



Regulatory  
Impact  
Analysis:  
Vehicle  
Standards

Final Report

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# Introduction

This document is a Regulatory Impact Analysis (RIA) of the proposed new vehicle standards for small public service vehicles (SPSVs). It has been carried out by Fitzpatrick Associates on behalf of the Commission for Taxi Regulation (hereafter referred to as the Commission). The proposals, which are outlined in the Commission's recently published consultation paper on vehicle standards<sup>1</sup>, envisage that SPSVs will be required to meet a new set of standards, which include:

- **new standards that will apply to all SPSVs**, including standards on vehicle condition, communication aids, cabin temperature, safety equipment, interior lighting, spare wheels and in-vehicle information;
- **specific new standards for wheelchair accessible taxis and hackneys (wheelchair accessible taxis)**, including standards on luggage and general vehicle requirements, door dimensions, wheelchair space, seating numbers and dimensions, access steps, wheelchair ramps and lifts, restraints for wheelchairs and passengers travelling in wheelchairs, handholds, interior lighting, flooring, transparent windows, mandatory signage and advertising;
- **specific new standards for taxis and hackneys**, including standards on general vehicle requirements, luggage capacity, interior size and seats, vehicle age, transparent windows, use of roof signs, use of meters and use of advertising;
- **specific new standards for limousines**, including standards on general vehicle requirements, luggage space, interior size and seats, vehicle age, transparent windows and advertising;
- **new standards on safety and security**, including standards on the possible use of safety screens, in-vehicle closed circuit television (CCTV) and Dispatch Operator communication;
- **new mechanisms for achieving quality and excellence**, including the promotion of innovation, development of a Quality Assurance Programme and environmental initiatives;
- **mechanisms for compliance**, including testing of vehicles and tamper-proof discs, which will complement existing arrangements for SPSV licensing, register of SPSV licences, on-street enforcement, consumer awareness, and complaints and commendation.

The development of the new vehicle standards is at an early stage, and as such this RIA is therefore being conducted on the basis of assumptions about the nature and content of the standards. This has been drawn from consultations with the Commission. The analysis also follows the guidelines and structure set out in the Department of An Taoiseach's publication, "*RIA Guidelines: How to Conduct a Regulatory Impact Analysis*"<sup>2</sup>.

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<sup>1</sup> "Vehicle Standards", Consultation Paper No. 4, Commission for Taxi Regulation, December 2006.

<sup>2</sup> "RIA Guidelines: How to Conduct a Regulatory Impact Analysis", Department of the Taoiseach, October 2005.



# 1. Policy Problem and Objectives

## 1.1 Problem

In 2005, the “*National Review of Taxi, Hackney and Limousine Services*”<sup>3</sup> found that SPSV users had a reasonably high regard for the quality and standard of vehicles operating in the SPSV fleet. For example, only 6% of domestic SPSV users disagreed with the view that SPSV quality in Ireland is good, while only 13% of overseas tourists who used SPSVs felt that vehicle quality was poor. Having said this, 36% of overseas tourists who used SPSVs believed that the quality of vehicles in Ireland was poorer than in their own countries. In 2005, the “*National Review of Taxi, Hackney and Limousine Vehicle Standards*”<sup>4</sup> also made a series of detailed recommendations, which provided suggestions for improvements in vehicle standards in Ireland.

Consultations carried out by the Commission have made it clear that both the SPSV industry and SPSV users alike support the highest standards of vehicles being available, which ensure not only a quality service for consumers and passenger safety but also a safer working environment for drivers. Furthermore, the response to proposed changes in relation to vehicle standards, as set out in “*Roadmap – Towards a New National Code of Regulation for Taxis, Hackneys and Limousines in Ireland*”<sup>5</sup>, was generally positive, and has helped to refine a number of proposals put forward in the recent consultation paper on vehicle standards.

The forthcoming changes recently announced concerning the extension of EC Type Approval to additional categories of road vehicles also means that, from April 2009, most vehicle manufacturers and vehicle convertors will fall within the scope of some form of formal Type Approval requirements if they wish to continue selling vehicles. Part of this includes, for the first time, a defined category of wheelchair accessible vehicle, which is a sub category of category M1, passenger cars.

This legislation will create significant changes in the conversion and coach-building industry, which will influence the companies currently adapting vehicles for the wheelchair accessible taxi market and also some limousines. A long-term view is being taken by the Commission to accommodate the anticipated results of this, so that there will not be a need to subsequently update Irish requirements to meet European requirements.

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<sup>3</sup> “*National Review of Taxi, Hackney and Limousine Services*”, Prepared by Goodbody Economic Consultants, the Institute of Transport Economics (Norway) and Millward Brown IMS for the Commission for Taxi Regulation, June 2005.

<sup>4</sup> “*National Review of Taxi, Hackney and Limousine Vehicle Standards*”, Prepared by Department of Transport Engineering, Dublin Institute of Technology for the Commission for Taxi Regulation, June 2005.

<sup>5</sup> “*Roadmap – Towards a New National Code of Regulation for Taxis, Hackneys and Limousines in Ireland*”, Consultation Paper No. 2, Commission for Taxi Regulation, June 2005.

## 1.2 Objective

The current system of standards that apply to full SPSVs is quite fragmented, as it is drawn from a variety of different regulations, which date to as far back as 1961. However, the Commission now proposes to put in place some integrated revised vehicle standards for SPSVs throughout the country.

The aim of these proposals is to improve the quality of service, comfort and safety of all passengers and drivers. At the same time, in considering these proposals, the Commission has tried to balance overall quality and safety improvements with the costs and other practical implications for SPSV drivers and operators.

The proposals have been prepared on the basis of both research carried out and feedback received by the Commission to date. In addition, the Commission's proposals have been made available for public consultation through the publication of its consultation paper on vehicle standards.

## 2. Description of Options

### 2.1 Option 1: Commission Proposals

#### 2.1.1 *Introduction*

The Commission's own proposals, as outlined in its recent consultation paper on vehicle standards, envisage that SPSVs will be required to meet new standards, which include: general standards that will apply to all SPSVs; specific standards for wheelchair accessible taxis; specific standards for taxis and hackneys; specific standards for limousines; new standards on safety and security; new mechanisms for achieving quality and excellence; and additional mechanisms for ensuring compliance with standards.

#### 2.1.2 *Standards for All SPSVs*

Details of the general standards that are proposed for all SPSVs are provided in Figure 2.1 below. They include standards on vehicle condition, communication aids, cabin temperature, health and safety aids (fire extinguishers, first aid kits, advance warning triangles, high visibility reflective safety vests and torches), interior lighting, spare wheels, and in-vehicle information. Most of these standards are fairly uncontroversial in nature, and meeting minimum requirements will only entail small changes in practice for those affected.

In addition, the Commission proposes to initiate a pilot programme on the use of swivel passenger seats in SPSVs, and it will also disseminate any findings on carrying children and the use of child restraints (which may arise from the consultation process on vehicle standards). These are excluded from the RIA, however, because there are no plans to introduce formal standards at this stage.

**FIGURE 2.1: PROPOSED NEW STANDARDS FOR ALL SMALL PUBLIC SERVICE VEHICLES**

Standard	Action Proposed
Vehicle Condition	<ul style="list-style-type: none"> <li>▪ Interior and exterior of the vehicle must be clean and of tidy condition and appearance at all times, having due regard to prevailing weather conditions. As a guide, the overall vehicle condition should be similar to valet standard or that reasonably expected at a main car dealership of pre-owned cars for sale.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>▪ The Commission proposes to require all drivers to carry a small pad of paper and pen/pencil in their SPSV at all times. In addition, the Commission will carry out a pilot research project on the use of induction loops in SPSVs.</li> </ul>
Cabin Temperature	<ul style="list-style-type: none"> <li>▪ Internal temperature should be capable of being maintained to at least 20° C (with engine idling) during an external ambient temperature of -5° C. Consideration should be given to separate controls for the fare paying passenger area.</li> </ul>
Fire Extinguishers	<ul style="list-style-type: none"> <li>▪ The Commission proposes to require SPSVs to fit at least one portable fire extinguisher for the inflammability classes A, B and C, with a minimum capacity of 2 kg dry powder. There should be a notice in the passenger compartment that displays the location of the fire extinguisher.</li> </ul>
First Aid Kit	<ul style="list-style-type: none"> <li>▪ The Commission proposes that SPSV drivers be required to carry a first aid kit in their vehicles at all times. There should be a notice in the passenger compartment that displays the location of the first aid kit.</li> </ul>
Advance Warning Triangle	<ul style="list-style-type: none"> <li>▪ The Commission proposes to require all SPSVs to carry an advance warning triangle for deployment at the scene of an accident, emergency or potentially dangerous incident in order to warn oncoming traffic of the hazard ahead.</li> </ul>
High Visibility Reflective Safety Vest	<ul style="list-style-type: none"> <li>▪ The Commission proposes to require all SPSV drivers to carry a high visibility safety vest in their vehicle to be used in the circumstances outlined above.</li> </ul>
Torch	<ul style="list-style-type: none"> <li>▪ To potentially increase night time safety and also to help provide an improved service to customers, it is proposed to require all SPSV drivers to carry safely within their vehicle a working handheld torch that may be available to provide localised additional illumination.</li> </ul>
Interior Lighting	<ul style="list-style-type: none"> <li>▪ The Commission proposes to require the standard lighting within a vehicle to be maintained in good working condition and to require the driver to have a torch available.</li> </ul>
Spare Wheel	<ul style="list-style-type: none"> <li>▪ The Commission proposes to remove the requirement for a spare wheel and associated tools and instead recommends retention of the manufacturer's original supply spare wheel.</li> </ul>
In-vehicle Information	<ul style="list-style-type: none"> <li>▪ The Commission proposes to provide new in-vehicle signage for all SPSVs based on the outcome of the consultation process.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

### **2.1.3 Standards for Wheelchair Accessible Taxis**

The proposed new standards for wheelchair accessible taxis include very detailed requirements, which cover luggage and general vehicle requirements, door dimensions, wheelchair space, seating numbers and dimensions, interior lighting, flooring, provision of access steps, use of wheelchair ramps and lifts, restraints for wheelchairs and passengers, use of handholds, use of transparent windows, provision of mandatory signage, and advertising.

In addition, the pilot programme on the use of swivel passenger seats will also apply to wheelchair accessible taxis, while another pilot programme is to be initiated on the feasibility of introducing induction loops and microphones in vehicles. Furthermore, the Commission will also consider the need for a category for a “specialist transport SPSV” if it is needed for those whose specialist transport needs cannot be adequately met by wheelchair accessible taxis.

However, the cost of purchasing and operating wheelchair accessible taxis has been a contentious issue for a number of years, and the Commission recognises that there may be significant further costs involved in meeting these new standards. It has therefore made an application to the Minister for Transport, which requests that a subsidy be put in place to assist with the purchase of wheelchair accessible taxis.

While this application is currently under consideration, no subsidy had been granted at the time of carrying out the RIA. In the absence of such a subsidy, it will also be difficult to achieve the required number of wheelchair accessible taxis or the required standard. The proposed standards for wheelchair accessible taxis have therefore been excluded from the RIA because it is not feasible to properly assess the standards at this stage.

### **2.1.4 Standards for Taxis and Hackneys**

Details of the specific standards that are proposed for taxis and hackneys are provided in Figure 2.2 below. The detailed requirements here include proposed new standards on vehicle age, general vehicle requirements, luggage capacity, interior size and seats, use of transparent windows, use of taxi roof signs, use of meters, and advertising.

**FIGURE 2.2: PROPOSED NEW STANDARDS FOR TAXIS AND HACKNEYS**

<b>Standard</b>	<b>Action Proposed</b>
General Vehicle Requirements	<ul style="list-style-type: none"> <li>The Commission proposes to put in place regulations that would define standard taxis and hackneys as mid-range saloon/hatchback/estate/MPV four wheeled cars capable of transporting not less than four and not more than eight adult passengers in reasonable comfort, as well as their luggage in a safe and suitable manner. Standard taxis and hackneys will also be required to have at least four doors and a permanent rigid roof that covers all of the driver and passenger compartments.</li> </ul>
Luggage Capacity	<ul style="list-style-type: none"> <li>The Commission proposes that there should be a separate luggage compartment capable of safely containing a minimum of 420 litres, as measured by the German VDA method, along with other associated requirements.</li> </ul>
Interior Size and Seats	<ul style="list-style-type: none"> <li>The Commission proposes to put in place regulations to define safe and comfortable seating for a minimum of four adult passengers in addition to the driver, based on a series of detailed size and dimension requirements.</li> </ul>
Vehicle Age	<ul style="list-style-type: none"> <li>The Commission proposes that all vehicles used as taxis or hackneys should be no more than nine years old, taken from their date of first registration.</li> </ul>
Transparent Windows	<ul style="list-style-type: none"> <li>The Commission proposes that no dark tinting be permitted to any window in a taxi or hackney and that the minimum visible light transmission be no less than 70%. The windscreen should exhibit at least 75% minimum visible light transmission.</li> </ul>
Audible Taximeter	<ul style="list-style-type: none"> <li>The Commission will initiate a pilot programme in 2007 in relation to the possible inclusion of talking meters or audible sounds in taxis.</li> </ul>
Taxi Roof Sign	<ul style="list-style-type: none"> <li>The Commission proposes to continue to require the existing mandatory roof sign for all taxis. Consideration is also being given to the possibility of allowing the roof sign to be placed in a longitudinal position for certain longer journeys.</li> </ul>
Meters	<ul style="list-style-type: none"> <li>The Commission intends to bring clarity to existing structures by either allowing meters to be used under certain controlled circumstances in hackneys or by prohibiting hackneys from having or using meters.</li> </ul>
Advertising	<ul style="list-style-type: none"> <li>The Commission proposes to continue to permit advertising both in and on taxis. However, it also proposes to continue to prohibit advertising on and in hackneys.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

The most controversial aspect of the proposed new standards relates to the proposed requirements on vehicle age. In this regard, the Commission proposes that all vehicles used as taxis or hackneys should be no more than nine years old, taken from their first date of registration. In practice, the Commission also believes that this has implications for the proposed new standards on general vehicle requirements, luggage capacity and interior size and seats, as older vehicles are less likely to meet these standards. Responses to the proposed standards on vehicle age are discussed further in Section 4 below.

The Commission also proposes to initiate a pilot programme on the possible inclusion of talking meters or other audible sounds in taxis. However, this is excluded from the RIA as it does not represent a formal standard at this stage.

**2.1.5 Standards for Limousines**

Details of the specific standards that are proposed for limousines are provided in Figure 2.3 below. The standards proposed apply to general vehicle requirements, luggage space, interior size and seats, vehicle age, use of transparent windows, and advertising.

<b>FIGURE 2.3: PROPOSED NEW STANDARDS FOR LIMOUSINES</b>	
<b>Standard</b>	<b>Action Proposed</b>
General Vehicle Requirements	<ul style="list-style-type: none"> <li>A limousine should be defined as a larger than average prestigious vehicle suited to the provision of transport services for ceremonial, corporate or other prestige events. Other requirements, including a minimum engine capacity, are being considered.</li> </ul>
Luggage Space	<ul style="list-style-type: none"> <li>The Commission does not propose to apply any luggage capacity requirements to limousines.</li> </ul>
Interior Size and Seats	<ul style="list-style-type: none"> <li>The Commission proposes to prohibit side facing seats and folding seats, and also makes a series of other detailed requirements for interior size and seats in limousines.</li> </ul>
Vehicle Age	<ul style="list-style-type: none"> <li>The Commission does not propose to apply any age limit to limousines.</li> </ul>
Transparent Windows	<ul style="list-style-type: none"> <li>It is proposed to permit limousines to have tinted windows, with the exception of those through which forward vision is required. In particular, the windscreen is to remain predominantly clear.</li> </ul>
Advertising	<ul style="list-style-type: none"> <li>The Commission proposes to continue the prohibition on advertising in or on a limousine.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

The standards for limousines, unlike those for taxis, hackneys and wheelchair accessible taxis, do not propose to establish a vehicle age limit, nor do they propose to apply any luggage capacity requirements on limousines. More contentious issues for limousines, however, relate to the proposed general vehicle requirements and the proposed standards for interior size and seats.

For general vehicle requirements, for example, the Commission proposes that a limousine should be defined as “a larger than average prestigious vehicle suited to the provision of transport services for ceremonial, corporate or other prestige events”, while other requirements (including a minimum engine capacity) are also being considered. For seating, it is proposed to prohibit side facing seats and folding seats (in line with current EU Directives in this area), while at the same time specifying other detailed requirements for interior size and seats in limousines. Responses to the proposed standards on limousines are discussed further in Section 4 below.

At present, the Commission is also considering further changes to vehicle standards for limousines. In particular, the Commission is examining the possibility of defining different categories of limousine for licensing purposes. Further consideration of vehicle standards for limousines is therefore excluded from the RIA as this categorisation has yet to be resolved.

**2.1.6 Standards for Safety and Security**

Details of the additional standards that are proposed for safety and security in SPSVs are provided in Figure 2.4 below. The proposed standards for safety and security relate to the use of safety screens, in-vehicle CCTV and Dispatch Operator communication. However, these standards do not impose requirements on SPSVs. Rather, they permit drivers and operators of SPSVs to fit safety screens and in-vehicle CCTV at their own discretion, while affiliation to Dispatch Operators will remain a decision for each individual SPSV driver.

The Commission will also work with Dispatch Operators to implement pilot schemes and carry out further research into the effectiveness, practicality and cost of developing enhanced security measures in SPSVs linked to Dispatch Operators.

<b>FIGURE 2.4: PROPOSED NEW STANDARDS FOR SAFETY AND SECURITY</b>	
<b>Standard</b>	<b>Action Proposed</b>
Safety Screens	<ul style="list-style-type: none"> <li>The Commission proposes to permit drivers or operators to fit an in-car security shield or transparent divisor between the fare-paying passenger compartment and the driver at their discretion.</li> </ul>
In-vehicle CCTV	<ul style="list-style-type: none"> <li>The Commission is of the view that any decision to fit cameras should remain a matter for each individual driver or SPSV operator to determine.</li> </ul>
Dispatch Operator Communication	<ul style="list-style-type: none"> <li>Affiliation to Dispatch Operators will remain a decision for each individual driver. The Commission will work with Dispatch Operators to implement pilot schemes and carry out further research into the effectiveness, practicality and cost of developing enhanced security measures in SPSVs linked to Dispatch Operators.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

**2.1.7 Mechanisms for Achieving Quality and Excellence**

Details of the mechanisms that are proposed for achieving quality and excellence in SPSVs are provided in Figure 2.5 below. In order to promote better quality and excellence in SPSV standards, the Commission proposes to develop particular initiatives in promoting innovation and quality assurance. In these cases, however, no additional obligations or requirements are being imposed on either SPSVs or their drivers and operators.

To promote innovation, the Commission will keep itself informed of the latest developments in relation to international best practice and advances in technology and services available to and through SPSVs. For quality assurance, the Commission proposes to develop both a quality service

certification and a Quality Mark, at first on a pilot basis, which service providers will be encouraged to participate in. This is excluded from the RIA, however, as it is not being formally introduced as a standard at this stage.

On environmental issues, the Commission proposes to license vehicles using liquid petroleum gas (LPG) and other alternative fuels as SPSVs under certain circumstances.

<b>FIGURE 2.5: PROPOSED NEW STANDARDS FOR ACHIEVING QUALITY AND EXCELLENCE</b>	
<b>Standard</b>	<b>Action Proposed</b>
Innovation	<ul style="list-style-type: none"> <li>To promote innovation, the Commission will keep itself informed of the latest developments in relation to international best practice and advances in technology and services available to and through SPSVs.</li> </ul>
Quality Assurance Programme	<ul style="list-style-type: none"> <li>The Commission proposes to develop both a quality service certification and Quality Mark, at first on a pilot basis, which service providers will be encouraged to participate in.</li> </ul>
Environmental Issues	<ul style="list-style-type: none"> <li>The Commission proposes to license vehicles using liquid petroleum gas (LPG) and other alternative fuels as SPSVs under certain circumstances.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

**2.1.8 Mechanisms for Achieving Compliance**

Details of the mechanisms that are proposed for achieving compliance with SPSV standards are provided in Figure 2.6 below. These include a new annual SPSV suitability style inspection, which the Commission suggests would be a brief visual examination of a vehicle to ensure that it continues to meet SPSV requirements while it is licensed to provide such services. To ensure that all vehicles operating as SPSVs actually have a valid licence, the Commission also already provides new tamper-proof discs for SPSVs for mandatory display.

However, the Commission proposes to remove the requirement for a brand new vehicle to undergo a roadworthiness test if it is licensed as an SPSV within 90 days of its first date of registration.

<b>FIGURE 2.6: PROPOSED NEW STANDARDS FOR COMPLIANCE</b>	
<b>Standard</b>	<b>Action Proposed</b>
Suitability Test	<ul style="list-style-type: none"> <li>Some form of annual SPSV inspection is required to ensure that vehicles continue to meet the SPSV requirements during the period they are licensed as SPSVs. It should also prevent the alteration of vehicles between initial licensing and actual use.</li> </ul>
NCT Roadworthiness Test	<ul style="list-style-type: none"> <li>The Commission proposes to remove the requirement for a brand new vehicle to undergo a roadworthiness test if it is licensed as an SPSV within 90 days of its first date of registration.</li> </ul>

**SOURCE: COMMISSION FOR TAXI REGULATION**

These mechanisms will operate alongside existing arrangements for achieving compliance, which include the new system of SPSV licensing established by the Commission, the register of SPSV licences and register of SPSV drivers, on-street enforcement activity, promotion of consumer awareness regarding rights and entitlements, and the Commission's complaints and commendation process.

Further details on enforcement and compliance arrangements are provided in Section 5 below.

### **2.1.9 Timescale**

The Commission proposes to put in place any new requirements on a mandatory basis for new entrants from 2008 and for renewal of licences for existing SPSV licence holders from 2010, with some exceptions:

- requirements will be mandatory for renewal of licences for wheelchair accessible licence holders from 2012 (subject to the provision of a subsidy for the purchase of wheelchair accessible vehicles);
- for certain standards relating to taxis, requirements would be put in place for existing licence holders at a time that would minimise cost, such as in conjunction with a fare change;
- for changes proposed to hackney standards, decisions on timing will be reached and published in the second half of 2007;
- for existing licensed limousines that do not meet any new standards put in place, the Commission proposes to offer optional relicensing of vehicles as hackneys, at no extra cost, subject to the vehicles meeting hackney requirements;
- as a replacement for the existing window stickers, new in-vehicle information for SPSVs (see Figure 2.1) will be provided based on the outcome of the public consultation process on vehicle standards;
- the various pilot schemes will be carried out throughout 2007 and 2008, with findings and guides published no later than 2009.

## **2.2 Option 2: “Do Nothing” Scenario**

Under this option, the current situation regarding vehicle standards for SPSVs would remain unchanged. This would mean that SPSVs would continue to operate to the same standards that apply at present.

## 2.3 Option 3: Alternative Vehicle Age Standards

Section 2.1 above notes that the proposal to impose a vehicle age standard on all taxis and hackneys is the most controversial aspect of the proposed new vehicle standards, and it probably also has most implications for the future operation of the SPSV industry in Ireland. This is because it will require existing drivers and operators, from 2010 onwards, to replace vehicles that they might not otherwise replace (subject to the vehicle meeting its NCT roadworthiness requirements etc). The industry feels that this could place a significant additional cost burden on some drivers and operators, and it also argues that age is not the sole determinant of a vehicle's suitability for use as an SPSV (with vehicle condition, vehicle mileage and NCT record cited as other key factors).

For vehicle age, therefore, we have examined an alternative option whereby the introduction of the nine year age limit is introduced in 2012 rather than 2010, which would give the SPSV industry an additional two years to adjust to the proposed new arrangements.

## 3. Costs, Benefits and Impacts

### 3.1 Costs

#### 3.1.1 Option 1: Commission Proposals

This section provides a summary of the costs that are likely to be associated with each measure of the Commission's proposed new vehicle standards, with the exception of those measures that are excluded from the RIA. Costs are shown over a ten year period, from 2008 to 2017, and all costs are presented in constant 2007 prices.

**Assumptions:** The derivation of these costings relies heavily on the use of a series of assumptions. The assumptions used, for example, take account of factors such as:

- the extent to which the SPSV fleet already complies with the proposed new standards (i.e. the proportion of the fleet that is already in compliance with the standards);
- the initial cost per vehicle in 2008 and 2010, whichever year applies, for meeting required standards (for those vehicles that are not already in compliance);
- the ongoing cost per vehicle associated with meeting required standards in subsequent years (for those vehicles that are not already in compliance).

In addition, further assumptions were needed to estimate the likely cost of introducing an age limit for taxis and hackneys. This included:

- an analysis of the current age profile for taxis and hackneys;
- use of assumptions on the likely growth of the fleet over 10 years;
- calculation of the number of vehicles that would be retired from the fleet in each year up to 2017;
- use of assumptions on the typical vehicle type that would replace retired vehicles in these years;
- calculation of the average vehicle age for each year up to 2017;
- use of assumptions on the average variable operating costs associated with different vehicle ages;
- use of assumptions on the lost book value of vehicles that are removed from the taxi and hackney fleet in each year.

Further details on the assumptions used for the individual elements of the Commission's proposals are provided in Annex 1 below.

**Summary of Costs:** Table 3.1 below outlines the estimates for the costs associated with the Commission's proposed new vehicle standards. Based on the assumptions outlined in Annex 1, it is estimated that these standards will cost just under €62 mn over 10 years.

<b>TABLE 3.1: SUMMARY OF COSTS ASSOCIATED WITH PROPOSED NEW VEHICLE STANDARDS</b>				
<b>Standard</b>	<b>5 Years (€000s)</b>	<b>%</b>	<b>10 Years (€000s)</b>	<b>%</b>
<b>Standards for All SPSVs</b>				
Vehicle Condition	7,249,410	32.2	20,458,198	33.2
Communication	86,100	0.4	243,347	0.4
Cabin Temperature	150,675	0.7	425,858	0.7
Fire Extinguishers	2,352,345	10.4	5,664,959	9.2
First Aid Kit	336,049	1.5	809,280	1.3
Advance Warning Triangle	115,156	0.5	133,318	0.2
High Visibility Reflective Safety Vest	115,156	0.5	133,318	0.2
Torch	86,207	0.4	186,004	0.3
Swivel Passenger Seat	n/a	-	n/a	-
Carrying Children and Child Restraints	n/a	-	n/a	-
Interior Lighting	2,152	-	6,084	-
Spare Wheel	-	-	-	-
In-vehicle Information	47,620	0.2	102,657	0.2
<b>Standards for Taxis and Hackneys</b>				
General Vehicle Requirements	n/a	-	n/a	-
Luggage Capacity	n/a	-	n/a	-
Interior Size and Seats	n/a	-	n/a	-
Vehicle Age	11,727,277	52.0	32,625,624	52.9
Transparent Windows	-	-	-	-
Audible Taximeter	n/a	-	n/a	-
Taxi Roof Sign	-	-	-	-
Meters	-	-	-	-
Advertising	-	-	-	-
<b>Standards for Safety and Security</b>				
Safety Screens	-	-	-	-
In-vehicle CCTV	-	-	-	-
Dispatch Operator Communication	-	-	-	-
<b>Mechanisms for Quality and Excellence</b>				
Innovation	20,000	0.1	40,000	0.1
Quality Assurance Programme	n/a	-	n/a	-
Environmental Issues	-	-	-	-
<b>Mechanisms for Compliance</b>				
Suitability Test	430,499	1.9	1,216,736	2.0
NCT Roadworthiness Test	-186,684	-0.8	-409,179	-0.7
<b>TOTAL</b>	<b>22,531,960</b>	<b>100.0</b>	<b>61,636,204</b>	<b>100.0</b>
Note: Under standards for taxis and hackneys, costings for general vehicle requirements, luggage capacity and interior size and seats are included in the vehicle age costings because most vehicles that would fail to meet these standards are also vehicles that would exceed the proposed new age limit.				
<b>SOURCE: DERIVED BY FITZPATRICK ASSOCIATES</b>				

About €32.6 mn, or just under 53% of the costs, is attributable to the proposed new standard on vehicle age, mainly in the form of lost book value. Another €20.5 mn, or just over 33% of costs, is attributable to the proposed standard on vehicle condition. All other standards are, by comparison, relatively inexpensive and simple to introduce.

### **3.1.2 Option 2: “Do Nothing” Scenario**

There are no costs associated with the “do nothing” scenario, as this option by its nature involves a continuation of the status quo, which in turn would have no implications for additional costs.

### **3.1.1 Option 3: Alternative Vehicle Age Standards**

This section provides a summary of the costs that are likely to be associated with the Commission’s proposed new vehicle standards, but with an alteration to the vehicle age standards as described in Section 2.3 above.

**Assumptions:** The derivation of the costings for this option relies on assumptions that are, for the most part, similar to those applied to the Commission’s own proposals. However, the assumptions needed to estimate the likely cost of altering the age limit for taxis and hackneys have changed. These changes reflect the extension of the timescale for introducing the age limit from 2010 to 2012.

Further details on the assumptions used for this option are provided in Annex 1 below.

**Summary of Costs:** The estimated costs associated with the Commission’s proposals, as amended to introduce the alternative vehicle age standards, are outlined in Table 3.2 below. In this scenario, which has assumptions outlined in Annex 1, it is estimated that the cost of introducing the standards will be just under €44 mn over 10 years.

In this case, the cost of introducing the vehicle age standards is reduced to €14.9 mn, or 34% of costs, over 10 years. Again, this is mainly in the form of lost book value. Some €20.5 mn, or 47% of costs, is attributable to the new standards for vehicle conditions, with the balance of costs accounted for by the other proposed standards.

**TABLE 3.2: SUMMARY OF COSTS ASSOCIATED WITH OPTION 3 – ALTERNATIVE VEHICLE AGE**

Standard	5 Years (€000s)	%	10 Years (€000s)	%
<b>Standards for All SPSVs</b>				
Vehicle Condition	7,249,410	39.1	20,458,198	46.6
Communication	86,100	0.5	243,347	0.6
Cabin Temperature	150,675	0.8	425,858	1.0
Fire Extinguishers	2,352,345	12.7	5,664,959	12.9
First Aid Kit	336,049	1.8	809,280	1.8
Advance Warning Triangle	115,156	0.6	133,318	0.3
High Visibility Reflective Safety Vest	115,156	0.6	133,318	0.3
Torch	86,207	0.5	186,004	0.4
Swivel Passenger Seat	n/a	-	n/a	-
Carrying Children and Child Restraints	n/a	-	n/a	-
Interior Lighting	2,152	-	6,084	-
Spare Wheel	-	-	-	-
In-vehicle Information	47,620	0.3	102,657	0.2
<b>Standards for Taxis and Hackneys</b>				
General Vehicle Requirements	n/a	-	n/a	-
Luggage Capacity	n/a	-	n/a	-
Interior Size and Seats	n/a	-	n/a	-
Vehicle Age	7,722,546	41.7	14,886,101	33.9
Transparent Windows	-	-	-	-
Audible Taximeter	n/a	-	n/a	-
Taxi Roof Sign	-	-	-	-
Meters	-	-	-	-
Advertising	-	-	-	-
<b>Standards for Safety and Security</b>				
Safety Screens	-	-	-	-
In-vehicle CCTV	-	-	-	-
Dispatch Operator Communication	-	-	-	-
<b>Mechanisms for Quality and Excellence</b>				
Innovation	20,000	0.1	40,000	0.1
Quality Assurance Programme	n/a	-	n/a	-
Environmental Issues	-	-	-	-
<b>Mechanisms for Compliance</b>				
Suitability Test	430,499	2.3	1,216,736	2.8
NCT Roadworthiness Test	-186,684	-1.0	-409,179	-0.9
<b>TOTAL</b>	<b>18,527,229</b>	<b>100.0</b>	<b>43,896,681</b>	<b>100.0</b>
Note: Under standards for taxis and hackneys, costings for general vehicle requirements, luggage capacity and interior size and seats are included in the vehicle age costings because most vehicles that would fail to meet these standards are also vehicles that would exceed the proposed new age limit.				
<b>SOURCE: DERIVED BY FITZPATRICK ASSOCIATES</b>				

## 3.2 Benefits

### 3.2.1 *Option 1: Commission Proposals*

The potential benefits that will arise from the Commission's proposed new vehicle standards flow directly from the measures that have been outlined in Section 2.1 above. These possible benefits include:

- better quality of vehicle in the SPSV fleet;
- better quality of service for the customer;
- better operational efficiency in the SPSV fleet;
- improved health and safety arrangements, for driver and passenger, in the SPSV fleet;
- better compliance with vehicle standards for SPSVs;
- environmental benefits arising from reduced vehicle age;
- potential for increased supply of SPSVs;
- potential for increased customer demand for SPSVs.

A lack of quantitative information means that it is not possible to reliably quantify the scale of benefits that the Commission's proposals will generate. In addition, it is important to note that the benefits should add to what is already a reasonably high level of satisfaction with the quality of SPSV service generally.

It may be worth noting that widely speculated and publicised changes in the way motor cars are taxed at purchase and in use are likely in the short-term, and this will also affect the choice of vehicles likely to be used as SPSVs.

### 3.2.2 *Option 2: "Do Nothing" Scenario*

There are no additional benefits associated with the "do nothing" scenario, as this option by its nature involves a continuation of the status quo, which in turn would have no implications for additional benefits. However, some benefits might be gained through other measures that are not being examined here, e.g. other Commission proposals, other wider policy measures. In addition, it is again important to note that there is already a reasonably high level of satisfaction with the quality of SPSV service generally.

### 3.2.3 *Option 3: Alternative Vehicle Age Standards*

Generally, this option should deliver similar benefits to those that would be delivered under the Commission's own proposals. However, the scale of benefits accrued is likely to differ under this option, as is the timing of the benefits.

For example, improvements in vehicle quality might be slower to emerge under this option, given the extended timescale for introducing new standards on vehicle age. Similarly, the timing of benefits arising from better customer service will also be affected by such issues.

### 3.2.4 Comparison of Benefits Across Options

Table 3.3 below provides a comparison of added benefits achieved across different options. This involves listing each of the main benefits to be achieved, taking into account both the status quo and the probable maximum benefit that is achievable, and scoring the likely extent to which benefits will be achieved under each of the three options. Each benefit is scored from 0 to 5, and these benefits are then weighted for relative importance, also from 0 to 5.

<b>TABLE 3.3: COMPARISON OF BENEFITS ACROSS OPTIONS</b>							
<b>Benefit</b>	<b>Weight (0-5)</b>	<b>Option 1 (0-5)</b>	<b>Option 1 x Weight</b>	<b>Option 2 (0-5)</b>	<b>Option 2 x Weight</b>	<b>Option 3 (0-5)</b>	<b>Option 3 x Weight</b>
Better quality of vehicle in the SPSV fleet	5	4	20	0	0	3	15
Better quality of service for the customer	5	3	15	0	0	3	15
Better operational efficiency in the SPSV fleet	3	4	12	0	0	3	9
Improved health and safety arrangements in the SPSV fleet	5	4	20	0	0	4	20
Better compliance with vehicle standards for SPSVs	3	4	12	0	0	4	12
Environmental benefits arising from reduced vehicle age	3	4	12	0	0	3	9
Potential for increased supply of SPSVs	1	2	2	1	0	3	3
Potential for increased customer demand for SPSVs	1	2	2	0	0	2	2
<b>TOTAL</b>	-	27	<b>95</b>	0	<b>0</b>	25	<b>85</b>
Maximum Score	-	40	<b>130</b>	40	<b>130</b>	40	<b>130</b>
% Weighted Score	-	-	<b>73.1%</b>	-	<b>0.0%</b>	-	<b>65.4%</b>

**SOURCE: DERIVED BY FITZPATRICK ASSOCIATES**

The result of this scoring exercise suggests that Option 1, the Commission's own proposals for new vehicle standards, would deliver the most additional benefits (95 out of 130, or 73%). However, Option 3, with its alternative vehicle age standards, would also deliver significant additional benefits (85 out of 130, or 65%).

### 3.3 Other Impacts

#### 3.3.1 Option 1: Commission Proposals

Outside of the immediate costs and benefits associated with the Commission's proposed new vehicle standards, there may also be some other small impacts that the proposals could generate. These may include, for example:

- a positive contribution to improving the quality of public transport services in Ireland, which is an important input into national competitiveness;
- a positive contribution to the environment, as a reduction in average vehicle age may lead to a reduction in vehicle emissions.

Policy makers should also be wary of the potential impact of a vehicle age limit on market entry and competition, however. Imposing an age limit on vehicles, for example, immediately precludes vehicles above the limit from being used as SPSVs. If the barrier is set too high (i.e. if the age limit is set too low), this could hypothetically lead to (a) the exit of existing players who cannot meet the required standard and (b) a reluctance among potential new entrants to enter the market.

For some drivers and operators, it is also possible that a lack of access to finance might deter their entry to or continuation in the taxi and hackney business, should they need to replace an older vehicle. Access to debt finance, for example, can be an issue for older drivers.

Obviously, these concerns must be balanced against other key issues (e.g. health and safety concerns) when considering the way forward for vehicle standards.

Finally, as noted earlier, proposed new vehicle standards for wheelchair accessible taxis have been excluded from the RIA. This is because they are dependent on a subsidy being made available for the purchase or operation of wheelchair accessible taxis, and such a subsidy is currently not available. Obviously, if a subsidy was to be provided, the proposed new standards for wheelchair accessible taxis would also contribute to a better quality of life for people with disabilities, who are part of a key socially excluded or vulnerable group. Furthermore, the advent of EU Type Approval will shape future vehicle specification requirements regardless of end use, and this will influence vehicle accessibility requirements.

### 3.3.2 Option 2: “Do Nothing” Scenario

The “do nothing” scenario is unlikely to have any major positive impacts. In fact, it is probably more likely that such a scenario will contribute to negative impacts, as customer service in the SPSV market is already coming under pressure from other external factors impacting negatively on the sector, e.g. traffic congestion.

### 3.3.3 Option 3: Alternative Vehicle Age Standards

Any other impacts attached to this option would be similar to any additional impacts under the Commission’s own proposals, assuming a similar scale of benefits.

Under this option, access to finance may also continue to be an issue for some drivers, though it is probably likely to arise to a lesser extent than under Option 1.

## 3.4 Summary of Costs and Benefits

Table 3.4 provides a summary of the costs and benefits estimated for each of the three options under review. For each option, a “benefit rating” is calculated, which presents the benefit scores presented in Table 3.3 on a per unit of cost basis.

<b>TABLE 3.4: SUMMARY OF COSTS AND BENEFITS FOR EACH OPTION</b>			
	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Cost (€mn)	61.6	-	43.9
Benefit Score	95	-	85
Benefit Rating per €mn	1.54	-	1.93

**SOURCE: DERIVED BY FITZPATRICK ASSOCIATES**

Comparing costs and benefits in this way suggests that Option 3, with alternative vehicle age standards, is likely to deliver the most benefits relative to costs. For this option, the benefit rating is equivalent to 1.9 for every €1 mn spent, while the benefit rating for Option 1, the Commission’s own proposals, is equivalent to 1.5 for every €1 mn spent. Option 2, the “do nothing” scenario, has a benefit rating of zero.

## 4. Consultation

### 4.1 Consultation Process

*“Vehicle Standards: Consultation Paper No. 4”* was published by the Commission in December 2006. The purpose of the document was to invite responses on the Commission’s proposals for new vehicle standards that should apply to taxis, hackneys and limousines.

The consultation paper has been aimed at everyone with an interest in the provision of public (taxi and wheelchair accessible taxi) and private (hackney and limousine) hire services in Ireland. This has included industry associations and other representative groups, taxi operators, holders of SPSV licences, SPSV licensed drivers, vehicle manufacturers and distributors, and people who use (or wish to use) SPSVs. It was also directly mailed to all driver and vehicle licence holders, in particular over 40,000 industry members.

The paper has set out the current situation regarding vehicle standards, the issues for consideration, the Commission’s proposed solution (summarised in Section 2.1 above) and the timescales proposed for the introduction of new standards. All interested parties were then invited to make submissions in response to the paper, with a deadline for receipt of submissions of 15 March 2007. In response to this, over 190 submissions were received.

Additionally, the Commission has sought the advice of the Advisory Council to the Commission for Taxi Regulation in relation to the areas under consideration. The Advisory Council consists of a Chairperson and 17 members appointed by the Minister for Transport. This includes members representing: SPSV and driver interests; An Garda Síochána; the Road Safety Authority (RSA); the Competition Authority; local authorities; people with disabilities; consumer interests; business interests; and tourism interests.

A summary of the outcomes from the consultation process is provided in Section 4.2 below.

## 4.2 Consultation Outcomes

### 4.2.1 Overview

The summary of the consultation process, which is provided below, is sub-divided into seven sub-sections, which correspond to the structure of the Commission's consultation paper. The section therefore summarises the responses under the following headings:

- standards for all SPSVs;
- standards for wheelchair accessible taxis;
- standards for taxis and hackneys;
- standards for limousines;
- standards for safety and security;
- mechanisms for achieving quality and excellence;
- mechanisms for achieving compliance.

### 4.2.2 Standards for All SPSVs

Feedback from the consultation process suggests that there is a broad welcome, among SPSV drivers/operators, SPSV users and other groups, for several of the common standards that the Commission proposes to introduce across all SPSVs.

At the same time, there is a perception that some of the standards as described may be over-ambitious. For example, many respondents welcome the Commission's efforts to ensure that all SPSVs meet a suitable standard of vehicle condition. However, drivers and operators also stressed that both weather and road conditions have a major influence on vehicle condition, and it would therefore be very difficult to have vehicles presented to a "showroom" or valet standard at all times.

There is also a high level of agreement in principle with the type of safety related standards that the Commission proposes to introduce. This includes the provision of fire extinguishers, first aid kits, advance warning triangles, high visibility reflective safety vests and torches. However, drivers and operators have also expressed some concerns about possible litigation and liability issues arising from (a) the supply of and (b) the use of fire extinguishers and first aid kits in their vehicles<sup>6</sup>. If such concerns are justified, it might be difficult to see how these standards could be mandated.

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<sup>6</sup> For example, some drivers and operators were concerned about the possibility of being sued for incorrect use of equipment or for the provision of faulty equipment.

There were divergent views expressed on some of the other proposed standards, but particularly those standards that are intended to improve accessibility features. Disability representative groups, for example, would like to see the mandatory introduction of features such as induction loops or swivel passenger seats in all SPSVs. Drivers and operators, on the other hand, argue that the costs involved in introducing such features are excessive, especially if there is no subsidy available to support them. This, in turn, is one of the main reasons why the Commission proposes to introduce pilot schemes to test such features.

Other issues raised regarding some of the common standards proposed by the Commission were as follows:

- concerns that the proposed standards for cabin temperature would require the mandatory installation of air conditioning systems, which would have significant installation cost and fuel cost implications. It is not the Commission's intention to require this, however;
- a general consensus that the standard interior light is all that can be practically expected, given the considerable variety of vehicles in the SPSV fleet;
- some limited concern that an SPSV should always provide a full size spare wheel in order to guarantee that a customer can always complete their journey safely and not at reduced speed.

Finally, there was also a broad agreement with the proposed timescales for introducing the new standards, with the exception of the high cost standards that are subject to pilot trials.

#### **4.2.3 Standards for Wheelchair Accessible Taxis**

As might be expected, the costs involved in raising standards for wheelchair accessible taxis were the most commonly cited issue among respondents to the Commission's consultation process, especially among respondents involved in the SPSV industry.

As noted in Section 2.1 above, the Commission accepts that the cost involved in purchasing and operating wheelchair accessible taxis to a required standard is a major issue, and it awaits the outcome of its request for future financial support for the purchase of wheelchair accessible taxis. In this regard, most respondents have expressed a preference for the removal or (at least) discounting of both Value Added Tax (VAT) and Vehicle Registration Tax (VRT). However, it should be noted that previous requests supporting the abolition of VRT have been turned down by the Department of Finance.

Respondents with expert knowledge also made some detailed comments on issues such as interior vehicle dimensions, door dimensions, wheelchair space, seating numbers and dimensions, the provision of aids such as access steps and wheelchair ramps, restraints, and some of the proposed pilot initiatives. Finally, while not directly related to the issue of vehicle standards, a number of respondents also cited a need for compulsory driver training in the operation of wheelchair accessible taxis.

#### **4.2.4 Standards for Taxis and Hackneys**

The Commission's proposed new standards for taxis and hackneys have elicited a very high level of response and feedback, with considerable consensus on some issues but a lot of disagreement on others.

The proposed new standard on vehicle age is undoubtedly the most contentious proposal that has been put forward by the Commission. On the one hand, representative groups for businesses and tourism show considerable support for the proposal to place a maximum age on taxis and hackneys. Indeed, in a number of cases these groups have advocated that the maximum age should be a lot lower than nine years (as is proposed by the Commission) because they feel this would help to further improve the overall quality of the SPSV fleet.

On the other hand, the proposal to impose an age limit on vehicles has led to significant opposition among SPSV representative bodies and individual drivers and operators. The industry, for example, feels that a nine year age limit could place a significant additional cost burden on some drivers and operators (which would arise from the need to change vehicles). Furthermore, drivers and operators argue that age is not the sole determinant of a vehicle's suitability for use as an SPSV, with vehicle condition, vehicle mileage and NCT record cited as other key factors.

Obviously, the cost implications arising from the purchase of a new vehicle will depend on the age of the vehicle being purchased and the number of years that it is used for. Annex 2 below – which is based on data prepared by Transport for London for the purchase of London "Black Cabs" – provides an example how different purchase strategies can be used in this regard.

None of the other proposed standards have generated the same level of opposition. For example, there is near universal agreement with the Commission's proposed conceptual outline for general vehicle requirements for taxis and hackneys, i.e. its definition of what constitutes a suitable car type, its requirement for at least four doors on taxis and hackneys, and its requirement for a permanent rigid roof on vehicles. In addition, there is very good acceptance of the proposal to define a luggage

volume for SPSVs and the proposal to require luggage to be securely stowed<sup>7</sup>, while the concept of defining the interior space and seating requirements more explicitly is also generally accepted.

Other comments on standards for taxis and hackneys that have been received as part of the consultation process are as follows:

- opinion is generally in favour of making transparent windows mandatory for taxis and hackneys, with some small concern that a manufacturer's standard fit should be acceptable;
- opinion within the industry suggests that audible taximeters are unnecessary, and the significant costs involved are unlikely to justify the benefits accrued. However, a warning beep at meter start and stop may be viable;
- there is some concern among limousine drivers about allowing taxis to remove their roof sign for ceremonial work, given the importance of this business to the limousine sector and the separate licensing requirements for limousines;
- there is a general support for the Commission's proposal that the current arrangements on the use of meters and advertising should continue for both taxis and hackneys.

As regards the timing of the proposals, a five year lead time appears to be the most commonly suggested timescale for implementing proposals. This would appear to take into account the concerns regarding the proposed vehicle age limit, and the rationale behind these suggestions appears to be based on finance packages that are arranged over a three- to five-year period.

#### **4.2.5 Standards for Limousines**

Feedback from the consultation process elicited a number of responses on the Commission's proposals for a formal definition of limousines. A number of responses from operators in the sector, for example, suggested that the Commission's proposed definition was not detailed enough, and that it should consider establishing a number of different categories of limousine licence. The number of categories proposed in this regard ranged from two to four. In addition, there was a feeling among many operators that further discussion was needed on issues such as weight limits for vehicles, turning circles and engine size, while vehicle age might also have to be reviewed if different categories of licence are adopted.

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<sup>7</sup> Indeed, the vast majority of car manufacturers already provide luggage capacity according to the German VDA standard, as has been proposed by the Commission. The German standard is defined by the Verbund die Automobil Industrie (VDA), and it is determined by filling the loadspace with blocks of volume of one litre, each measuring 200 mm x 100 mm x 50 mm. The blocks are then counted to determine the cubic capacity of the loadspace volume. The Commission's proposed standard for luggage capacity, using the VDA method, is 420 litres.

There is a general consensus that advertising should not be allowed in or on limousines. However, it would be considered practical to explicitly allow for the owner's or driver's company details to be displayed beneath the number plate or in the rear window. There is also widespread acceptance that meters should be prohibited in limousines, that luggage capacity requirements should not be applied, and that tinted windows should be allowed.

The most contentious issue among limousine drivers and operators is the Commission's proposal to ban the use of side facing seats in limousines. This has caused significant concern among drivers and operators, as many American style vehicles are fitted with this type of seating (sometimes known as "J" seating when it continues to join a conventional across-car seat), and there is significant demand for hire of vehicles of this type. The Commission, however, believes that current EU Directives will ban the registration of new vehicles with side facing seats, and that this type of vehicle will therefore become obsolete as their useful life expires. The Commission also anticipates that there will be few such vehicles of a suitable condition remaining by 2016, and alternative seating arrangements are likely to become available for stretched limousines.

As a result of the submissions received, and the generally good safety record for limousines, the Commission will now continue to license limousines with side facing seats but proposes to monitor their numbers carefully.

#### **4.2.6 Standards for Safety and Security**

As noted in Section 2.1 above, the Commission's proposals on standards for safety and security do not place any additional obligations on drivers and operators. Rather, they make suggestions that are open to drivers and operators to adopt at their own discretion.

In general, there is widespread agreement among drivers and operators with this approach. The majority of drivers and operators welcome any suggestion that may allow for improved security, but the massive variety of vehicles used in the SPSV fleet, for example, makes it difficult to mandate a specific design of security screen. Most therefore agree that this should be an area for individual driver choice.

Good feedback was received on the proposal to carry out a pilot scheme to investigate in-vehicle CCTV, although only a small number of prospective volunteers have emerged from the consultation process.

There was a slight concern among drivers and operators to ensure that mandatory affiliation to a Dispatch Operator should not be introduced, as it would prejudice the independence of the owner, driver or operator. However, as noted earlier, the Commission agrees with this and does not intend to require mandatory affiliation to Dispatch Operators. A possible exception, however, may occur if

included as part of the conditions relating to the grant of any available subsidy to assist in the purchase and use of a new wheelchair accessible vehicle.

#### **4.2.7 Mechanisms for Achieving Quality and Excellence**

As with the Commission's proposals for safety and security, the Commission's proposals on mechanisms for achieving quality and excellence do not place any additional obligations on drivers and operators.

There is some support for developing the concept of a Quality Assurance mark. However, there is also some concern that an independent owner/driver/operator would be disadvantaged if this Quality Assurance mark required an affiliation to a Dispatch Operator. Most of those who expressed an opinion also made the point that the standard of a vehicle only contributes to part of the key indicator of customer service satisfaction.

There was also some support for the Commission's proposal to promote innovation in the SPSV industry and to keep abreast of developments in this area, and respondents agreed that the Commission should do more in this area. There was also some support for innovation by drivers and operators where it is practical and cost effective for service providers.

#### **4.2.8 Mechanisms for Achieving Compliance**

There were a number of views expressed on the Commission's proposed additional mechanisms for achieving compliance with vehicle standards. For example, there is almost universal agreement with the proposal to relax the requirement for a new car to undergo an NCT roadworthiness test prior to first licensing as an SPSV. The proposal to introduce an annual suitability style inspection, however, produced a mixture of views. Certain user groups support the proposed test, whereas drivers and operators are generally opposed to the test (for cost reasons).

The Commission's proposal intends the suitability style inspection to be a visual inspection of condition rather than a test of spatial checks/measurements. Visual on-street enforcement would also be additional to this. In addition, it is the Commission's desire that the NCT roadworthiness test be separated both financially and practically from the current €90 "combined test" in order to increase transparency and to allow some extra flexibility for vehicles that may be sold within the industry just after their annual NCT. As the overall contract for the roadworthiness testing of all cars is due for renewal by the RSA in 2010, the Commission has accepted an active role in this process to ensure best possible value and service is maintained into the future for all SPSV drivers.

## 5. Enforcement and Compliance

### 5.1 Option 1: Commission Proposals

#### 5.1.1 Introduction

The Commission will operate an extensive suite of arrangements to promote compliance with its proposed new vehicle standards for SPSVs. This includes some arrangements introduced on foot of the new standards as well as existing arrangements that the Commission has already put in place.

#### 5.1.2 New Arrangements

Section 2.1 above has already outlined some of the mechanisms that the Commission proposes to introduce to achieve compliance with vehicle standards in the SPSV industry. These include:

- an annual suitability style inspection, where some limited form of predominantly visual inspection will be required to ensure that vehicles continue to meet the SPSV requirements during the period for which they are licensed as SPSVs;
- the NCT roadworthiness test, which will continue to be required for SPSVs, but which will not be required for new vehicles, in this context “new vehicles” means those less than 90 days old;
- a tamper-proof disc, which is mandatory for all SPSVs from October 2007, to ensure that all vehicles operating as SPSVs have a valid licence;
- introduction of fixed penalty offences for 22 common offences.

These mechanisms will operate alongside existing arrangements for achieving compliance, which include: the national system of SPSV licensing established by the Commission; the register of SPSV licences and register of SPSV drivers; on-street enforcement activity; promotion of consumer awareness regarding rights and entitlements; and the Commission’s complaints and commendation process. In addition, support directly to the industry via Information Guides and the Commission Industry Newsletter will be maintained, and the Commission website will continue to provide instant access to the majority of service provider information.

### **5.1.3 Existing Arrangements**

The new SPSV licensing system is intended to provide a high quality, efficient and consistent approach to the licensing of SPSVs. This should ensure that SPSV licence holders have ample opportunity to renew their licences in advance of their expiry date and should reduce the very high number of licences that have lapsed in the past. In addition, the process provides an annual compliance check, as licences will only be granted, renewed or transferred on production of:

- an NCT roadworthiness certificate that is no more than 180 days old on first licensing an SPSV;
- an NCT roadworthiness certificate that is no more than 90 days old thereafter;
- a suitability certificate on first licensing as an SPSV;
- a valid SPSV insurance certificate in respect of a vehicle;
- a valid tax clearance certificate in respect of a licence holder applicant.

In addition, Section 38 of the Taxi Regulation Act 2003 requires the Commission to establish and maintain a register of licences. This is established and maintained based on information collected through the licensing system, and it includes a register of SPSVs and a register of SPSV drivers. This vehicle register, and a supporting database of vehicle licences, should greatly enhance information flows between the Commission and An Garda Síochána to identify and investigate lapsed licences, uninsured SPSVs or other potential non-compliance.

Section 49 of the Taxi Regulation Act 2003 also empowers the Commission to appoint authorised officers for the purpose of enforcement. The Commission's team, which includes a Manager of Enforcement and nine Enforcement Officers, is responsible for (a) carrying out random checks across the SPSV industry and (b) investigating complaints. Its functions in this regard will therefore incorporate enforcement of vehicle standards, and the Enforcement Officers will work closely with other relevant agencies such as An Garda Síochána, Legal Metrology, the Revenue Commissioners, the Department of Social and Family Affairs and insurance companies to ensure maximum compliance with SPSV and other legal obligations.

The Commission will investigate complaints relating to SPSVs using its new national complaints system. This new system, which was established by the Commission in September 2006, is designed to ensure consistency for customers and prevent unscrupulous service providers from operating outside the law or providing a sub-standard service. It is also designed to be easily accessible to passengers and to deal with complaints in a transparent and timely manner. In addition to this, An Garda Síochána will continue to investigate complaints of a criminal nature.

Compliments may also be processed via this system, and such compliments would be central to the Quality Assurance mark concept.

Finally, to achieve the best possible awareness and to ensure that consumers know their rights, the Commission has initiated a series of consumer awareness activities, which have included the commencement of a national awareness campaign in 2006, the ongoing development of the Commission's website and the establishment of a lo-call consumer phone line. In addition, the Commission intends to develop and circulate a Customer Guide for consumers and a Service Provider Guide for drivers and operators.

#### **5.1.4 Compliance Costs**

The cost of compliance will be mainly borne by the SPSV drivers and operators, and the extent of these costs has been discussed in Section 3.1 above. There should be little risk of these costs being passed on to the consumer, however, given that taxi fares are regulated. Hackney and limousine fares will admittedly remain unregulated, although such vehicles account for a small and declining proportion of the SPSV fleet.

Some costs will also be borne by the Commission. This includes the costs associated with enforcement, the costs involved in promoting consumer awareness, and the costs involved in administering the register of licences, the complaints system etc. However, these costs are already largely incurred by the Commission as part of its ongoing activities, and they do not therefore represent additional costs arising from the introduction of the proposed new vehicle standards.

## **5.2 Option 2: “Do Nothing” Scenario**

This option involves no changes to the enforcement and compliance regime since the current system of vehicle standards would continue. In addition, no additional enforcement or compliance costs or changes to the institutional framework are generated by this option.

However, it should be noted that the Commission's existing arrangements for enforcement and compliance will operate under the “do nothing” option. This includes SPSV licensing, the register of SPSV licences and drivers, on-street enforcement activity, consumer awareness activities, and the complaints and commendation process.

## **5.3 Option 3: Alternative Vehicle Age Standards**

Enforcement and compliance arrangements under this option would be similar to the arrangements for enforcement and compliance under the Commission's own proposals.

## 6. Review

### 6.1 Option 1: Commission Proposals

Responsibility for review of the Commission's proposals, and for the development of mechanisms to facilitate review, will rest with the Commission itself. The Commission has already committed to using its Annual Report to report on progress against its key objectives and actions<sup>8</sup>. This will require a review of compliance with vehicle standards against a number of performance indicators, which might include (for example):

- compliance targets, possibly on a standard-by-standard basis;
- levels of participation in the proposed Quality Assurance Programme, should it be mainstreamed;
- indicators for the level of customer demand for SPSVs and its change over time;
- indicators for the level of customer satisfaction with vehicle standards;
- review of average vehicle age, average mileage or other such indicators of vehicle standard;
- the number of complaints made regarding vehicle standards, both from consumers and the SPSV industry, including the number successfully addressed.

Establishing sound methods of collecting data or evidence to track these indicators will obviously be a pre-requisite for appropriate methods of review. This may require aggregation of data from existing databases (such as the register of licences), use of data available from the National Car Testing Service (NCTS), formal recording of enforcement activity and outcomes, development of bespoke customer and driver/operator surveys, and use of focus groups.

### 6.2 Option 2: “Do Nothing” Scenario

Under a “do nothing” scenario, there will also be an onus to review the implications of making the decision not to change the status quo. In particular, this could focus on levels of compliance with the desired vehicle standards and levels of customer satisfaction with vehicle standards.

Again, this would probably be the responsibility of the Commission.

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<sup>8</sup> See “*Strategy Statement 2005-2009*”, Commission for Taxi Regulation, August 2005.

### **6.3 Option 3: Alternative Vehicle Age Standards**

Review arrangements under this option would be similar to the arrangements for review under the Commission's own proposals in Option 1.

## 7. Conclusion

This RIA has presented an examination of the Commission for Taxi Regulation's new vehicle standards as well as an examination of alternative options for action. This has included: a description of the nature of the options available; a review of costs, benefits and impacts; discussion of the outcomes from consultations that have contributed to the study; and an assessment of likely mechanisms for enforcement, compliance and review.

The findings of the analysis suggest that Option 3 (with alternative vehicle age standards) is likely to deliver the most benefits relative to costs. It is likely to deliver similar benefits to those offered by the Commission's own proposals (Option 1), albeit with a longer lead-in time, and it would also offer a more even transition between the current arrangements and the proposed new arrangements. In addition, it is likely to reduce the potential for negative impacts on market entry and market exit.

## Annexes

# Annex 1 Detailed Assumptions

## 1. Overview

The following annex lists the assumptions that have been used to derive the costings for both Option 1 and Option 3. Most of the assumptions outlined below apply to both options, although there are important differences in the assumptions for vehicle age in particular.

In addition, the following general assumptions apply across all estimates:

- base year statistics for fleet size and age profile are as at October 2007;
- growth in taxi fleet assumed at 3.5% per annum between 2008 and 2017;
- growth in hackney fleet assumed at 1% per annum between 2008 and 2017;
- growth in wheelchair accessible taxi fleet assumed at -1% per annum between 2008 and 2017 (assuming that no subsidy for support of wheelchair accessible taxis exists);
- growth in limousine fleet assumed at 5% per annum between 2008 and 2017.

## 2. Standards for All SPSVs

### 2.1 Vehicle Condition

- Assumes that an average of 80% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €120 in 2008 for vehicles that are not already compliant.
- Assumes an ongoing cost thereafter of 1 man hour per week, averaged out at 48 man hours for €10 per hour, for vehicles that are not already compliant. However, 1 man hour every four weeks, or 12 man hours for €10 per hour, is subtracted to allow for private use among 50% of affected vehicles.

### 2.2 Communication

- Assumes that an average of 50% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €2 per vehicle in 2008 for vehicles that are not already compliant.
- Assumes an ongoing cost thereafter of €2 per vehicle for vehicles that are not already compliant.

### **2.3 Cabin Temperature**

- Assumes that an average of 95% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €35 per vehicle in 2008 for vehicles that are not already compliant.
- Assumes an ongoing cost thereafter of €35 per vehicle for vehicles that are not already compliant.

### **2.4 Fire Extinguishers**

- Assumes that an average of 2.5% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €42 per vehicle for (a) new entrants in 2008 and 2009 and (b) all vehicles from 2010 to 2017 that are not already compliant.
- Assumes an ongoing cost thereafter of €21 per vehicle for vehicles that are not already compliant.

### **2.5 First Aid Kit**

- Assumes that an average of 2.5% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €6 per vehicle for (a) new entrants in 2008 and 2009 and (b) all vehicles from 2010 to 2017 that are not already compliant.
- Assumes an ongoing cost thereafter of €3 per vehicle for vehicles that are not already compliant.

### **2.6 Advance Warning Triangle**

- Assumes that an average of 20% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €5 per vehicle for (a) new entrants in 2008 and 2009 and (b) all vehicles from 2010 to 2017 that are not already compliant.
- Assumes no ongoing cost thereafter for vehicles that are not already compliant.

### **2.7 High Visibility Reflective Safety Vest**

- Assumes that no vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €4 per vehicle for (a) new entrants in 2008 and 2009 and (b) all vehicles from 2010 to 2017 that are not already compliant.
- Assumes no ongoing cost thereafter for vehicles that are not already compliant.

### **2.8 Torch**

- Assumes that an average of 40% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €3 per vehicle for (a) new entrants in 2008 and 2009 and (b) all vehicles from 2010 to 2017 that are not already compliant.
- Assumes an ongoing cost thereafter of €1 per vehicle for vehicles that are not already compliant.

### **2.9 Swivel Passenger Seat**

- Excluded from the RIA as its development is only at a pilot stage. It therefore has no cost implications.

### **2.10 Carrying Children and Child Restraints**

- Involves dissemination of information arising from the consultation process on vehicle standards, and does not involve implementation of a new standard. It therefore has no cost implications.

### **2.11 Interior Lighting**

- Assumes that an average of 97.5% of vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €1 per vehicle in 2008 for vehicles that are not already compliant.
- Assumes an ongoing cost thereafter of €1 per vehicle for vehicles that are not already compliant.

### **2.12 Spare Wheel**

- The proposed new vehicle standards remove the requirement for SPSVs to carry a spare wheel, so there are no costs involved.

### **2.13 In-vehicle Information**

- Assumes that no vehicles are already compliant with the required standard throughout the 2008-2017 period.
- Assumes an initial cost of €0.35 per vehicle in 2008 for vehicles that are not already compliant.
- Assumes an ongoing cost thereafter of €0.35 per vehicle for vehicles that are not already compliant.

### **2.14 Timescale**

- Costings applied to new entrants only in 2008 and 2009, then applied to all vehicles from 2010. Exception to this is in-vehicle information, where the cost is applied to all vehicles from 2008.

## **3. Standards for Taxis and Hackneys**

### **3.1 General Vehicle Requirements**

- Costings assumed to be incorporated into the costings for vehicle age, as Commission evidence suggests that most vehicles that do not meet these requirements are generally older vehicles.

### **3.2 Luggage Capacity**

- Costings assumed to be incorporated into the costings for vehicle age, as Commission evidence suggests that most vehicles that do not meet these requirements are generally older vehicles.

### **3.3 Interior Size and Seats**

- Costings assumed to be incorporated into the costings for vehicle age, as Commission evidence suggests that most vehicles that do not meet these requirements are generally older vehicles.

### **3.4 Vehicle Age – Option 1**

- Base year vehicle age profile is assumed as per October 2007.
- Growth rates for the SPSV fleet are assumed as per those outlined above.
- Age limit is introduced as of 2010.
- All vehicles are retired from the SPSV fleet after nine years.
- New entrants and replacement vehicles for existing SPSVs are assumed to be four year old, second hand vehicles, which will be able to operate as SPSVs for five years before being replaced.
- For retired vehicles, it is assumed that 75% of drivers and operators incur an average loss on vehicle book value of €1,400.
- For running costs, only fuel costs, servicing costs and costs of spares are assumed to vary with vehicle age, with the average costs per annum for a 2007 vehicle being €8,200.
- Savings on these costs are assumed at 1% per annum for each year by which the average age of the SPSV fleet decreases over time.

### **3.5 Vehicle Age – Option 3**

- Base year vehicle age profile is assumed as per October 2007.
- Growth rates for the SPSV fleet are assumed as per those outlined above.
- Age limit is introduced as of 2012.
- All vehicles are retired from the SPSV fleet after nine years.
- New entrants and replacement vehicles for existing SPSVs are assumed to be four year old, second hand vehicles, which will be able to operate as SPSVs for five years before being replaced.
- For retired vehicles, it is assumed that 50% of drivers and operators incur an average loss on vehicle book value of €1,400.
- For running costs, only fuel costs, servicing costs and costs of spares are assumed to vary with vehicle age, with the average costs per annum for a 2007 vehicle being €8,200.
- Savings on these costs are assumed at 1% per annum for each year by which the average age of the SPSV fleet decreases over time.

### **3.6 Transparent Windows**

- Assumes that only a small proportion of the taxi and hackney fleet has tinted windows (<2.5%), and the Commission indicates that transparent films can be removed at no cost.

### **3.7 Taxi Roof Sign**

- Proposed change in vehicle standards has no cost implications for SPSV drivers or operators, largely a continuation of the status quo with additional flexibility to allow longitudinal positioning of the roof sign for certain journeys.

### **3.8 Meters**

- Commission proposes only to clarify the regulations regarding meters and hackneys, so there are no cost implications.

### **3.9 Advertising**

- The Commission's proposed standards recommend a continuation of the status quo on advertising in and on taxis, so there are no cost implications.
- The Commission's proposed standards recommend a continuation of the status quo on advertising in and on hackneys, so there are no cost implications.

## **4. Standards for Safety and Security**

### **4.1 Safety Screens**

- Provision of safety screens is at the discretion of the SPSV driver/operator. It therefore imposes no cost obligations on drivers/operators.

### **4.2 In-vehicle CCTV**

- Provision of in-vehicle CCTV is at the discretion of the SPSV driver/operator. It therefore imposes no cost obligations on drivers/operators.

### **4.3 Dispatch Operator Communication**

- Affiliation to Dispatch Operators is at the discretion of the SPSV driver/operator. It therefore imposes no cost obligations on drivers/operators.

## **5. Mechanisms for Achieving Quality and Excellence**

### **5.1 Innovation**

- Cost of task assumed to be equivalent to 10% of one Commission employee's working time, at an assumed annual salary of €40,000.

### **5.2 Quality Assurance Programme**

- Excluded from the RIA because it is at a pilot stage and it is also not specific to vehicle standards. It therefore has no cost implications.

### **5.3 Environmental Issues**

- Does not impose any environmental obligations on SPSV drivers/operators, and it therefore does not impose cost obligations on drivers/operators.

## **6. Mechanisms for Achieving Compliance**

### **6.1 Annual Suitability Style Inspection**

- Suitability test is assumed to apply to all new entrants from 2008 and all SPSVs from 2010, at an annual cost per vehicle of €5. This assumes that the inspection involved will be a purely visual inspection of about 5-10 minutes duration.

### **6.2 NCT Roadworthiness Test**

- The removal of the requirement for new vehicles to undergo an NCT roadworthiness test delivers an assumed saving of €49 per vehicle for all new vehicles registered as SPSVs.

# Annex 2 Vehicle Purchase Strategies

## 1. Overview

The cost implications arising from the purchase of a new vehicle will depend on the age of the vehicle being purchased and the number of years that it is used for. This annex – which is based on data prepared by Transport for London for alternative purchase strategies for London “Black Cabs” – provides an example of how different strategies can be used in this regard.

Transport for London considered four different strategies for purchasing a Black Cab. These included the following:

1. purchasing a new Black Cab and operating it until it reaches “scrap” value;
2. purchasing new Black Cabs and selling them at four years old;
3. purchasing four year old Black Cabs and selling them at eight years old;
4. purchasing an eight year old Black Cab and operating it until it reaches scrap value.

For each strategy, Transport for London prepared estimates for financing costs (using hire purchase) for a period of 12 years, which are examined in more detail below. Figures are in 2005 prices. It should be noted, however, that these estimates do not take account of other running costs.

## 2. Strategies

### 2.1 *Strategy 1: Purchase New and Run to Scrap*

This strategy involves the purchase of a new Black Cab, which is then operated for 12 years until it has only a residual scrap value. The assumptions underlying the financing costs for this strategy are as follows:

- vehicle price is Stg£28,995 (2005 prices);
- vehicle is bought under a hire purchase agreement at a rate of 5.25%;
- hire purchase agreement runs over four years, giving 48 monthly repayments of Stg£658 each;
- deposit required is equivalent to 10% of the vehicle price;
- residual value of the vehicle after 12 years is Stg£500.

Using these assumptions, the total cost of financing this strategy over 12 years therefore comes to Stg£33,975.

<b>TABLE 1: VEHICLE FINANCING COSTS FOR STRATEGY 1</b>	
	<b>Stg£</b>
Deposit Required	2,900
Total Cost of Monthly Payments	31,575
Total Cost	34,475
Less Residual Value	-500
Net Cost	33,975
Total Cost Over 12 Years	33,975
<b>SOURCE: TRANSPORT FOR LONDON</b>	

## **2.2 Strategy 2: Purchase New and Sell at Four Years**

This strategy involves the purchase of new Black Cabs, which are then operated and sold at four years old. The assumptions underlying the financing costs for this strategy are as follows:

- vehicle price is Stg£28,995 (2005 prices);
- vehicle is bought under a hire purchase agreement at a rate of 5.25%;
- hire purchase agreement runs over four years, giving 48 monthly repayments of Stg£658 each;
- deposit required is equivalent to 10% of the vehicle price;
- residual value of the vehicle after four years is Stg£15,300.

Using these assumptions, the total cost of financing this strategy over 12 years therefore comes to Stg£57,525.

<b>TABLE 2: VEHICLE FINANCING COSTS FOR STRATEGY 2</b>	
	<b>Stg£</b>
Deposit Required	2,900
Total Cost of Monthly Payments	31,575
Total Cost	34,475
Less Residual Value	-15,300
Net Cost (4 Years)	19,175
Total Cost Over 12 Years	57,525
<b>SOURCE: TRANSPORT FOR LONDON</b>	

## **2.3 Strategy 3: Purchase at Four Years and Sell at Eight Years**

This strategy involves the purchase of four year old Black Cabs, which are then operated and sold at eight years old. The assumptions underlying the financing costs for this strategy are as follows:

- vehicle price is Stg£20,600 (2005 prices);
- vehicle is bought under a hire purchase agreement at a rate of 6.50%;

- hire purchase agreement runs over four years, giving 48 monthly repayments of Stg£487 each;
- deposit required is equivalent to 10% of the vehicle price;
- residual value of the vehicle after four years is Stg£7,250.

Using these assumptions, the total cost of financing this strategy over 12 years therefore comes to Stg£54,510.

<b>TABLE 3: VEHICLE FINANCING COSTS FOR STRATEGY 3</b>	
	<b>Stg£</b>
Deposit Required	2,060
Total Cost of Monthly Payments	23,360
Total Cost	25,420
Less Residual Value	-7,250
Net Cost (4 Years)	18,170
Total Cost Over 12 Years	54,510

**SOURCE: TRANSPORT FOR LONDON**

#### **2.4 Strategy 4: Purchase at Eight Years and Run to Scrap**

This strategy involves the purchase of an eight year old Black Cab, which is then operated for four years until it has only a residual scrap value. The assumptions underlying the financing costs for this strategy are as follows:

- vehicle price is Stg£11,500 (2005 prices);
- vehicle is bought under a hire purchase agreement at a rate of 6.50%;
- hire purchase agreement runs over three years, giving 36 monthly repayments of Stg£344 each;
- deposit required is equivalent to 10% of the vehicle price;
- residual value of the vehicle after four years is Stg£500.

Using these assumptions, the total cost of financing this strategy over 12 years therefore comes to Stg£39,054.

<b>TABLE 4: VEHICLE FINANCING COSTS FOR STRATEGY 4</b>	
	<b>Stg£</b>
Deposit Required	1,150
Total Cost of Monthly Payments	12,368
Total Cost	13,518
Less Residual Value	-500
Net Cost	13,018
Total Cost Over 12 Years	39,054

**SOURCE: TRANSPORT FOR LONDON**

### **3. Comparison of Strategies**

In summary, the estimates provided by Transport for London suggest that the financing costs for each of the four strategies would be as follows:

1. purchasing a new Black Cab and operating it until it reaches scrap value would cost Stg£33,975 over 12 years;
2. purchasing new Black Cabs and selling them at four years old would cost Stg£57,525 over 12 years;
3. purchasing four year old Black Cabs and selling them at eight years old would cost Stg£54,510 over 12 years;
4. purchasing an eight year old Black Cab and operating it until it reaches scrap value would cost Stg£39,054 over 12 years.