

**Labour's Plan
for the Taxi Industry**

TACSAI

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EXECUTIVE SUMMARY

THE TAXI INDUSTRY 2010-2020

A Quality Taxi Service for all

The Taxi industry is a key part of the Transport system in Ireland. It provides an essential service to tens of thousands of people daily. It is entirely flexible and it serves the public twenty-four hours a day, seven days a week. There is currently a surplus of taxis, low morale and income among taxi drivers. The tax yield has fallen from €32.1 million in 2007 to €15.2 million in 2009. Labour wishes to address the challenges facing the industry to benefit customers and taxi drivers alike.

A REVISED FRAMEWORK STRATEGY

The Taxi Regulator has drawn up a flawed Strategy Statement (2010- 2014) which does not address the surplus of licences, does not allow sufficient flexibility regarding the Nine Years regulation for change of vehicle, does not do enough to ensure access by all citizens to the taxi service and does not factor in Ireland's climate change commitments. The Labour Party supports an immediate review of the taxi industry and regulator by the new National Transport Authority (NTA), in consultation with the Department of Transport, to promote an integrated public transport network (2010-2020).

A revised TEN YEAR framework strategy should be based on the following:

1. The Taxi Industry must adhere to Ireland's commitment to reduce greenhouse gases as outlined in the new Climate Change Bill 2010.
2. The taxi fleet should be 100% accessible for all citizens by 2020.
3. Taxi and hackney numbers should be broadly commensurate with customer demand.
4. The Nine Year Rule for the compulsory replacement of nine year old taxis should be deferred until 1 January 2012 to allow for review of the rule and introduction of a workable taxi scrappage scheme.
5. The €20 million nest egg which the Taxi Regulator transferred to the NTA should be retained by the NTA and used for the purpose of streamlining and incentivising the industry to modernise, increasing wheelchair accessibility and reaching climate change targets at no cost to the Exchequer.
6. The regulatory standards for entry into the industry and for working within the industry should be of the highest order and the licensing process for vehicles and drivers should be combined under the aegis of the NTA. Garda clearance should be required as an essential part of the licensing process.
7. The second-hand market in taxi licences should be ended. The Taxi plates are the property of the Minister for Transport and should not be transferred or traded in the open market.
8. The principle of "one taxi driver one vehicle license" should be established as the norm with stringent controls on the acquisition of multiple taxi plates.

9. Permanent and temporary taxi rank spaces should be increased to cater for approximately one third of the fleet at any given time to enable taxi drivers to operate legally and to avoid unnecessary, wasteful cruising for fares. The provision of taxi rank spaces should be an integral part of all Transport Planning applications in urban areas.
10. A permanent Forum should be established involving the Revenue Officers, Social Welfare Officers and the taxi industry's Enforcement Officers to help ensure a tax compliant industry; to eliminate social welfare abuses; and to uphold health and safety standards. By the same token taxi drivers should have access to the services of an Ombudsman.
11. The number of Enforcement Officers needs to be substantially increased.
12. The integrated ticketing system should be extended to the taxi sector.

A PENSION SCHEME

The Labour Party believes a pension fund and a pension scheme should be put in place to provide financial support for retiring taxi drivers.

NATIONAL TAXI ASSOCIATION

Consideration should be given to facilitating the establishment of a National Taxi Association/Union/Cooperative, which could speak with authority for the vast majority of taxi drivers and could be affiliated to the Irish Congress of Trade Unions (ICTU).

AN ALL-ISLAND INDUSTRY

The Labour Party will explore with the Northern Ireland administration the feasibility of establishing an all-island taxi industry.

The Taxi Industry 2010 – 2020

The Taxi industry is a key part of the transport system. It provides an essential service for tens of thousands of people daily. It is entirely flexible and serves the public twenty-four hours a day, seven days a week throughout the entire year.

It is time that the Taxi service was given its rightful place as an integral part of the public transport system.

A high quality safe and reliable taxi service is essential for the customer and for the taxi driver. The service must have the highest standards. It must be professional and above reproach.

The past record of the taxi industry has been problematic. In the 1980s and 1990s it operated as a closed shop and the consumer suffered. Since 2000 it has been officially deregulated and the balance may have shifted too far in the opposite direction at the expense of the taxi driver.

The Labour Party produced a comprehensive policy document in May 2009 entitled "Hailing a New Taxi Service – A high Quality and Fair Taxi Industry for All". It is an excellent document and most of the analysis and proposals in that document remain valid.

Nevertheless there have been significant developments in the intervening twenty months which have not improved the status of the industry. Proposals from the Office of the Regulator of Taxis for the future of the industry create major problems for the industry and do not offer solutions.

It is time to review some key elements of the taxi service and adjust the policy accordingly.

Regulation & Deregulation

The Labour Party has never accepted total deregulation or "light touch" regulation as working principles in any industry. They create cabals, monopolies and élites in our economy and allow the law of the jungle to prevail in the marketplace. We have seen the effects of the absence of effective regulation on the banking sector in Ireland. It has caused untold damage to the banks' employees and to the banks' customers. It has brought the country to its knees.

Since the Courts determined in *Humphrey V the Minister for the Environment* in 1998 that the Minister could not regulate the number of taxi licenses issued but could regulate the standards and control the operation of the taxi industry, taxi drivers have had the worst of both worlds.

The number of taxi plates shot up from 4,000 in 2000 to 26,000 today - the largest per capita number anywhere in the world. The office of the Taxi Regulator was established in 2004. It was compelled to work in a vacuum from the beginning, controlling the operation of the industry at all levels but obliged to ignore the phenomenal expansion in numbers of vehicle licenses and taxi drivers.

Inevitably the two conflicting principles – deregulation of numbers and regulation of operation – produced a bloated industry with significant regulation of its operation and minimum enforcement of its standards.

The Taxi Regulator has little choice but to operate in accordance with the Taxi Regulator Act (2003) and under direction from the Minister for Transport. The Minister for Transport is primarily at fault for the present unsatisfactory situation. The Minister is responsible for policy. He has allowed a dysfunctional hybrid system to develop while pretending that all is well in the industry. In the meantime the customer and the taxi driver continue to suffer.

The Customer

Undoubtedly, the lot of the customer has improved since the closed shop of the latter decades of the previous century when the taxi industry controlled the number of taxi licenses, operated “cozy” arrangements, treated the customer with disdain and eventually killed the golden goose. There is now no shortage of taxis and rarely has the customer to wait any length of time for taxi service. However the customer is now more likely to be travelling in a taxi which has higher standards of performance on paper but lower quality standards in practice. This is because the average taxi driver has less income, no access to credit and no incentive to upgrade and maintain the vehicle to the highest standards. With only nine enforcement officers employed to police twenty six thousand taxis, rigorous enforcement of standards is not possible.

Shockingly, 51% of offences relating to taxi drivers in 2009 involved the Taxi Driver having no vehicle license and 33% of the offences involved the driver having no taxi driver's licence.

Over 40% of the 551 complaints to the Taxi Regulator in 2008 related to overcharging by taxi drivers. This is by far the largest category of complaint in the industry.

Taxi licenses are traded on the open market with no control over who purchases them. Moreover, any licensed taxi driver can acquire and operate an unlimited number of taxi licenses.

An increasing number of taxi drivers are double jobbing or part-time taxi drivers. With no restrictions on the number of hours behind the wheel, many of the double jobbers, in particular, are potentially unsafe drivers.

Indeed full time taxi drivers are working excessive hours to earn a decent living and readily admit that they are often exhausted behind the wheel.

In the present state of deregulation of taxi driver numbers and stringent regulation but lax enforcement of the operation of the taxi industry, the customer cannot be that certain that the service he or she receives will be reliable, safe and of the highest quality.

For those who are elderly and disabled the taxi system has failed dismally to provide an adequate service to meet their needs. When we consider that over 300,000 people have a disability in Ireland today and approximately 300,000 people are over seventy five years of age, the meagre 6% of wheelchair accessible taxis provides a totally inadequate service for them. It is a shocking statistic that 44% of full time wheelchair users have been denied taxi service because of lack of availability of wheelchair accessible vehicles.

It is little wonder that the morale of the industry is low and that the overall service is flawed. The Minister for Transport has failed the customer and the taxi driver.

The Taxi Driver

In the latter decades of the 20th Century the taxi industry was all powerful and effectively operated a system of self-regulation in its own interests. Through political pressure it controlled the numbers of taxi licenses. It determined the value of those licenses by preventing an increase in the quota. In the 1980s and 1990s a taxi license was more valuable than a middle range suburban house! This artificial system was maintained at the expense of the customer. Weekends and night-time were a nightmare. Invariably, the customers had to queue for hours in dreadful conditions at taxi ranks waiting for taxis which were as scarce as hens' teeth!

Deregulation transformed the situation virtually overnight.

The value of the existing licenses plummeted as the number of newcomers to the industry rapidly grew. By the end of 2007 the number of licenses peaked at 27,000.

During the halcyon days of the Celtic tiger the industry could absorb the rapid increase but as the economy crashed in 2008, 2009 and 2010, and unemployment grew, the numbers of licenses remained virtually the same but the level of business in the taxi industry plummeted. A job that provided a handsome livelihood a few years previously was now providing a meagre income and the trade value of the licence was negligible. Longer hours of driving to earn the same amount of money became inevitable.

Home life suffered. Loans for improved standards or vehicle upgrade are now impossible to obtain. There are reports of a growing number of suicides among taxi drivers.

A new factor has entered the equation. CO² emissions are being generated to an ever increasing and grossly excessive degree by the thousands of taxis cruising in the urban spaces of the country night and day in search of scarce fares.

Finally, the most serious threat to the industry comes in the form of a decision by the Regulator that cars of nine years or more cannot continue to be used as taxis from the date of their next license renewal. This regulation was due to be implemented on 1 January 2012 but was inexplicably fast-tracked by the Regulator to 1 January 2011. It is the last straw for many taxi drivers. It will affect approximately 6,000 taxi drivers over the next twelve months. That is close to a quarter of the taxi fleet. Either they must cease their work or find the money somewhere to replace their nine year old vehicles. For many it will be the dole. For others it will mean borrowing beyond their means. In the present economic crisis the banks are not prepared to lend to the taxi industry. Very few taxi drivers will be able to take this hurdle in their stride.

The fallout from the sudden implementation of this regulation will have a sharp traumatic effect on the industry which may well lose its most experienced taxi drivers and suffer a huge loss of morale. The Taxi industry is facing an immediate and long-term crisis.

The Way Forward: The National Transport Authority

Urgent action needs to be taken to rescue the taxi service from the twin evils of deregulation and virtually un-enforced top-heavy regulation to restore morale amongst the taxi drivers and, above all, to ensure a safe, secure, competitive, reliable and accessible service for all citizens who decide to choose it as a method of transport.

A fresh start must be made.

2011 can be the year for renewing the taxi industry and integrating it into the public transport system. The National Transport Authority (NTA) can be the vehicle for doing this. The NTA is a new body set up under statute in 2009. Its role and functions are set out in two Acts of the Oireachtas: "The Dublin Transport Authority Act (2008)" and "The National Transport Regulation Act (2009)."

The NTA has responsibility for supervising and co-ordinating the National Transport Policy and the promotion of an integrated public transport policy. The various bodies providing public transport by rail and road including the taxi industry must now look to the NTA for direction.

On 1 January 2011 the Office of the Taxi Regulator was incorporated into the NTA. Henceforth taxi licensing and regulation will take place under the supervision and direction of the NTA.

The Labour Party believes that the NTA should now review the operation of the Taxi Regulator in light of its own mission to promote an integrated public transport network. This review should take place immediately.

Already the Taxi Regulator has drawn up a Strategy Statement (2010-2014) listing five key objectives for the industry together with a package of "quality standards" for incumbent taxi drivers and which are intended to be fast tracked over the next two years. Some of the proposals constitute a straightforward upgrading of standards and should proceed as proposed by the Regulator. It is the overall package which poses the problem.

While the Regulator's proposals are well intentioned they are profoundly prescriptive. They are not thought through and they lack a long-term vision. Moreover, they have huge cost implications for the industry with no mechanism for meeting the costs other than from the incomes of the already hard-pressed taxi drivers. They will serve only to further alienate and demoralise the Taxi industry. The following issues arise from the Strategy Statement:

The national commitment on climate change is neither costed nor is it factored into the strategy. In fact it is not even mentioned. This is a serious flaw.

- The commitment to taxi accessibility by all citizens, particularly people with disabilities is empty rhetoric considering that the number of wheelchair accessible taxis has decreased over recent years.
- The Nine Years Age regulation for change of vehicle for incumbent taxi drivers is out of synch with the Government's present ten year scrappage scheme. Also, the Taxi Regulator has seen fit to fast-track this controversial policy for implementation from 1st January 2011 despite the fact that the recessionary circumstances of the time would suggest flexibility on the timescale to avoid significant job losses and hardship in the industry.
- The problems relating to deregulation of taxi licenses are nowhere addressed. Thus the package of proposals (2010- 2012) is to be implemented without reference to the existing surplus of licenses.

The framework strategy and the set of proposals produced by the Commission for Taxi Regulation for the next four years are seriously flawed in their lack of vision and in their lack of practical application to the Taxi industry.

An integrated public transport system requires the taxi industry to be functioning properly.

A Ten Year Policy 2010 – 2020

The objective for the taxi industry should be to have the finest, cleanest and greenest taxi service in the European Union by 2020. A ten year plan is essential. It is in line with EU policy which requires each Member State to draw up 2020 strategies and set targets in its plans for all sectors of the State's economy, particularly those which relate to climate change and CO² emissions.

Clearly, the Taxi Industry which is currently totally dependent on fossil fuels and operates intensively and often around the clock must have specific 2020 targets on CO² emissions.

The first step for the NTA is to provide a breathing space so as to tease out the implications of the new long-term goals in the light of Ireland's commitments to climate change actions and targets; to defer the Taxi Regulators' proposed but unnecessary fast tracking of the Nine Year Rule by twelve months until January 2012; to review the Nine Year Rule so as to take into account the present meltdown in the economy, the total absence of credit and the certainty of job losses in the industry; and to devise a plan for making the entire fleet wheelchair accessible in a manner that will not undermine the industry and beggar the taxi driver.

A revised framework strategy for the taxi industry (2010 – 2020) should be drawn up by the NTA in consultation with the Department of Transport. It should be published by the NTA in the first half of 2011. Consultation with all the stakeholders, particularly the taxi users, the taxi drivers, the public transport bodies and the local authorities should take place in the second quarter.

The policy objectives, detailed proposals and agreed targets should be signed off by the NTA and the Department of Transport by the third quarter. The overall policy should be in place and bedded down by the end of 2011 with all elements of the strategy in operation from 1 January 2012.

Should any legislative measures be required they should be identified not later than the consultation stage, i.e. in the second quarter of 2011, thereby giving ample time for their enactment before the end of 2011.

The Ten Year Plan should be based on the following key objectives.

13. The Taxi Industry must adhere to Ireland's commitment on the reduction of greenhouse gases, that is a thirty per cent reduction by 2020.
14. The taxi fleet should be 100% accessible for all citizens, particularly including the aged and disabled, by 2020.
15. There should be an immediate moratorium placed on the implementation of the Nine Year Rule for the compulsory replacement of nine year old taxis. Instead of the present fast-tracking of the Rule to January 2011 it should be deferred until 1 January 2012 during which time the Nine Year Rule would be reviewed and a workable taxi scrappage scheme would be introduced for fulltime service providers.
16. The €20 million nest egg which the Taxi Regulator transferred to the NTA on 1 January 2011 and which was collected from the industry largely through licensing fees should be

retained by the NTA and used for the purpose of streamlining and incentivising the industry and towards meeting its modernisation, wheelchair accessible and climate change targets at no cost to the Exchequer.

17. The regulatory standards for entry into the industry and for working within the industry should be of the highest order and the licensing process for vehicles and drivers should be combined under the aegis of the NTA
18. The second-hand market in taxi licences should be ended. The Taxi plates are the property of the Minister for Transport and should not be transferred or traded in the open market.
19. The principle of “one taxi driver one vehicle license” should be established as the norm with stringent controls on the acquisition of multiple taxi plates.
20. Permanent and temporary taxi rank spaces should be sufficiently numerous within the taximeter area to cater for approximately one third of the fleet at any given time to enable taxi drivers to operate legally and to avoid unnecessary, wasteful and polluting cruising for fares. The provision of taxi rank spaces should be an integral part of all Transport Planning applications.
21. The nine Enforcement Officers currently employed are clearly unable to police the industry. Additional officers need to be employed and the ratio of one Enforcement Office for every 1,000 licensed drivers has been suggested as an optimum ration to effectively monitor and enforce standards in the industry.
22. A permanent Forum should be established involving the Revenue Officers, Social Welfare Officers and the taxi industry’s Enforcement Officers to help ensure a tax compliant industry; to eliminate social welfare abuses; and to uphold health and safety standards.
23. The integrated ticketing system being developed for the public transport system should be extended to the taxi sector as quickly as possible.
24. The introduction of a private pension for self-employed taxi-drivers is long overdue and the establishment of a pension fund should be explored.