Toronto Taxi Drivers: Ambassadors of the City
A Report on Working Conditions

Sara Abraham, Aparna Sundar, Dale Whitmore

Toronto, January 2008
The study was made possible by funding from the Faculty of Arts, Ryerson University and the Department of Sociology, University of Toronto-Mississauga.

We would like to thank the following people for their contribution to the study:

Angelica de Jesus
Grace-Edward Galabuzi
Abdulhamid Hathiyani
Alison Hawes
Jason Mukhisingh
Saima Ramzan
Alissa Trotz

And especially, the many taxi drivers who gave so generously of their time and knowledge.

For a copy of this report, please email sara.abraham@sympatico.ca or asundar@ryerson.ca or call 416-979-5000 x 6602.

Principal investigators and authors

Sara Abraham
Assistant Professor
Department of Sociology
University of Toronto

Aparna Sundar
Assistant Professor
Department of Politics and Public Administration
Ryerson University

Dale Whitmore
Student
Osgoode Hall Law School
York University
Table of Contents

1. Summary ................................................................. 1
2. History and Structure of the Toronto Taxicab Industry ............ 4
   i. Early history .................................................. 4
   ii. The impact of increased leasing on industry quality ........ 4
   iii. The demand for reform ...................................... 6
   iv. The Ambassador program .................................... 6
   v. Industry structure at present ................................. 7
   vi. Continuing problems in the industry ....................... 8
3. Drivers’ Relationship with the City ................................ 9
   i. Bias in bylaws .................................................. 9
   ii. Police ......................................................... 11
4. Income and Expenses ................................................ 13
   i. Ambassador drivers .......................................... 13
   ii. Lease drivers without a second driver ..................... 15
   iii. Lease drivers with a second driver ....................... 17
   iv. Shift drivers ................................................ 18
   v. Summary of income and expenses ......................... 20
5. Drivers’ Lack of Voice ............................................... 20
   i. Racialization .................................................. 20
   ii. Lack of organization ........................................ 22
6. Health and Safety ................................................... 22
   i. Health ......................................................... 22
   ii. Safety ........................................................ 23
7. Possible Reforms ..................................................... 25
   i. Allow Ambassador drivers to hire a second driver ........ 25
   ii. Convert Ambassador plates into Standard plates .......... 26
   iii. Regulate lease and shift rental rates .................... 26
   iv. Cap the number of plates issued .......................... 26
   v. Regulate taxi drivers as employees ........................ 27
   vi. Make protective shields mandatory ....................... 28
8. Recommendations .................................................... 28
Endnotes ................................................................. 30
Methodology ............................................................. 32
Bibliography and Resources ........................................... 33
1. Summary

This report presents the findings of a survey of Toronto taxicab workers carried out between November 2006 and October 2007. The survey aimed to document the conditions of Toronto taxicab drivers with regard to working conditions, income and expenses, regulation by, and relations with, the City, health and safety, and voice and organization. In particular, it sought to establish whether the Ambassador Taxicab reform adopted in 1998 has fulfilled its aim of ameliorating some of the worst risks faced by drivers.

This is the first systematic attempt to study the industry since the Thomas Report in 1996 and the Report of the Task Force to Review the Taxi Industry in 1998. More significantly, it is the first attempt to analyze what has changed with the introduction of the Ambassador program. Further, while both those reports were aimed broadly at reforming the taxi industry keeping in mind “public interest” - the interests of consumers, owners, drivers, and the City - this report seeks to focus more specifically on the conditions for taxi drivers as workers.

We note that the priorities of the 1998 report, in particular, made driver interests invisible in favour of the focus on “consumer service.” This focus developed out of the readily expressed fear at the time that cab drivers - the frontline tourist workers of the city - were non-English speaking immigrants, poor and inexperienced drivers, and with dirty cabs. Given the regular required training of drivers, language requirements, as well as tight regulation of cab age and conditions, we believe it is over-time to shed these fears and to begin to value and protect these city workers. There are close to 10,000 taxicab drivers in Toronto. This report seeks to provide a rounded picture of these drivers as low-income, racialized workers who perform an essential front-line city service and to propose reforms that would help improve their conditions.

We enumerate drivers’ interests in the report. These include health, vacation, unemployment, and pension benefits, health and safety on the job, increased numbers of taxi stands, a minimum income, regulation of flooding in the market, and protection from racial harassment. These must find expression in city policy. Other more contentious issues, such as lease caps, having second drivers on ambassador cabs, or monetizing ambassador licenses, need space for wide, deliberate, and consultative decision-making.

We also suggest that consumer and driver interests should not be viewed as oppositional in a viable industry. There is no contradiction between driver wellbeing and consumer service - a study conducted in New York City notes that various problems such as speed-
ing, overcharging, and violating traffic rules come directly from the financial strain experienced by drivers. Further, we suggest that the effect of marginalizing drivers’ collective interests has been severe. Drivers have become fragmented amongst themselves; they have become demoralized, insecure, and bitter against the industry and city council. It is our firm belief that improving conditions for drivers is integrally related to, and can only have a positive impact on, the quality and viability of the taxicab industry, and the “public interest” more generally.

The report is divided into the following broad sections: a brief overview of the history and present structure of the Toronto taxi industry; drivers’ relations with the City; economic conditions (income and expenses); drivers’ lack of voice; health and safety conditions. This is followed by a discussion of possible reforms and their advantages and disadvantages. The report concludes by listing as recommendations those reforms that are supported by the data.

Our concluding recommendations are the following:

- Form a drivers’ association, recognized by the City, to represent driver interests and to collect information and statistics about work conditions.
- Require brokerages and plate owners to negotiate collectively with drivers over lease, shift, and brokerage fees.
- Move existing lease and shift drivers to owner-operator and/or employee status without further increasing the total number of taxi plates in Toronto.
- Conduct a city-sponsored survey, with recommendations, on policing practices in relation to the taxi industry.
- Create a taxi worker benefits fund out of revenue earned from fees and penalties paid by drivers.
- Study the use of protective shields.
- Resolve the issue of the double standard in airport exemption under a principle of fairness.
2. History and Structure of the Toronto Taxicab Industry

i. Early history

The early history of the Toronto taxi industry has not been studied. Given the experience of other cities, it seems likely that no one form of organization dominated the industry. The Report of the 1998 Task Force to Review the Taxi Industry (Task Force Report) provides a good account of major changes in the industry in the second half of the twentieth century. It identifies two key moments that shaped the character of the industry. The first was in 1963, when the Metro Licensing Commission (MLC) allowed licenses to be sold on the open market. Up to this point, the license was valuable only as a means to make an income from driving. The ability to sell the license on the open market transformed it into a capital asset, with value created by a supply controlled by the Commission.

The second change occurred in 1974, when the Commission legalized the long-term leasing of taxicab licenses. According to the Task Force Report, this was in part because the Commission felt it was unable to enforce the then current by-law prohibiting leasing, due to collusion between the driver and owner. It was also felt to be cheaper for drivers to lease than to rent on a daily basis. The change also appears to have been a response to a perception by many drivers that it would allow them to achieve the status of entrepreneur rather than driver/employee.

These two features of the taxicab licenses led to rapid and dramatic changes in the structure of the industry in the following two decades. First, there was a rapid shift to leasing rather than owner-operated taxis. Plate leasing went from 32.1 per cent of available plates in 1982, to 78.0 per cent in 1997. Second, there was a sharp rise in the market value of the licenses. The average value of the plate went up from $45,024 in 1982 to $80,000 in 1997. The rate of return on the lease rates remained relatively stable at about 12.6 % per annum.

ii. The impact of increased leasing on industry quality

The increase in taxicab leasing had a dramatic effect on the economics of the taxicab industry. Lease fees received by the owner are net income, as there are minimal or no operating costs attached to leasing a plate. A taxicab plate thus became primarily an investment opportunity. The increased price put the ownership of a plate beyond the reach of an average driver and led to an increase in the number of speculative or absentee own-
The 1996 Thomas Subcommittee concluded that over two-thirds of the taxicab plate owners in Metro were not in the taxicab business; they were in the leasing business. A series of articles in the Toronto Star in 1998 shed further light on the extent of this practice.

The Star estimated that plate leasing brought in a total of $30 million in annual income for plate owners and middlemen. The plates had a total market value of $300 million. The owner of the most Toronto plates was Mitch Grossman, a brokerage owner. He, his family, and their various corporations owned a total of 94 plates, having sold many of the 145 plates they owned in 1993. Grossman was unusual only in that he was involved in the taxi business. Most top plate owners were investors who played no other role in the industry. Many did not even live in Toronto. Ten individuals and families owned more than 300 of Toronto’s plates. At least 200 owners were retired drivers or their widows who used their income from plate rental as a pension. Some of them also owned more than one plate.

The structure of leasing had an adverse impact on the quality of the industry. Since the owner’s financial benefits came from plate lease revenues, s/he had no incentive to provide a higher quality of service. Rather, it would be in the owner’s interest to keep the lease fees at a high percentage of the driver’s gross earnings while promoting practices to keep the operating costs low. At tribunal hearings, plate owners invariably denied any knowledge or responsibility for dangerous or unsafe taxicabs.

The leasing structure also led to poor conditions for lessee-drivers. Lessees bore the brunt of risk in the industry: they provided the car, paid for all equipment, brokerage and other fees, insurance, gas, and all repairs and maintenance costs. The lease offered the lessee no protection, since it could be cancelled without cause on seven days notice. The agent would cancel the lease if s/he could strike a more lucrative deal with someone else.

The Thomas Subcommittee concluded that the high cost of leasing, combined with other operating costs, meant that drivers were forced to compromise on maintenance in order to cut expenses. Vehicle replacement was also deferred to the extent allowed in the by-law.

In consultations held at the end of the 1990s, many stakeholders passionately linked low driver income to the poor quality of service, arguing that pride in one’s work and the ability to earn a reasonable wage was directly related to the quality of service offered to the customer.
iii. The demand for reform

Increased complaints from members of the industry and of the public led to a recognition of the need to study the industry and areas of possible reform. Areas of concern included reform to Toronto Licensing, particularly with respect to enforcement and unlicensed and out-of-town taxicabs; industry structure and the resulting safety and working conditions for drivers; customer service skills of drivers; and the quality of taxicabs.

In 1996 the Thomas Subcommittee Report was released by the By-Law Sub-Committee on Taxicab Leasing and Related Matters. This report recommended changes to improve the state of the taxi industry by: licensing “agents” in the industry, regulating leasing so as to reduce the harm and risk, including economic risk, as borne by the driver, increasing the class of owner-drivers while keeping steady in number the class of absentee plate owners, and increasing the numbers of accessible cabs.

In 1998, the City of Toronto undertook a comprehensive review of the taxi industry. The report of the Toronto Task Force to Review the Taxi Industry was published later that year. The Task Force considered a number of proposals for reform. In many cases it concluded that the proposals were impossible because the city did not have the legal authority to implement them.

iv. The Ambassador program

The main recommendation of the Toronto Task Force to Review the Taxi Industry (1998) was the creation of a new class of taxi plate, the Ambassador Class. This was intended to reduce the monopoly of the leasing system through creating a parallel and steadily increasing class of owner-operator drivers. The Task Force recommended the program as “a phased-in approach to introducing an open market with quality restrictions.” The ultimate goal was a system like that of London, England, where “black cab” taxis can be operated by anyone who completes a rigorous three-year training program, without any cap on the number of plates issued. The Task Force identified such a system as the preferable goal, despite widespread evidence of the failures of deregulation in North America. The Ambassador program was adopted by the city in November 1998.

Ambassador taxis may be driven only by the plate holder and neither leased nor transferred. Ambassador vehicles are subject to more strict quality standards and drivers must undergo a training program.
The old plates (dubbed “standard plates”) continue to exist and be leased. In theory, they are declining in importance as more and more drivers are issued their own Ambassador plates. No new standard plates will be issued. Drivers who own their own standard plates have the option of operating them as Ambassador plates. Standard plates can be sold or transferred individually only to persons holding a valid Toronto taxicab driver’s license, though it continues to be possible to purchase companies that own a number of plates.

The Task Force recommended that 300 new Ambassador plates be issued every year to existing lease drivers. However, the city only authorized the issuance of 100 new plates per year. In 2001 the city issued an extra 262 plates. In 2003 the City increased the number of plates to be issued over the following 3 years to 841.

With the introduction of the Ambassador plates and the continuation of the standard plates, there now exists a two-tier system of ownership in the industry.

v. Industry structure at present

According to data obtained from the City, as of October 2006 there were 3,480 Standard Taxicab Owner Licenses, 1,403 Ambassador Taxicab Owner Licenses, and 85 Accessible Taxicab Owner Licenses.

Of those drivers who can enter into an agent and/or leasing arrangement (i.e. Standard License Owners), 809 had no agent or lessee, 1,474 had an agent but not a lessee, 534 had a lessee, but not an agent, and 631 had both an agent and a lessee.

Ambassador owner-operators: There are currently 1,403 Ambassador Taxicab License Owners. These drivers bear all the costs of owning and operating their vehicle. They may not rent it out to a second driver. The majority of them also pay fees to a brokerage for dispatch services, although some operate as “independents.”

Standard plate owner-operators: Of the 3,480 standard license owners, only 809 or 23% had no agent or lessee. These owners function as owner-operators, responsible for all costs associated with maintaining their vehicles. While some of them pay fees to a brokerage for dispatch services, others operate as “independents” who work from designated taxi posts.

The remaining 67% of standard plates are either leased directly (534) or through a designated agent (1,474) or both (631).
Lease drivers: Lease drivers lease the plate on a long-term basis either directly from the plate owner, or, more frequently, from an agent who is often a brokerage. At present, the lease rate is about $1,150 per month. In addition to the lease rent, drivers are responsible for owning and maintaining their own vehicles, and for paying fees to a brokerage for dispatch services. Drivers holding a lease on a car may also rent it to another driver for a daily shift.

Shift drivers: Shift drivers rent the taxicab (car and plate) for a daily or weekly rental fee from the lessee or brokerage, who bear the maintenance costs of the vehicle. This fee includes the brokerage fee. The driver must pay for operating costs, such as gas and traffic tickets.

Brokerages: A brokerage is a company that plays two roles: it operates a dispatch service, and it controls a number of plates, each attached to a vehicle. The brokerage or its owners own some of the plates themselves. However, other investors own the bulk of the plates the brokerage controls. These owners appoint the brokerage or its officers as their “designated agent,” meaning the brokerage is responsible for managing the plate and is authorized to lease it out. In return the brokerage pays the owner a regular fee. This system allows control of a large number of plates to be concentrated in a single brokerage.

The brokerage leases each plate and vehicle to drivers in one of two ways. The taxi can be rented on a per-shift basis to shift drivers (as described above), or it can be leased out on a long-term basis to a single driver who maintains control of the vehicle and is responsible for maintenance and repairs. Often in this case, the driver actually buys the vehicle, but signs ownership over to the plate owner to comply with bylaw requirements that the plate and car be leased together.20

Each brokerage also operates a dispatch service for the benefit of drivers to whom it leases taxis, as well as for owner-operators. Both lease drivers and owner-operators pay a flat fee of roughly $450 for the use of the dispatch service. Owners or lessees using a brokerage are required to paint their cars the colours of the brokerage. A customer who calls a dispatch service will have no way of knowing whether the driver who picks him or her up is an owner-operator, a lease driver, or a shift driver.

vi. Continuing problems in the industry

Despite the best intentions of the two reports, we note today that they have not successfully removed the major problems of the taxi industry, in particular in relation to the eco-
The leasing system has persisted and is at a current rate of about $1,150 a month for the lessee. Shift drivers who rent cars from lessees or owners pay about $500 a week.

Specific recommendations on lease rate caps made in 1996 which evinced concern with the economic status of drivers were not followed through in 1998. Ten years later, the majority of cabs in Toronto continue to be run on standard licenses.

With an average of at least two drivers per cab, the majority of cab drivers in the city are lessees or daily shift drivers, carrying the risks noted in the 1996 report.

There is a crowded market of Ambassador, Lessee, Livery, and Shift drivers. There is no attention being paid to the need to control the numbers of cabs overall, rather we find the contrary.

Furthermore, our report goes on to show that Ambassador drivers, though not lessees, also have low incomes, have little political influence, and face tight regulatory and surveillance control, much like the other categories of drivers.

Why were these problems in the industry not successfully overcome? The answers are complex; regardless, their outcome has been that the livelihood interests of one of the chief stakeholders, the drivers themselves, have not been addressed sufficiently. Data in the following sections illustrate the extent of this neglect, and the failure of reforms to improve economic conditions significantly.

3. Drivers’ Relationship with the City

i. Bias in bylaws

The 1998 report explicitly noted that its 50 recommendations were organized around five principles. These were:

1. Create a Taxicab Passenger Bill of Rights: to focus the industry on customer service;
2. Improve the Cabs: retire dilapidated cabs and replace with newer, quality vehicles;
3. Improve training: so that all people in the industry, owners and drivers, know what
the public expects and have the skill to do the job;

4. Create Ambassador class cabs: to put greater pride of ownership behind the wheel; and

5. Strengthen Enforcement: to make sure it all happens.

These principles, unlike in the 1996 report, did not encompass the economic and social welfare of drivers. The bylaws passed from 2000 also do not reveal concern with driver economic welfare. For instance, despite being one of the most highly regulated workplaces in the city, there is no minimum wage or benefits that drivers may expect.

Further, no bylaw implemented since 2000 has been passed as a response to driver’s economic demands and interests, except when this has overlapped with city-wide interests amongst owners, brokerages and garages such as in gaining access to the airport market, in extending the age of cabs, and reducing the number of required inspections, amongst a handful of other issues. See Table 1 for the topics on which the bylaws have focused.

The major regulation issue around which brokers and drivers have coalesced in the last few years, to the point of mass, visible demonstrations linked to lobbying at City Hall, is “airport exemption,” i.e., the exemption granted to GTAA cabs or limousines from having to obtain a municipal license to convey passengers from Toronto to the airport. This, the Toronto industry argues, reflects a double standard in that Toronto cabs cannot pick up fares at the airport. Thus far, the Airport Limousine Owners Association has proved the more effective lobbyist: the relative strength of their lobbying efforts over those of the Toronto industry was reflected in the September 26, 2007 decision of the Planning and Transportation Committee not to remove the exemption from the bylaws. In response, the newly formed Canadian Taxi Drivers Association now believes that they need to become more effective lobbyists.

Drivers are cognizant of their marginalization, through this and other struggles they have waged at City Council. This is sharply reflected in our survey. When asked of their perception of City Council and bylaw officers, 67% of Toronto-based drivers believed that City Council worked against driver interests, whereas 19% of Mississauga drivers had a negative view of their City Council. The Toronto drivers’ statements on this topic included - the Council as a whole follows the lead of one particular member, seems to work only for brokerage interests, siphons money out of the industry through fees and penalties, and is against the “little guy.” These sentiments extended into similar negative views from Toronto drivers (and not the Mississauga drivers in our survey), to varying degrees,
against the Planning and Transportation Committee, the Municipal Licensing and Standards Committee, and Bylaw Officers. A common theme across the criticisms was the amount of money made off drivers by the industry. Competitive lobbying would only further drain the limited resources of the drivers.

ii. Police

In the most cited Canadian study on this topic, Stenning notes that a majority of taxi drivers that he surveyed rated relations between taxi drivers and the police in their communities as mediocre, bad, or very bad. He documents that “the principal reasons cited for bad relations between taxi drivers and the police were: over-zealous or insensitive traffic enforcement against taxi drivers by police; the belief among taxi drivers that problems (including victimizations) which taxi drivers face are not priorities for police unless very serious or a weapon is involved; and the view that police are too slow in responding to calls for assistance by taxi drivers and/or do not take their victimizations seriously enough. A lack of respect for taxi drivers on the part of police officers was also mentioned

<table>
<thead>
<tr>
<th>Year</th>
<th>Subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Definitions and duties of all parties connected to taxi industry (brokers, drivers, owners, licensing tribunal, cars); safety devices, Accessible cabs.</td>
</tr>
<tr>
<td>2001</td>
<td>Driving Schools, Numbers of Ambassador cabs, Accessible cabs.</td>
</tr>
<tr>
<td>2002</td>
<td>Age of replacement vehicles, trip records, stickers in cabs.</td>
</tr>
<tr>
<td>2003</td>
<td>Training course, flat rates, Ambassador Licenses, fare rates, cellular phones, partners of those on Drivers List, hours for Ambassador cabs, cost of Ambassador training course, transfer of std. owner's licenses incl. to corporations, taximeter rates.</td>
</tr>
<tr>
<td>2004</td>
<td>Transfer of std. owner's licenses (repealed), age of vehicles, inspections of cabs.</td>
</tr>
<tr>
<td>2005</td>
<td>Ads on cabs, safety devices (upgraded cameras for the second time in 5 years), Accessible licenses, fare rates (inc. by 25 cents in response to fuel hike).</td>
</tr>
<tr>
<td>2006</td>
<td>Age of replacement vehicles.</td>
</tr>
<tr>
<td>2007</td>
<td>Airport cabs and limos.</td>
</tr>
</tbody>
</table>
by several respondents, many of whom indicated this as a particular problem with younger officers. Our anecdotal evidence from Toronto suggested similar problems, in addition to drivers’ race as being a cause of poor relations with the police.

Our findings on this issue are both similar and different. We found that 21% of Toronto drivers rated driver/officer relations as being positive whereas 92% of Mississauga drivers found driver/officer relations as positive. Our qualitative data suggests four reasons why the Toronto drivers rated the relationship between drivers and officers as being poor:

- The perception that police officers gave tickets “for no legitimate reason.” Many drivers complained that they were receiving tickets because officers needed to meet their ticket quotas. Some of the drivers felt that officers could easily target drivers because they are immigrants and as a result, they are not aware of the bylaws.

- The drivers felt that officers were treating drivers as garbage. For example, one of the drivers said that officers do not “see us as human.” Another driver said that officers “think drivers are dumb.” In particular, a few officers, from a particular Division, were seen as giving drivers a hard time. One driver mentioned the story an officer who followed cab drivers around using his camera in order to pull drivers over.

- The perception that officers lacked an understanding of the taxi industry. One driver said that “officers have no idea what’s going on with how different cabs work.”

- Racial profiling: “They don’t like us for no reason. They hate us, maybe because of our race or colour;” “they like to profile cab drivers because of their race;” “they’ve got an attitude, a racial one towards drivers.”

Our statistical data suggests that there is some basis for drivers’ complaints of poor relations in Toronto in comparison to Mississauga:

- Drivers were ticketed for overcrowding taxi posts (all the cited cases were in Toronto)

- Drivers were ticketed for not having trip sheets filled out (all the cited cases were in Toronto)

- Drivers were ticketed for parking violations (165 out of 170 cases cited were in Toronto)
In Mississauga, drivers found officers to be helpful, to be doing their job, and that they did not bother drivers when they followed the rules. Some pointed to the fact that they felt better understood. For example, one driver said that when he was caught for speeding, he was usually given a warning instead of a ticket because officers realize that drivers are on the road for a long period of time. A small minority believed that officers picked on drivers. Toronto drivers themselves felt there was more protection of drivers in Mississauga, for instance, through a better working Taxi Advisory Council as well as the prevention of poaching from out-of-district cabs. To establish the specific reasons that explain the observed differences between the two jurisdictions is beyond the scope of this report.

4. Income and Expenses

All taxi drivers in Toronto have high fixed expenses. Each day, they must make enough money in fares and tips to meet these expenses in order to break even. Only then do they start earning an income.

There are two consequences to this. The first is that taxi driver income is very low. The second is that drivers face a high risk of losing money. In other industries, if an employee is sick s/he will likely not receive any pay for that day. In the taxi industry, if a driver is sick or if s/he receives few fares due to weather conditions, s/he will actually lose money rather than just not making any income.

We gathered data from each type of taxi driver on average expenses, gross income from fares, and hours worked. We calculated average driver income per month, and per hour.

The data does not include many of the smaller expenses incurred by drivers, such as mandatory car washes, license renewal fees, and traffic ticket fines.

i. Ambassador drivers

Costs

An Ambassador driver owns his or her own plate and car. S/he is in business for herself. However, s/he must pay a monthly fee to a brokerage in order to get dispatch calls.

City regulations stipulate that the car cannot be more than 7 years old, so the Ambassador driver must buy a new car at least every 7 years. The financing payments on the car constitute one of the Ambassador driver’s fixed costs.
Risk Allocation

Because they are in business for themselves, Ambassador drivers bear the full risk of loss in the operation of their taxi. Her/His fixed costs are the same whether or not s/he is driving. If s/he is sick on a given day, s/he is still paying the same fixed costs but is making no money. Similarly, if s/he has a bad day for fares s/he may well not make enough money to cover her/his expenses, making the day a net loss.

On the plus side, because the Ambassador owns her/his own plate, s/he does not face the risk of losing the right to drive.

<table>
<thead>
<tr>
<th>Broker fees</th>
<th>Car payments</th>
<th>Maintenance and repairs</th>
<th>Insurance</th>
<th>Gas</th>
<th>Total Expenses</th>
<th>Fares and Tips</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$435</td>
<td>$780</td>
<td>$292</td>
<td>$294</td>
<td></td>
<td>$2,821</td>
<td>$4,860</td>
<td>$1,979</td>
</tr>
</tbody>
</table>

Hours Worked per Week: 70
Income per Hour: $6.49
**Hours and Flexibility**

In theory, the Ambassador driver is free to work whatever hours and in whatever manner s/he chooses. Drivers greatly value this flexibility. However, because the fixed costs are so high, s/he must work an excessive number of hours in order to make a living. Ambassador drivers reported working slightly fewer hours than single-driver lease drivers, but their work days were nonetheless much longer than the normal 40 hours per week.

**ii. Lease drivers without a second driver**

**Costs**

A lease driver leases a plate and car from an owner. The lease driver is the operator of the taxi and is responsible for all expenses, including maintenance. However, the driver pays a monthly leasing fee to the plate owner. The lease rate is negotiated between the driver and the owner, and hence is determined by the market.

Toronto bylaws specify that the plate owner must also own the car. However, most plate owners require that the driver buy the car. The driver must then sign over ownership of the car to the plate owner in order to comply with the bylaws. Most lease drivers are thus also making financing payments for the purchase of their car.

The lease driver must also pay a monthly fee to a brokerage in order to get dispatch calls.

**Risk Allocation**

The lease driver bears the full risk of loss in the operation of her/his taxi. Because s/he is paying for a long-term lease, her/his fixed costs are the same whether or not s/he is driving. If s/he is sick on a given day, s/he is still paying expenses for that day but is making no money. Similarly, if s/he has a bad day for fares s/he may well not make enough money to cover expenses, making the day a net loss.

In contrast, plate lessors enjoy a guaranteed income. They receive the same lease payments regardless of how well the business is doing, and they themselves have no expenses.

A lease driver also faces the possibility that the plate owner might cancel the lease. If that happens, it is customary for the owner to give the driver back her/his car, even though it has been signed over to the owner. However, the driver will still be left with high financ-
ing payments to make, and no way to drive to make an income. Moreover, the owner always has the option of breaking with tradition and refusing to return the car. This has happened when drivers have tried to go on strike.

**Hours and Flexibility**

The lease driver is in theory free to work whatever hours and in whatever manner s/he chooses. Drivers greatly value this flexibility. However, because her/his fixed costs are so high, s/he must work an excessive number of hours in order to make a living.
iii. Lease drivers with a second driver

Unlike an Ambassador, a lease driver has the option of hiring a second driver as a shift driver. The shift driver pays the lease driver a rental fee to drive the taxi during the hours that the lease driver does not. This practice keeps the taxi on the road and supplements the lease driver’s income.

Costs

A lease driver with a second driver incurs the same expenses as a single-driver lease driver. However, because the car is on the road for many more hours each day, the monthly maintenance and repair costs are significantly higher for drivers with a second driver.

<table>
<thead>
<tr>
<th>Hours Worked per Week:</th>
<th>62</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income per Hour:</td>
<td>$8.81</td>
</tr>
</tbody>
</table>
Insurance rates are also somewhat higher when two people are driving the taxi.

**Risk Allocation**

Hiring a second driver shifts some of the risk from the lease driver to the shift driver. The rental payments form a relatively guaranteed income to supplement the uncertain income from the lease driver’s own driving, and help to make the lease payments to the owner. Of course, the shift driver in question does not enjoy these benefits, and carries all the risk of loss during the hours s/he drives.

**Hours and Flexibility**

Because of the extra income, a lease driver with a second driver is able to work fewer hours than other drivers. However, these drivers still work well beyond a normal 40-hour workweek. The driver has somewhat less flexibility in choosing which hours to work, because the car must be available to the second driver for set shifts.

Drivers also noted that the lease driver with a second driver does not have access to the car when s/he is not working. If s/he wants a car for personal or family use, s/he must buy it separately.

**iv. Shift drivers**

A shift driver is the type of driver who most closely resembles a traditional employee. The driver is not responsible for maintaining the taxi, is not considered the “operator” of the taxi, and does not always drive the same taxi from day to day. S/he drives during particular shifts. There are two broad categories of shift drivers. Some drive for a garage. In this case, the garage operates a number of taxis which it rents to various shift drivers throughout the day. The garage does maintenance work on the taxis during the brief period between shifts. Other shift drivers drive for a lease driver. In this case, the lease driver drives the taxi during part of the day, and rents it to the shift driver for the other part.

**Costs**

The shift driver pays a flat daily or weekly rental fee to the taxi’s operator. The weekly fee is slightly lower, but must be paid even if the driver cannot work during every shift that week. The fee includes the brokerage fee for dispatch services, which is organized by the garage.
Shift drivers are also responsible for gas, and must return the taxi with a full tank.

**Risk Allocation**

Shift driving carries slightly less economic risk than other forms of taxi driving. A driver who pays separately for each daily shift does not pay on days that s/he is unable to drive. However, a weekly driver still has to pay if s/he cannot drive on a particular day.

Like other drivers, the shift driver also carries the full risk of a bad day for fares. Because shift rental fees are so high, the driver must get a high number of fares to break even before s/he can start making money.
**Hours and Flexibility**

Because a shift driver works set shifts, s/he has less flexibility than other drivers in deciding when s/he will drive. On the other hand, a daily driver can take a day off and not pay the rental fee for that day, providing some flexibility.

Because rental fees are so high, shift drivers work more hours than any other taxi drivers in Toronto.

**v. Summary of income and expenses**

See the graph, opposite, for a summary of income and expenses for all driver categories.

**5. Drivers’ Lack of Voice**

Drivers expressed their sense of lack of voice in different ways, from the lack of influence at City Hall or in relation to the police, to the lack of respect from City officials, the police, and the public.

Drivers attributed their lack of voice to two things - to a lack of respect because of their place in the economic and social hierarchy as low-income and racialized workers, and to the absence of a strong organization to represent them.

**i. Racialization**

The taxi industry has always drawn heavily from immigrant groups, given the relative ease of entry in terms of starting capital. This trend has been accentuated in recent years, with deteriorating conditions causing native-born workers with other options to leave the industry. This, coupled with the changing ethno-racial profile of immigrants to Canada, has led to the preponderance of racialized workers in the taxi industry, as in other low-income sectors in the city.22

The racialized position of drivers has implications in a number of areas, from an expressed lack of voice, to health and safety concerns, as will be seen in subsequent sections. Specifically in this section it is worth pointing to the relationship between racialization and increased public and official (including police) surveillance observed elsewhere and stated also by several of our respondents.

A study on New York drivers post 9/11 notes: “the intensity of public surveillance in the
workers' lives is related to the fact that they are new immigrants of color."23 In New York, this "intensity of public surveillance" has been heightened under the heightened nationalism, xenophobia and paranoia of the post-9/11 period: the study documents the sharp spike in verbal abuse as well as physical attacks, threats and cheating on taxi drivers following 9/11, as well as their inability to speak back because of a "Passengers’ Bill of Rights" that would label such resistance “discourteous.”

In Toronto, while most of our respondents did not make an explicit association between the concern with national security in the period since September 2001 and intensification of xenophobic (racist) surveillance, they certainly reported the ongoing nature of racist abuse, including from the police, as already noted. Further, there has been an intensification of concern around issues of “customer satisfaction” as reflected in the City’s attempt to respond legislatively to complaints about drivers who do not speak English.
Drivers felt strongly that their lack of voice in City Hall and their treatment by the police was a function of their status as racialized workers. The intensity of this feeling was expressed in the words drivers used to describe police attitudes toward them: “They treat us like garbage.” “They never see us as human.” “They hate us, maybe because of our race or colour.” That drivers are not alone in this perception can be seen in a recent article by Globe and Mail columnist John Barber on the manner in which City Council dealt with drivers’ long-standing demand to stop the “scooping” of downtown customers by airport limousines despite a massive demonstration by taxi drivers; he suggested that it was the immigrant nature of the drivers that allowed Councilors to confuse and dismiss them so easily.24 One of our respondents noted that the denial of full license-ownership rights through the Ambassador program was tantamount to denying immigrants economic capital.

ii. Lack of organization

Drivers also tied their lack of an effective voice to the absence of a union or association to represent them. A high number of drivers reported as an urgent issue the need for such an organization. Past attempts at unionization have failed, with some respondents pointing to the role of the brokers in this.25 Brokerages are highly influential in politics and policy-making in the taxi industry. For instance, one of the associations that is always consulted in Planning and Transportation Committee debates is the Toronto Taxicab Alliance, headed by the manager of a brokerage, Jim Bell of Diamond.

In the absence of a union or organization, drivers rely for assistance and support on personal networks, which tend to be ethnic. Thus, while the argument is sometimes made by members of the industry that it is the diversity of drivers’ ethno-racial backgrounds that prevents joint organizing, our findings would suggest that the causes for failure lie elsewhere, and that the failure to organize is the cause, rather than the result, of reliance on ethno-racial networks.

6. Health and Safety

i. Health

Our findings support those from earlier studies that found that health issues in the taxi industry are tied to the social marginalization of a largely immigrant and racialized work-
force, and to the categorization of these workers as “independent contractors” despite lower than minimum-wage earnings.26

The fact that taxi drivers make less than the hourly minimum wage forces them to drive as much as possible. In the course of a twelve-hour shift they attempt to minimize time spent off the road for eating, using the washroom, or stretching. Thus, irregular meals and a heavy reliance on fast food are the norm. Except for shift drivers who rent by the day, days off due to sickness also mean a loss of income while continuing to pay for fixed costs; drivers reported taking days off only when very sick and rarely giving themselves time for full recovery. One respondent captured drivers’ almost matter-of-fact acceptance of the health toll of taxi work when he said: “Very few of us expect to live beyond 55.”

Of equal, if not greater, concern than the physical impact was the psychological impact of the job, which took its toll both on drivers’ health and on their relationships. This impact included: fatigue and boredom arising from the long hours of work, the inability to enjoy family or social occasions without fretting about the loss of income involved in taking time off work, and the stress of constant economic insecurity. In the focus group discussion, drivers pointed to high rates of divorce among taxi drivers.

Drivers also reported other sources of stress, such as lack of respect from the public and authorities. This can be experienced particularly acutely by immigrant drivers who have entered taxi driving because of a lack of access to the profession for which they are trained, and who therefore experience it as downward mobility. Racialized drivers further must bear the stress of encountering and dealing with racist attitudes on a routine basis.

ii. Safety

Taxi driving is considered hazardous work in most cities; data from the United States show that taxi drivers have the highest work-related homicide rates of all categories of workers.27 The work becomes even more hazardous when income from the industry drops: drivers are then willing to take more risks because they need the fare.

In 2000, the City adopted a Taxi Safety program, which required the institution of emergency lights and either security cameras or a GPS/AVL (Global Positioning System/Automatic Vehicle Locating). The costs of installing these devices were to be borne by the plate owners. Police statistics suggest that the adoption of these technologies dramatically lowered incidences of crime against taxicab drivers in the years immediately following 2000.28 In November 2005, security cameras were made mandatory.
However, safety continued to figure prominently on the list of issues identified by drivers. Drivers reported physical attacks, routine verbal abuse, often racist in nature, theft, and especially fare-jumping. In addition, they raised the following safety-related concerns:

**Costs of upgrades to security cameras:** In November 2005, a bylaw was passed mandating security cameras, and re-defining the required specifications for these cameras. Those owners who had installed other cameras a year or two ago were given a year within which to upgrade. The entire cost ($1,150) was to be borne by the owner, despite representations for City subsidy. This is reported as a problem by drivers, related to their definition as “independent contractors.” Thus, unlike workers who are expected to have safety equipment installed and paid for by their employers, and despite making less than minimum-wage incomes, taxi drivers are required to bear the cost of their own safety.

**Failure to make protective shields mandatory:** The homicides of two taxi drivers in less than a year (Morteza Khorassani in Sept 2005 and Mahmood Bhatti in May 2006) led to renewed calls for mandating the adoption of protective shields. Proponents argued that cameras did not prevent attacks, but simply aided in investigation after the fact. Following the second homicide, a motion was passed in City Council asking staff to prepare a report on the process of implementing and funding a mandatory taxi shield program. However, the staff proposal for a $10,000 study of a possible mandatory shield program was quashed before debate in 2007, with the argument being made that the installation of mandatory shields would convey a “terrible image” of Toronto to tourists. Drivers state bitterly that the City does not even care about their lives in mandating cameras rather than partitions as safety features for cabs.

At the same time, it has been noted that low incomes make drivers themselves trade away their own safety. Stenning’s 1996 report on driver safety in three Canadian cities notes that financial hardship explains why taxi drivers do not choose various protective devices or strategies - “not because they do not feel that they could be helpful, but because they do not see them as economically viable options (they would be too expensive or ‘bad for business’) and/or because they see them as too difficult to implement within the current structural constraints of the industry (companies will not cost-share, universality is too difficult to achieve under tight economic conditions in a highly competitive, fragmented industry, etc.)."

**Lack of faith in police protection:** Drivers frequently reported that police officers did not treat them with respect, or respond promptly to their calls. Some respondents reported racist comments from police officers when being charged with an infraction. This sense
of alienation leads to non-reporting of incidents, especially those considered relatively routine, such as fare-jumping, and would suggest that police statistics do not reflect the full picture.

7. Possible Reforms

The 1998 Task Force Report examined a number of proposed reforms to the taxi industry. Many of these reforms were rejected partially on the grounds that the City did not have the legal authority to implement them. Since that time, the legal powers of the City have been dramatically increased. Reform which were legally unfeasible in 1998 may well now be within the City’s authority. The reforms we consider are as follows:

i. Allow Ambassador drivers to hire a second driver

Lease drivers are able to substantially improve their incomes and reduce risk by hiring a second driver. The second driver pays a shift rental fee to drive the taxi when the lease driver is not driving. Many Ambassador drivers argue that they should be allowed to do the same thing in order to maximize the income from their taxis.

Our data shows that hiring a second driver substantially improves the economic situation of a lease driver. It offsets almost half the driver’s fixed costs, increasing their income from $3.44/hr to $8.81/hr. If an Ambassador were allowed to hire a second driver, doing so would supplement his or her $6.49/hr income considerably.

On the other hand, our data also shows that shift drivers make only $2.83/hr, less than any other driver. Allowing Ambassadors to hire a second driver would substantially increase the number of drivers who were placed in this most disadvantageous position. It would essentially subsidize Ambassador drivers through the labour of shift drivers.

Some Ambassador drivers argue that they would charge lower rental fees than garages do, allowing shift drivers to make a higher income. However, rental rates are negotiated between shift driver and operator, and are therefore determined more by market forces than by individual choice. An Ambassador, faced with a high demand from a large number of would-be shift drivers, would likely accept the highest rental rate offered.

While allowing Ambassadors to hire a second driver may well be a positive step, regulatory bodies should consider its effects on all categories of driver and on the structure of the industry as a whole.
ii. Convert Ambassador plates into Standard plates

The Ambassador program was designed in part to eliminate the concentration of plate ownership in the hands of investors. Standard plates, which could be freely sold, had acquired a market value well beyond what a driver could afford. Investors had purchased these plates in large numbers. To avoid repeating this result, the sale of Ambassador plates was prohibited.

However, because of their extremely low incomes, drivers are not able to save money for retirement. Many drivers feel that the sale of their plates on retirement was the only pension they had. Some drivers argue Ambassador plates should be converted into Standard plates, so that retiring Ambassador drivers are not left penniless.

While this proposal would indeed create a form of pension for Ambassador drivers, it would do so at the cost of increasing the concentration of plate ownership in the industry. In the long term, it would lead to fewer drivers owning their own plates, and more lease and shift drivers. Lease and shift drivers would still have no retirement pension under this proposal.

iii. Regulate lease and shift rental rates

In New York, city bylaws set a limit on the amount that a plate owner can charge a driver in leasing fees. Our data shows that lease and shift drivers have very high fixed costs which are largely responsible for their low incomes. A legislated reduction in these costs would be of great benefit to these drivers.

However, our data also shows that lease drivers have substantial fixed costs beyond the cost of the lease. Indeed, the lease accounts for less than half the drivers’ costs, with the rest being taken up by brokerage fees, insurance, car financing payments, and maintenance and repairs. Moreover, Ambassador drivers pay no lease fees but still have very high fixed costs.

Therefore, regulated lease and shift rental rates would certainly improve the economic circumstances of lease and shift drivers, but would not eliminate their high fixed costs.

iv. Cap the number of plates issued

Current City of Toronto policy is to continue issuing new Ambassador plates at a rate of 500 each year, with the ultimate goal of having no limit on the number of plates issued.
However, studies in other North American cities have consistently shown that allowing an unlimited number of taxis to operate has disastrous consequences. Increasing the supply of taxis not only reduces the incomes of all drivers; it also increases the cost to passengers and decreases customer service levels.

Capping or reducing the number of plates issued in Toronto might improve the gross income of each driver from fares and tips. This would help drivers to offset their high fixed costs.

However, the issuing of new Ambassador plates is currently the only way for lease and shift drivers to improve their economic circumstances. If no new plates were issued, there would be no way for these drivers to obtain owner-operator status, leaving them permanently in a subordinate economic position.

The City of Toronto should look for ways to move current lease and shift drivers to Ambassador status without increasing the total number of plates in the city.

v. Regulate taxi drivers as employees

As small business owners, taxi drivers do not enjoy the protection of employment standards legislation, such as the minimum wage. However, drivers are economically dependent on plate owners and brokerages. It is the owners and brokerages who supply much of the capital and collect much of the profit from taxi driving, while the driver supplies the labour. Hence drivers, particularly lease and shift drivers, are in a position similar to that of employees.

If drivers are regulated as employees rather than as small business owners, they would fall under the jurisdiction of employment standards legislation. The brokerage or plate owner would then be legally obligated to pay them the minimum wage. This would not only improve drivers’ incomes; it would also shift the risk of doing business from the driver who provides the labour to the organization that provides the capital and reaps the profit.

As employees, drivers would also have access to better collective bargaining rights should they choose to unionize. Although Toronto drivers have unionized in the past, they did so as “dependent contractors,” a legal category of worker whose collective bargaining rights are much weaker.

However, some drivers do not support a conversion to employee status because they value
the independence and flexibility of taxi driving. Although they must work very long hours, they are able to work them as they see fit. Many drivers feel that they would lose this flexibility if they were employees.

Our data also shows that, were shift drivers to be considered employees, it would be impossible for a lease driver to have a second driver. The cost of paying the minimum wage to the second driver would be well beyond the lease driver’s means.

vi. Make protective shields mandatory

Evidence from elsewhere shows dramatic decreases in crimes against taxi drivers following the mandatory introduction of shields. Statistics on taxi driver homicides across the USA and Canada show that 85% of the fatal injuries are gunshot wounds; 82% of the assaults occur at night, and 74% of the deaths are due to head and neck injuries, given this, proponents argue that the shield is a relatively low cost and low maintenance technology that would protect drivers in these most common high-risk scenarios.

It should be noted, however, that not all taxi drivers are in favour of mandatory shields, with many preferring that these be optional. But shields have been optional in Toronto since 2000, and even those drivers who are in favour of them have not installed them in their cars, for obvious reasons - the well-founded fear that given the choice, customers would opt to take taxis without shields in them. A news story suggests that racialized drivers are more likely to favour shields, and again points to the need to understand the particular vulnerabilities of taxi drivers as racialized workers who work alone and at night. Given drivers’ safety concerns and the effectiveness and relative low cost of protective shields, it would be desirable to investigate systematically the costs and benefits of making them mandatory.

8. Recommendations

• Form a drivers’ association, recognized by the City, to represent driver interests, and to collect information and statistics about work conditions.

• Require brokerages and plate owners to negotiate collectively with drivers over lease, shift, and brokerage fees.

• Move existing lease and shift drivers to owner-operator and/or employee status without further increasing the total number of taxi plates in Toronto.
• Conduct a city-sponsored survey, with recommendations, on policing practices in relation to the taxi industry.

• Create a taxi worker benefits fund out of revenue earned from fees and penalties paid by drivers.

• Study the use of protective shields.

• Resolve the issue of the double standard in airport exemption under a principle of fairness.
ENDNOTES


4. Ibid.

5. Ibid.

6. The Report notes that this represented much greater returns than for a Canada savings bond, for instance.


14. Ibid. at section 5.2.2.

15. Ibid. at section 4.1.


22. All the drivers in this survey, except two, were born overseas. The majority of the drivers came from South Asia (India and Pakistan), followed by Iran and other countries in Asia, Africa, and the Caribbean, with only one member of our sample having been born in Europe (Russia).


25. The importance of a driver association to driver welfare and the overall interest of the industry has been noted elsewhere. For instance, Bill 163, 2001, chapter 15 of the Quebec National Assembly proposed the establishment of a professional association to represent taxi drivers and promote their interests.


29. In practice, only one camera, the Taxicam Mark IV made by Toronto-based VerifEye Technologies, fits those specifications.


31. Stenning, supra note 21.


33. Dempsey, supra note 16.


METHODOLOGY

Our findings are based on a convenience survey of 78 drivers, of whom 45 were located in Mississauga and 33 in Toronto. Most of the taxi drivers were surveyed at places where they gather, such as parking lots, coffee shops, hotels, and taxi stands. We followed a semi-structured interview schedule of 65 questions which took between 30-45 minutes. The questions were broken into the following ten topics: family, education, driving a taxi-cab, legal regulation, economics, health and safety, goals as a driver, the taxi industry, who helps and/or hurts drivers, and taxi involvement. After an initial analysis of the data, we held a three-hour focus group meeting with fifteen Toronto-based drivers. Because the initial survey respondents were mostly Ambassador drivers, we then conducted a targeted survey on income data alone of eight more Toronto lease and shift drivers.

The quantitative data from the two surveys was averaged over each category of driver. Due to ambiguous responses, the variables “hours worked per week,” “fare and tip income,” and “car financing payments” did not yield clear results. These variables were checked with drivers and results obtained through interviews.

Although the sample size was not large enough to obtain statistically certain results, the results were checked with drivers in focus groups, who found them to be accurate.
BIBLIOGRAPHY AND RESOURCES

City of Toronto documents

City of Toronto Act, 2006, S.O. 2006, c. 11, Schedule A.


Toronto City Council, Planning and Transportation Committee Report 6 (2004).


Other sources


This is only the beginning.