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Review of Taxi Fares: Department for
Infrastructure

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raised. We have tried to summarise those in the briefing document. To do them justice, we will need further analysis and more comprehensive consideration. The Minister has acknowledged that and the fact that, as Chris said, the consultation was based on 2019 data. With that in mind, she has committed to doing a further comprehensive review in the spring of 2022. That will be based on updated data and will be an opportunity to look more closely at some of the issues that were raised in the consultation.

For now, it is a straight choice between doing nothing and undertaking a comprehensive review to look at all the issues that were raised or implementing the 7.6% increase. In considering that, the Minister is mindful of the fact that there has not been an increase for some five years. Her decision has been to legislate for a 7.6% uplift in the maximum fare for each of the four rates; to legislate and provide support for a free taximeter test, because all meters will need to be recalibrated to implement the maximum fare increase; and to initiate the more comprehensive review in spring 2022.

There are three annexes to the briefing document. I have referred to annex 1, which summarises the consultation. Annex 2 is the SL1 document, which summarises what the regulations will do. First, and obviously, is the 7.6% increase. There is also a provision that will allow drivers to drive with an unsealed meter for a limited period. That is to give them time to get the meter recalibrated and for them to be working straight away and be able to book their taximeter test and come in for that in due course rather than having to rush in in the period before Christmas. The regulations provide for a free taximeter test. Annex 3 summarises the support package for new taxi drivers. That will take the form of a payment of a grant to drivers who come through the testing and licensing process in the current financial year. Some drivers are already part way through that, and some have completed it. They will be eligible for that grant. It is payable under section 51 of the Taxis Act 2008.

That is all that I have to say. We are happy to take questions.

The Chairperson (Mr Buckley): Thank you for your presentation. There was a disappointing number of responses to the taxi fare consultation. Why was there such a small response rate? Is that usual for a consultation on taxi fares?

Mr Starritt: In all our consultations, the response rate tends to vary. We had anticipated a higher response, but it is not particularly unusual.

Dr Hughes: The responses are supplemented by our having had quite a few engagements: between the Minister and officials, there have been 13 different engagements with representatives of the sector. We have been talking directly to operators and drivers. Of course it is disappointing that we did not get a greater response, but we gave people the opportunity to have their say. It is also an indication of the strength of feeling. It would have been so much better if we had got more responses, but we have supplemented the responses with other information that we got through meetings.

The Chairperson (Mr Buckley): How did the Department decide on the 7.6% increase? What process did you go through to come out with that figure?

Dr Hughes: It was a desktop review.

Mr Starritt: Yes. The methodology for the desktop review dates back to after the Taxis Act 2008 was brought in. A firm of consultants was commissioned to advise on it, and it came up with the methodology that is used for the desktop review. The methodology has been used to review fares, as Chris said, every couple of years. The first couple of reviews recommended no increase at that stage. The most recent review, in 2019, recommended a 7.6% increase, but, as Chris said, its implementation was delayed because of COVID. When the Minister came to look at the matter again, during the recovery period, we considered whether a more comprehensive review should be done at the outset. We would have done that, ideally, but it would have taken a bit of time. The responses to the consultation and the issues that emerged from it show that a comprehensive review would have to be conducted over some time. On balance, the Minister decided that she wanted to do something quickly, and she therefore went for the 7.6% increase but with a commitment to look further.

The Chairperson (Mr Buckley): There appears to be a persistence to pursue a 7.6% increase despite the fact that, in the consultee responses, such a small number of people approved of that rate. The wider consultation piece that you talked about in relation to the sector: what impact did that have on the decision-making process, given that such a small number of consultees supported the 7.6% increase? Was the sector in agreement with it or were there differing views?

Dr Hughes: There were different views across the sector. Some people wanted more than 7.6%. That was the underpinning motivation behind a more comprehensive review. The review's fare recommendation mechanism looks at a basket of cost inputs, including fuel, car prices, a fair wage for taxi drivers, insurance and so on. The major cost contributors are insurance, fuel, depot fees and vehicle maintenance. Those are updated; we have evidence that those costs inputs have gone up for drivers.

Essentially, we had evidence saying that there had been a 7.6% increase at that point. People whom we have been talking to believe that that is likely to be greater if we do a review now, based on current prices, but there is no evidence for that. The evidence that the Minister had gave her a choice between a 7.6% increase now, in the run up to Christmas, based on the evidence and consultation from that time — that was a conscious decision, because it is an opportunity for the industry to maximise its earning potential — and completing a more comprehensive review later. That is what the choice came down to, but there was a mixed view. Many thought that 7.6% was not sufficient.

The Chairperson (Mr Buckley): A further point is that a number of consultees indicated that, in fact, they wanted a lower amount. Will you elaborate on the reason behind that? Is it because higher rates drive some passengers away? Are there other reasons for the desire for a lower rate?

Dr Hughes: The evidence is that that does not have a negative impact on the availability of passengers to take taxis. As you will be aware, there is a lot of comment in the press about the shortage of drivers. It is probably worth noting that we are talking about the maximum fare, so companies and drivers are not obliged to charge it, and we know that a lot of drivers do not. We hear that there are regional variations. For example, in the north-west, drivers tend to not charge the maximum fare available. It is an option that drivers and companies can choose to implement, so people who do not want to implement the full fare have the choice, as do those who do want to implement it.

The Chairperson (Mr Buckley): The support package for the industry is something that the Committee will broadly welcome because it is something that we have consistently been calling for, particularly to attract more new entrants into the market place, given the pressures that the industry faces. Was the support package consulted on? If so, what are the views of industry on it?

Dr Hughes: The consultation took place with the representatives of the industry through the discussions with the Minister and officials. A consultation process was gone through, the voices of the Committee were heard, and there was a debate in the House on it. So, there has been a lot of input from that and from the sector to the Minister. There was a need to put something in place, and it is based on that evidence. That was the consultation process before the Minister reached the decision to put the package in place.

The Chairperson (Mr Buckley): Broadly speaking, is the industry supportive of the mechanisms and measures that have been put in place or are there particular points that it would have liked to see that have not been addressed for certain reasons? Will you elaborate on that?

Dr Hughes: There is probably a difference between operators and drivers. Operators are particularly focused on getting the supply of new drivers in, which is understandable because it feeds their business model and meets the needs of the community that the taxi industry serves. Taxi drivers are vocally keen on ensuring that existing standards are maintained; they do not want any dilution of the standards that exist for drivers in the industry. They are conscious that they are often dealing with vulnerable passengers and that there is a need for the public to feel reassured that they are driving in a safe setting.

As with many other things, there is a mixed view. The proposal that the Minister chose is based on the costs incurred by new drivers entering the industry, which is something that is within her control. There is evidence from the consultation that we did for the fare review: although we did not ask specifically about this, some respondents said that one issue not being addressed was the ability to make a living wage. Obviously, the Minister can address that through the maximum fare, which is the proposal before members, but people also said that depot fees can be off-putting. So, there are push-and-pull factors for potential drivers: the attractiveness of working in the industry and the costs that are incurred. As I said, the costs incurred, which are reflected in the fee, are made up of fuel, insurance and, largely, depot fees. Depot fees are a concern for some, so there is a range of elements, but drivers were very keen on existing standards being maintained.

Mr Muir: Thanks for coming along. The key issue for me is the industry being able to attract and retain talented employees. That is a serious issue, because earnings in the industry can vary enormously. We remember the situation during the pandemic, when there was very little support and taxi drivers sat at ranks for hours on end with no work. People, obviously, left the industry as a result of that.

There are two sides to the fare increase. One is that people who are socially deprived rely heavily on taxis as a way to get around. We need to be conscious of that. We also need to make sure that there is a service to access in the first place. Although it is welcome that the option of a 7.6% rise will be there, we heard today that inflation is now at 4.2%, so we are not catching up with price rises and pressures on businesses. Are there any assurances that we will get that rolled out and in place before the run-up to Christmas?

How long will the review take in spring 2022? We need to make sure that we have a price arrangement in place for taxis that enables businesses to operate and attract people to the industry. We hear from other sectors about being able to attract people. The best thing is good terms and conditions of employment and being able to make a decent living.

Mr Starritt: The regulations are at an advanced stage of drafting. We hope that they will be operational by Wednesday of next week, but certainly by the end of the week. That is the target.

Mr Muir: The taximeters will need to be updated. What are the timescales for that and how will you facilitate it? How long will the review in spring 2022 take? The sooner that is done, the better.

Mr Starritt: The Driver and Vehicle Agency (DVA) is looking at communicating with the industry. It will highlight the fact that fares will increase and will communicate that to the taxi drivers and the meter manufacturers. The next thing will be for the drivers to get their meters recalibrated. The idea behind allowing them to operate with an unsealed meter for a while is that that can be done quickly — if possible before Christmas. Normally, during a vehicle's annual inspection, the DVA expects the meter to be sealed. In this case, it will inspect vehicles with an unsealed meter, provided that the driver or owner has made an application for the taximeter test so that the DVA can see that that is in train.

I take the point about doing the comprehensive review as quickly as possible. The consultation has raised a number of issues that have to be addressed as best we can. That may mean that it will take a little bit longer, but that is where we are at the moment.

Dr Hughes: The point that you made, which I picked up on, was one that was reflected by the Inclusive Mobility and Transport Advisory Committee and the Consumer Council. You hit the nail on the head by saying that although it is welcome for drivers that fares will go up, it may result in taxis not being available for those who are socially deprived. It is a balancing act. The comprehensive review will take time.

Mr Boylan: Gentlemen, you are very welcome. Donald, you are welcome back. We seem to be a wee bit conflicted. I am concerned that only 3.2% of 6,000 responded. It has to be totally reflective. Firms have come to me already — I am going to meet them this week — especially some of the single operators. I do not have an issue per se with the 7.6%, although I agree with Andrew about accessibility and how people will meet that. I do not want it all to be shrouded in the COVID thing. The model says, "Don't increase", but now, all of a sudden, COVID has been here and we are increasing. I do not want that to be reflected. We are doing it because of the model's reading and that is what we are saying, as opposed to COVID recovery. I do not want it to be conflicted in that way.

Dr Hughes: COVID did not impact. The information for the fare review was all fed in to the model before the impact of COVID. The 2019 fare increase is a pre-COVID costing model. The reason that it was not implemented is that we were busy with the taxi support schemes.

Mr Boylan: I appreciate that, but it is about how we get that message out there.

Dr Hughes: Yes. I understand.

Mr Boylan: All that I mean is that it is about how the industry presents that message. We will have that conversation. The way in which we get the message out to the general public is key.

The Chair asked a number of questions, but a lot of other issues were cited, such as the depot costs, the radio rent costs and everything else. Respondents have been saying that they asked for a full review. Why did we not take the opportunity to do a full review? I know that the Minister responded that she was not minded to go down that route at the time, but why has the Department decided not to do it? There are other underlying factors in the consultation.

Mr Starritt: I will pick up on that. There are a number of issues that are beyond our control, and depot costs is one, Cathal. It is therefore not specifically an issue for the Department. The reason for not doing the review was, quite simply, time. It would have taken time to do a comprehensive review and to pull together all the information. It would have been well after Christmas before that could have been completed. That was a consideration. The Minister did look at the possibility and discussed it with officials, but that was the reason that a full review was not done.

Mr Boylan: I appreciate that, Donald. As I said, it is about how the message is put out. Everybody is entitled to their opinion, and we will hear different opinions.

The other point is that only a certain percentage responded to the consultation. I support trying to support drivers in the industry, but, one minute, we are saying that only 3% of 6,000 people responded and, the next, we are encouraging drivers into the industry. To be honest, the question is this: why did more people not respond to the consultation?

I will move on. You say in your paper about providing £372 of support and about it being £140 for the licensing fee. Is that support in addition to or included in the cost?

Mr Starritt: I will give you the breakdown. The theory test is £34 and the practical test is £60, so it is £94 for testing. The taxi driver licence is £140, while the taxi vehicle test is £133.50. Those costs are all included in the £372.

Mr Boylan: It is all in the £372.

Mr Starritt: The support covers the costs associated with the testing and licensing process.

Mr Boylan: Sorry, Chair, but I have one more point. No, I do not. That will do me for now.

The Chairperson (Mr Buckley): We can come back to you if you do.

Mr Boylan: You can come back to me. I may have another point to make.

Ms Kimmins: A lot of questions have been covered. I will follow on from some of the stuff asked about the level of response to the consultation. Have you been able to look at the review from the spring and ask why so few responded and how we might ensure that there is greater engagement for the more comprehensive review? Cathal touched on that. The engagement that we all had with the industry throughout the COVID pandemic probably exposed a lot of the issues. I know some of them were pre-existing, but, when the chips were down, those front-line workers provided essential services: no one will argue with that. We have seen the pressures that they were under, which were emphasised further when business was, for want of a better word, low.

From our engagement, we know that there is definitely an appetite for feeding into the review. Have we recognised where the pitfalls lay and where the barriers to people responding were so that we can look at them for the comprehensive review? Are we talking about a root-and-branch review that will look at all the issues that affect the industry?

Dr Hughes: I recognise the issue of the response rate, and it is very disappointing. We need to look at how we can get more people to respond. We wrote to all taxi licence holders and contacted them. I am honestly not sure what the answer is. We can look at it again. We will apply our minds to how we can best get that engagement. As I said, the situation is augmented by having people who are very engaged. They engage with officials, and I know that they also engage with MLAs. When you are having your say on anything that the Department does, it would really help if you could say, "By the way". Sorry. I am shamelessly asking, but —

Mr Starritt: This time, we took the approach of putting the consultation on Citizen Space. That approach is being taken more and more. This is kind of a learning curve for officials as well, but if, for example, that platform is not reaching people, we need to know that, and we can then react to that.

Ms Kimmins: I do not have all the answers, but I am trying to get a sense of whether you have been able to identify something from looking at it. I am sure that all the members agree that it is important that we do anything that we can to publicise and promote the consultation and to encourage people to engage with it.

I have another question about the grant support that the Minister announced for fees. As many others said, rising fuel costs and other issues are having a further impact on the sector. Are there any plans for the Department to look at support to help drivers try to offset rising fuel costs and such things? We are still living in difficult times with COVID. Business levels have not returned to where they were at, yet costs are rising. There is to be the fare increase, but, as others said, that is still fairly limited when inflation is taken into account.

Mr Starritt: As Chris said, fuel costs are reflected in the maximum fare increase, so that is one of the costs that we are looking to cover. It is fair comment to point out that the maximum fare is based on 2019 data. We know that fuel costs are going up, and that will certainly need to be considered in the next review.

Dr Hughes: The maximum fare increase is the mechanism by which the impact of those rises in fuel costs will be fed through to the money that the taxi drivers can make. It is specifically the mechanism to allow that to happen. That is why people said, "We need an updated review", because they know that there have been cost increases in those input factors since the most recent review.

Ms Kimmins: Thank you both.

Mr Beggs: Thank you for your briefing. The whole issue kicked off in my mind because we and the Department were made aware of a shortage of taxi drivers and the difficulties that that can cause for the economy and the public. It is right that market forces need to change to encourage more people into the industry to provide greater availability of a service. Let us be frank about it: no one wants to pay more money, but, at the same time, if they were stuck and needed a taxi, I do not think that too many people would quibble about paying a little bit more for one.

You said that the most recent increase was five years prior to 2019. There has been considerable inflation during that period, and the evidence has shown the need for an increase. The idea of a minimum increase of 7.6% is appropriate. Given the recent fuel cost increases, there may be a need for it to be more.

Why is there not a regular annual or even biannual review, with smaller incremental changes made in order to keep costs in line with market forces and to attract more people into the market?

Mr Starritt: The previous increases were in either 2015 or 2016. That was the last time that the fares were increased. There was a 2017 fare review, but it did not recommend an increase at that time. The review in 2019 did, and that is the report to which we have reacted. There is therefore provision, and the Department's policy is to look at the matter every two years.

Mr Beggs: You said that there was a review in 2019. That is two years ago. Why has it taken so long to go from a review process to implementing the recommendation?

Dr Hughes: COVID.

Mr Starritt: As Chris said, there has been a lot of focus on COVID support for taxi drivers in particular.

Dr Hughes: The team that would normally have been carrying out the process for putting in place the taxi review is the same team that put in place the two schemes for taxi support. The Minister prioritised the support packages for the sector, so that was the impact that COVID had. It was a matter of prioritising support to the industry, and there was immediate intervention through the two support packages. If you think about the balance of priorities at the time, the issue was not that drivers were not making sufficient money from fares but that they were not getting any fares. They therefore needed support so that they could be here for us when the sector picked up again.

Mr Beggs: Thanks for that. What assessment has been made of the availability of taxis, particularly late at night and in the early hours of the morning at weekends? Has the Department been reviewing the length of time for which people may have to wait at those times and the effect that that may have on the public and on businesses?

Mr Starritt: It is probably common knowledge that there is a shortage of taxis, and the Department completely accepts that. We are doing what we can to try to encourage more drivers into the industry. The support package is a step in that direction, and we are open to considering any other obstacles.

Mr Beggs: Is there a need to review the taxi class availability during peak hours, when the current system cannot cope? Other taxi groups could be brought in that would be able to assist the public to get home.

Mr Starritt: It could be an option. Again, it would require consultation and legislative change, so it would not be a quick fix, but it is something that can be looked at, yes.

Mr Beggs: Finally, I notice that there are different rates at different times, different limits and so on. Is there a need to adjust the rates to incentivise more drivers to operate during unsocial hours and to reward them appropriately for doing so? Are you looking at allowing a particular increase at those times at which you know there is a shortage?

Mr Starritt: Creating a greater differential than there currently is between the rates came out of the consultation, so that will be addressed in the spring review.

Mr Beggs: You are not proposing it as part of this initial increase.

Mr Starritt: This proposal will uplift each rate by 7.6%, so it will maintain the current differential.

Mr Beggs: How long is this new review going to take? It is important that it be conducted over a reasonably short period.

Dr Hughes: It will probably take several months, and it is unlikely to be completed in this mandate. That is the honest answer. The reason for that is the complexity of the issues that you have raised. As Mr Muir said, there are equality impacts to be considered as well. There are some people who disproportionately rely on taxis. There are quite a lot of things that we need to think through, consult on and take a view on. To undertake that process properly will take time.

Mr Beggs: I support going with the increase that has been recommended. Taxi drivers need something fast, as do the public, to encourage more drivers into the industry.

The Chairperson (Mr Buckley): I will follow on from some of the comments made. You mentioned, Donald, that it is common knowledge that there is a shortage of taxi drivers out there. It has been trailed in the media, in the Assembly and at the Committee, and I do not think that anybody is in any doubt that the Department is aware of the situation and wants to try to address it in any way in which it deems necessary.

Most Committee members have hit on the point that a very small number responded to the consultation. We are probably trying to square the two, because that could lead us as a Committee to question whether there is a level of disconnect between the Department, which is ambitious in trying to solve the problem, and the industry. Is there an inability for the Department to assess the needs of the industry and bring it along with it in trying to find sustainable solutions. Only 3% responded to the consultation. I think that members will agree with me on this: I have yet to find a taxi man who does not want to talk to you. I have not met one yet who is not prepared — *[Laughter.]*

Mr Muir: To give you their views.

Mr Boylan: *[Inaudible]* choice of words.

The Chairperson (Mr Buckley): I have not met one yet who does not have a strong opinion on the matter of the day.

Mr Boylan: Or an opinion. "Opinion" will do, Chair.

The Chairperson (Mr Buckley): This is where I am leading with that: how come so few responded to the consultation? It has just been brought to my attention that you used Citizen Space as the mechanism. Was that appropriate? What percentage of taxi drivers have access to a computer? Perhaps that is a factor. Perhaps the Department needs to look at how it is engaging with the industry to ensure that it gets a reflective view and that we as a Committee can be confident that it is reflective. Yes, the Department has a desire to address the issues, but, from what I can see, the response rate and the Department's desire to address the issues do not add up.

Mr Starritt: I know that government has moved towards using Citizen Space, and the idea behind that has been specifically to increase the number of responses that we get to consultations. In general terms, my understanding is that that has worked. That does not necessarily mean that it works for every sector, however. I am not sure whether it is an issue, but, if it is, we can look at it.

The Chairperson (Mr Buckley): Do we know what percentage of taxi drivers have a computer? Has that question ever been asked?

Dr Hughes: We know that the grant schemes that we ran required an online application. *[Laughter.]*

Mr Boylan: Ah, Jaysus, Chris. It is getting better.

Dr Hughes: There was universal application.

The Chairperson (Mr Buckley): This is starting to tease out answers to the questions. It is important for the Committee to ensure that reviews and the actions taken accurately reflect and match with the needs of the industry.

Cathal Boylan, you have a further question.

Mr Boylan: I do, Chair. Thanks very much for letting me back in. What you say is the crux of it. When the COVID payments were being handed out, every man, woman and child and every dog in the street were claiming them. I am sorry, but I did not get a taxi out of here in 2007, because —

In my experience, the taxi industry has a very strong lobby. That is why the response is surprising. It is why I asked that question, which the Chair reiterated. I mean, Donald, 3% out of 6,000. I will say on record again that I appreciate the supports for the new drivers, and I understand all the stories about drivers not being available, but there are 6,000 of them on the list, and we have not encouraged them in any way to respond to the consultation. If we had used the list for COVID payments, we would have seen more responses.

To return to where we are at, I take it that there is an inflationary element to the modelling.

Dr Hughes: Yes.

Mr Boylan: How are other regions going about it? Have you looked at models in other regions to see whether they are using the same one? Is what is happening here reflective of what is happening elsewhere?

Dr Hughes: For taxi fares, there are big, chunky inputs used across various regions. Fuel and insurance are the big things. It was looked at as part of the consultation exercise from which we set up the model for the two-yearly reviews. If there is a more comprehensive review in the spring, we will need to look at that. It is one of the issues. The weighting of such things was raised as part of the consultation, so it is probably a legitimate area for further investigation.

Mr Boylan: This is my final point. It has to be a comprehensive, root-and-branch review. There is a need for the taxi industry. We have seen that clearly. Another element of our work concerns decarbonisation. The taxi industry will play a big part in getting cars off the road, especially in urban settings. Given that taxis are a form of public transport, we would like to see the industry included as part of the overall review. Besides all the elements that have been mentioned in the consultation, we need to be looking at anything that is outside the box. When we go back to talk the taxi industry, I will be interested to find out the number who say that they were not included in this, one way or the other.

We will ask them how they were contacted, Donald, but my first port of call would have been the list for COVID payments.

Dr Hughes: That is what we used.

Mr Boylan: I am sure that it would be more than 3%.

I would like to see a more comprehensive review undertaken. Chair, I ask that the Committee be included in the terms of reference of that review to ensure that it is fully comprehensive and representative of the industry.

The Chairperson (Mr Buckley): Dr Hughes, you want to come back on that.

Dr Hughes: We used the same mechanism to contact people for this survey as we did to alert them to the grants, but, obviously, people were more motivated to apply for the grants, and —

Mr Boylan: As long as we have that to go back to.

Dr Hughes: — that is an issue.

As I said to Ms Kimmins, and I say this in all seriousness, when we are engaging with the sector in these ways, if members have any ideas, please tell us them. We have looked at increasing the rural element of people in the industry. The Committee raised that issue, and it was useful feedback that we took back and acted on.

If members have any other suggestions on how we can increase our reach, we will welcome hearing them. Many representatives are engaging with us, and that is fantastic, but the message has to be got out that the more that people engage with us, the better.

Ms Kimmins: Even through our engagement, it is important that we be able to ensure that representatives can feed back to drivers. This is about motivating people, so if people feel that issues that are important to them will be looked at, they will want to engage. I had a look there, and there is a statement out saying that we are discussing the issue this morning, but there is no mention in it of the review's being from 2019. A bit of a debate is therefore already forming on whether taxi fares should go up.

It is about making sure that people understand that, if they do not get their say, they may not be happy with the outcome. That is a key point to make. It is about reflecting the types of things that we want to hear about. It is only a suggestion, but it is about triggering people's attention and engaging them that way. That is just my tuppence worth.

The Chairperson (Mr Buckley): OK. Gentlemen, thank you very much for your time this morning. It was a useful presentation.