

Taxi Fare Review

ISSUE

Taxi fares permitted to be charged for taxi trips are regulated in Bylaw No. 9651, the Vehicles for Hire Bylaw, 2019. Administration reviews a Taxi Cost Index annually to ensure taxi fares remain aligned with the costs of operating a taxi. The results of the Taxi Cost Index for 2023 show the cost of operating a taxi has increased, and a change to taxi fares is warranted.

This report provides further recommendations and information on how fares are calculated and the implications of permitting airport licensing fees to be added to the taxi fare.

RECOMMENDATION

That the Standing Policy Committee on Transportation recommend to City Council that the City Solicitor be requested to prepare bylaw amendments to Bylaw No. 9651, the Vehicles for Hire Bylaw, 2019, to:

1. Increase the minimum taxi fare of \$3.75 to \$4.75;
2. Increase the minimum vehicle-for-hire fare of \$3.75 to \$4.75; and
3. Clarify how wait time is calculated in Schedule "B".

BACKGROUND

Representatives of the taxi industry and Administration collaborated to develop a Taxi Cost Index (TCI) in 2011. The cost of operating a taxi is reviewed annually by Administration using the TCI, which monitors operating costs by using monthly data from Statistics Canada. This includes data analysis on costs associated with gasoline, vehicle parts, maintenance, repair, vehicle insurance and the average hourly wage rate of full-time employees. The TCI provides an objective method for ensuring taxi fares are reflective of the operating costs.

City Council, at its Regular Business meeting on January 25, 2023, adopted an amendment to [Bylaw No. 9651, the Vehicles for Hire Bylaw, 2019](#) (Bylaw), to permit the Saskatoon Airport Authority Commercial Curb Fee to be added to taxi fares. City Council [resolved](#) that:

“Administration report back on feasibility of including airport related licensing and administration fees to be added to the taxi fare in the Vehicles for Hire Bylaw”.

This report addresses the above noted resolution.

DISCUSSION/ANALYSIS

Taxi Cost Index (TCI)

A TCI review, for the period of March 2021 to February 2023, was completed (see Appendix 1) and found an average increase of 27.5% over the base index from January 2011. This is equal to an 11.8% increase over the current rates, which were last increased in 2020.

A classification used in the TCI, labour force survey estimates of wages of employees, was archived in December 2022 by Statistics Canada and replaced by a new classification which better reflects the taxi industry. An 11-year comparison between the two wage classifications was calculated and resulted in a minor change for that period. As the change was minor, and the only related data point currently available, Administration used the new wage index when calculating the TCI in this report.

Taxi Fares Increase

Since 2011, taxi fares have increased every four years, with the most recent increase being in 2020. If this pattern is continued, the next increase would be considered in September 2024.

The results of the TCI are provided annually to taxi industry stakeholders for their consideration. Administration reviewed the results with industry stakeholders. Given the significant increase in the TCI, the taxi industry is supportive of a phased approach to increasing taxi fares, with the first phase occurring in August 2023. This would be accomplished through an increase to the minimum taxi fare of \$3.75 to \$4.75. The proposed increase to the minimum taxi fare would result in the total fare of a typical 5 km taxi trip increasing from \$14.25 to \$15.25, or approximately 7%.

As part of the phased approach, it is suggested further analysis occur in Q1 2024 which focuses on potential changes to the distance rate, which would be determined based on the TCI at that time. A municipal scan of taxi fares is provided in Appendix 2.

To ensure consistency in regulations between taxis and transportation network companies, Administration is also recommending the minimum fare for vehicle-for-hire service be increased from \$3.75 to \$4.75.

The following table provides the historical, existing and proposed taxi fares for Saskatoon:

Date Implemented	Drop Rate		Distance Rate		Wait Time Rate	
	Rate	Metres	Rate	Metres	Rate	Seconds
Aug 2023 (Proposed Fare)	\$ 4.75	125.00	\$ 0.25	117.00	\$ 0.25	35.00
Oct 2020 (Existing Fare)	\$ 3.75	125.00	\$ 0.25	117.00	\$ 0.25	35.00
Aug 2016	\$ 3.75	130.00	\$ 0.25	130.00	\$ 0.25	35.00
May 2011	\$ 3.75	142.00	\$ 0.25	142.00	\$ 0.25	35.00
Jun 2007	\$ 3.50	66.00	\$ 0.10	66.00	\$ 0.10	15.00
Aug 2005	\$ 3.20	72.00	\$ 0.10	72.00	\$ 0.10	15.00

Wait Time Fare Clarification

Wait time is a taxi fare charge incurred when the taximeter is engaged and not in motion for 35 seconds. Each time this occurs, \$0.25 is added to the taxi fare. This is intended to ensure the driver is compensated when the vehicle is not moving, and a distance rate is not being charged. While the wait time fare is outlined in the Bylaw, specifics of how and when it is charged are not currently included. A municipal scan found municipalities are typically including these details in bylaw.

Administration is recommending a section be added to the Bylaw which clarifies wait time calculations, including how wait time is accrued cumulatively when a taxi is fully stopped during a trip.

Airport Licence Fee and Taxi Broker Administrative Costs

The Saskatoon Airport Authority requires all service providers, including taxis, transportation network companies and shuttles, who provide service within John G. Diefenbaker International Airport, to enter into a contract, obtain an airport licence and pay a licence fee. Taxi brokerages pay a variable licence fee, based on the number of trips which begin or conclude at the airport, at a rate of \$0.60 per trip.

The Airport Licence Fee, which is charged to taxi brokerages, is separate from the Commercial Curb Fee. The Commercial Curb Fee is currently \$2.00, which is charged on a per trip basis and used to support development, operations and maintenance of the Saskatoon Airport Authority's Commercial Curb Lane; a lane designated for taxis only. The Bylaw was amended in February 2023, permitting the addition of the Commercial Curb Fee to the taxi fare. Currently, the Bylaw does not permit the Airport Licence Fee to be added to the taxi fare; therefore, the fee is paid by either the taxi brokerage or taxi driver.

A municipal scan was completed of airport licensing fees and taxi brokerage operating costs. Airports serving the cities of Regina, Winnipeg, Calgary, and Edmonton were considered. The research found all airports in the scan award licences to either one or a limited number of taxi brokerages, granting them an exclusive contract to provide service in a designated lane. All airports in the scan have fixed licensing fees, determined at the start of the contract, rather than a variable rate based on number of trips. The research did not identify any examples where the licensing fee was permitted to be added to the taxi fare, or any examples where taxi broker administrative costs, related to providing service at the airport, were permitted to be added to the taxi fare.

Engagement was undertaken with industry stakeholders. The Saskatoon Airport Authority and two taxi brokerages advised they are not in support of the Airport Licence Fee being passed along to the passenger, citing it as a best practice consistent with all other airports. Two taxi brokers advised they were in support of the fee being added to the taxi fare, citing it as a cost drivers incur to provide airport taxi service, and in principle, additional costs should be added to the meter so cost of services are equal in all areas of the City. The remaining two taxi brokers did not provide a comment on the matter.

Adding the Airport Licence Fee to the taxi fare could be facilitated through a similar process as the Commercial Curb Fee; however, in considering results of the municipal scan, an amendment to the Bylaw, to permit the addition of the Airport License Fee and additional administrative costs to the taxi fare, is not recommended.

OTHER IMPLICATIONS

There are no financial, privacy, legal, social or environmental implications identified.

NEXT STEPS

Should City Council adopt the recommendations of this report, the City Solicitor will prepare necessary amendments to the Bylaw for City Council to consider at a future meeting. Should the Bylaw amendments be adopted, information on the City's website will be updated to reflect the new fares. An inspection of all taxis to ensure they are charging the correct fares will be conducted. Fare information displayed on taxis will also be updated.

In Q1 2024, Administration will update the TCI to reflect the previous 24 months and share results with the taxi industry, requesting feedback on taxi fares. A report will be prepared for the Standing Policy Committee on Transportation, which will provide results of the TCI and industry engagement, including potential recommendations on increases to the distance rate, based on a review of the data. This report is anticipated to be tabled in Q3 2024.

APPENDICES

1. Taxi Cost Index Review
2. Municipal Scan of Taxi Fares in Canada
3. Confidential – Solicitor/Client Privilege

REPORT APPROVAL

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SP/2023/CS/Transportation/Taxi Fare Review/cm