

# **TAXI FARE INCREASE**

## **Public Consultation**

**Date: 12 August 2022**

## MINISTERIAL FOREWORD

My officials are in the process of undertaking a 2022 review of the current maximum taxi fare with a view to potentially implementing an increase. The review has considered a number of costs, including fuel and labour, insurance, vehicle tax and the cost of depot rent. Benchmarking with other jurisdictions has also been carried out.

I am now inviting the public, the taxi industry, both operators and drivers and relevant stakeholders to provide their views on the proposal to potentially increase the maximum taxi fare tariff across the North.

I am very aware of the difficult environment the taxi industry are currently operating in and I want to support the industry where I can. The impact of the Ukraine war with unprecedented fuel costs and high inflation hitting driver labour and operating costs, plus the decreasing number of drivers, are all having a heavy impact on the industry.

In considering an increase to the maximum fare I want to support drivers and operators in their ability to earn a fair income and an increase may go some way to encouraging new drivers into the taxi industry. However I need to balance this with the needs of taxi customers, including vulnerable passengers. I am mindful that the citizens of the North are in a cost of living crisis and many are struggling to meet day to day costs and so they are not in a position to incur increased taxi fares.

I believe this is an important economic and societal issue and I would encourage all those with a vested interest to contribute to this consultation process. Once the responses to the consultation have been analysed, officials will provide a report for consideration.

I look forward to hearing from you.

**John O'Dowd MLA**

**Minister for Infrastructure**

**12 August 2022**

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## BACKGROUND AND CONTEXT

1. The Taxis Act (NI) 2008 Section 16 provides the Department with the powers to set a maximum taxi fare tariff. An increase in maximum taxi fares has four steps:
  - a) A desktop review to see if there is evidence for change;
  - b) If so, a consultation on the proposed change, which must include the Consumer Council;
  - c) Amendments to regulations; and
  - d) The programming of new fares into taxi meters.
2. A comprehensive review of taxi fares in NI was first conducted in 2011 to assess if the current maximum fare at that time was reflective of the costs to the local taxi industry. It is departmental practice to undertake a desktop review around every two years to ascertain whether a fare change is required.
3. A desktop review was completed in March/April 2022. The costings used for the calculations were based on actuals/predictions at that time. However as fuel costs have risen significantly in recent months the department is exploring additional options other than the base case model detailed in the review. The main detail and findings are set out in **Annex A**.
4. The key conclusion of the work so far is that the live mile has increased since the previous review carried out in 2019 (implemented in November 2021). In summary the outcome of the review as of March/April 2022 showed that operating a taxi in Northern Ireland had increased from £1.69 to £1.90 per live mile, i.e. an overall increase of 12.6%. See **Annex B** for more detail on this assessment.
5. A number of questions for response are set out in **Annex C**. Following the closure of this consultation, the results will be analysed, along with other sources of evidence, and a report will be presented to the Minister for his consideration.

## HOW TO RESPOND

The eight week consultation period will begin on 12 August 2022 and end on 7 October 2022 at 23.59pm.

Where possible, your response should be made via Citizen Space on the NIDirect website via the following link:

<https://consultations2.nidirect.gov.uk/dfi-1/maximum-taxi-fare-review-consultation>

or alternatively at:

<https://www.infrastructure-ni.gov.uk/consultations/taxi-fare-increase-public-consultation-2022>

Respondents should complete the separate Consultation question response sheet and send to [TaxiFareReview@infrastructure-ni.gov.uk](mailto:TaxiFareReview@infrastructure-ni.gov.uk) or by post to the address below.

The Department for Infrastructure has actively considered the needs of people with visual impairments in accessing this consultation document. The text will be made available in full on the [Department's website](#) which allows for e-readers (including the most recent versions of JAWS, NVDA and VoiceOver). The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. Our accessibility statement at <https://www.infrastructure-ni.gov.uk/department-infrastructure-accessibility-statement> gives more information.

Please ensure that your response reaches us by the closing date (7 October 2022). If you would like further copies of this consultation document, it can be found on <https://www.infrastructure-ni.gov.uk/consultations/taxi-fare-increase-public-consultation-2022>

or you can contact the Department at [TaxiFareReview@infrastructure-ni.gov.uk](mailto:TaxiFareReview@infrastructure-ni.gov.uk) if you would like alternative or accessible formats (Braille, audio CD, etc.).

Responses to the consultation should be made online via Citizen Space as indicated above or, if that is not possible, by e-mailing [TaxiFareReview@infrastructure-ni.gov.uk](mailto:TaxiFareReview@infrastructure-ni.gov.uk) or sent by post to the address below. When responding, please state whether you are responding as an individual or representing the views of an organisation or group. If responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

## **CONFIDENTIALITY & DATA PROTECTION**

Information contained in your response may be made public by DfI. If you do not want all or part of your response made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your correspondence will be taken to apply only to information in your response for which confidentiality has been specifically requested. Information provided in response to this consultation, excluding personal information, may be subject to publication or disclosure in accordance with the access to information regimes (this is primarily the Freedom of Information Act 2000 (FOIA)).

The Department will process your personal data in line with the [Department's Privacy Notice](#). Personal data provided in response to this consultation will not be published. If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

As indicated above, the Department will publish a summary of responses following

completion of the consultation process. Your response, and all other responses to the consultation, may be disclosed on request. The Department can only refuse to disclose information in exceptional circumstances. Before you submit your response, please read the paragraph below and it will give you guidance on the legal position about any information given by you in response to this consultation.

The Freedom of Information Act 2000 gives the public a right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation or a call for evidence. The Department cannot automatically consider as confidential information supplied to it in response to a consultation or a call for evidence. However, it does have the responsibility to decide whether any information provided by you in response to this consultation, excluding information about your identity, should be made public or treated as confidential.

Vehicle Policy Branch  
Safe and Accessible Travel Division  
Department for Infrastructure  
Clarence Court  
10/18 Adelaide Street  
Town Parks  
Belfast  
BT2 8GB

## REVIEW OF MAXIMUM FARE 2022

1. A desktop review was completed in March 2022 and was supported by a financial model which had been previously developed for other taxi fare reviews. As part of this review, the input data and assumptions have been updated where necessary to reflect a more accurate picture of taxi industry costs as of March 2022.

### **Increase in the cost per live mile**

2. The key conclusion of this work is that the cost per live mile has increased since the previous review carried out in 2019 and implemented in November 2021. The cost per live mile, based on the existing model and with updated inputs (March 2022), is estimated to be £1.90, which represents a 12.6% rise since the 2019 review (£1.69). The three biggest contributors to this increase in cost are summarised below:
  - Driver labour costs (+2.1% since the implementation of the 2019 review in 2021)
  - Fuel costs (+4.7% since the implementation of the 2019 review in 2021)
  - Depot rent and associated fees (+27.2% since the implementation of the 2019 review in 2021)
3. This finding suggests that there have been increasing pressures on the taxi industry across both the fixed cost and running cost categories.
4. If the new cost per live mile figure is inputted into the Dfl taximeter charging calculations, it would have a notable impact. In practical terms, this means that for every £0.20 spent on taxi services (over and above the minimum charge of £3.00 for any taxi journey), the customer can expect to receive a reduced



distance travelled and/or 'waiting time' from their taxi service (approx.12.6% reduction).

### **Salary**

5. This review found that the salary figure (that accounts for approximately 60% amount of the overall live mile cost) increased from £25,633 in 2019 to £27,241 according to the most recent 2022 figures. This is an increase of 6.3%.

### **Fuel**

6. Diesel price per litre is predicted to reach an average price of £1.82 for the whole year 2022 and decrease to £1.53 in 2023 due to the economic recovery post Covid and an expected ease in the Russia – Ukraine war.
7. The average fuel cost increased from £1.29 in 2019 to £1.48 in February 2022; a 14.7% increase. The 2022 review therefore used the figure of £1.48. This issue is considered further in paragraph 13 below.

### **Vehicle Tax Rates**

8. The vehicle tax rates were reviewed using the current vehicle tax rates on the GOV.UK website. The current rates average £260.

### **Depot Fees**

9. Informal quotes were provided for the review. The figure of £95 was quoted per week for taxis operating in regions outside of Belfast and £120 per week for taxis operating within the Belfast area. For the purpose of the review an average figure of £107.5 per week was used, equivalent to £5,590 per annum.

### **Insurance**

10. A sense check via the newest online information available about taxi insurance ranged from £1,386 to £1,643 in March 2022. This lies within the range from £1,300 in 2011 to £1,800 in 2019 and 2022 therefore the figure had not changed since the 2019 desktop review.

## **Unsociable Hours**

11. An “unsociable hour’s comparison” was carried out between ROI and NI. At 01.00 on a Sunday morning the unsociable hour’s premium in ROI is around 27% up to 9 miles. As outlined in the table below, the NI picture depends on how far you travel. The very short journeys return better unsociable hours premium than in ROI, but the further you travel, the less the driver in NI is compensated.

<b>Miles</b>	<b>NI</b>	<b>ROI</b>	<b>Difference</b>
1	31.5%	27%	+4.5%
3	17%	27%	-10%
5	11.8%	27%	-15.2%
9	7.2%	27%	-19.8%

**Table: Illustrates the % increase the driver receives on a range of journeys at 01:00 on a Sunday morning.**

## **Regional Comparisons**

12. Many other countries and regions have seen taxi fares go through similar reviews as the one carried out here. These regions also saw an increase in taxi fares following the reviews as it was seen that the overall cost of living and operating was putting significant pressure on the taxi industry, if there was not a measured increase in fares. Many of these reviews also quoted the rising fuel prices in particular as a reason for the need to increase fares. More detail can be found for various countries and regions below.

### **▪ Republic of Ireland**

The National Transport Authority (NTA) may recommend an increase in prices as the price of fuel continues to soar, following the outcome of a review of the national maximum taxi fare. Drivers have not seen an increase in fares since 2018 as the proposed 4.5% increase in 2019 was delayed due to the pandemic. The latest NTA review is currently underway, and it is noted that fuel costs will be a major contributor as it considers an increase.

- **Edinburgh**

A tariff hike was approved in the city which put Edinburgh among the top 25 of local authorities with the highest fares. A 2.9% increase was decided alongside an increase in the 'additional passenger charge'. This was decided after the last fare review which took place in April 2020. The council carries out a review of taxi fares every 18 months but it is noted that the latest review has been delayed due to external pressure from the pandemic. The new fares came into effect from December 30, 2021. See figure 17 for proposed taxi fares in Edinburgh.

- **London**

Transport for London (TfL) approved a 5.5% increase to taxi fares in an effort to stop the decline of black cabs in the capital. The new fares came into effect from April 30, 2022. This marks the first increase in fares since 2020 as prices had remained the same due to the pandemic. On 9 March 2022, TfL's Finance Committee approved the following recommendations.

1. Increase the minimum fare from £3.20 to £3.80
2. Increase Tariffs 1 and 2 by 5.51 per cent – See Figure 18 for the current taxi fares in London
3. Freeze Tariffs 3 and 4
4. Increase the maximum Heathrow Extra from £2.80 to £3.60
5. Introduce a charge of up to £5.20 which taxi drivers can add to the fare when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport unless their taxi has been registered for a Blue Badge concession.

### **Recent fuel hikes**

13. As detailed earlier in this document, the desktop review was completed in March of this year and used information that was available at that time. Since then things have moved on and we now have even higher fuel costs as a result of the war in Ukraine and also because of higher demand for oil post pandemic.

In working through this review process we have therefore considered a number of options to reflect the current high cost of diesel but also to factor the predicted decrease in 2023. For reference, the tables below are worked examples using £1.48 (Feb 2022) and using a mid-range (£1.75) cost of diesel.

#### Cost per live mile, 2011, 2019 & 2022

	2011	2019	2022	Mid-Range Option 2022
Fuel Costs (per litre)	£1.30	£1.29	£1.48	£1.75
Salary	£24,470	£25,633	£27,241	£27,241
Vehicle Tax	£199	£231	£260	£260
Depot Rent	£2,327.03	£2,716	£5,590	£5,590
Vehicle Capital Costs	£3,206	£3,783	£3,595	£3,595
Basket of parts	£900	£1,062	£1,060	£1,060
Maintenance Labour Costs	£629	£742	£781	£781
Insurance	£1,133	£1,800	£1,800	£1,800
<b>Cost per Live Mile</b>	<b>£1.57</b>	<b>£1.69</b>	<b>£1.90</b>	<b>£1.96</b>

The mid-range option would increase the live mile to £1.96 which is an increase of 16%

	Cost per litre	
Base Case	£ 1.48	(AA figure at Feb 2022)
High Case	£ 2.01	(predicted figure – Oxford Economics)
Total	£ 3.49	
Average	£ 1.75	

#### Itemised Break Down of Cost per live mile 2022

	2022	2022 Cost Per Live Mile	Mid-Range Option 2022	2022 Mid Range Cost Per Live Mile
Fuel Costs (per litre)	£1.48	£0.33	£1.75	£0.39
Salary	£27,241	£1.05	£27,241	£1.05
Vehicle Tax	£260	£0.01	£260	£0.01
MOT Fee	£138.50	£0.01	£138.50	£0.01
Taxi Driver Licence and *Periodic Training	£71	£0.0027	£71	£0.0027
Depot Rent	£5,590	£0.22	£5,590	£0.22

<b>Vehicle Capital Costs</b>	£3,595	£0.14	£3,595	£0.14
<b>Basket of parts</b>	£1,060	£0.04	£1,060	£0.04
<b>Maintenance Labour Costs</b>	£781	£0.03	£781	£0.03
<b>Insurance</b>	£1,800	£0.07	£1,800	£0.07
<b>Cost per Live Mile</b>	<b>£1.90</b>	<b>£1.90</b>	<b>£1.96</b>	<b>£1.96</b>

The desktop review (March 2022) calculated the figure of £1.90. As per para 13 the £1.96 is an example of a further option under consideration. The consultation questions will take the views on a number of options relating fuel costs.

## PROPOSED MAXIMUM TAXI FARE

The table below sets out the potential new taxi fare rate a passenger might expect to pay in 2022 based on the increase in the cost per live mile to £1.90

Distance	Rate 1 Monday to Friday (6.00 am to 8.00 pm)	Rate 2 Monday to Thursday (8.00 pm to 6.00 am)	Rate 3 Friday 8.00 pm to Monday 6.00 am, and on set days*	Christmas rate (24 December 2.00 pm to 27 December 6.00 am)	New Year's rate (31 December 8.00 pm to 1 January midnight)
Initial charge (0.5 miles)	£3.00	£3.40	£4.20	£4.80	£4.80
One mile	£4.20	£4.60	£5.40	£6.90	£6.90
Every extra mile	£1.90	£1.90	£1.90	£3.50	£3.50

**Waiting Time/Traffic Congestion Charge for Rate 1 – 3:** 20p = 44 seconds or £1.00 = 3 minutes 40 seconds

**Waiting Time/Traffic Congestion Charge for Christmas and New Year's Rate:** 20p = 22 seconds £1.00 = 1 minutes 50 seconds

\*Set days: depending on changes made by Royal Proclamation

'Rate 3' in the table above applies from 8.00 pm the day before, until 6.00 am the day after on the following days -

- St Patrick's Day
- Good Friday
- Easter Monday
- May Day
- Spring Bank Holiday
- 12 July
- Summer Bank Holiday
- A day named as a Bank Holiday by Royal Proclamation

## TAXI FARE REVIEW QUESTIONNAIRE

Name (Optional):

1. Are you: (tick all that apply)

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

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)

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

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

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+

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

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



8. Any further comments.

The Department has engaged with a small number of stakeholders as part of the pre-consultation process to take their view on the potential of a Taxi fare increase.

High-level Section 75 and Rural Needs screening exercises have been completed for the potential taxi fare increase. However equality screening is a live process that will be considered alongside the Public Consultation process as it evolves and as such the Department would welcome input from all S75 identities, in particular the following:

- Age;
- Persons with dependents;
- Persons with a disability; and
- Comments from representatives of rural communities would also be welcomed.

Further S75 screening (and, if deemed appropriate) EQIAs will be carried out when policies/practice are being updated in response to the 2022 Taxi fare review.

While it is considered that the potential increase in taxi fares will have some negative impact on section 75 categories and on rural needs, it is believed that a lack of or reduced taxi service would have a more detrimental effect on NI society and on economic life. The policy and practice contributing to the implementation of the fare review will be screened where appropriate to ensure that this is the case.

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

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