporting Technology (SMART), The Internet of Things (IoT) and Information Communications Technology (ICT).⁶⁰⁰ To add to these technological revolutions are other social revolutions like the shared economy. The benefits that mankind derives from it are indisputable.

One such revolution that upset the taxi industry was the emergence of Transportation Network Companies (TNCs) and new forms of service. TNCs utilize three major technologies: GPS navigation, smartphones, and social networks, each serving a distinct purpose. GPS navigation systems provide ride efficiency in both distance and time, smartphones allow for convenience and accessibility and social networks build trust and accountability for both drivers and riders.⁶⁰¹ This new technology began to be applied to the cab industry regarding requests, location information and payment. A customer through a smartphone or website communicates his request to drivers of a transportation network company (TNC) via downloaded software application, the cab driver who has signed up to receive requests for service from the brokerage of the TNC decides to provide service or not. There is no calling or accepting of a brokerage. Information location is provided by Global Positioning System technology to allow consumers to identify nearby available vehicles and to tailor their requests accordingly. The payment is made by credit card

⁶⁰⁰ The Internet of Things (IoT) refers to the connection of objects with the additional property of being able to communicate and/or being controlled. In transportation, IoT connects communication (vehicle to vehicle, vehicle to infrastructure, vehicle to network, vehicle to satellite, etc.) and information (data, traffic, global positioning, weather, etc.). Information Communications Technology (ICT) refers to the convergence of audio-visual and telephone networks with computer networks through a single cabling or link system. This paper examines the changes in information and transportation technology that are being predicted to occur between now and the midpoint of the 21st century.

⁶⁰¹ The Economic Impact of Transportation Network Companies on the Taxi Industry, Alice Wang, 2015, p. 4.



information stored in customer accounts removing the need to carry money or the problem of fare payment at the end of the ride. With the use of this technology new forms of service sprung up. The most popular being shared driving besides others such as [Uber X, Uber XL, Uber Select, Uber Black, Uber SUV, Uber Taxi, Uber Access, Uber Pool, UberEATS, UberSKI, UberLUX, UberRUSH, UberASSIST, etc.]. Leading to a dramatic increase of TNCs throughout the world. Some of these are: [Gett](#), [Lyft](#), [Cabify](#), [Uber](#), [goCatch](#), [Via](#), [Ola Cabs](#), [GoCar](#), [GO-JEK](#), [Careem](#), [Wingz](#), [Taxify](#), [GrabTaxi](#), [Didi Kuaidi](#), [Easy Taxi](#), and [Fasten](#).⁶⁰²

Canada was not isolated from its impact. Soon after its emergence in 2009 TNCs spread to Canada where it attempted to operate. It first began operating in Edmonton, Toronto (GTA - 30 municipalities), South Western Ontario (Hamilton, Waterloo Region, Guelph, London), Ottawa, Montreal, Quebec City and Halifax. It has also begun operating in other Provinces: Manitoba, British Columbia, etc. In the Toronto Area “Currently, there are over 500,000 uberX trips a month in Toronto, about 10,000 uberX driver partners in Toronto (most drive 5 hours or less on the Uber platform a week), and greater than 400,000 regular uberX passengers in the City. Demand for ridesharing is growing by 15,000 to 20,000 new riders a month in Toronto and is outpacing (on a per capita weekly trip basis) growth in more mature markets such as New York City, Chicago, and San Francisco.”⁶⁰³

As one writer stated, “... a ride from point A to point B -- the ease, comfort and transparency of using Uber and other TNCs has felt like a revolution in transportation for many of their customers” and especially the younger modern generation.⁶⁰⁴ This has enabled TNCs to provide several new types of service, some of which were not fully developed or in the regulated market.⁶⁰⁵

Buckle up, as the roller coaster ride has just begun. The next taxi revolution is likely to come from the autonomous cars or autonomous taxis. The technology required for these autonomous cars can be summarized as follows: 1) Cameras; 2) Laser Illuminating Detection and Ranging (LIDAR); 3) Radar; 4) Sensors; 5) Communications; 6) Human-machine interface (HMI); 7) Domain controller; and 8) Motion

⁶⁰² See TNC's in Wikipedia.

⁶⁰³ Uber Submission to the MLS,RE: LS6.1 2015 GROUND TRANSPORTATION REVIEW: TAXIS, LIMOS AND UBER, September 15, 2015, p. 3.

⁶⁰⁴ UNSUSTAINABLE? The Growth of App-Based Ride Services and Traffic, Travel and the Future of New York City, February 27, 2017, Schaller Consulting, p. 3. Also see p. 22 “Through the use of GPS navigation, TNCs reduce the uncertainty about whether drivers will take the fastest or shortest route. By having credit card information stored in customer accounts, TNCs have eliminated the hassle of fare payment at the end of the ride.”

⁶⁰⁵ Uber X, Uber XL, Uber Select, Uber Black, Uber SUV, Uber Taxi, Uber Access, Uber Pool, UberEATS, UberSKI, UberLUX, UberRUSH, UberASSIST, etc.



control systems/actuators/mechatronic units.⁶⁰⁶ The important question is when are these autonomous cars going to arrive? Some held the view that the 'fully autonomous' cars were five to ten years away though less fully autonomous cars could be on the roads by 2021. In contrast, others held that view that it was already here.⁶⁰⁷

Regardless of these views, the Robo-Taxi or Robo-Cab has already made their appearance. It's appeal lies not only in the fact that it will lead to a significant reduction in operating costs and fares as there will be no need for a driver but also because it could have a very positive impact on road safety, traffic congestion and parking. It could also result in a reduction of pollution and consumption of energy and other resources for it will most probably be run on electricity. Several studies highlighted that robo-taxis operated in an Autonomous Mobility on Demand (AMoD) service could be one of the most rapidly adopted applications of autonomous cars and a major mobility solution in the near future, especially in urban areas, providing the majority of vehicle miles in the United States within a decade of their first introduction.⁶⁰⁸

Testing (with drivers) of the Robo-Taxi began as early as August 2016 by NuTonomy. A month later, Uber started allowing a select group of users in Pittsburgh to order robo-taxis. Then in early 2017, Waymo started a large public robo-taxi test in Phoenix using 100 and then 500 more vehicles followed in the summer by Cruise Automation in San Francisco. In August 2019, Waymo began operating its self-driving ride-hailing service in two cities: Phoenix and Silicon Valley.⁶⁰⁹ In April 2019, Tesla Inc. announced plans to launch their robo-taxis service by 2020. Elon Musk, CEO of Tesla said "I feel very confident predicting autonomous robo-taxi for Tesla next year. Not in all jurisdictions, because we won't have regulatory approval everywhere, but I'm confident we'll have at least regulatory approvals somewhere, literally next year." The Tesla network could be of cabs that owners can sign into and out of.⁶¹⁰ Many countries are showing a great interest in this development. It will have far reaching implications for spreading Transportation-as-a-Service and individual car ownership.

⁶⁰⁶ For additional as to what this involves see: A FUTURE WITH AUTONOMOUS VEHICLES: Issues, the potential for research topics, and a personal perspective Dr. Malcolm Cairns - Malcolm Cairns Research and Consulting, CTRF Proceedings, 52nd Annual Conference, Winnipeg, Manitoba, May 28-31, 2017, pp. 74-75.

⁶⁰⁷ "Fully autonomous vehicles won't arrive for a long time", Richard Truett, Automotive News, October 10, 2016; and "Elon Musk: Every Tesla Car Will Be Fully Autonomous by 2017", June Javelosa and Kristan Houser, Futurism, October 20, 2016.

⁶⁰⁸ Robo-Taxi, www.wikipedea.com

⁶⁰⁹ Waymo's robot taxi service is improving, but riders still have complaints, August 26, 2019, www.theverge.com; and Waymo's driverless car: ghost-riding in the back seat of a robot taxi, December 9, 2019, www.theverge.com

⁶¹⁰ Robo-Taxi, www.wikipedea.com



One should keep in mind that “It was not the stage coach owners who built the railroads, nor the owners of fleets of clippers who developed the steamer.... Nor did the railroad magnates promote the automobile.... the automobile magnates did not become airplane pioneers.⁶¹¹

⁶¹¹ Role of Theory in the Study of Business History, F. Redlich, *Explorations in Entrepreneurial History*, Vol. 1V, 1951-52.



PART V – Conclusion

In this book, the evolution of the taxi industry in Canada has been examined from its early beginning as a horse-cab industry to the present day taxi-cab industry. This industry has been examined in Part I for ten cities: Winnipeg, Ottawa, Toronto, Vancouver, Montreal, Halifax, Calgary, Edmonton, Hamilton and Quebec City. The cities were chosen given its historical significance and size. For each city, the description has followed a standard format: The Beginning of the Horse-Cab Transportation; The Beginning of the Taxi-Cab Transportation; The Jitney-Tram Era; The Taxi-Cab Era; The Taxi-Cab Post War II Era; and the Taxi-TNC Era.

An examination of the taxi industry in each industry indicates that its starting point begins with its age. In towns in Canada that had its origin in the 1820s or earlier for-hire local transportation began with the cartage industry. As population in each town increased, local for-hire transportation gradually evolved into the buggy and horse-cab industry. The industry began to evolve in response to technical improvements and regulation. Both factors played a critical role in its early development. Technical improvements were needed to make passenger transportation more practical and viable and regulation was needed to bring about order and safety for the movement of vehicles and passengers. The regulations were under the jurisdiction of the police and typically dealt with license fee, speed of carriage, stands in the marketplace or major streets, conduct of hack operators and fares. As the size of the town and population increased, regulation covered further aspects of carriage transportation such as identification of carriage, vehicle requirements and detailed passenger fares.

Regulations played an important role in the early evolution of the horse cab industry into the street cab and the livery cab forms of local transportation. When it seemed that there would be a period of peace and calm, an increase in demand and technical improvements ushered in a new era, the horse car era with larger cabs and then larger cabs on wooden rails. The arrival of electricity then revolutionized the horse car era into electric trams or rails, the beginning of mass local transit. Provision of this form of mass transportation required large private capital investments. Private capital from leading entrepreneurs of the day was only forthcoming if these entrepreneurs were able to obtain a franchise and preferably a monopoly from the towns which had gradually become cities. It also ushered the beginning of limited competition between the street horse cabs and tram cars.



The immediate success of electric tram cars was derailed with another technological revolution, the automobile. It began to offer an alternative source of local transportation and the start of competition to the horse cab and the tram car. Its arrival initially did not raise concern as the automobile was an expensive novelty and private carriage was still only for the gentlemen and rich. But this was shortlived, as the assembly line production of automobiles lowered the costs of automobiles significantly. Automobiles began to be adapted for use as taxis and as their costs declined it began an era of competition between motorized taxis and tramcars. As automobiles became cheaper, a period of intense competition arose between the two, known in history as the jitney era (where the price of travelling by an automobile was no different than the price of travelling by a tram car, five cents). Alarm bells were sounded by the tram car franchise holders who saw their revenues plummet drastically. They turned to the municipalities with whom they had franchises to snuff out the jitney operators and to bring regulations to outlaw their operation or at the very least impose regulations to raise their fares or cost of operation. Since, the municipalities derived a substantial amount of revenue from the tram cars and were interested in preserving and ensuring a viable form of mass transit for their city, the end of the jitneys was inevitable and most cities banned their operation.

The only remaining form of private for-hire local transportation that was left was the horse cabs and motorized taxi cabs. The former was gradually eclipsed given the superiority of the latter. But this did not mean that taxi cabs had a segment of local transportation all to itself, free from competition. There were a few taxi companies that acted as jitney operators together with new upstarts that found a niche in the market free of the heavy overheads that established taxi companies had invested in - expensive automobiles, prestigious hotel stands, dispatch and telephone systems, and meters. Easy entry and companies that avoided the expensive trimmings of established taxi companies offered stiff competition and there was a period of taxi wars. As the tram car operators did, the established taxi companies called for further regulation in the form of limiting the number of taxi operators and raising their costs and fares through insurance requirements, expensive taxi meters, etc. To add to this, the onset of the Great Depression intensified the problem. A number of established taxi companies went bankrupt and with the ensuing unemployment and ease of entry taxi operators accepted lower fares, worked longer hours, and earned lower weekly wages. There were additional calls for regulations to limit the number of taxi permits that each municipality would issue, and some municipalities did give in to the request of the taxi industry. There were also attempts by the taxi operators to form co-operatives or unions to protect themselves. The onset of the World War II, somewhat alleviated the problem of excess supply of taxis.



With return to peace, the problem of excess supply of taxis returned together with demands for control on the limit of licenses issued. Most municipalities that had not passed regulations to limit the number of licenses imposed limits on licenses that would be issued and a period of regulated peace began. Placing limits on the number of licenses together with their transferability in some municipalities set each city up for a renewed set of problems. The interests of municipalities appeared to get clouded as to whether they regulated the industry for the interests of the people who the taxi industry served or the taxi industry. In the meantime, the structure of the taxi continued to evolve. The industry became more monopolistic with the brokerage taxi segment of the industry becoming a monopoly or a duopoly and a few taxi companies controlling the taxi industry. The regulators seemed to be oblivious of these developments or chose to ignore them and for a time diverted their interests to improving the service provided by the industry and then to accessible service (as the population aged). Both the industry and regulators began to enjoy a period of peace and quiet with occasional calls from the Competition Bureau for deregulation and the need for competition.

Competition in the industry became more difficult with the existing regulatory barriers. Limitation on the number of license plates led to a gradual skyrocketing in the values of these plates. The expectation that their value would increase provided individuals in the industry with a safe haven for their investment. Those already in the industry who had plates strenuously opposed an increase in the number of plates by the regulator. The taxi driver that decided to buy a plate or rent a plate and car from the brokerage or plate owner complained that they could not make a reasonable living given the cost of renting which reflected the appreciated value of the plate. The residents complained about the inadequacy of taxi services as the number of plates issued did not keep up with the increase in the number of residents and tourists over time.

Determining the exact number of plates needed has been a major source of problems. Too many plates as in the prewar period has led to an excess supply of taxi services and too few plates in the post war period has led to a shortage in the supply of plates resulting in an inadequate supply of service, failure of the taxi industry to provide accessible and innovative service and speculation about plate values. To determine the exact point of equilibrium between demand and supply in any market is asking too much from any regulator. This is best left to market forces of an open competitive market.

A solution to the complaints of residents emerged as a new taxi service through TNCs based on three technologies surfaced. It caught the industry and regulators off guard. Both industry and regulators challenged the provision of this service. They complained that the TNCs were bypassing the regulatory



regime resulting in unfair competition. It resulted in a war between the taxis and TNCs, spearheaded by Uber. The war spread from the street to City Hall and then to Courts. The Courts ruled in favour of TNCs and the industry and City Hall lost. The residents of each of the cities unanimously wanted the service. It is just as well that the regulators lost, as it raised the question whether the regulators were regulating in the interest for the industry or the people that the industry served. It was of course not an unambiguous one sided victory for the TNCs and TNCs were allowed entry with regulations that raised its costs and reduced its revenue. The taxi industry also gained some concessions through a removal of some of the regulatory costs it previously faced and a change in the regulations on fares so that it could better compete with TNCs. The war between taxis and TNCs is not completely over. Some Provinces like Quebec have turned a sympathetic ear to the taxi industry by providing them compensation for allowing the entry of TNCs, other municipalities have refused to entertain the notion of paying any compensation.

The turbulence in the taxi industry is not over. The next taxi revolution is likely to come from the autonomous taxi often called a Robo-Taxi or Robo-Cab. There are two basic reasons why it may spell an end to the present taxi industry as it exists today. First, the cost of private local transportation may fall even further without a taxi driver. Second, the demand for cheaper fares will increase as the demand for private local transportation increases.

In the last one hundred and fifty years, local private for-hire transportation in Canada has gone a long way from the horse-cab taxis to the autonomous taxis. The evolution highlights the important role played by technological change and the role of the regulator.

In Part II, the economic analyses of the cab industry have been examined under three theories: raising rivals costs and reducing revenues; capture theory; and capitalization of economic rents. The evidence for each of the eras: jitney-tram, taxi-cab wars and taxi-TNC was presented, even though fragmented. It is generally believed that during the jitney-tram era the evidence supports that the capture theory applied. For the tax-cab era the evidence supports that both the raising rivals costs and reducing revenues theory and capture theory applied, more so the former. For the taxi-TNC era the evidence supports that the raising rivals costs and reducing revenues theory, capture theory, and capitalization of economic rents theory applied, with hardly any doubt of the last. It is difficult not to conclude that the regulators favoured the status quo. Even when technological change occurred, they revealed a great deal of inertia in encouraging those in the industry to adapt to it and to encourage new innovative entrants into the market. Given this record, the notion that regulators can manage competition is particularly disturbing.



In Part III, keeping the number of taxi plates frozen and underestimation of plates by estimation models have resulted in an increase in taxi plate values and taxi lease rates. In turn it is believed that this has ultimately led to an increase in lease rates and an increase in taxi fares. When the threat of competition became a reality with the emergence of TNCs, plate values began to spiral downward. Competition in turn has brought about quantifiable benefits that advocates of competition claimed would occur (in the two Canadian cities where official studies were released). In this part, emphasis was placed on statistics, if obtainable, to indicate if the theory is borne out wherever possible.

In Part IV, the evolution of the cab trade has raised three old questions again: Do regulated industries promote economic progress? Does serving the public include considerations of competition? Where is economic progress taking the cab industry? Regarding the first, history appears to repeat itself, as established authorities and regulators did not embrace the arrival of TNCs; their attitude was hostile at first and only softened after the public demanded these services and it became a major political issue in each province. Regarding the second, regulators do not perceive serving the public to mean taking into account considerations of competition, unless the statute expressly indicates that considerations of competition should be taken into account. This observation is not new as ample testimony that it occurred can be found in the pre-deregulation era. Whether competition should be taken into account, depends on whether a person accepts the philosophy of competition or the philosophy of protectionism. Regarding the third question, it is any one's guess. Indications are that the automobile industry is in the midst of a technological revolution with the expectation of autonomous cars in the near future. As in the past, it will undoubtedly spread to the cab industry, and as it once did it will again be cost driven,⁶¹² perhaps more so with the prospect of getting even lower fares. So buckle up, as the roller coaster ride may be just beginning.

⁶¹² Driver cost accounts for one third of the taxi fare. In addition, insurance costs may decline if in a world of autonomous cars, accidents fall considerably.



Appendix I

Concerned about the developments occurring in the taxi industry with the arrival of TNCs, the Commissioner made a few submissions to regulators to modernize its regulations and to adopt a more flexible regulatory approach. These submissions are briefly summarized.

A. Submission by the Commissioner of Competition Provided to the City of Toronto Taxicab Industry Review

The February 18, 2014, submission recommended that the City of Toronto's regulatory framework for taxi services facilitate new forms of competition that are likely to benefit consumers. In particular, it recommended that consideration be given to increasing the number of taxicab licences issued and amending regulations that would allow the use of new cost-saving software applications designed to arrange and pay for passenger motor vehicle transportation services ("applications"). First, it reviewed the Toronto taxi marketplace reiterating some of the Toronto's 2013 findings, namely – increased taxi plate values reflecting expectation of higher profits, the higher fares in North America, and the longer wait times for a taxi than other cities. It indicates that restricting taxi numbers unnecessarily limits competition and harms consumers by making taxis less available. This leads to welfare loss and places an undue burden on certain segments of the population that rely on its services. Second, the Bureau disputes concerns of oversupply, if entry restrictions are relaxed based on evidence of other jurisdictions. It suggests that consideration be given to increasing the number of additional taxi licences issued in the City of Toronto by 7-31%. If done, this is expected to lead to a drop in prices for taxi licences and excess profits associated with scarce licences. Third, new technologies are emerging, such as including point-of-sale terminals and software applications to request taxi services that can have both positive and negative implications. Finally, the Bureau recommended that any regulations applied to new service methods and technologies in the taxi industry be designed to allow entry and competition. It goes on to stress that consumers and taxi operators benefit from competition and regulations should be limited to what is needed to protect the public and taxi operators from harm. Therefore, unwarranted restrictions on competition should be avoided, and any restrictions on competition that are implemented should be no broader than reasonably necessary to address legitimate subjects of regulation.⁶¹³

⁶¹³ Submission by the Commissioner of Competition Provided to the City of Toronto Taxicab Industry Review, February 18, 2014, www.competitionbureau.gc.ca



B. Taxi industry's emerging digital dispatch services

On November 25, 2014, the Bureau provided its views on emerging digital services. These services offer an innovative and convenient alternative to traditional methods of arranging urban transportation, such as hailing a taxicab on the street or phoning a traditional dispatcher. This is convenient for consumers. In addition, many of the new emerging software applications offer additional features, including payment options and Global Positioning System technology to allow consumers to identify nearby available vehicles and tailor their requests accordingly. The Competition Bureau expressed the view that these innovative business models have the potential to offer important benefits to consumers through more competition, including lower prices, greater convenience and better service quality. While concerns have been expressed with these services, the Bureau believes that municipalities should consider whether prohibitions on digital dispatch services and ridesharing applications are necessary and explore whether less restrictive regulations could adequately address their concerns.⁶¹⁴

C. Modernizing Regulation in the Canadian taxi industry

On November 26, 2015, the Bureau released a document providing its views on modernizing regulation in this industry. The document draws attention to the growing unrest in the taxi industry threatened by stringent regulations, new ride-sharing services and maligned taxi operators, leaving regulators trapped between maintaining their existing systems, which severely restrict competition, demands of consumers who want low prices and innovative new services and calls from taxi drivers to prevent the new unregulated upstarts. If old ways cannot bring about a solution, the way forward is to embrace change. Regulations should be relaxed and be no more intrusive than necessary, so that competitive forces can influence how the industry evolves and innovates. The first section of the document describes Canada's taxi industry. It indicates that municipalities regulate the industry encompassing: economic (fares and entry), safety and insurance and standards of service. By controlling entry (through the issuance of plates) which has rarely kept pace with demand, these plates have soared in value resulting in rents to their owners and a vehicle for investment purposes (by taxi drivers and other parties). This often results in fewer service providers, higher prices and poorer quality of service. Over time, regulations have been enacted to address some of these difficulties. Recently, new technology has permitted the development of innovative platforms and software applications that enable ride-sharing by their users. Providers of these services (known as TNCs) have become an emerging and important development. Entry by the TNCs provides a meaningful source of competition to traditional taxi operators that provide considerable benefits to consumers, such as: 1. Price; 2. Availability and waiting times; 3. Convenience; and 4. Quality

⁶¹⁴ Taxi industry's emerging digital dispatch services, November 25, 2014, www.competitionbureau.gc.ca



of service. Evidence or argument for these benefits is given. In response, traditional taxi companies are developing their own software applications and have worked to improve quality of service. It is also reported that plate values have fallen. The second section examines the regulatory responses to TNCs. There have been several responses: 1. Regulations to prevent operation of TNCs (seizure of vehicles, charges against drivers, etc.). 2. Regulations to allow the operation of TNCs (generally fewer than those required by taxi operators but they also enjoy fewer privileges). The third section examines principles for regulating transportation services. The Bureau does not advocate blanket prohibitions to new forms of competition by TNCs because these prohibitions would limit the benefits of innovation to consumers. While new entry can raise regulatory concerns – safety, insurance, impact on existing operators – a lighter approach to regulation may be more applicable. Regulations should be made and tested using empirical evidence wherever possible to test their efficacy and intended effect. Sunset clauses may help in determining if these regulations continue to serve their desired purpose and less intrusive ones should be designed. The fourth section examines overregulation of TNCs and taxis. The Bureau urges regulators to take a less intrusive and more balanced approach when designing and implementing regulations for transportation services. In regulations pertaining to, public safety and consumer protection; quality of service; licensing and training; limits on street hails or use of taxi stands; price controls; entry restrictions; and accessibility, it describes where regulations between TNCs and taxis can be balanced and where unneeded or less intrusive regulations can be made. The Bureau advocates allowing all industry participants to set their fares independently in a more flexible manner together with removing entry restrictions (i.e. by transitioning from “closed entry” systems, characterized by strict limits on the number of taxi plates, to an “open entry” system). The final section concludes by indicating that competition should be an essential guiding principle in the design and implementation of regulations. Greater competition benefits consumers in terms of lower prices, higher quality of service, increased consumer convenience, and higher levels of innovation.⁶¹⁵

⁶¹⁵ Modernizing Regulation in the Canadian taxi industry, November 26, 2015, www.competitionbureau.gc.ca



Appendix II

Writing on regulated industries would be incomplete without mention of the regulated conduct defence because the taxi industry is heavily regulated in Canada.⁶¹⁶ The regulated conduct defence (RCD) is briefly summarised and the views of the Competition Bureau's can be found in its 2006 Technical Bulletin on its website with comments on its views that can be found on the internet by law firms.⁶¹⁷

The RCD is a defence to conduct which would otherwise be a violation of the Competition Act when the conduct may be regulated by another federal, provincial or municipal law or legislative regime ("law"). It is a defence and not an exemption or exclusion. The origins of this doctrine first emerged in 1929 with the *R. v. Chung Chuck* case.⁶¹⁸ It was developed in the context of the criminal law section. In the late 1990s, it was the Competition Bureau's view that four elements must be satisfied before the RCD became relevant. First, the relevant statute must be validly enacted (i.e. it must be *intra vires* the responsible legislature). It basically means that the regulatory body must be enforcing an activity that it is empowered to do so. Suppose the regulatory body is enforcing a limit on the number of plates to be issued but nowhere does it have empowering legislation for it to do so from the Provincial statutes, then even if the regulatory body has passed a regulation enforcing the number of plates, this regulation is not validly enacted. This would also apply to a provincial government on matters it is not empowered to make laws about eg. interprovincial matters. Second, the activity or conduct in question must not only fall within the scope of the regulatory legislation, but must also be specifically authorized by the relevant body. Third, the regulator's authority must be exercised for the defence to be applicable, mere passive acquiescence or tacit approval will not suffice to displace the application of the competition law. Finally, before the defence will apply, a court must be satisfied that the activity that has raised concern will not frustrate the exercise of authority by the regulatory body. It basically means that the regulatory authority is not prevented from exercising its powers given to it to protect the public interest (eg. bid-rigging in a regulated industry that is not disclosed to the regulator).

⁶¹⁶ The RCD was summarized in my paper in 1998, 'Competition Activities Related to the Transportation Sector 1976-1996', CTRF Proceedings, May 25-28, 1998, pp. 506-7. It continues to be a grey area with issues unresolved, accordingly, this simplified description is on issues that are not too vague. For an opinion whether it applies or not contact the Competition Bureau.

⁶¹⁷ See for example 'The regulated conduct doctrine and the Competition Bureau's 2006 technical bulletin: retrospective and prospective', by Janet Bolton and Lorne Salzman, www.marcomm.mccarthy.ca

⁶¹⁸ *R. v. Chung Chuck*, [1929] 1 D.L.R. 756 (B.C.C.A.), aff'd [1930] 2 D.L.R. 97 (J.C.P.C.).



Since the above, did not apply to the non-criminal provisions of the Act, and since the Supreme Court later accepted the RCD in civil cases, the Competition Bureau published its Bulletin in 2006 providing an updated version of its views. It examined the RCD, first with regard to Federal law and Provincial law and second, distinctions were made between the treatment of regulation under the criminal provisions and under the civil reviewable practices provisions.

Regarding the application of the RCD to federal law, according to the Bulletin, the Competition Act applies unless there is clear Parliamentary intent to the contrary (i.e. intent may be explicit or implied. Implied intent may be present where (i) regulation is more specific than the Competition Act; or (ii) there is a comprehensive regulatory regime in place). In general it is unlikely that the Bureau will pursue a criminal case in respect of conduct that is authorized or required by a valid law. Where a regulator has forborne from regulation, the Bureau will apply the Competition Act to the unregulated conduct.

Regarding the application of the RCD to provincial law, according to the Bulletin, the RCD does apply to the conspiracy criminal provisions of the Competition Act based on the jurisprudence established from the *Jabour* and *Garland* cases. Regarding the other criminal provisions, the Competition Bureau will determine whether Parliament intended the provisions of the Competition Act to apply to the provincially regulated conduct; and may accordingly apply the RCD. It is unlikely that the Bureau will pursue a criminal case in respect of conduct that is authorized or required by a valid law. Regarding the application of the RCD to reviewable practices (i.e., non criminal provisions), the Bureau will consider RCD caselaw but will not consider RCD caselaw to be dispositive; Bureau will look to Parliament's intent on a case by case basis, but will not exempt conduct merely because regulation is more specific than the Competition Act.



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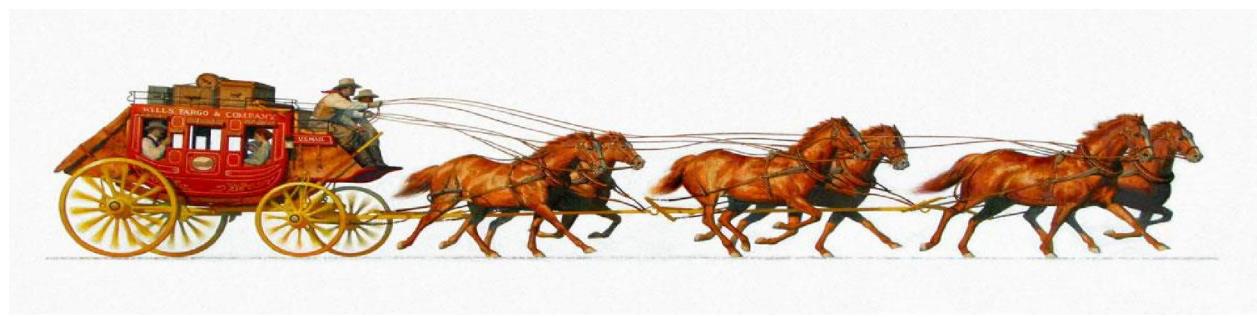
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sanjovin22@bell.net



ABOUT THE AUTHOR



Joseph has a B.A. and M.A. from the University of Bombay in economics and an M.A. from Queen's University, Canada in economics. He has also completed his Ph.D. course work in the same field. He has worked for thirty-six years with the Competition Bureau, Industry Canada and a year and half at Statistics Canada. His experience includes work as an investigative officer and experience in the regulated affairs area, together with research in various areas such as labour economics, antitrust economics, competition law, transportation economics, etc. He has been a member of the CTRF Board of Directors for twenty years and is VP of Publications. Mr. Monteiro publications are mainly in the area of competition law and economics. He has published about hundred papers. He also publishes the monthly Transportation Information Update, The Transportation Digest and the Canadian Transportation Quarterly.

Besides his work, he is an enthusiastic philatelist and a prolific philatelic writer. This hobby takes up a great deal of time. To-date he has written more than one four hundred articles and seven books for which he has won more than seventy medals including 9 Gold Medals for Philatelic Literature at national and international competitions. Some of his awards include: Ontario Graduate Fellowship 1968-1970, Competition Bureau Merit Award 2002, Queen's Jubilee Medal 2002, CTRF Life Member, The Geldert Medal for Philatelic Authorship presented by Royal Philatelic Society of Canada and The Robert Manning Award for philatelic articles.

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by

Joseph Monteiro