

IPAC Leadership Award

Name of Project Embracing Disruptive Technology and the Sharing Economy: Transforming legislation for Vehicle-for-Hire by regulating Uber in Toronto

Project Description

Toronto's taxicab industry has a lengthy, complex, and complicated history. For decades, the City of Toronto and jurisdictions around the world have heavily regulated their taxicab industries. The Toronto taxicab industry, in particular, has been the subject of repeated reviews which have steadily increased the nature and extent of the regulatory involvement in the industry.

In 2011, Toronto's City Council requested the most recent review of the taxicab industry. After 3 years of significant consultation and research a final report was adopted in February 2014. This review made significant advancements that enabled accessible metered on-demand taxicab service. This review did not contemplate any new entrants.

The emergence of the 'Sharing Economy' created opportunities to share underutilized assets through mobile technology. The sharing economy was creating things like homeshare, carshare, bikeshare and rideshare. Companies like Uber and Lyft were connecting riders through their smartphones with people in their personal vehicles to deliver trips in a manner similar to taxicabs.

In September 2014, Uber launched a new vehicle-for-hire transportation option in Toronto called, UberX, which connected Torontonians with illegal, unregulated and unchecked drivers and vehicles. There were more than 46,000 trips being taken each day in Toronto in vehicles that had no regulatory oversight.

In response to this, the Municipal Licensing and Standards (ML&S) division at the City of Toronto created the vehicle-for-hire policy and program to regulate companies like Uber to ensure regulatory oversight for this new form of transportation and reduced regulations for the taxicab industry.

This represented a landmark policy change for the City's vehicle-for-hire industry, establishing a new municipal regulatory regime that responds to evolving business models and changing demands of citizens, while striking a balance between regulation and safety. This new legislation legalized Private Transportation Companies (PTCs), such as Uber and their drivers, and provided a policy mechanism for dealing with new disruptive industries within a local economy context.

Role of Leadership in achieving Objectives

Leadership played an integral role in achieving the goals of the review and regulations. It took vision, collaboration and consultation to inform the debate and effective implementation to successfully enact the change.

It took strong leadership at the City to recognize that the public had embraced a new transportation option in overwhelming numbers, and that this was the beginning of a global trend in a shifting economy.

Persevering through external pressure, international media attention and sometimes industry protests, it was this leadership that saw and pursued a new approach to regulation.

Collaboration

Working collaboratively was also an integral part of the process. Achieving the goals of the vehicle-for-hire regulations required collaboration amongst leaders in City divisions, City Council Members and external stakeholders.

The City partnered with MaRS Solution Lab, which is a public and social innovation lab that helps to solve complex social and economic challenges. For this project the lab brought together polarized stakeholders to help solve problems collaboratively and modernize policies. MaRS was critical in building consensus amongst stakeholders and drafted a report with a system design approach to the new regulations, entitled "Shifting Perspectives".

Other studies on the potential impacts of the sharing economy were also being released at the same time, including studies by the United Way, the Wellesley Institute, the Mowat Centre and the Ontario Chamber of Commerce. Collectively, these reports set the context and formed a basis of research that was integral to designing new regulations. It was within this context that the City of Toronto embarked on creating new regulations.

Consultation

In creating the proposed regulations, the City undertook 20 consultations and engaged hundreds of stakeholders and the public, including over 80,000 responses to a survey.

City Council debated this matter several times, including the final meeting that included over 8 hours of debate and over 4.5 hours of questions of staff. The political committee that is responsible for overseeing this regulation - the Licensing and Standards Committee - heard over 8 hours of deputations from stakeholders and the public.

Key Changes

Governments positively responding to disruptive technologies, especially those related to the Sharing Economy, meant adapting government culture to transform and meet the evolving and changing demands of citizens while striking a balance between regulation and safety. City leadership propelled systematic change to the way the City did business – including its policy, administration and enforcement activities. Examples of some of the key changes below:

1. Transforming vehicle-for-hire regulation by creating a level playing field between taxis, limos and companies like Uber.

- Reframed regulations to focus on public safety and consumer protection, including: requiring vehicle safety inspections, insurance requirements, criminal background checks and driving record checks for all.
2. Enabling vehicle-for-hire regulation that exceeds the requirements in the Accessibility for Ontarians with Disabilities Act (AODA).
 - Toronto now has the most number of accessible taxicabs, more than any other city in Canada.
 - Requiring companies like Uber to deliver equitable and accessible service at the same price and in the same time frame as their other services. Toronto is the first in the world to design such a requirement, which holds Uber to the highest threshold for accessibility. This threshold was developed in partnership with accessibility stakeholders at OCAD and with the Toronto Accessibility Advisory Committee.
 3. Delivery of the first business licence through a complete digital process.
 - Produced an e-licence – first of its kind in Canada - which can be displayed to police or bylaw enforcement in-app from a driver's smartphone.

Outcomes

The success of the vehicle-for-hire project has meant positive outcomes for the public and the City of Toronto, including:

1. Increased consumer choice - Torontonians have more options for regulated and licensed vehicles-for-hire with the new regulations.
2. Increased competition – new regulations allow taxis and companies like Uber to compete for business which increases customer service and decreases costs and passenger wait times.
3. More effective and efficient government processes, including administration and enforcement, benefits citizens, including those who want to become drivers.