

Taxi driver! Uber! Alles! The struggle continues between traditional cabbies and ride-sharing upstarts

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Taxi driver! Uber! Alles!

The struggle continues between traditional cabbies and ride-sharing upstarts

By Jibril Yassin



A line of taxis used to be a fairly rare sight. Now, business has slowed and cabs are plentiful. (Jibril Yassin)

IT IS GAME night down at the Century Park Transit Centre, and there should be more cabs parked and waiting. But just two yellow cabs sit in the massive Park and Ride lot, while waves of sports fans, just off the train from Rogers Place, head to their rides. When the waves stop, the cabs remain, empty and still waiting.

Five years ago, there might have been a fleet of cabs waiting, like patient dogs for their masters.

Edmonton is a city with a metro population just under 900,000, a good majority clustered in the central part of the city. For many of these people, public transit and taxis make up a necessary service. But this necessary service has its share of problems. Until a few years ago, late-night bus service was non-existent, so people had to rely on cabs.

Now, any local hub of cab activity is suffering.

For example, the cab-hailing area by the University of Alberta's HUB Mall, once teeming with cars and vans, is a shadow of its once-glorious self. Downtown presents a similar picture: A few cabs parked outside the Fairmont Macdonald hotel; a few more at the Westin; some at the Courtyard by Marriott.

You can still see a flurry of action at closing time at the bars or at the ends of events, but not just yellow cabs or white Co-Ops. More often than not, you see newer looking vehicles inconspicuously sporting "U" (for Uber) decals or emblazoned with massive "TappCar" logos that could likely be seen from space.

The rideshare game has changed.

For the last year or two, Sayed Khadr has been watching his taxi business slow down. For six years, he worked full-time as a driver, moving into the industry when his previous employer, which specialized in fibreglass construction, shut down. He says he never complained about his business for most of that time, and was happy with what he was earning.

But things took a wrong turn, when Uber came along.

A lot of drivers took a hit when the app-controlled rideshare was introduced into the market, and they breathed a sigh when Uber was banned. Then, in July 2016, the app was reintroduced, after the province and city rewrote laws governing vehicles for hire. The idea was to create a framework for keeping Uber honest and safe for their drivers and their customers. The hope was that the legislation would even the odds.

Yet, cab drivers like Khadr say the deck is still stacked against them, and that they are waiting longer and longer to make trips.

“They’re killing our business,” Khadr says. “Still, I work the same hours but I can’t make that much money.”

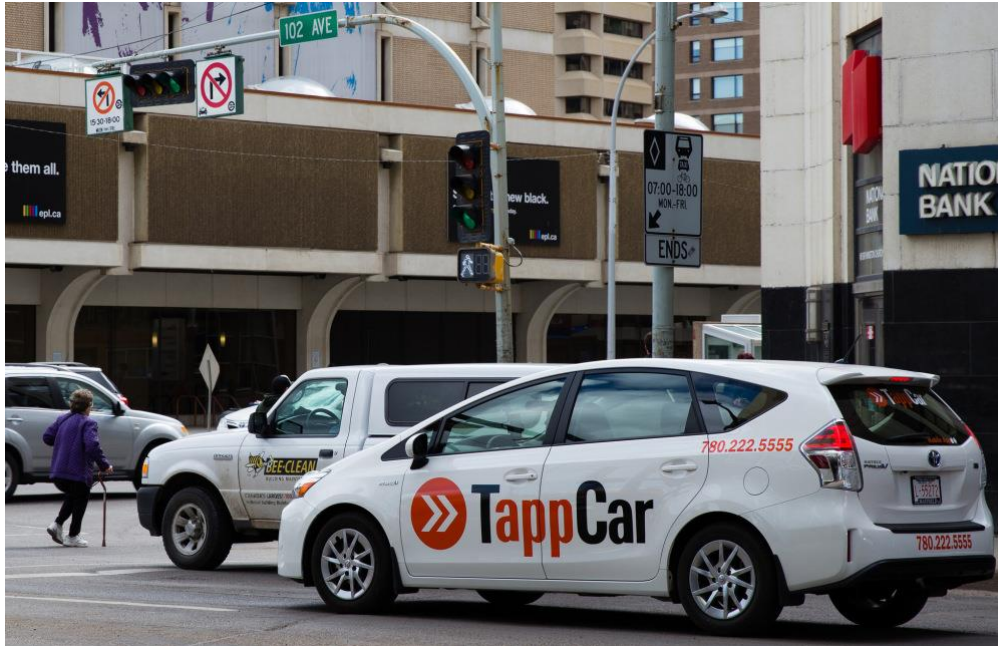
After this winter, he says he may look for other job opportunities.

“It’s very hard to survive now.”

Umrao Ghinger knows what Khadr is talking about. He has been a part-time driver for 10 years, often working only in cold weather, when his tent-rental business slows down. Ghinger rents a “plate” – or taxi licence – and he barely makes enough to break even, when you take into consideration rental fees. In about three days, he says he, can make just \$300 – a haul once thought unthinkable low. With his advancing age, he says, he’s wary of how much longer he can stay with it.

“Money-wise,” he says, “if you see the hours we put in, it’s only a \$4 or \$5 an hour job.”

Talk to 10 cabbies, a Yellow Cab rep said to me over the phone, and you’ll get 10 different stories. Yet multiple drivers can all agree on one thing: thanks to such factors as the slow economy and the emergence of new competitors, business is the slowest it has been in years.



A TappCar in downtown Edmonton. (Courtesy Mack Male)

THIS IS A very tough time for drivers, says Phil Strong, president of Greater Edmonton Taxi Service, which comprises fleets such as Yellow Cab, Barrel Taxi, Checker Cab and Prestige Cab.

“They have all taken a pay cut because of the recession and the entry of other vehicle-for-hire suppliers into the equation. In the end, you can hope the economy turns around, and you get back to your pay. It’s hard but the difference is a lot of people have been laid off but drivers haven’t necessarily been laid off.

“They just have to accept a smaller share of the pie, which is unfortunate, but they can at least put bread and butter on the table.”

It hasn’t always been this way.

In November 1945, Walter Miller and Joe Ferraro bought McNeill’s Taxi Ltd. and renamed it Yellow Cab. The two operated just 16 units from the Hotel Macdonald. Yellow Cab grew, absorbing other taxi fleets to form GETS. There are other cab companies, such as Co-Op, but GETS is the only one that operates multiple taxi

brands. As a result, it has, on occasion, been called a cartel by competitors and the public alike.

The emergence of companies like Uber and TappCar, in 2015 and 2016, represents a different kind of challenge.

Uber claims it is a technology platform, not a taxi company and therefore is not subject to the fees and controls of taxi companies. The Associated Press agrees, and in news stories refuses to call the company a “ride-sharing” organization. The correct term, the news service argues, is “ride-hailing.”

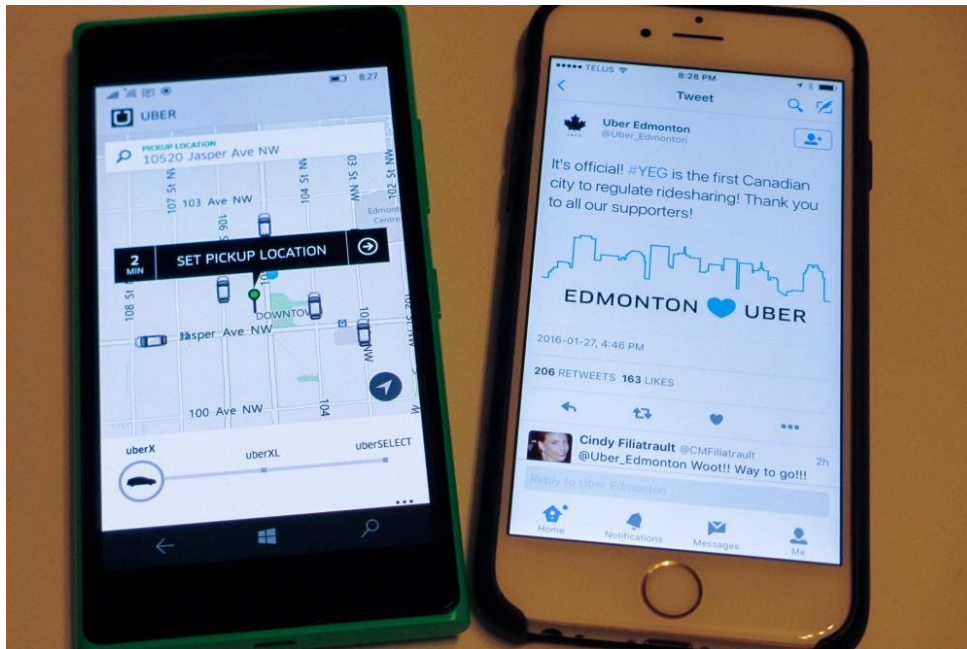
With your smartphone, you touch a button and hail a car, and it takes you where you need to go. Out on the street, you wave your hand and hail a cab, and it takes you where you need to go – sometimes. Edmonton used to be a notoriously difficult place to get a cab. You phoned and you waited, or you hailed and they ignored you. But not anymore.

When a new, aggressive competitor moved in, a complacent industry didn’t stand a chance.

Don’t mistake the Uber-taxi struggle with David and Goliath, though; the local, entrenched, money-grabbing giant versus the scrappy, generous, little startup. Uber may be willing to give free rides or deliver pizza to win back frustrated customers – even if it means flouting a few regulations. But it’s a corporate giant much like Google or Facebook when they started out.

Now, operating in the space between taxis and Uber, we have TappCar. A regulated service that aims to provide drivers with such previously unheard-of benefits as pensions and health benefits, it means to be the proverbial best-of-both-worlds.

Yellow Cab’s official position is that Uber’s and TappCar’s refusal to abide by the taxi industry’s rules and regulations puts them outside the system and the industry, and makes them the enemy.



Mobile apps, like this one for Uber, have helped change the business. (Courtesy Mack Male)

EMAILS TO Uber Canada spokesperson Jean-Christophe de Le Rue, inquiring about their official stance on the competition, went unanswered. Yet, when asked how he would respond to cab drivers, Uber Toronto general manager Ian Black told the *National Post* that it was best to make “policy to serve the public, not the entrenched.”

Similarly, talking to the CBC, Uber spokeswoman Lauren Altmin answered Edmonton cab-industry criticism with: “For decades, the Canadian taxi industry cared nothing about working to serve residents and visitors. Rather than make an effort to listen and meet consumer expectations of quality, safety and reliability, they’re undertaking a smear campaign to protect their cartel.”

The taxi industry took this as a declaration of war.

Cabbies’ major point of contention with the ridesharing companies has nothing to do with service, but with what the competition does to the value of their taxi plates.

Uber and TappCar, not being taxi companies, do not require plates, or permits, for each of their cars. This removes a major operating expense and, cabbies argue, gives them an unfair competitive advantage.

The city caps the number of available taxi permits at 1,319. Capping plates keeps the market from getting flooded and ensures drivers can make living wages. Assigning a driver to a car and a car to a plate means cabbies are traceable and accountable; if anything goes wrong, they can be easily found. And the number of plates, and cabs, can rise with demand.

The system was introduced in 1995 and, over the next 20 years, a conflict arose. The number of plates only increased roughly 10 per cent, by just 134. However, in the same period, Edmonton's population jumped by a little more than a third, from 616,306 to 899,447.

In 2015, the ratio of taxi cabs per person was at 1.5 per 1,000 people.

Meanwhile, the value of plates was skyrocketing and creating a lucrative resale market. Plates that had been sold by the city for \$400 were being sold again for \$150,000 or more. Plate owners found themselves sitting on investments that they were not interested in losing.

One of the consequences of this inflation in the value of permits is that more than half the cab drivers in Edmonton don't own their plates. Instead, owners rent out their plates to drivers, who pay rental and licensing fees, along with gas and any vehicle-related damages. If every cab owner is an independent contractor, the renters are sub-contractors. Many drivers like Sayed and Umrao pay enormous rental fees. So, when business slows down, the challenge to break even grows larger.

Edmonton's taxi business had become a powder keg waiting for the right spark. By winter 2015, drivers were left with no choice but to protest. They slowed traffic. They stormed City Council meetings. They took off their shirts. Their protests left no room for alternative proposals; better practices had to be put in place.

“We were very peaceful,” Balraj Manhas, then president of the United Cabbies Association told *VICE* in 2015. “We caused no disruption in the traffic but, if it goes on, drivers will be getting mad,

“We will have some pressure to block the roads or go into rush hour traffic. It can be a mess in this city. We don’t want that.”

Strong wasn’t involved in the protests but he says he did agree they were necessary.

“You have to understand, drivers are all independent businesspeople. When they feel threatened, they get emotional. They have families to feed, and sometimes it results in this sort of thing. It’s the same as anybody who’s got their own job and doesn’t depend on an organization to pay them every two weeks.

“Did they do the right things? Who knows. This is the West, but it’s not the Wild West.”



The “U” symbol in the windshield is all that identifies an Uber driver. (Jibril Yassin)

EARLIER THIS year, the city began to comply with the drivers' demands by introducing new legislation intended to curb insurance-ducking by the ridesharing industry – another bone of contention with cabbies, whose insurance is strictly regulated, and expensive. The new rule requires Uber and TappCar drivers to undergo strict police checks and acquire Class 1, 2, or 4 licences – the same as cab drivers are required to have.

“I don't think we're throwing our cab drivers to the wolves,” City Councillor Scott McKeen told the *Edmonton Journal* in January, when the new bylaw was passed.

However, since then, many Uber drivers have been hit with non-compliance tickets over insurance and vehicle-for-hire issues. The company was shut out of Edmonton International Airport over safety issues that, once again, stem from insurance and ridesharing.

In some ways, taxis and ridesharing services have more in common than ever, with pricing standardized and a driver base no longer unique to each platform. Many former cab drivers have jumped ship in hopes of a better deal.

Still, Strong says he hopes the city will go back and rework the vehicle-for-hire bylaws to truly level the playing field.

“Well, it's obviously a little disappointing, but they can drive for who they want. Uber slashed their rates so many times, the model's not sustainable. They won't make a living and they'll come back to drive.

“If you’re not happy as a retail salesperson at some store, and you try some other store, what the heck? That’s the way it goes. Then you might go back to the first store you were at – if you didn’t burn your bridge.”

Is it safe to say drivers would be welcomed back, no questions asked?

“I would doubt that,” Strong says. “Some people did burn their bridge. Some people will be accepted back. That’s a decision we make when people come back to the door.

“There’s a lot of good drivers that are trying the other side of the fence. They always think the grass is greener.”

Meanwhile, more transportation options are beginning to appear. ETS has started late-night service on some routes. A new LRT line is under construction. The city is planning more bike lanes.

The need for services like Yellow Cab, Prestige, Co-Op, TappCar or Uber will not evaporate – larger metropolitan cities such as Toronto and Montreal have proved that. But the car-hire businesses will enjoy smaller slices of the pie.

Now, the question is, Is it possible for the companies to co-exist as they compete for slices of that shrinking pie?

Strong declines to say what plans his company has for the future. But, in February, the United Cabbies Association laid out a 10-step plan to improve service in hopes of luring customers back. The list included: smiling at customers; offering passengers gum and water bottles; keeping their cars clean.

TappCar's Edmonton workforce recently unionized – the first in the country to do so. Soon after, the company reached a deal with Edmonton International Airport to serve customers there. Meanwhile, Uber is looking the furthest ahead, working towards a driverless future where remote-controlled cars ferry passengers around.

Strong says the longevity of Yellow Cab is a portent of the future. It may be the only advantage the company has.

“Ultimately, I’m not afraid of competition,” he says. “I’ve seen companies come and go in my time. Everything in life is getting more complex. We have the sharing-economy players. The technology is always changing. You have to change with the environment as different variables come into the business model – and keep reinventing yourself – or you’re going to go downhill.

“You will see us change. There’s no doubt about it.”