

Press Release

Economic Review of Small Public Service Vehicle Industry Complete

(9th March 2009) The Commission for Taxi Regulation today presented the findings of the Economic Review of the SPSV industry carried out by Goodbody Economic Consultants to the Advisory Council to the Commission.

Goodbody were instructed to undertake a review by the Commission in order to provide information to the Commission on trends in a number of areas, including supply and demand, earnings, working hours and the impact of liberalisation, regulation and reform and how the provision of services are made available to consumers. The Commission will use these findings to help inform policy in coming years.

The review undertaken by Goodbody included an extensive review of the Commission's statistics, consultation with key industry stakeholders including industry representative bodies and data collection through a series of surveys with SPSV drivers, householders, businesses and people with disabilities. Research into international experience was also undertaken.

Commissioner for Taxi Regulation Kathleen Doyle commented; "As anticipated, the findings of the review show an industry in transition, highlighting significant changes since liberalisation in 2000. There has been a large increase in demand for cabs, with approximately 100 million trips last year, an increase of over one quarter since 2005.

She continued, "There has also been an increase in supply, and there is no doubt that drivers are operating in a more competitive market than ever. There has however, been a drop in new licence applications every month for the last nine months which is perhaps an indicator of the market finding its natural equilibrium.

Whilst it does not appear to be the case that earnings have collapsed, there is evidence that drivers have to work longer hours to meet their income expectations. It is also notable that the traditional practice of looking for fares at taxi ranks is no longer the most successful method of operation, with telephone bookings making up the majority of hires. There is also an indication that whilst supply exceeds demand at times and in certain locations, the opposite is also true at peak periods."

"Competition in the market is essential for the good of consumers and it is often overlooked that there has been a great improvement in the service available to passengers both in terms of waiting times and quality. This, of course, is also of direct benefit to the industry in terms of its reputation and in encouraging further use."

On the issue of a moratorium on the issuing of licences, the Commissioner made the following statement; "The Review recommends that a moratorium is not warranted. A number of reasons are given, notably that in a liberalised market, the decision on the appropriate level of supply should be left to the market. It also states that a reduction in driver income is an insufficient reason to justify a moratorium in a competitive liberalised market, as reduced earnings are a normal effect of competition. There is also a downward trend in new licence applications; this is also a factor in this recommendation. Ultimately a decision on this matter lies with the Minister for Transport and the review has been passed to him for his consideration."

A brief summary of the main findings of the report follows:

Industry Profile

- The SPSV industry was valued at €1.5 billion in 2008.
- Approximately 100 million trips were taken nationwide, an increase in demand of over one quarter since 2005.
- It is estimated that approximately 40 per cent of taxis and hackneys nationwide are affiliated to a dispatch operator.
- There was a large increase in the numbers of taxis following liberalisation in 2000, the rate of increase has steadied over time, with a steady decrease in applications for licences since mid 2008 and the start of 2009 showing continued signs of a steady decrease.

Supply and Demand

- Waiting times for consumers have reduced since 2005.
- In Dublin, from 2001 to 2008, the proportion of cabsⁱ arranged by telephone has increased from 38 per cent to 58 per cent with street hires falling from 62 per cent to 42 per cent in the same period. Nationally, 63 per cent of bookings are by phone, and 37 per cent are street hires.
- The demand for SPSV services is a peaked demand with Fridays and Saturdays accounting for 73 per cent of all trips.
- Use of SPSV services by people with disabilities is lower than that of the general population and has decreased since 2005.

Earnings and hours

- Overall, drivers are working longer hours than in 2005, with an average 52-hour week.
- Estimated earnings vary considerably, best analysis suggests that average earnings have dropped, although not dramatically.
- It is clear that there are operators at both ends of a wide earnings scale.
- Greater access to information on the level of reward of working in the industry will be of benefit to those considering entry.

Impact of Liberalisation and Reform

- There has been a significant increase in SPSV use and SPSV provision.
- The market is highly competitive; this offers great benefits to consumers, but challenges to operators.
- The quality of service offered is improving.
- The current profile of the industry is in line with expectations related to a period of regulatory reform.

Recommendations

- The current regulatory structure is the most appropriate and successful model and should be continued.
- Further improvement of standards should be pursued with fast tracking of planned reforms considered.
- Quality and innovative service should be rewarded.
- Greater provision of service for people with disabilities should be sought.

Kathleen Doyle concluded; “The Commission has provided copies of the review to the Advisory Council, the Minister for Transport and a number of industry representative bodies and other key stakeholders. As with all major reviews undertaken by the Commission, before any changes to standards or regulations are introduced, there will be a period of consultation and we will meet with stakeholders, including representative bodies around the country.”

“There are useful findings in the report and the Commission will be focusing on actions it can take, within its remit, to further improve the industry for operators and consumers alike. This could include initiatives that assist and reward quality service and those drivers who adapt to the changing market, such as fast tracking quality initiatives such as the driver skills programme and vehicle standards and continuing to consult further with the Minister for Transport regarding a subsidy for the purchase of accessible vehicles.”

“The Commission will also look to assist those considering entering the industry to make an informed decision by providing more detailed market information, investigating the capability of the taximeter to record working hours and industry earnings and formalising a system to monitor entry and exit from the market.”

A copy of the report is available from the Commission for Taxi Regulation on request by calling the Industry Information Line on 1890 347 347 or by download from www.taxiregulator.ie

Ends

ⁱ Cabs in this case refer to taxis, hackneys and limousines