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CANADIAN CENTRE
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MANITOBA OFFICE

**Paul Moist – Speaking Notes**
**Winnipeg City Council – EPC Meeting**
**December 6, 2017**

**Re: Item No. 8 Proposed Vehicle for Hire By-Law**

Mr. Mayor, members of Committee, I am pleased to appear on Item 8 of your agenda on behalf of the Canadian Centre for Policy Alternatives-Manitoba (CCPA-MB).

We have written about the industry and changes it is experiencing here in our community and throughout the globe. Last month I sent each of you an excerpt from Hansard and our appearance before the Legislature's Standing Committee on Social and Economic Development on Bill 30 – The Local Vehicles for Hire Act.

I have a few points to leave with you today on this important subject matter:

1. Firstly I want to acknowledge that the City did not ask for this file and the tight time fame that you now face. This is due to the provincial government and their agenda which includes downloading responsibilities to the City.

   Bill 30 is but one example of such downloading. In addition, cuts to transit funding, ambulance funding and the elimination of the percentage of provincial income tax provided to the City (for over four decades) speak to a city – provincial relationship gone bad.



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CCPA-MB urges you to share with citizens details of these cuts and downloads; we believe there will be widespread public support for you to vigorously oppose these recent moves by the province. Nonetheless, the civic response ought not to cut services.

Services should be funded and transit fares should not be hiked, the costs should be absorbed by a combination of property tax hikes and reallocations where appropriate, and citizens should be advised that these decisions were caused by the provincial government.

2. The issuance of 120 new taxi licenses is an understandable and welcome move, and the fact they will not be transferable is also a move we support.

As we have written previously, the existing system is replete with problems and the current licensing system is one of them. Having said this, the provision that current taxi licenses will be transferable for 20 years is a shallow promise, as it is inevitable that the value of the licenses will plummet, as has happened throughout the globe.

In New York City the value of taxi licenses have declined ten-fold from a high of $2.5 million in 2014 to $241,000 (as at June 2017).
In Toronto, taxi license values have declined from a high of $360,000 in 2012 to $69,000 today.



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The Winnipeg market will not buck the trend experienced throughout the globe. The introduction of non-regulated competition in unlimited numbers will drive down the value of existing licenses which is a devastating blow to hard working citizens who have spent decades investing in what amounts to their own small business, the value of which will vanish with this feature of the proposed by-law.

We submit it is unfair to exempt PTP vehicles from the requirement to have driver shields, panic buttons or roof-top emergency lights. We also question why minimum English language proficiency standards will only apply to taxi drivers and not PTP operators?

It is in our view predictable that the two-tier nature of the proposed by-law favours Uber and other ride-sharing firms, and will spell the beginning of the end of the existing taxi industry.

We also question the proposed new system for handling public complaints, which will see Dispatchers responsible for, "Establishing complaint resolution processes, including tracking and resolving complaints, and reporting back to the City."

Currently, a Taxicab Inspector investigates complaints and the Taxicab Board holds complaint hearings when required, these are independent bodies and we submit that Dispatchers are not independent and assigning



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this new role to them is a questionable move.

3. In presenting this By-Law you argue that a minimal approach to regulation will increase competition and anchor a new vibrant system with fewer regulations and better service to the public. This is an optimistic assumption in our view, one that won't come to fruition, especially since there is no level-playing field in terms of regulations between taxi and PTP operators.

   As well, grounding the By-Law in four principles (passenger safety; driver safety; consumer protection, and accessibility for all citizens) ignores some fundamental issues, chief among them being the public policy matter of a living wage for workers within the system, whether they are taxi drivers or PTP operators.

   The 2016 MNP Report outlined how the current industry treats non-owner drivers, citing that more than half of the drivers in Winnipeg earned less than the Low Income Cut Off in 2015 ($24,409).
   The report outlined how the current system treated drivers like independent contractors when there exists a strong argument that they are in fact employees (who ought to be entitled to protection by the Employment Standards Act). They went on to say:

   "...a driver may reasonably be considered an employee. An individual driver may find it difficult to represent their interests to the Labour Board



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with the power imbalance and limited choice in the industry." (MNP Report, December 2016. Page 59).

I heard one driver speak at the Bill 30 hearings and he admitted more drivers would have appeared but were afraid they would lose their jobs if they did so. Your own Focus Group sessions saw this point made strongly by taxi drivers along with their concerns about low wages and no pension or benefits.

Uber drivers are not much better off. They too are challenging the system they are being made to work under. One Australian Uber driver summed it up as follows:

"Once the bills start coming you really feel it. You sit down and see how little you made and realize Uber is exploiting you….In my opinion after doing this for so long now I'm realizing it's a scam."

At a macro-level Uber faces many challenges including the fact that it is losing billions on an annual basis, and it faces challenges in places like London where an employment tribunal has ruled Uber drivers are workers, not independent contractors, and a such are entitled to minimum wage and benefits.

Uber's very business model cannot succeed according to recent analysis:



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"Uber can only be profitable if it succeeds in recreating the very monopolies – licensed taxi services in every city – it is trying to destroy….Uber would like a monopoly, or close to one, so it can raise prices." (Globe Report on Business Magazine, November 2017, page 19).

It is also predictable that the structure proposed in your By-Law cannot succeed. The existing taxi industry will suffer tremendous losses in both the value of their existing licenses and in lost business. Allowing an unlimited number of PTP vehicles will ensure that these drivers make poverty wages which has been the experience in other jurisdictions.

Absent from all of this debate and from your current by-law is the principle that the City values the work of all workers and believes all workers should earn a living wage.

The Ottawa Journal captured this principle when they wrote in 1936:

"No one has the right to expect a taxi ride…at a price that does not permit decent wages and working conditions for those engaged in providing it."

While the City did not ask for this regulatory responsibility with its many attendant challenges, surely the City does not want to perpetuate the creation of more poverty level jobs in Winnipeg?



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4. In closing CCPA – MB suggests that the proposed by-law be tabled.

   We recommend that the City engage in public hearings on the proposed by-law.

   We recommend that the City obtain legal advice on the potential liability it may face from the enactment of the by-law and resulting adverse impact on the current taxi industry.

   Lastly, we recommend that the By-Law be amended to include a fair wage provision that applies to all participants including both the taxi and PTP providers.



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Submitted by
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