

Public Vehicle Pilot Program Committee

Date

August 18, 2016

Time

9:00 AM

Location

Council Chamber

2nd Floor

300 City Centre Drive

ADDITIONAL INFORMATION ITEM

7.4 [Correspondence from Mark Sexsmith, Taxi Industry Representative](#)

Contact

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City of Mississauga
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August 11, 2016

Attention: Mr. Ron Starr, Chair
TNC Pilot Program Panel

Dear Mr. Starr:

The taxi industry of Mississauga would like to make the following observations concerning the progress of the TNC Pilot Program Panel that you were Chairing in May and June of 2016, as well as any further consultations that may take place in regard to this topic.

The Mississauga taxi industry remains committed to the "Capture" option that was passed by the General Council in regard to licensing of for hire drivers and vehicles. Any "Pilot Program" must follow guidelines that give insight into what changes in service delivery are evident when the TNC's are required to operate within the parameters of the legislative requirements for their business model.

The simple fact of the matter is that the TNC's have been running their own "Pilot Program" in Mississauga over the past two years. This is undisputable, and several uncontested conclusions are clearly evident. The first is that, given a choice, the consumer will pick the lower price offered on a service. The second is that the taxi industry cannot match the TNC price program because of the restraints of meeting all by-law requirements for vehicle age, condition and insurance. Furthermore, the industry is at a pricing disadvantage because of the requirement to charge and remit HST on all fares, unlike the situation with the TNC's. Thirdly, the business model for the TNC's, with their 25-30% commission on the fares completed by the vehicles working under their Apps, is wildly successful because its operators are not factoring in depreciation and service costs into their income calculations, something that the full time taxi operators cannot ignore. The fact that the profits from these off shore tech giants is flowing out of the country, rather than staying in Mississauga is another sore point that politicians should be considerate of.

If the TNC's are really the high tech model that they claim to be, they can readily provide all of the data necessary accumulated over the last two years to provide the City with all of the information needed to evaluate their service model. Further "testing" of the model is completely redundant.

The only "test program" that will yield any meaningful results in this debate is a test where similar costs are shared by both the TNC and taxi industry. The same insurance requirements, the same vehicle and driver standards, and the same HST provisions on fare collection must be in place to properly evaluate the comparable service levels.

Much has been made of the "demand" for TNC service. Two points here bear discussion. The first is the fact that a request for public input concerning a 50% cut in transit fares would result in an overwhelmingly positive responses in favour of this move. Everybody likes cheap. Yet the City would never contemplate requiring the transit employees to work for a much lower wage in order to facilitate this public demand for cheap transit. So the taxi industry, which has the most restrictive set of working requirements under the By-law of any workforce, so much so that they are for all practical purposes contract employees of the City, are required to lower their standard of living to satisfy the pocketbooks of their fellow citizens. The taxi by laws were put in place to satisfy a provincial government

requirement to maintain a regulated for hire transportation industry, and those by laws were designed to provide a balance between the public's need for reliable, reasonably priced transportation and the taxi industry's requirements for a stable financially worthwhile return on their labour and investments. This of course leads to the second point, which is the fact that the City instituted the taxi plate system to provide the industry with a means to provide a retirement package program that was not directly managed by the City. Once again, the taxi industry accommodated this program into its operating model as a result of legislation passed by the City. Deregulating the industry (as the introduction of the TNC model actually does) throws this whole program out the door, with the predictable result that taxi plate values and monthly rental rates are severely devalued.

The only "Pilot Program" that bears any credence is one in which the service programs of the two business models operate on a level playing field of vehicle and driver requirements, and in which both parties are required to operate under the CRA requirements for HST payments.

The taxi industry has, for the last forty years, played by the rules. Tolerance of those businesses which openly flout the by-laws of the City by some Members of Council short shrifts those Mississauga citizens who have operated under these rules. We stand behind the Staff recommendations for the "Pilot Program", and trust that all Members of Council will accept the professional counsel that the Staff have been hired to provide. A thousand odd families depend on the integrity of our system of law for their living are asking that the Mississauga Council take this into account when deliberating this subject.

We would ask that all further considerations of easing restrictions on the TNC industry be held in abeyance; if their business model is so attractive, they should be able to operate within the same by law envelope that the taxi industry does.

In comparison to the TNC industry, the taxi industry has never tried to operate outside the by-laws, demanding, like the TNC's do, that the City conform to arbitrary changes in their business model, and blatantly flout City rules until the City buckles to the TNC demands.

Best regards,

Mark Sexsmith, Taxi Industry Rep