

Critical Evaluation & Review

Of the “Economic Review of the Small Public Service Vehicle Industry”
prepared by Goodbody Economic Consultants

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1. Introduction and Scope

We have been requested to undertake a review of the report prepared by Goodbody Economic Consultants in association with Faber Maunsell and IMS Millward Brown, entitled “Economic Review of the Small Public Service Vehicle Industry” with a view to critically evaluating its merits and substance given the facts and general industry information available.

The scope of this review is limited to an examination of the following:

- Review of all relevant information provided by the National Taxi Drivers Union (“NTDU”), the Irish Taxi Driver Federation (“ITDF”), the National Private Hire and Taxi Association (“NPHTA”) and SIPTU Taxi Branch collectively referred to herein as “The Taxi Drivers Representative Body”.
- Detailed review of the report prepared by Goodbody Economic Consultants in association with Faber Maunsell and IMS Millward Brown, entitled “Economic Review of the Small Public Service Vehicle Industry”
- Review of all other relevant documentation and information available in the public domain.
- Review and analysis of information in the possession of The Taxi Drivers Representative Body.
- Review of all other records or files deemed relevant.

2. Executive Summary

This report considers the findings of the Goodbody Economic Review of the Small Public Service Vehicle Industry with a view to;

- Assessing the appropriateness of those findings in light of the deteriorating economic conditions since the publication of the Goodbody Report
- Identifying areas where the report findings are inconsistent with current operating conditions, the regulatory regime and enforcement practices within the industry
- Identifying areas of concern where the current practices that have developed in the taxi industry give rise to significant health and safety issues for drivers and the public
- Identifying areas where inappropriate regulations and inadequate enforcement practices have led to significant illegal activities in the industry to the detriment of the continuing development of a safe, quality and effective taxi industry

Section 3 of this report details various assertions made in the Goodbody Report and sets out specific areas where we consider the assertion to be inaccurate and where in our opinion they are not consistent or correctly interpreted in terms of actual operating conditions within the industry or where the current practices as set out gave rise to a need for significant changes in regulation to improve the quality of the taxi industry.

Section 4 of this report sets out a number of specific recommendations for improving the operation of the taxi industry and the role of the Regulator with a view to maximising service quality within the industry, reducing the increasing levels of health and safety risks, reducing the scope for illegal activity within the industry and facilitating improved monitoring and enforcement of the existing regulations.

The over-riding finding of this report is the need for a **temporary** moratorium over the issue of new licences, with the exception of licences for wheelchair accessible vehicles. This is urgently required to allow time for a detailed review of the current state of the industry and a proper assessment of the current regulatory practices to ensure that the industry develops in a manner conducive to the provision of a quality public service with appropriate regulation and enforcement levels.

A comprehensive strategy must be developed for the continued development of the industry that will ensure that the continued roll out of additional taxi licences will occur within a framework that addresses the health and safety issues affecting drivers and the public, reduces the capacity for illegal activity in the industry and provides resources for an improved enforcement regime consistent with the current and forecasted scale of the industry. In our view the only way that these concerns can be addressed is to take time out to devise the appropriate strategy in conjunction with all relevant stakeholders before the difficulties are exacerbated by the issue of further licences.

3. Critical Evaluation & Review

This critical evaluation of the report prepared by Goodbody Economic Consultants in association with Faber Maunsell and IMS Millward Brown, entitled “Economic Review of the Small Public Service Vehicle Industry” (“The Goodbody Report” or “Report”) in March 2009 should be read in conjunction with that report.

Each section of that The Goodbody Report is mirror referenced in this review and subject to comment where appropriate. Where a section of the report is referenced herein and not the subject of comment then the reader can broadly assume a convergence of view.

Ref:	Report Finding	Comment
1.	Introduction	
1.3 – 1.3.3		<p>The integrity of the data collection methodologies and the statistical sampling techniques used is assumed to be reasonable. However, the veracity of the consultation process with key stakeholders is being challenged by the National Taxi Drivers Union (“NTDU”), the Irish Taxi Driver Federation (“ITDF”), the National Private Hire and Taxi Association (“NPHTA”) and Siptu Taxi Branch as certain key aspects of the reports findings are not in accordance with the direct knowledge and understanding by these parties of the Small Public Service Vehicle Industry.</p> <p>The data used to compile the Economic Review was gathered in September and October 2008. Since then the economic situation within the country has changed dramatically with unemployment rising from a level of 7.7% in October 2008 to 11.4% in April 2009 (Source: CSO).</p>

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Ref:	Report Finding	Comment
2.	Legislative & Institutional Background	
	No matters arising	
3.	Market Demand	
3.2.2	“When compared with 2005, cab usage in 2008 is therefore relatively unchanged”.	However the number of taxi licence plates issued during this period increased by 35%. This would suggest that an increased number of taxis are competing for a similar level of work leading to a decrease in their income and longer working hours.
3.2.3	“The data suggests that some 100 million cab trips were made in 2008, of which 3.5million were made by tourists”.	Overseas visitors are in decline (5% in Q4 of 2008 compared to same period in 2007, Source: CSO). The Dublin Airport Authority is predicting a fall off in passenger numbers of up to 10% in 2009 compared to 2008. Foreign immigrants are returning to their homeland and emigration of Irish people is on the increase due to the economic downturn. Such factors are likely to lead to further erosion in taxi usage.
3.3	“In the Dublin area, the proportion of demand for taxi services has risen from 77 per cent of the cab market in 1997 to 83 per cent in 2008”.	Demand for taxis in Dublin has only risen by 6% during an 11 year period 1997-2008, while the number of taxi licence plates issued during the same period increased by 530%.

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Ref:	Report Finding	Comment
3.	Market Demand cont'd	
3.5	<p>“Approximately 60 per cent of businesses held at least one account with cab companies, up from 50 per cent in 2005”.</p>	<p>It is likely that the number of taxis ordered by businesses during the period 2005-2008 has remained relatively unchanged. Why is the report calling for greater affiliation by taxi drivers to dispatch companies when their passenger workload does not appear to have increased? In the first quarter of 2009 some dispatch companies have recorded as much as a 28% decrease in their bookings. To suggest a change in pattern to prefer dispatch companies in these circumstances would only result in additional costs to taxi drivers with potentially no additional income. The Taxi Company Owners Association has reported that for the first four months of 2009 an average reduction of 21% has been experienced in the number of taxis ordered through their members.</p>
3.7	<p>“Some 77 per cent of national demand for cabs in 2008 was for taxi services with 23 per cent for hackney services. This compares with an equivalent share in 2005 of 72 per cent for taxis, so the demand for taxis is rising proportionately over time. In the Dublin area, the proportion of demand for taxi services rose from 77 per cent of the cab market in 1997 to 83 per cent in 2008”.</p>	<p>Dublin Airport Authority estimate their passenger numbers will fall by up to 10% in 2009, with an expected decline of 8.2% in retail bar sales and the city centre foot fall for Dublin city has fallen by approx 15% during the first quarter of 2009. These factors are likely to lead to further reductions in the demand for Taxis with a knock on expected decrease in taxi drivers’ income of between 20%-30% in the year.</p>

Ref:	Report Finding	Comment
4.	Competition & Overall Market Supply	
4.2.1	<p>“Prospective entrants to the industry must currently invest approximately €13,000 prior to commencing operation as a taxi. It should be noted however that many entrants to the industry will already be in possession of a vehicle which they use for their own private motoring purposes. As a result the inclusion of vehicle, insurance and road tax costs may distort the upfront costs associated with entering the SPV industry and the actual financial cost of entering the industry may be closer to €7,400”.</p>	<p>Whilst it is accepted that the absence of entry and exit barriers are an acceptable tenet for any competitive environment the absence of such barriers particularly ones relating to cost can in certain circumstances induce people to enter a market without giving due consideration to all of the relevant facts. The ease of entry and exit may also provide an inducement to entrants who may not be particularly interested in the long-term viability of the sector nor indeed in the push for a quality and professional offering. One could argue that the lack of reasonable entry and exit barriers will add to the attraction for undesirable entrants. This is unwelcome when a lack of regulation is also a feature of the market.</p>
4.4	<p>“Increased competition has undoubtedly made it more difficult for drivers to achieve high earnings. This is particularly the case for those taxi drivers that enjoyed low levels of competition in the market place prior to liberalisation. High earnings are still available to some drivers, particularly those that do not compete exclusively in the street market”.</p>	<p>There is no evidence to support the assertion that “high earnings are available to some drivers” as there is no measurement in the report of what high is and there is nothing to suggest that such “high” earnings are in any way a feature of the current economic climate. There is evidence to suggest that the increased number of taxi licence plates issued has had a dramatic effect on taxi income. If this trend continues full-time taxi drivers may be unable to comply with new regulations being introduced in 2012, where all taxi vehicles must be less than 9 years old. At present taxi drivers are finding it difficult to get finance and with further erosion of income anticipated it is unlikely that finance will be easily obtained.</p>

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Ref:	Report Finding	Comment
4.	Competition & Overall Market Supply cont'd	
4.5	<p>“In 2008, 3.7 per cent of the total cab fleet represented vehicles bought new during that year. This level of investment lags behind the level of investment in the private passenger car fleet where new vehicles typically represent 10per cent of the overall fleet. The level of investment in the cab fleet has fallen slightly between 2004 and 2008; 24.5 per cent of the cab fleet was more than nine years old in 2008 compared to 22.9 per cent of the fleet in 2004”.</p>	<p>This appears to be extraordinary given the level of economic activity during this period and may be indicative of an inability of taxi drivers to support the financing requirements for new vehicles due to shortfall in income requirements. Although this presents itself as an income deficiency issue, in fact it also translates into an industry qualitative issue where the industry may not be able to “deliver a quality service by all SPVS’s to the highest standard of comfort and safety for passengers and drivers” if taxi drivers are not in a position to sustain their incomes to levels necessary to secure financing.</p>

Ref:	Report Finding	Comment
5.	Structure of Cab Industry Supply	
5.2	<p>“Since the market was liberalised, the practice of “cosying” has greatly diminished and the vast majority of drivers own and operate their cabs. While definitive data is not available, market intelligence suggests that only a small minority of drivers are renting as opposed to owning a licensed vehicle”.</p>	<p>This is clearly not correct as according to the figures recently published by the Taxi Regulator (See Table 5.1 below), of the total number of licences issued of 31,941 there are 7,351 owned by individuals holding one or more licences or 23% of licences in issue. This poses a significant regulatory issue as the Regulator has no knowledge of or direct control over up to 7,351 Taxi Drivers raising a number of concerns:</p> <ul style="list-style-type: none"> • Some of these taxi licence owners may have multiple drivers associated with a single licence. • Significant potential for un-qualified drivers to be operating taxis without any SPV licence or the correct licence to operate in the relevant area and greater potential for un-insured driver. • This practice could lead to a prevalence of undocumented drivers which in turn could lead to benefit fraud and a lack of long term interest in the quality of service delivery by these drivers. • Lead to public safety concerns as certain drivers could be untraceable. • Render proposals to introduce knowledge tests flawed as there is no effective tracking system in place to ensure all drivers will have completed the test. • The above concerns are exacerbated by the lack of adequate monitoring and enforcement officers to ensure policing of requirements by the Regulator.

Table 5.1: Summary of the number of licences held by licence holder

No. of licences Held	1	2	3	4	5	6 - 25	26-50	51-75	76-100	100+
No. of Licence Holders	24,557	1,723	338	136	66	151	8	2	1	1

Source: Taxi Regulator: A full breakdown of the number of licences by licence holder is set out in Appendix I.

Ref:	Report Finding	Comment																																							
5.	Structure of Cab Industry Supply cont'd																																								
5.3	<p>“The average annual mileage of all cabs was approximately 36,000 (57,800 vehicle kilometres). This level of mileage is broadly unchanged from the levels reported in 2005 of 36,067 miles per annum.”</p>	<p>The average mileage of 36,000 miles has remained relatively unchanged during this period. This suggests at best static levels of income and at worst seriously declining income levels for taxi drivers when cost inflation and market oversupply factors are considered. The report does not address the issue of idle mileage. The report should have addressed the matter of paid mileage versus actual mileage during the period 2005-2008. There is evidence to suggest that the <i>average</i> percentage of miles paid for versus miles travelled is now as low as 38%. An analysis of the percentage of paid mileage versus unpaid mileage from a survey of 11 drivers (“D1 to D11”) completed in April 2009 is set out below. The average for these eleven drivers indicates that paid mileage on average represents 38% of total mileage.</p> <div data-bbox="1151 890 1957 1334" data-label="Figure"> <table border="1"> <caption>Paid & Unpaid Mileage as Percentage of Total Mileage</caption> <thead> <tr> <th>Driver</th> <th>Paid Mileage (%)</th> <th>Unpaid Mileage (%)</th> </tr> </thead> <tbody> <tr><td>D1</td><td>45</td><td>55</td></tr> <tr><td>D2</td><td>38</td><td>62</td></tr> <tr><td>D3</td><td>38</td><td>62</td></tr> <tr><td>D4</td><td>40</td><td>60</td></tr> <tr><td>D5</td><td>45</td><td>55</td></tr> <tr><td>D6</td><td>42</td><td>58</td></tr> <tr><td>D7</td><td>32</td><td>68</td></tr> <tr><td>D8</td><td>35</td><td>65</td></tr> <tr><td>D9</td><td>22</td><td>78</td></tr> <tr><td>D10</td><td>40</td><td>60</td></tr> <tr><td>D11</td><td>40</td><td>60</td></tr> <tr><td>Avg.</td><td>38</td><td>62</td></tr> </tbody> </table> </div>	Driver	Paid Mileage (%)	Unpaid Mileage (%)	D1	45	55	D2	38	62	D3	38	62	D4	40	60	D5	45	55	D6	42	58	D7	32	68	D8	35	65	D9	22	78	D10	40	60	D11	40	60	Avg.	38	62
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Ref:	Report Finding	Comment												
5.	Structure of Cab Industry Supply cont'd													
5.5.1	<p>“In 2008, the reported average weekly earnings by full-time cab drivers were €704 per week, which is equivalent to €33,810 per annum”.</p>	<p>There is no correlation between this statement and the reference at 5.3 of the report to average mileage being 36,000 per annum. In this regard the report is deficient in that it should have considered a correlation between gross income, travelled mileage and idle mileage.</p>												
Table 5.5	<p>This table shows a decline in gross earnings for taxi drivers as follows</p> <table border="1" data-bbox="349 699 981 979"> <thead> <tr> <th style="background-color: #000080; color: white;">Estimation Method</th> <th style="background-color: #000080; color: white;">2005 €</th> <th style="background-color: #000080; color: white;">2008 €</th> <th style="background-color: #000080; color: white;">Decline in Earnings</th> </tr> </thead> <tbody> <tr> <td>Based on fares reported by drivers</td> <td>38,300</td> <td>33,380</td> <td>12.84%</td> </tr> <tr> <td>Based on fares estimated from the Household Survey</td> <td>54,600</td> <td>47,520</td> <td>12.96%</td> </tr> </tbody> </table>	Estimation Method	2005 €	2008 €	Decline in Earnings	Based on fares reported by drivers	38,300	33,380	12.84%	Based on fares estimated from the Household Survey	54,600	47,520	12.96%	<p>The reduction in taxi drivers income is alarming, the result of which is likely to be at variance with the stated objectives of quality enhancement of the industry and increased investment in newer vehicles.</p>
Estimation Method	2005 €	2008 €	Decline in Earnings											
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5.	Structure of Cab Industry Supply cont'd																															
5.5.2	<p>The following table has been compiled from figures quoted within section 5 of the report</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="background-color: #000080; color: white;">Industry</th> <th style="background-color: #000080; color: white;">Average Hourly Rate</th> <th style="background-color: #000080; color: white;">Average Weekly Hours</th> </tr> </thead> <tbody> <tr> <td>Industrial wage</td> <td>€19.60</td> <td>37.5</td> </tr> <tr> <td>Cab Drivers</td> <td>€11</td> <td>52</td> </tr> <tr> <td>Minimum Wage</td> <td>€8.65</td> <td>37.5</td> </tr> </tbody> </table> <p>“ This data suggests that nominal net earnings of Dublin taxi drivers have declined somewhat since 2005”</p> <p>“ The net hourly earnings of cab drivers in 2008 is approximately €11, which is below the average industrial wage and above the minimum wage”</p>	Industry	Average Hourly Rate	Average Weekly Hours	Industrial wage	€19.60	37.5	Cab Drivers	€11	52	Minimum Wage	€8.65	37.5	<p>The results of a driver survey completed in April 2009, as summarised on table 5.2 below, suggests that these income levels have decreased further since the Goodbody Report. Drivers now have to work even longer hours to maintain average overall income levels with resultant Health and Public Safety concerns and increased risk of accidents. Hourly income rates have now dropped to just over the level of the Minimum Wage based on the results of this driver survey. The median net hourly rate suggests that in practice the net income of many drivers is now below the minimum wage.</p> <p>Table 5.2: Taxi Driver Income Levels April 2009</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="background-color: #000080; color: white;"></th> <th style="background-color: #000080; color: white;">Net Hourly Rate €</th> <th style="background-color: #000080; color: white;">Weekly Hours</th> <th style="background-color: #000080; color: white;">Net Income per paid mile €</th> <th style="background-color: #000080; color: white;">Net Income per total mileage €</th> <th style="background-color: #000080; color: white;">Projected income at 36,000 miles</th> </tr> </thead> <tbody> <tr> <td style="background-color: #000080; color: white;">Average</td> <td>9.07</td> <td>55.85</td> <td>1.84</td> <td>0.69</td> <td>24,708</td> </tr> <tr> <td style="background-color: #000080; color: white;">Median</td> <td>7.78</td> <td>55.75</td> <td>1.78</td> <td>0.68</td> <td>24,639</td> </tr> </tbody> </table> <p><i>Source: Driver Survey April 2009</i></p>		Net Hourly Rate €	Weekly Hours	Net Income per paid mile €	Net Income per total mileage €	Projected income at 36,000 miles	Average	9.07	55.85	1.84	0.69	24,708	Median	7.78	55.75	1.78	0.68	24,639
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Ref:	Report Finding	Comment
5.	Structure of Cab Industry Supply cont'd	
5.6	<p>“Approximately 40 per cent of drivers that have entered the industry during the last five years work part-time, compared to 21 percent of drivers who have been in the industry for periods exceeding five years. Therefore part-time driving is becoming more prevalent”.</p>	<p>“Part-Time” drivers may become more prevalent and may or may not make a valuable contribution to meeting peak demands. However, the following matters must be considered when an industry through its regulatory processes encourages part-time workers.</p> <ul style="list-style-type: none"> • Consideration must be given to the total number of hours worked by an individual and the possibility of driver fatigue leading to accidents. • Where a part-time driver has a full time occupation that in itself requires high levels of awareness and concentration, fatigue could lead to workplace accidents. • Employers of “Part-time” taxi drivers should be made aware of their employees’ activities as it may have an impact on their ability to perform their duties. • By engaging in “Part-time” taxi driving an individual may inadvertently contravene his/her employment agreement • Is there a higher risk attaching to a “Part-time worker where he/she is in full time employment? • Is a “Part-time” driver in such circumstances a danger to him/herself or passengers? • Consideration must be given to “Part-time” taxi driver rest periods.
5.8	<p>“The proportion of drivers working in excess of 50 hours weekly has increased from 48.8 per cent to 59.8 per cent and the proportion working more than 70 hours has doubled from 4 per cent to 9.8 per cent.</p>	<p>The number of taxi drivers working in excess of 70 hours per week has more than doubled between 2005 and 2008. This is likely to be due to taxi drivers seeking to maintain income levels and to be in a position to meet financial commitments.</p>

Ref:	Report Finding	Comment															
5.	Structure of Cab Industry Supply cont'd																
5.9	<p>“The average earnings of cab drivers are independently estimated at €58,010 per annum or €40,350 after costs but before tax. Reported earnings by cab drivers indicated average gross earnings of €33,810 or €16,150 after costs but before tax. These reports appear low on the basis of the average fare reported”.</p>	<p>These figures do not correlate with average mileage figures quoted earlier in the report and do not take account of idle mileage which is prevalent in the current economic climate. There is a significant variation in the levels of annual income estimated at section 5.5 and at 5.9 of the report to the extent that it would suggest the author is unsure of what the real income level is. It would appear unreasonable to expect the recollection of fare levels by individuals in a household survey, who you might expect would round fares upwards, to give rise to a reliable estimate of taxi income. A driver survey completed in April 2009 suggests that the average weekly gross earnings are €733 with an annual equivalent of €35,191 (based on 48 working weeks per year). This would suggest that real incomes are at the lower end of the range of income specified in the report. It should be noted that maintaining average total gross income at this level has been at the expense of a significant increase in the average hours worked per week that in itself raises health and safety concerns.</p> <p style="text-align: center;">Table 5.3: Taxi Driver Income Levels April 2009</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="background-color: #000080; color: white;">Weekly Gross</th> <th style="background-color: #000080; color: white;">Weekly Net</th> <th style="background-color: #000080; color: white;">Annual Gross*</th> <th style="background-color: #000080; color: white;">Annual Net*</th> </tr> </thead> <tbody> <tr> <td>Average €</td> <td style="text-align: center;">733</td> <td style="text-align: center;">480</td> <td style="text-align: center;">35,191</td> <td style="text-align: center;">23,049</td> </tr> <tr> <td>Median €</td> <td style="text-align: center;">725</td> <td style="text-align: center;">527</td> <td style="text-align: center;">34,786</td> <td style="text-align: center;">25,318</td> </tr> </tbody> </table> <p>*Assumes drivers work the equivalent of 48 weeks per year Source: Driver Survey April 2009</p>		Weekly Gross	Weekly Net	Annual Gross*	Annual Net*	Average €	733	480	35,191	23,049	Median €	725	527	34,786	25,318
	Weekly Gross	Weekly Net	Annual Gross*	Annual Net*													
Average €	733	480	35,191	23,049													
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Ref:	Report Finding	Comment
6	Quality of Cab Service	
6.3.3	<p>“The most common reason provided to people with disabilities for service refusal was there being no wheelchair accessible cabs available at the time (63.4 per cent of respondents). An additional 22 per cent of all respondents cited the absence of a wheelchair accessible cab in the fleet”.</p>	<p>This is likely to be due to the high cost of acquiring a wheelchair friendly vehicle and without an appropriate recognition of the challenges for this element of the taxi market it is unlikely that adequate “disability” coverage will result.</p>
6.6	<p>“The most significant number of complaints receive by the Commission relates to overcharging or other fare-related matters as well as conduct of cab drivers”.</p>	<p>It is likely that such complaints will persist in a market that is not properly regulated. A higher degree of professionalism and a more qualitative offering is likely to result, where reasonable income levels allow for reinvestment by taxi drivers and where all drivers are subject to the same regulatory enforcement.</p>

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Ref:	Report Finding	Comment
7	Regulation of The System	
7.4.1	<p>“Since February 2007, the Commission has also put in place a team of nine enforcement officers whose role is to enforce SPSV Regulations throughout the country. The team is involved in investigating complaints, checking compliance through nationwide operations, issuing on-the-spot penalties for fixed-charge offences, issuing formal warnings and pursuing prosecutions in the District Court against persons not complying with SPSV Regulations”.</p>	<p>The lack of resources and inability to adequately enforce the regulations has undoubtedly led to a prevalence of significant illegal activities within the industry. It is considered impossible that nine enforcement officers, could adequately police an industry with 31,941 licences in issue across 26 counties. Enforcement should be handed back to the Garda Siochana whereby a continuous and sustained presence of Gardai checking licences/ and or visas should lead to an elimination of a lot of the illegal activities currently taking place within the industry.</p>

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Ref:	Report Finding	Comment
7	Regulation of The System cont'd	
7.4.4	<p>“In 2006, the Commission became the sole SPSV vehicle licensing authority for the country, replacing the various local authorities who were previously responsible for the role. Since September 2006, the Commission has operated a national licensing system for SPSV vehicles. The system is administered on the Commission’s behalf by the NCTS using the NCT test centre network”.</p>	<p>Since the inception of the National Numbering System in September 2006, the number of individuals owning more than one licence plate has increased dramatically and currently stands at 7,351 out of a total of 31,941.</p> <p>The illegal act of “cloning” a taxi licence plate is relatively easy in the current “soft touch” regulatory environment.</p> <p>There is evidence to suggest that all one has to do is call in or telephone one of the manufacturers of plates and give them a roof sign number. He/she will then arrange a convenient pick up time. The Driver is then free to put the roof-sign on their car and ply for hire. PSV I.D cards are also being reproduced by individuals, and these reproductions are very close in appearance to the real ID issued by the Taxi regulator.</p> <p>It would be more appropriate for each county to have its own numbering system and where a taxi plate licence not a PSV drivers licence would determine where a driver would be entitled to ply for work. This would be of great benefit to the Taxi Commission as the Commission would know exactly how many licensed taxis can ply for hire in any given county. Currently any statistical information given by the Taxi Regulator regarding information on taxis plying for hire on a county by county basis is factually incorrect.</p>

Ref:	Report Finding	Comment
8	Economic Rationale for Regulation of The Cab Market	
8.3.3	<p>“Liberalised markets are usually characterised by significant entry and exit. This is not a problem provided it does not become excessive. The fact that incumbent cab drivers average earnings are down by large-scale entry to the market is regarded as a normal effect of competition and is not an argument for control of cab numbers. Therefore, while there can be sympathy for incumbent drivers who have seen their incomes decline or who have to work longer hours, this is not an issue that should influence policy on control of numbers of entrants. Moreover, any such decline in incomes for incumbents must be set against the additional incomes earned by new entrants. From the point of view of economic theory, excessive or negative churning could occur if new entrants made decisions to enter based on poor information as to market conditions and or poor decision-making”.</p>	<p>There is evidence to suggest that excessive churning is taking place. In the 6 months to February 2009 approx. 1,000 licences were transferred. Without a formal determination by the Taxi Commission these transfer numbers could be classed as excessive and significant evidence of churning.</p> <p>It is likely that certain entrants to the market do so in ignorance of the variables prevailing within the market. It is also likely that they do so because of the low barriers to entry, the lack of credible regulatory controls and ever increasing general economic hardships.</p>

Ref:	Report Finding	Comment
8	Economic Rationale for Regulation of The Cab Market cont'd	
8.3.3	<p>“In the context of the cab market, new entrants could lead to higher levels of service especially at unsocial hours, fare reductions, enhanced service provision to people with disabilities, or innovative services through market segmentation”.</p>	<p>Where regulated fare structures have been implemented by the authorities, it is difficult to see how fare reductions could prove to be of long-term benefit to the industry or the public. Regulated fare structures have been determined as being fair and reasonable from the outset and provide cab drivers with an expectation of reasonable income levels. Fare reductions in such circumstances could lead to an inability to sustain reasonable livings and have a detrimental effect on drivers’ ability to re-invest into the industry. There is no evidence to suggest that the level of new entrants to the market has led to “enhanced service provision to people with disabilities”, in fact the opposite is true as there has been a decline in the number of wheelchair accessible taxis.</p>

Ref:	Report Finding	Comment
8	Economic Rationale for Regulation of The Cab Market cont'd	
8.4	<p>“There may be arguments for moratoria on entry to the taxi market if external costs such as congestion or churning are excessive, but the case for such a course of action requires careful evaluation. Protection of cab driver’s earnings is not an argument for such a policy”.</p>	<p>To suggest that these are the only two arguments for moratoria on entry to the taxi market is unreasonable. In particular the report suggests that there is evidence to believe the market has stabilised due to the declining number of recent entrants and if this is so it may be the perfect time to consider a defined period temporary moratorium for the following reasons.</p> <ul style="list-style-type: none"> • It would allow the Regulator to take stock of the current position. • It would allow an in-depth review of the industry and its shortcomings. • It would allow a reappraisal of the current enforcement strategies where on the face it they appear grossly inadequate. • It would allow the Regulator to measure the true success of liberalisation of the market. • It would allow the regulator to review all current procedures with regard to licensing. • It would allow the Regulator to consider the merits of allowing multiple licence holders. • It would allow the regulator to adopt fresh thinking in conjunction with relevant stakeholders on the industry. • It would allow the Regulator an opportunity to consider how best to position the industry so as to achieve the strategic goals identified by the Commission for the period 2005-2009. <p>It would allow the Regulator to consider how best to incentivise taxi drivers to provide wheelchair accessible vehicles and to fulfil the objective of having 10% of the fleet wheelchair friendly. A moratorium should not apply to wheelchair accessible licences until such time as these targets have been achieved.</p>

Ref:	Report Finding	Comment
8	Economic Rationale for Regulation of The Cab Market cont'd	
8.5.2	<p>“OECD suggests that the very large increase in taxi numbers in Ireland and New Zealand post-liberalisation indicates that there were severe restrictions on supply prior to deregulation. Other aspects associated with entry deregulation abroad include:</p> <ul style="list-style-type: none"> - A diversification in service supply occurs, with greater specialisation on the part of dispatch companies. - The increase in supply is concentrated in the on-street market. - There is usually an increased emphasis on ensuring that service quality does not decrease and compliance with the regulations is enforced. - The introduction of heavier penalties for non-compliance for example the revoking of drivers’ licences”. 	<p>There is evidence to suggest that within the taxi industry the quality of certain service deliverables may have even declined in recent years. For example</p> <ul style="list-style-type: none"> - Drivers not knowing where they are going and becoming over reliant on Satellite Navigational tools (Sat-Navs). - Drivers having limited or in some circumstances no understanding of the English language. - Drivers not being aware of cultural courtesies - Drivers not having a service ethic

Ref:	Report Finding	Comment
8	Economic Rationale for Regulation of The Cab Market cont'd	
8.6	<p>“Economic theory suggests that affiliation to dispatch companies yields substantial economic benefits”.</p> <p>“The fact that incumbent cab drivers’ earnings are driven down by large-scale entry to the market is regarded as a normal effect of competition and is not an economic argument for control of numbers. The potential market failures that might require correction are those relating to the external effects of large-scale market entry and the possibility of churning”.</p>	<p>Affiliation to dispatch companies does not guarantee substantial economic benefits to taxi drivers. Some dispatch companies have seen a fall off 28% in their bookings for the first quarter of 2009. Recently a number of dispatch companies have offered discounts of up to 20% to customers which drivers have been required to absorb. The evidence suggests that this type of discounting has not resulted in any major increase in booking activity.</p> <p>To suggest control of numbers in any market is to suggest interference, which may be unwise, as it could potentially impact on usually sound principles of competition. However to suggest a moratorium in a market (a <u>temporary</u> prohibition/suspension of an activity <i>as defined in the Oxford English dictionary</i>) could be seen as a <u>temporary</u> positive measure which could prove a useful tool in the further maturing of a healthy competitive environment.</p>

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Ref:	Report Finding	Comment
9	Evaluation Of The Issues	
9.3.2	<p>“It is clear, therefore, that drivers’ earnings are not collapsing as some industry sources would suggest. However, this is not to deny that cab drivers have to work long hours to achieve their income targets and that on an hourly basis they are earning well below the average industrial wage”.</p>	<p>This is an extraordinary finding and appears to report contradictory findings. These findings cannot be seen to be consistent with a developing, qualitative and maturing industry. The findings should be cause for concern and further evaluation.</p>
9.3.3	<p>“The impact of new entrants on the degree of competition is further amplified by the particular structure of the Irish cab market, where most operators are self-employed and so do not share their vehicle with other operators to maximise the hours that vehicles are utilised for cab-drivers”.</p> <p>“At present, there are 6.4 cabs per thousand of the population in Ireland, with a low of 2.5 cabs per thousand in County Monaghan, with a high of more than 11 cabs per thousand persons in County Dublin. As entry to the market is not restricted on a quantitative basis in Ireland, this variability across counties shows that there is no basis for establishing a target per head cab level above which cab supply could be said to be excessive”.</p>	<p>There appears to be no evidence to support this assertion as due to the current regulatory environment no one can say for certain if this is the case.</p> <p>These findings cannot be relied upon as there is no clear way of knowing what exact area cab drivers are operating within. The County in which the taxi licence is granted does not guarantee the county in which the driver is plying his/her trade is the same. In fact evidence would suggest that there are a significant number of taxi drivers plying their trade in Dublin notwithstanding that their taxi licence may be listed as issued to another county.</p>

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Ref:	Report Finding	Comment
9	Evaluation Of The Issues cont'd	
9.3.3	<p>“On the other hand, Washington DC, with unrestricted entry on a quantitative basis, has a ratio in excess of 12 per thousand, which is on par with the ratio for County Dublin”.</p>	<p>The comparison with Washington is not sustainable and the information included within the report is likely to be inaccurate as the Taxi Regulator has no way of knowing how many taxis are working in County Dublin due to the National Numbering System.</p>
9.3.4	<p>“The key concern in relation to “The Back To Work Enterprise Allowance” this is that of displacement. I these supports cause incumbents to withdraw from the business affected, then not only are the employment objectives of the scheme not being met but the State is also incurring unnecessary costs”.</p>	<p>On the face of it the Back to Work Allowance appears to disadvantage incumbent drivers. Individuals on Back to Work Allowance schemes may not have to work long hours associated with earning a living in the taxi business as they are guaranteed a fixed amount of money and benefits every week regardless of their hourly work patterns. In such circumstances there must be a direct danger of displacement of incumbent drivers due to what appears to be an uncompetitive advantage. Self-employed taxi drivers are not automatically entitled to any form of Social Welfare, which may also impose a level of disadvantage on their number.</p>

Ref:	Report Finding	Comment
9	Evaluation Of The Issues cont'd	
9.4.2	<p>“At the time of writing, the expectations are that economic growth will be negative in both 2009 and 2010 and that unemployment rates will rise throughout the period. There is, therefore, a danger that persons made redundant during these years will enter the cab market in some numbers. At the same time, the demand for cab services could fall, as lack of discretionary income impacts on cab trips for leisure purposes, which as has been demonstrated is a major source of demand for cabs. This would be a matter of concern if economic conditions gave rise to high levels of entry and exit”.</p>	<p>Rather than creating a false sense of economic hope that those persons who have made redundant will be able to earn a living as a taxi driver because of low barriers to entry, the Regulator should make a particular effort to review the reasons for such false hope. Detailed information packs should be available to all individuals seeking to enter the industry.</p>
9.4.3	<p>“Survey results suggest that cab drivers operate an average of approximately 60,000 kilometres annually, taking into account both full-time and part-time operators. There are 13,200 cabs in the Dublin area, so that cabs contribute 792 million vehicle kilometres to the total Dublin area traffic.</p>	<p>These annual kilometre findings appear inconsistent with results reported on Table 5.2 on page 41. In addition it is impossible to conclude that there are only 13,200 cabs contributing to annual vehicle kilometres in the Dublin area as there is no way of knowing how many cabs are operating in Dublin.</p>

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Ref:	Report Finding	Comment
9	Evaluation Of The Issues cont'd	
9.4.4	<p>“Requirement for an applicant for an SPSV driver licence to provide a written undertaking to the licensing authority that he/she “shall not drive a public service vehicle for more than 11 hours in any one day in any period of three consecutive days”</p>	<p>Under the current regime this is almost impossible to police due to the lack of enforcement officers available and the self-regulatory nature of the provision. To maintain income levels a significant number of drivers are being forced to work in excess of this limit. There is no obvious solution as to how this 11 hour limit can be effectively policed. However, an overall review of how hours worked and related safety issues could be considered further during a moratorium period to arrive at a solution.</p>
9.4.6	<p>“Enforcement of the Regulations is a vital element in ensuring the provision of quality cab services and maintaining a level playing field for cab drivers. The degree to which Illegal operation is a feature of the cab market is very difficult to gauge. However, Gardai and Commission enforcement activities such as spot checks have indicated low levels of non-compliance”.</p> <p>“To the extent that cab drivers operate in a geographical area for which they do not hold a SPSV driver licence, this constitutes unfair competition. Consideration should be given to requiring the driver ID to be displayed on the windscreen so that the geographic area details are clearly visible from the exterior of the vehicle”.</p>	<p>This assertion does not seem to be representative of actual activity within the industry and if it is correct then the author must have some evidence to support it. Such information must be publicly available and if so details of operations and results should be capable of review. The lack of enforcement officers can only have led to deficiencies in the area of enforcement.</p> <p>These comments suggest a complete lack of regulation around these matters and a concerted period of enforcement is required. The liberalisation of the market was embarked upon in an effort to increase competition and to aide the removal of anti-competitive practices. This now requires a fundamental review within a defined period. A defined driver entry standstill period could greatly assist in this regard as it would help to concentrate enforcement efforts on incumbents. This in turn is likely to lead to a greater understanding by perspective taxi drivers on the rules (enforced) pertaining to geographical operation.</p>

4. Suggestions for Improvement

Following a review of the matters reported upon within the report prepared by Goodbody Economic Consultants entitled “Economic Review of the Small Public Service Vehicle Industry”, the following suggestions for improvement of the current system in operation within the industry are deemed appropriate for immediate consideration by the Regulator.

Suggested Action	
4.1	A taxi licence should be unique to each driver and a driver should sell back the licence to the Regulator on exiting the industry. The Regulator should be the only person entitled to buyback a licence when a driver exits subject to normal depreciation rates.
4.2	Introduce a system of short-term rental of existing taxi licences controlled by the regulator to cover short-term illness of drivers.
4.3	Currently there is no requirement for an applicant for a taxi licence to have a PSV drivers licence when applying to the Regulator. There must be a link between a taxi licence and a PSV licence with a driver having one PSV and one taxi licence.
4.4	In addition to current information required on application for a taxi licence the following additional questions should be included. <ul style="list-style-type: none"> • Is this your sole source of income • Name and address of current employer • Written agreement from employer allowing driver to engage in industry and noting that the additional working hours have been considered in ensuring compliance with Health & Safety requirements for that individual and fellow workers • Provision of valid current working visa • Penalty of €2,500 for incorrect information • An immediate loss of licence without compensation where false information has been provided

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	Suggested Action
4.5	<p>Annual checks to include</p> <ul style="list-style-type: none"> • NCT certificate • SPSV review with questionnaire • Tax clearance certificate with a requirement for a driver to specify the reason why it is being requested and the certificate to clearly state that it is in respect of a taxi licence. • Current Insurance certificate
4.6	Moratorium of between 1-5 years on the issue of new licences
4.7	The Regulator to commence a publicity campaign suggesting that taxi drivers provide for their own, pension, life and income protection cover.
4.8	Only one licence allowed per car
4.9	Increase the number of enforcement officers and commence a campaign of enforcement.
4.10	Immediate removal of all illegal operators from the industry with convictions for all illegal activities post a well-publicised short amnesty period.
4.11	Immediate implementation of procedures to ensure that only authorised dealers can sell roof signs, meters and securitised ID for presentation on dashboards.
4.12	All items included in 4.11 to be subject to strict control with a national register maintained of all items produced.

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	Suggested Action
4.13	Introduction of significant penalties for anyone in breach of the established rules for such matters.
4.14	Make it an offence for Radio Companies to engage a driver without a full check of all requirements with a sign off by the driver and a responsible dedicated (licensed) operator/owner of the Radio Company.
4.15	Introduce a standardised template of all costs associated, including minimum vehicle standard requirements, associated with becoming a taxi driver.
4.16	Before awarding a taxi licence to any individual he/she should be required to sign a declaration stating that all relevant information has been provided and fully understood by the licensee.
4.17	A declaration by taxi drivers that they will only operate within the area covered by their licence and that any breach of this provision will lead to a withdrawal of their licence.
4.18	Consideration of further incentives to entice drivers to acquire disability friendly vehicles.
4.19	Consideration of further methods to ensure that taxi drivers do not supersede the recognised safety level of 11 hours per day on three consecutive days.
4.20	Continue to allow wheelchair accessible vehicle licences to be issued during any moratorium period until vehicle targets in this area are achieved.

Appendix I: Number of licences held by Licence Holder

Number of Licences Held	Number of Licence Holders	Total Licences Issued
1	24,557	24,557
2	1,723	3,446
3	338	1,014
4	136	544
5	66	330
6	45	270
7	24	168
8	13	104
9	11	99
10	12	120
11	7	77
12	10	120
13	6	78
14	4	56
15	6	90
16	2	32
17	5	85
18	2	36
20	1	20
21	1	21
22	1	22
23	1	23
26	1	26
28	1	28
32	1	32
34	1	34
37	1	37
39	1	39
43	1	43
44	1	44
64	1	64
65	1	65
88	1	88
129	1	129
886	26,983	31,941

Source: Taxi Regulator