



# Taxi Fare Increase: Public Consultation 2022

Consultation response by the Consumer Council

5 October 2022

## **CONTENTS**

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>2.</b>	<b>ABOUT US</b>	<b>3</b>
<b>3.</b>	<b>RESPONSE TO CONSULTATION</b>	<b>4</b>
<b>4.</b>	<b>CONTACT DETAILS</b>	<b>9</b>
<b>Appendix 1</b>	<b>CONSULTATION QUESTIONS</b>	<b>10</b>

## 1. EXECUTIVE SUMMARY

1.1 The role of the Consumer Council is to promote and safeguard the interests of all consumers in Northern Ireland. We welcome the opportunity to respond to this consultation. Under Section 16(3) of the Taxis Act (Northern Ireland) 2008 (the Act), the Department for Infrastructure (DfI) must consider any recommendations by the Consumer Council in regard to the regulation of taxi fares.

1.2 Our response is outlined in detail in Section 3. In our view:

- An increase in the maximum taxi fare is warranted to provide existing taxi drivers with a realistic living wage and encourage new entry into the industry.
- However, serious consideration should be given to the application of a fare increase to evening and weekend fares only. This would encourage drivers to work during this period and reduce the impact of a price increase on vulnerable and low-income consumers who are essential taxi users.
- There should be no increase to the weekday rate without effective mitigations being put in place to protect vulnerable and low-income consumers who are essential taxi users.
- There should be a comprehensive review and reform of other issues which affect the supply of drivers, and the quality and delivery of taxi services.

We have considered in our response:

- The contribution the taxi industry makes towards travel, personal mobility, the economy, and public safety in Northern Ireland.
- The current shortage of taxi drivers, and the impact of the pandemic and recent fuel price increases on the taxi industry.
- That there is no evidence to show that an increase in the maximum fare is guaranteed to reduce the shortage of taxi drivers.
- The cost of living crisis which is affecting both taxi passengers and drivers.
- The impact of a price increase on low-income and disabled taxi users, particularly in rural areas, who have no choice but to use taxis.
- That the methodology and evidence used to explain a change in price must be robust to instil consumer confidence in the outcome.

Beyond the immediate scope of this price review, we recommend consideration be given to:

- Re-establishing the Taxi Advisory Forum.
- Reviewing the operation of Class C licences.
- Reviewing the application process to increase the number of taxi drivers.
- A review of the taxi fare rates structure to ensure it encourages drivers to work anti-social hours and protects low-income and disabled passengers, particularly in rural areas, who are essential taxi users.
- A publicly funded taxi concessionary fare card scheme for low-income and disabled passengers.
- Reducing licensing fees for accessible taxis.
- Using existing powers under the Act to link the provision of Wheelchair Accessible Vehicles to operator licensing.
- Reducing licensing fees for electric taxis.

1.3 The consultation questions are listed at Appendix 1.

1.4 We would welcome the opportunity to meet DfI to discuss our response.

## 2. ABOUT US

2.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order (The Order) 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

2.2 We are an insight-led, evidence based organisation:

- Providing consumers with expert advice and confidential guidance.
- Engaging with government, regulators and consumer bodies to influence public policy.
- Empowering consumers with the information and tools to build confidence and knowledge.
- Investigating and resolving consumer complaints under statutory and non-statutory functions.
- Undertaking best practice research to identify and quantify emerging risks to consumers.
- Campaigning for market reform as an advocate for consumer choice and protection.

We have specific statutory duties in relation to energy, postal services, transport, water and sewerage, and food affordability and accessibility. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers. Our non-statutory functions educate and empower consumers against unfair or discriminatory practices in any market from financial services to private parking charge notices. Across all our areas of work, we pay particular regard to consumers:

- who are disabled or chronically sick;
- who are of pensionable age;
- who are on low incomes; and
- who live in rural areas.

2.3 The Consumer Council uses a set of eight core principles that are commonly used by consumer organisations for working out how particular issues or policies are likely to affect consumers.

These are:



2.4 In considering the interests of consumers, (including those who are disabled or chronically sick, of pensionable age, low incomes and live in rural areas), we have viewed this consultation through the lens of four of the Consumer Principles:

- **Access** - can consumers get the goods and services they want.
- **Choice** - does the proposal provide a choice for consumers.
- **Safety** - are the goods or services dangerous to health, welfare or sustainability.
- **Fairness** - are some consumers unfairly discriminated against.

### 3. RESPONSE TO CONSULTATION

3.1 An increase is appropriate to provide existing taxi drivers with a realistic living wage and encourage new entry into the industry

At the end of March 2022, there were 6,733 licensed taxi vehicles in Northern Ireland, a 25% drop from the previous year and the lowest number since recording began in 2013.<sup>1</sup> A large number of drivers left the industry during the pandemic due to the lack of available work and many have chosen not to return. The Consumer Council recognises the need to tackle this issue, which has resulted in a reduction in the availability of taxis.

The lack of taxis available at night raises particular concerns for the safety of lone travellers, particularly women and young people, because of the lack of late night public transport<sup>2</sup> and the potential for passengers to use unlicensed taxis. The shortage of licensed taxis also has the potential to impact more widely on the night-time economy as consumers may choose not to go out in the evenings or weekends rather than risk problems getting home. This may

<sup>1</sup> [Dfl Driver, Vehicle, Operator, and Enforcement Statistics \(infrastructure-ni.gov.uk\)](https://www.infrastructure-ni.gov.uk)

<sup>2</sup> <https://www.belfastlive.co.uk/news/belfast-news/transport-bosses-respond-concerns-over-24163689>

mean that the hospitality, entertainment and tourism sectors in particular suffer from reduced business.

Since the last fare increase was introduced in December 2021, only 66 new drivers have come into the industry. The 'cost of living' crisis has further affected taxi drivers as well as consumers, particularly with the rise in transport fuel prices - the average price for diesel across Northern Ireland at 15 September 2022 was 34% higher than one year previously.<sup>3</sup> In addition, the salary figure used in the current overall live mile cost is more than 6% lower than 2022 earnings levels. It is therefore apparent that an increase in the wage of taxi drivers, reflected in the taxi fare from which their earnings derive, is warranted. We note that other regions have increased fares following reviews citing the fuel price hikes in particular as a reason for the need to do so.<sup>4</sup>

These issues have detrimental implications for consumers under the Consumer Principles of Choice, Access and Safety.

3.2 Serious consideration should be given to the application of a fare increase to evening and weekend fares only. This would encourage drivers to work in this period and reduce the impact of a price increase on vulnerable and low- income essential taxi users

The Consumer Council would not support any increase in the fare that may increase the hardship for those people who need to use taxis for essential journeys which are not usually taken at the anti-social hours where demand for taxis is at its peak. This has implications for the Consumer Principles of Access and Fairness.

The taxi fare review is being undertaken during a 'cost of living crisis', which is already harming the most vulnerable consumers. For example, the Consumer Council's Household Expenditure Tracker<sup>5</sup> shows that Northern Ireland's lowest earning households have only £29 left each week after bills and other essential living costs are paid. A recent Consumer Council survey on the cost of living crisis<sup>6</sup> revealed that:

- 66% of consumers believed the financial position of their household was worse now than compared with twelve months ago.
- 99% of consumers were worried about energy bills.
- 96% of consumers were worried about food costs.
- 93% of consumers were concerned about petrol and diesel prices.
- 75% of consumers had cut back on essentials after paying bills.

In addition, the impact on consumers with a disability or reduced mobility must be taken into consideration. Research carried out for the Consumer Council in 2017 showed that consumers with a disability are three times more likely to use taxis than those without a disability.<sup>7</sup> A survey carried out in May and June 2022 by the charity Scope found that disabled households are twice as likely to be struggling with the cost of living crisis than non-

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<sup>3</sup> <https://www.consumercouncil.org.uk/fuelpricechecker/tool>

<sup>4</sup> <https://www.edinburghnews.scotsman.com/news/people/taxi-fares-rise-of-20-per-cent-approved-by-midlothian-councillors-3825273>

<sup>5</sup> [The Consumer Council Northern Ireland Household Expenditure Tracker Q1 2022](#)

<sup>6</sup> <https://www.consumercouncil.org.uk/policy-research/publications/northern-ireland-consumers-cost-living-pulse-survey>

<sup>7</sup> [Taxi Research Report FINAL.pdf \(consumercouncil.org.uk\)](#)

disabled households,<sup>8</sup> with one respondent stating that “If I have a hospital appointment, it can cost up to £30 to take a taxi there and back on the six-mile journey”.<sup>9</sup>

It is also important to consider the impact a taxi fare increase could have in rural areas where consumers may have limited access to public transport. Research carried out for the Consumer Council in 2022 found that 45% of rural consumers felt that taxi services in their own area did not offer good value for money.<sup>10</sup> Given that rural areas are often poorly served by public transport,<sup>11</sup> (for example, 62% of rural consumers stated in our survey that their areas were not served well by trains), it is essential that consideration is given to the needs of rural consumers.

Restricting any increase to evening and weekend fares would mitigate against the impact on those taxi users who make only essential daytime journeys. It would also provide an incentive to drivers to work anti-social hours at a time when the supply shortage is currently most acute thereby increasing the availability of taxis at night and improving personal safety of lone travellers, particularly women and young people.

### 3.3 There should be no increase to the weekday rate without effective mitigations being put in place to protect vulnerable and low-income consumers who are essential taxi users

Research for the Consumer Council has shown that consumers with a disability were almost five times more likely to take a taxi to a medical appointment than those without a disability. Meanwhile consumers from low-income households were more likely to use taxis for grocery shopping and medical appointments than more affluent households.<sup>12</sup> These are essential activities that are far more likely to be done during the daytime on weekdays than evenings or weekends. Any change in this respect would have implications for the Consumer Principles of Access, Choice and Fairness.

If any increase to weekday rates went ahead it would be necessary to provide price protection for those consumers who have no alternative but to use taxis for essential journeys. For example, some local authorities in Great Britain operate a taxicard scheme which allows people a set amount of discounted taxi journeys in a year.<sup>13</sup> Such a scheme could complement existing concessionary travel schemes already in place on public transport.

### 3.4 There should be a comprehensive review and reform of other issues which affect the supply of drivers and the quality and delivery of taxi services

In our response to the previous targeted consultation in October 2021,<sup>14</sup> we stated that a fare increase should not take place in isolation but should be considered as part of a comprehensive review. This was because the shortage of drivers is likely to be caused by a combination of factors, of which the maximum fare is only one. These include:

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<sup>8</sup> <https://www.scope.org.uk/media/press-releases/energy-and-cost-of-living-crisis/>

<sup>9</sup> [Disabled people are giving up basic essentials due to the cost of living crisis | Metro News](https://www.metro.co.uk/news/10000000/disabled-people-are-giving-up-basic-essentials-due-to-the-cost-of-living-crisis)

<sup>10</sup> [https://www.consumercouncil.org.uk/sites/default/files/2022-05/Research\\_Report\\_Future\\_of\\_Transport.PDF](https://www.consumercouncil.org.uk/sites/default/files/2022-05/Research_Report_Future_of_Transport.PDF)

<sup>11</sup> <http://www.niassembly.gov.uk/globalassets/committee-blocks/infrastructure/2017---2022/documents/inquiry-research-papers/raise---decarbonising-transport-in-northern-ireland.pdf>, page 15

<sup>12</sup> [https://www.consumercouncil.org.uk/sites/default/files/original/Taxi\\_Research\\_Report\\_FINAL.pdf](https://www.consumercouncil.org.uk/sites/default/files/original/Taxi_Research_Report_FINAL.pdf)

<sup>13</sup> <https://www.edinburgh.gov.uk/public-transport/taxicard/1>

<sup>14</sup> [Taxi Fare Increase: Targeted Public Consultation October 2021 - CCNI response](#)

- The current driver licence application process may be too complex with a pass rate in 2020 of only 24%.
- There is still insufficient incentive within the maximum fare structure for drivers to work anti-social hours when they are most needed.
- Unregulated Class C taxi operators are exploiting a loophole to undermine the metered class operators.

These are considered in further detail in Paragraph 3.6.

### 3.5 The methodology and evidence used to explain a change in price must be robust to instil consumer confidence in the outcome

Whilst Annex A to the consultation provides analysis as to how the proposed maximum fare has been calculated, the information provided is in parts limited. For example, with regard to depot fees, the document states at paragraph 9 that “informal quotes were provided for the review”. It is unclear how many quotes these figures are based on, whether they include both fixed rate and “mixed models” (where drivers pay a smaller fixed rate plus a percentage of takings), or whether these are “standard” fees not including offers to attract drivers. Depot fees also won’t apply to single person operators.

To ensure consumer confidence in the process and outcome of the review it is important that the evidence provided is comprehensive, robust and clear. We note that the National Transport Authority 2022 National Maximum Taxi Fare Review<sup>15</sup> provided detailed information on a number of considerations such as current market conditions and cost of taxi index.

### 3.6 Further considerations

Although beyond the immediate scope of this price review, we also recommend consideration be given to:

- *Re-establishing the Taxi Advisory Forum*

The forum, which the Consumer Council attended, was first established by DfI in 2016 to:

- discuss matters of concern to consumers, the wider taxi industry, and other key stakeholders relating to taxi licensing, (driver and vehicle) testing, regulation and enforcement, and
- contribute to the review of existing taxi policy and legislation by providing considered advice and recommendations to the DFI Minister.

Our understanding is that the forum last met in 2017. We believe it is now an appropriate time for it to be re-established to provide advice to DfI on how the taxi industry can be improved.

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<sup>15</sup> <https://www.nationaltransport.ie/wp-content/uploads/2022/05/National-Maximum-Taxi-Fare-Review-Report-2022.pdf>



- *Reviewing the operation of Class C licences*

The Act was introduced in 2008 to regulate the whole taxi industry and at that time Class C was designed for funeral, wedding, novelty vehicles and chauffeur services; not taxis. Whilst the number of taxi drivers operating under classes A and B is decreasing, the number operating under class C has risen from 465 in 2016 Q2 to 1,136 in 2021-22 Q4.<sup>16</sup> Taxis operating under Class C are not subject to a maximum tariff and are not required to have a meter or a roof sign to identify them as a taxi. Taxis operating under Class C typically use 'surge pricing' at peak demand times when the supply of regulated taxis cannot meet demand. The outcome is often a final price to consumers that is well in excess of the regulated maximum fare. This loophole in the legislation was identified as a problem in 2016. However, the issue remains unresolved. This practice acts as a disincentive to drivers to enter the regulated class A and B taxi sector.

- *Reviewing the application process*

This should be undertaken with the aim of identifying if there are any changes that can be made that will make it more attractive for new drivers to apply. The Consumer Council recognises the importance of ensuring the integrity of testing and training in order to maintain high standards. We would not support any changes to the application process or regulation of taxis that would reduce or compromise the high customer service and safety standards that the current system provides.

- *A comprehensive review of the rates structure system to ensure it encourages drivers to work anti-social hours*

Our view is that the current regulated maximum fare structure does not provide sufficient incentive for drivers to work in the evenings and weekends. For example, the fare differential between weekday and weekend (Rate 1 and Rate 3) is £2.40 for a two-mile journey.

- *Reduced licensing fees for accessible taxis*

Recent statistics released by the Driver & Vehicle Agency (DVA) show a drop in wheelchair-accessible taxis from 499 at the end of March 2021 to 373 one year later.<sup>17</sup> We recommend DfI considers ways in which taxi drivers can be provided with an incentive to ensure their vehicles are fully accessible. This could include, for example reduced licence fees for operators purchasing accessible taxis.

- *Use existing powers under the Taxis Act (Northern Ireland) 2008 to link the provision of Wheelchair Accessible Vehicles to operator licensing*

It is essential that legal protections that provide for disabled access to taxis are enforced. We support IMTAC's recommendation made in its 2014 response to the Department for the Environment public consultation on proposed Taxi Accessibility Regulations<sup>18</sup> to use existing

<sup>16</sup> <https://www.infrastructure-ni.gov.uk/publications/dfi-driver-vehicle-operator-and-enforcement-statistics-2021-22-quarter-four>

<sup>17</sup> [Dfi Driver, Vehicle, Operator, and Enforcement Statistics - 2021-22 - Quarter Four | Department for Infrastructure \(infrastructure-ni.gov.uk\)](https://www.infrastructure-ni.gov.uk/publications/dfi-driver-vehicle-operator-and-enforcement-statistics-2021-22-quarter-four) Table 6.2

<sup>18</sup> <https://www.imtac.org.uk/sites/imtac/files/media-files/Taxiaccessresponse%28finalversion%29.pdf>

powers under the Act to link the provision of Wheelchair Accessible Vehicles to Operator Licensing.<sup>19</sup>

- *Reduced licensing fees for electric taxis*

As with all parts of Northern Ireland society and its economy, the taxi industry must prepare for the decarbonisation of transport. DfI could consider measures to incentivise the taxi industry to ensure that it contributes to decarbonisation as soon as it can. This could include, for example, reducing the licence fees for electric taxis to encourage their uptake.

#### **4. CONTACT DETAILS**

- 4.1 If you require more information please contact Richard Williams, Head of Policy (Transport) on 028 9025 1649 or at [Richard.williams@consumercouncil.org.uk](mailto:Richard.williams@consumercouncil.org.uk).

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<sup>19</sup> Taxis (Northern Ireland) Act, Section 2(5) <https://www.legislation.gov.uk/nia/2008/4/data.pdf>

## Appendix 1 CONSULTATION QUESTIONS

### Consultation Question 1

Are you: (tick all that apply)

- A taxi operator
- A taxi driver
- A member of the public
- Other

### Consultation Question 2

Customers only - do you use taxis (please tick all that apply):

- Socially, e.g. going out at evenings or weekends, visiting friends
- For work, e.g. to get to and from your workplace
- For essential journeys, e.g. food shopping, going to the doctor or hospital
- Other (please specify)

### Consultation Question 3

Inflation and the costs to taxi drivers and operators have been going up. At the same time, many taxi customers find it harder to pay for taxis. We have been told that the maximum fare at evening and weekends is too low. This means there are not enough drivers working at these times. Taking these into account, should we (please tick one) :

- Not increase taxi fares at this time
- Increase fares only at evenings and weekends
- Increase all fares, but increase by more for evenings and weekends than the rest of the week
- Increase fares the same throughout the week

### Consultation Question 4

Fuel costs have risen during 2022. They are predicted to peak this year, then fall back in 2023. There is a cost to changing each taximeter every time the fare is changed, so we don't want to do it more than we need to. However, we also want to ensure drivers get a fair income, and customers pay a fair price. Do you think we should (please tick one):

- Use the predicted peak cost of fuel (this is about £2 per litre)
- Use a mid-range predicted price (this is about £1.75)
- Use the long term predicted (this is about £1.69)
- Use the cost from the review at March 2022 (£1.48)
- Other – please comment

### Consultation Question 5

Drivers and Operators only. We have been told that the figures we were using for depot rent were too low (consultation in September 2021). This means we need to consider a large increase in this part of the taxi fare calculation, of 20% or more. To make sure we are using the right figures now can you please tell us what the weekly depot rent is that you pay/charge (please tick one):

- < £99
- £100 - £119
- £120 - £140
- £140+

**Consultation Question 6**

A taxi fare review is generally completed every two years or so. Prices are changing a lot, but there is a cost to changing each taximeter every time the fare is changed. Do you think we should (please tick one):

- Keep doing a review every 2 years, so the next review is in 2024
- Do another review next year if fuel costs drop

**Consultation Question 7**

If there is an increase in the taxi fare will you (please tick one):

- Use taxis more
- Use taxis the same amount
- Use taxis less
- Stop using taxis at all

**Consultation Question 8**

Any further comments.

**Consultation Question 9**

Are there any equality impacts that you feel need to be considered? If so please provide details.

**Consultation Question 10**

Are there any rural needs impacts that you feel need to be considered? If so please provide details



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