



**Application for a Subsidy to
Assist with the Purchase of Accessible
Taxis and Hackneys**

**Submitted by
The Commission for Taxi Regulation
to the
Minister for Transport**

January 2007

Summary

Government policy, as stated since liberalisation of the taxi market in 2000 and as reflected in the legal objectives of the Commission for Taxi Regulation¹ (the Commission), is to promote access to small public service vehicles (SPSVs) for people with a wide range of disabilities. The Commission's research indicates that many people with disabilities have considerable problems accessing a SPSV service and that the provision of such a service is in decline. The proportion of wheelchair accessible taxis in the overall taxi fleet has declined from 21 per cent prior to liberalisation in 2000 to 8 per cent of the overall taxi fleet in December 2006. There are currently (January 2007) 1,320 wheelchair accessible taxis licensed for the entire country.

The Commission is proposing a range of measures to improve the level and quality of, and access to SPSV (taxi, hackney and limousine) services for people with disabilities. These are set out in *Consultation Paper No 4, Vehicle Standards*. Decisions on the new standards that will apply will be made following the consultation period which ends on March 15th 2007.

A very important element of improving service provision is the development of new specifications for a fully accessible taxi and hackney vehicle that would include specific accessibility features for all passengers, including people who need to travel in their wheelchairs.

The cost of purchasing such a vehicle is likely to continue to discourage service providers from purchasing a fully accessible vehicle and providing a fully accessible service, rather than purchasing a standard saloon car.

The Commission is seeking a subsidy from the Exchequer of 40% of the open market selling price (OMSP)² towards the cost of purchasing or converting new accessible vehicles for use as accessible taxis and hackneys. Such a subsidy is essential to encourage operators to purchase a fully accessible vehicle and provide a fully accessible service.

The estimated potential annual costs are set out in Chapter 6 on page 9 of this submission. The Commission believes that the subsidy sought will not give rise to excessive costs to the Exchequer. It is important to note that the subsidy at 40% will be slightly less than the revenue generated for the exchequer through VAT and VRT on the sale of new taxis and hackneys based on the current rates of these taxes.

¹ Section 9 of the Taxi Regulation Act 2003 (No. 25 of 2003)

² This is the price inclusive of all taxes and duties which, in the opinion of the Revenue Commissioners, the vehicle might reasonably be expected to fetch on a first arms length retail sale in the State at the time of registration.

1. Introduction

On 1st September 2004, the Minister for Transport established the Commission as an independent public body under Part 2 of the Taxi Regulation Act 2003 (*2003 Act*). The Commission's principal function is the development and maintenance of a regulatory framework for the control and operation of SPSVs and their drivers.

Government policy in relation to the provision of SPSV services for people with disabilities is reflected in the principal functions and objectives of the Commission as set out in section 9 of the 2003 Act. Section 9 (2) (g) aims *to promote the development of high quality cost effective services by small public service vehicles and their drivers which meet a wide range of customer needs including those of passengers with mobility or sensory impairments* and Section 9 (2) (h) of the 2003 Act confirms as an objective *to promote access to small public service vehicles by persons with a disability*.

The Commission has conducted extensive consultations and research to establish where new regulations are required, existing regulations need amendment and other initiatives are necessary to achieve a professional, efficient, safe, accessible, and customer-friendly service for passengers and service providers.

Following on from the Commission's *National Review*³, the Commission published its second consultation paper – *ROADMAP – Towards a new national code of regulation for taxis, hackneys and limousines in Ireland*.⁴ In December 2006, the Commission published its fourth consultation paper relating specifically to Vehicle Standards.⁵

The Commission's research indicates that people with disabilities do not currently enjoy access to a service that is on a par with the services provided to other consumers. The main concerns raised were in relation to accessibility, availability and affordability of services. Having considered the views expressed as part of the consultation on vehicle standards, the Commission will develop a new Code of Standards for taxis, hackneys and limousines which will be published in the second half of 2007 and introduced on a phased basis commencing in 2008.

The idea of providing a subsidy on a fully accessible SPSV received widespread support from people with disabilities and the groups that represent them during the consultation and enjoys the full support of the Advisory Council to the Commission for Taxi Regulation and the industry⁶.

³ Commission for Taxi Regulation (2005), *National Review of services and vehicle standards in taxis, hackneys and limousines in Ireland*; available at www.taxiregulator.ie.

⁴ Commission for Taxi Regulation (2005), *ROADMAP – Towards a new national code of regulation for taxis, hackneys and limousines in Ireland*; available at www.taxiregulator.ie.

⁵ Commission for Taxi Regulation (2006), *Vehicle Standards*; available at www.taxiregulator.ie

⁶ Part 4 of the Taxi Regulation Act 2003

2. Background

Availability and accessibility to transport is essential for many people with disabilities to participate in daily living. Door-to-door transport as provided by taxis and hackneys, is often their preferred and, in some cases, their only option. Despite this, the Commission's research indicates that the use of taxis and hackneys by people with disabilities is low compared to the general population.⁷ *Accessibility, availability and affordability* are the key issues affecting usage.

The provision of adequate taxi and hackney services for people with disabilities has long been a public policy concern. In 1992 the category of wheelchair accessible taxi licence was introduced. At that time, access to the taxi market was controlled, with increases in taxi numbers being permitted only on an occasional basis. These increases were usually confined to wheelchair accessible taxis. The objective was to ensure that, over time, the proportion of wheelchair accessible taxis in the taxi fleet would rise to a level that would ensure the ready availability of taxi services for people with disabilities.

When announcing liberalisation in 2000, the government indicated that a process would commence by the end of 2003 to move towards making all taxis wheelchair accessible. The *Agreed Programme for Government 2002* committed the government to continuing the process of making taxis wheelchair accessible⁸ and Government policy in relation to improving access for people with disabilities to SPSV services was later set out in section 9 of the Taxi Regulation Act 2003.

The proportion of wheelchair accessible taxis in the taxi fleet has declined from 21 per cent prior to liberalisation of the market in 2000 to eight per cent in December 2006. It is notable that, of the 1,020 licences which have not been renewed to date in the four Dublin local authority areas, 668 (just over 65 per cent) were wheelchair accessible taxi licences.

The cost of providing a wheelchair or fully accessible service is higher than providing a standard service. In particular, the capital outlay is substantially higher.⁹ It is clear that, due to the economics of operating a wheelchair accessible taxi service, service suppliers are opting either to leave the business or to acquire a standard taxi licence (saloon car). The result is that the service provided to people who need to travel using their wheelchairs continues to decline.

⁷ Commission for Taxi Regulation (2005) National Review of services and vehicle standards in taxis, hackneys and limousines in Ireland – Section 5.6, Page 27.

⁸ An Agreed Programme for Government between Fianna Fáil and the Progressive Democrats (2002) p.14.

⁹ Commission for Taxi Regulation (2005) National Review of services and vehicle standards in taxis, hackneys and limousines in Ireland – Chapter 11, Page 67.

3. Improving Services for People with Disabilities

Surveys have reported different figures in terms of people with disabilities ranging from just over eight per cent of the total population in the 2002 census to 17 per cent in the Economic and Social Research Institute *Living in Ireland 2001*. In the 2002 census 436,000 people were over 65 years of age. It is evident from these figures that a significant number of people may have special and diverse accessibility needs.

Despite the fact that taxi and hackney services are particularly important to this group of people, the research conducted by the Commission demonstrates that people in this group are dissatisfied with the level of service offered. Apart from affordability, a major source of this dissatisfaction is the failure of the taxi and hackney trade, in many cases, to offer any services to them. The Commission has become aware of many cases where the daily activities of people have been severely restricted through an inability to access a service. The absence of a sufficient number of fully accessible vehicles, or wheelchair accessible vehicles, is a major reason for this lack of service.

Without intervention, the market will not provide such services. This is because the current wheelchair accessible vehicles and any new fully accessible vehicles are, and will continue to be, considerably more expensive than ordinary saloon cars. Accordingly, service suppliers will naturally opt for the cheaper type of vehicle. Of the 20,744 taxis, hackneys and limousines in operation in Ireland in 2004, only 758 (or 3.7 per cent) were bought new in that year.¹⁰

The Commission is now proposing to introduce a range of measures to improve the services for people with disabilities. These include:

- New specifications for a *fully accessible vehicle*;
- Improvements to the specification of *standard* taxis or hackneys to improve their suitability for people with disabilities;
- Requiring dispatch companies to provide a *minimum level of service* for people with disabilities;
- Requiring dispatch companies to introduce *disability-friendly communication and booking systems*;
- Developing guidelines to assist local authorities in *improving the design of taxi ranks*;
- Introducing *disability awareness training* for drivers and dispatch operators;
- Introducing a *new class of SPSV* to allow for fully accessible hackneys;
- Providing better information and improved complaints and enforcement systems.

It is vehicles that meet the new specifications for fully accessible SPSVs which are the subject of this proposal.

¹⁰ Commission for Taxi Regulation (2005) National Review of services and vehicle standards in taxis, hackneys and limousines in Ireland – Chapter 3, Page 6.

4. Proposal

A first class taxi and hackney service must provide accessibility for all, including passengers with disabilities and particular accessibility requirements.

In order to incentivise the purchase and use of fully accessible taxis and hackneys, the Commission is urging that a subsidy be provided to support the purchase of such vehicles.

In order to qualify for this subsidy, an operator would be required to hold a wheelchair accessible (fully accessible) taxi or hackney licence in respect of the vehicle concerned and provide a fully accessible service. Such vehicle owners would also be required to be affiliated to a dispatch operator, recognised and licensed by the Commission. Where no suitable dispatch operator is in place, such as in rural areas, the licence holder would be required to have an advertised booking system in place to the satisfaction of the Commission. These latter requirements, together with other audit and enforcement measures, would be adopted by the Commission to ensure that such vehicle owners would make the vehicles available to provide a service for people with disabilities. In addition, drivers will be required to undertake the Driver Skills Development Programme which will include a module on dealing with people with disabilities.

The Commission, through regular audits as part of its enforcement process, will monitor the level and quality of the provision of such services on an on-going basis. The Commission will develop a database of all fully accessible SPSV service providers which will be made available on its website and through organisations representing people with disabilities. Feedback from this source will greatly assist detection of any abuse of this concession. The Commission is developing a register of all licences and will work with the appropriate authority to ensure compliance and assist in identifying any abuse or situations where concessions should not apply or where any benefits derived should be repaid.

Any vehicles that would receive this concession would also have to be fully compliant with regulations governing vehicle standards including the new vehicle standards to be developed by the Commission for a fully accessible SPSV, following the consultation process. The precedent for granting such concessions has already been set in Ireland¹¹. People with disabilities are entitled to repayments of both VAT¹² and VRT to a combined maximum of between €9,525 and €15,875 on vehicles that have been adapted for their own private use on the basis that they will not dispose of the vehicle for a minimum of two years. Furthermore, certain organisations responsible for the transportation of people with disabilities are entitled to the similar relief up to a maximum of €15,875.

It is the view of the Commission that the provision of such a subsidy could be ring-fenced and would not lead to its extension to other vehicles. To this end, the

¹¹ Finance Act, 1989, S.92 (Excise); Finance Act, 1992, S.134 (3) (VRT); Disabled Drivers and Disabled Passengers (Tax Concessions) Regulations, 1994 (S.I.No. 353/94).

¹² VAT can be claimed on the combined cost of the vehicle and its adaption.

subsidy would be presented in the context of a coherent strategy to improve SPSV services to people with disabilities who have particular needs in this regard. As a result, demands for an extension to all SPSVs could be credibly resisted. The Commission would ensure that the eligibility conditions, to which reference is made above, would be sufficient to deter attempted abuse of the concessions.

The Commission is currently developing the new standard for a fully accessible vehicle to which the subsidy would apply. The Commission's proposals in this regard are set out in chapter five of Consultation Paper No. 4, Vehicle Standards (See Appendix 1). This fully accessible vehicle will meet the needs of many people including those with a broad range of disabilities and those who need to travel in their wheelchairs. This standard will be published in 2007. If a subsidy is made available, it is proposed to make the new standard a requirement for new fully accessible (wheelchair accessible) licences from 2008 and from 2012 for existing wheelchair accessible licence holders.

In deciding on a standard, the Commission is working closely with all stakeholders and the European Conference of Ministers for Transport (ECMT) to explore the possibility of a Europe-wide standard. The Commission is also working with the UK authorities to explore the possibility of a common Irish and UK standard.

The provision of such a vehicle, when the standard has been set, must be encouraged and supported. If a subsidy is provided, people with disabilities could have access to vehicles of a higher engineering and safety standard on a par with saloon vehicles. The Commission will provide licence fee and other incentives but these will not be sufficient to encourage the purchase and operation of such vehicles. A subsidy on vehicles meeting approved standards is essential to encourage provision of fully accessible vehicles and services.

A copy of a draft scheme is included in Appendix 2. This will require further work following consultation with the Department of Transport and the Department of Finance.

5. Impact of the Proposal

The concessions sought would reduce the cost of purchasing and adapting a wheelchair accessible vehicle by 40 per cent. This should be sufficient to encourage operators to purchase and operate fully accessible vehicles and increase the number of such vehicles in operation. This would occur not only because of the increase in the purchase of new fully accessible vehicles but also from the development of a second-hand market in them. This, in turn, would increase the quality and quantity of services to people with disabilities. The requirement to affiliate to a dispatch operator and the increase in the number of vehicles is likely to lead to a situation in which some dispatch operators would specialise in services for people with disabilities, thereby further raising the level of service.

All taxi and hackney users, not only those with a disability, would benefit from having a higher quality, fully accessible vehicle available to them. The concession is one that has long been sought by groups representing people with disabilities and would be seen as an especially positive step in the light of the Government commitment to improve the quality of life for people with disabilities as set out in the Agreed Programme for Government, the Disability Act 2005 and the Department of Transport Sectoral Plan under the Disability Act 2005.

6. Potential Cost to the Exchequer

It is the belief of the Commission that the concessions sought will not give rise to excessive cost to the Exchequer. The numbers of taxis and hackneys bought new is approximately 700 per annum of which approximately only 100 are currently wheelchair accessible. The Commission aims to double this to 200 per year.

While an exact cost is not available for the new type accessible vehicle for which the Commission is currently developing specifications, we can predict that the retail price including VAT and VRT will range between €48,500 and €68,000 per vehicle based on the retail cost of similar vehicles currently available in the UK.

Given the economics of providing the service in this country, it is expected that the bulk of operators would opt for vehicles in the lower end of the range.

There are currently 1,320 wheelchair accessible taxis licensed. The Commission has set a target of increasing this by 500 by the end of 2012. To achieve this, the Commission is proposing that a subsidy be provided for the purchase of 200 new fully accessible SPSVs per annum to encourage replacement of the existing fleet and to promote new entrants (possibly transferring from saloon cars) to the accessible market.

The cost per vehicle of such a scheme based on a vehicle costing €48,500 would be €9,200. Table 1 shows the estimated cost of providing a 40% subsidy for the purchase of 200 accessible SPSVs costing €48,500 and compares this to the estimated VAT and VRT collected by the Exchequer on such vehicles. Any such subsidy could be capped at €20,000.

TABLE 1

| Year | Number of Vehicles | Cost of Subsidy € | VRT & VAT Paid € |
|-------------|---------------------------|------------------------------|---------------------------------|
| 2008 | 200 | 3.84m | 4.09m |
| 2009 | 200 | 3.84m | 4.09m |
| 2010 | 200 | 3.84m | 4.09m |
| 2011 | 200 | 3.84m | 4.09m |
| 2012 | 200 | 3.84m | 4.09m |

DRAFT SUBSIDY SCHEME

TO ASSIST WITH THE PURCHASE OF

WHEELCHAIR ACCESSIBLE TAXIS AND

HACKNEYS

This is a working draft to be further developed based on input from the Department of Transport and the Department of Finance.

The main provisions of the Scheme can be summarised as follows:

- The Scheme is open to existing and new applicants for a wheelchair accessible taxi or hackney licence;
- A subsidy in respect of a qualifying SPSV may be provided up to 40% of the open market selling price, subject to a maximum subsidy of €20,000;
- Relief is restricted to a vehicle which has been specially constructed or adapted for use as a wheelchair accessible SPSV;
- A vehicle which has been admitted to the Scheme must be licensed as a wheelchair accessible SPSV;
- A vehicle which has been admitted to the Scheme must be affiliated to a licensed dispatch operator or have an alternative advertised booking system in place, approved by the Commission for Taxi Regulation;
- No subsidy will be paid until the vehicle has met the criteria for and is licensed as a wheelchair accessible SPSV¹³;
- The subsidy will only be paid to the SPSV licence holder who must also be the registered owner of the vehicle;
- A vehicle acquired under a lease agreement does not qualify under the Scheme; The vehicle must be purchased, not leased. However, a vehicle acquired under a hire-purchase agreement qualifies for the relief;
- The subsidy will only apply to new vehicles which must be purchased from an authorised dealer;
- It is a requirement to keep the vehicle in the possession of the licence holder and owner for at least two years from the date of purchase or from the date of making the claim, whichever is the later. The Vehicle Registration Certificate will be endorsed to this effect;
- Disposal of the vehicle during this period will only be allowed on the basis that a full refund to the Commission of any subsidy received is made;
- In this context, disposal includes the sale of the vehicle, the gift of the vehicle to another person and the hiring or renting of the vehicle;

¹³ It should be noted that in order to be licensed as a SPSV, the vehicle must meet certain standards and the licence holder must provide a valid tax clearance certificate.

- Where the vehicle is disposed of following damage in an accident, the damage will be taken into account in calculating the value of the vehicle in relation to any refund due;
- An application for relief under the Scheme may be the subject of a Commission audit. Accordingly, a Commission official may visit applicants in connection with their application. The purpose of the audit is to ensure that the terms and conditions for the subsidy are complied with. If the audit establishes that a person is not entitled to a subsidy, the Commission will disallow any further payments and seek reimbursement of any subsidy already granted;
- Any offence committed by the vehicle owner or SPSV driver during the subsidy scheme two year period would result in the possibility of the subsidy being investigated/removed.

Documents which must be submitted with applications are as follows:

- An original invoice from the dealer detailing full purchase particulars of the vehicle, including the amount of VAT charged, and indicating that payment of the amount due has been made in full;
- An original invoice from the person who carried out any adaptations to the vehicle indicating that payment has been made in full. The invoice should show full details of the adaptations carried out on the vehicle and the amount of VAT charged;
- The vehicle's Vehicle Registration Certificate.