

# How municipalities in Ontario have responded to ride-hailing companies

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## Why did we select this case?

A number of municipalities in Ontario have amended vehicle-for-hire/taxi bylaws to account for new companies like Uber and Lyft. This includes Ottawa, Toronto, Kitchener-Waterloo, Hamilton, Mississauga, London, Innisfil, Oshawa and Windsor. Other cities can learn from their local responses to ride-hailing companies.



Most bylaws refer to ride-hailing companies as transportation network companies (TNCs) or private transportation providers (PTPs). They are characterized as technologically innovative business models for private transportation. A TNC, as defined by Mississauga's Public Vehicle Licensing Bylaw, "includes any person that licenses, administers, owns, has control over or operates an App used to connect drivers with passengers for transportation services."

## About the case

### **What type of approach have Ontario municipalities taken?**

The rapid growth of TNCs, particularly of Uber, meant most municipalities were reacting to their arrival. The majority of these municipalities have focused on reviewing and revising existing bylaws. There are a limited number of examples where municipalities have combined these bylaw reviews with other policy options that look to utilize TNCs to address municipal priorities.

## What were their primary public policy goals?

Most municipalities placed primary emphasis on:

- ensuring public safety and consumer protection
- promoting consumer choice and competition
- fostering regulatory flexibility and innovation
- establishing a fair playing field with existing service providers



Some municipalities also discussed the impacts on accessibility for Ontarians with disabilities and the economic consequences for taxi drivers, such as lower plate values and income.

The following considerations that received less consideration:

- environment impacts, including congestion, vehicle use and emissions
- employment impacts, such as job displacement and job security

## What type(s) of sharing are currently included in bylaws?

Most existing Ontario bylaws address ride-hailing, where a customer hires a driver to take them exactly where they need to go. They do not explicitly reference on-demand commercial ride-sharing companies, such as UberPool or RideCo., where separate fares are combined into a single car/journey. The exception is Waterloo, which covers these services. Carpooling—where regular drivers offer lifts to passengers going to the same destination as them—is covered by provincial legislation, so it has not been included in bylaws. However, some municipalities have taken steps to support the activity (e.g., the City of London’s Regional Rideshare Program). To date, the emphasis is on forms of sharing in transportation that leverage underutilized assets and/or connect consumers and service providers using digital platforms. Discussions have not focused on companies or organizations that explicitly aim to address social and environmental goals—such as fostering community relationships or reducing consumption—or that include provisions for co-operative ownership.

## What policy tool was deemed the best?

Bylaw reviews have been the most common and highprofile response, as detailed in the section below. In addition, TNCs are increasingly featured in municipal transportation master plans across the province. They are viewed as a potential complement to public transit, helping to reduce reliance on personal automobiles. Recently, both Innisfil and Milton have partnered with ride-sharing services as a means of filling gaps in the conventional public transit system.

## **How did they answer key design questions?**

Generally, North American municipalities have favoured bylaws that introduced a new licensing category model. The main elements of this approach are as follows:

- requiring TNC vehicles to carry insurance, undergo regular inspections and bear a TNC identifier
- requiring TNC drivers to obtain a permit and pay applicable licence fees
- requiring TNC drivers to submit criminal background checks and driving records, which are administered by the TNC and audited by the municipality
- requiring TNCs to collect records and report data to the municipality
- easing regulations on taxis (e.g., reducing fees and training requirements, permitting more variable pricing)

There are some notable exceptions, such as Waterloo, which capture ride-hailing companies under existing taxi cab and limo regulations. This approach is more common in Europe, where Uber tends to operate with a limo licence. Many European countries have banned ride-hailing services that fail to comply with existing regulations. This includes UberPop, which uses unlicensed drivers. A number of European countries have also invested heavily in enforcement against ride-hailing companies that operate illegally. Few municipalities have put limits on the number of TNCs, although Seattle is a notable exception. However, almost all municipalities have limits in place on taxi cabs. While some municipalities are discussing changing their limits, virtually no municipality is considering an open-entry market for taxis.

## **How did they plan for implementation and evaluation?**

TNCs rely on sophisticated technology to manage their businesses, creating significant amounts of data on ridership, point of origin and destination, etc. Many municipalities have begun to build data-sharing arrangements into their bylaws to help them understand the impacts of these TNCs. Most recently, Mississauga's pilot project required participating TNCs to supply information about the number and location of trips originating in the city. While impacts within individual Ontario municipalities are unclear to date, many municipalities have commissioned reports that examine potential impacts more generally. The City of Vancouver, for instance, commissioned research from the University of British Columbia. The resulting report, "Transportation Network Companies and the Ridesourcing Industry," concluded:

- Uber reduces the market share and plate value of the taxi industry .
- Uber is associated with better customer service, including improved coverage for underserved areas. It might also improve taxi service. The effect on accessible transportation is less clear.

- Uber, as well as taxis, may or may not complement public transit.
- Ride-hailing may reduce drunk driving but might encourage distracted driving.
- The environmental impacts are unclear; there is inconclusive evidence regarding the impact on vehicle use, congestion and greenhouse gas emissions.

## Source

Text and images from the report [Navigating the sharing economy: A 6-decision guide for municipalities](#) .

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