

EXPLANATORY MEMORANDUM TO

The Taxis (Taximeters, Devices and Maximum Fares) Regulations (Northern Ireland) 2015

2015 No. 394

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of the Environment to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under sections 16(1), 17(1), 18(1), (4) and (5), 30(1)(e) and (2), 44(3)(f) and 56(2) of the Taxis Act (Northern Ireland) 2008 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. The purpose of the Regulations is to provide for the inspection, testing and sealing of approved taximeters and devices for printing receipts and to introduce a maximum fare tariff.

3. Background

- 3.1. The Taxis Act (Northern Ireland) 2008 introduced the requirement for a taxi to be fitted with an approved taximeter and device for printing receipts and provided for the introduction of maximum fares and the maximum for all other charges in connection with the hire of a taxi.
- 3.2. These Regulations prescribe exceptions to the requirement for a taxi to be fitted with a taximeter and device, make provision for the Department to inspect, test and seal approved taximeters and devices and set out the maximum fare and the maximum charges that may be added to the fare.

4. Consultation

- 4.1. The Department's consultation in relation to these proposals issued on 21 November 2011 and closed on 17 February 2012. Responses representing over 3,600 people were received and were largely supportive of the proposals.

5. Equality Impact

5.1. Consideration was given to compliance with section 75 of the Northern Ireland Act 1998 and there were no positive or negative implications for promotion of equality of opportunity.

6. Regulatory Impact

6.1. An initial Regulatory Impact Assessment ("RIA"), was included in the consultation paper and a full RIA is attached as an annex to this Memorandum. The RIA concluded that the taxi fare has been developed and calculated to allow drivers to recover all their costs including the purchase of taximeters and receipt printers. Therefore once the fare is introduced, the driver can earn back the investment they have made in buying a taximeter and receipt printer. Given that each individual vehicle would require a taximeter, regardless of whether they were part of a large taxi company or if they operated as a sole trader, there would be no disproportionate effect for small business in these proposals. The proposal to set a maximum fare means everyone is competing on a level playing field.

7. Financial Implications

7.1. The cost of purchase and fitment of a taximeter and printing device is likely to be around £220 and £200 respectively. A fee of £35 will be paid for the taximeter test. This will be paid in Year 1, and only thereafter when a taximeter is replaced, the fare changed or a seal is missing or broken.

8. Section 24 of the Northern Ireland Act 1998

8.1. The proposed Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or replicatory measure

10.1 There is no equivalent GB legislation.

11. Additional information

11.1. Not applicable.

FINAL REGULATORY IMPACT ASSESSMENT

1. TITLE OF PROPOSAL

Introduction of a statutory rule to implement a new statutory maximum fare tariff for taxis in Northern Ireland, along with a mandatory requirement for the fitment and use of taximeters and printers.

The Taxis (Taximeters, Devices and Maximum Fares) Regulations (Northern Ireland) 2015.

2. INTRODUCTION

A Regulatory Impact Assessment (RIA) is a tool that informs policy decisions. It provides a basis on which potential impacts can be identified and highlights the costs, benefits and risks of a proposal or set of proposals.

It is Government policy that all Departments and Agencies, where they exercise statutory powers and make rules that will have a general effect on others, should produce RIAs.

3. PURPOSE AND INTENDED EFFECT

The proposed statutory rule is part of a programme of measures designed to reform the legislative framework within which taxis operate in Northern Ireland. The aim is to create a more effective and equitable regulatory framework whilst promoting road and personal safety and fair competition.

This RIA lays out the options considered during the development of the relevant policy and gauges the potential impact that it will have on the taxi industry, other related businesses, taxi users and wider society.

4. KEY OBJECTIVES

The key objectives are to:

- create a fair and transparent fare charging regime
- modernise the taxi industry
- promote road and passenger transport safety
- promote fair competition
- reduce illegal activity
- improve consumer confidence in the Northern Ireland taxi industry

5. BACKGROUND

In October 2010 the DOE commissioned a review of taxi fares in Northern Ireland. The purpose of this was to ascertain if a maximum taxi fare was appropriate for the Northern Ireland taxi industry, and if so what this fare should be. The full reports are available on the DOE website.¹

The review, which was completed in 2011 by PA Consulting Services / Transport Research Institute, found that a statutory fare would be appropriate in the Northern Ireland context and recommended a maximum fare tariff.

Given the passage of time since the consultant's report was published, a focused review of the maximum fare rate was undertaken in May 2015. This review has found that, using a rolling 12 month price average, the price of fuel had decreased by 1.3% and that the relevant taxi driver salary figure had reduced by 4.7%. These two elements account for the majority of the costs considered when calculating the maximum fare. Consideration was also given to any significant changes to the smaller items. Overall, the Department has calculated an overall reduction in maximum fare of 3.23%. When compiling the maximum fare calculation, the consultants had indicated that the fare should only be altered when the calculation returned a figure more than 5% different from the existing fare. On that basis, it was

¹ <http://www.doeni.gov.uk/index/information/foi/recent-releases/publications-details.htm?docid=8367>
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decided that the statutory maximum fare would remain as outlined to the Committee and the industry during the consultation period.

6. IMPACT OF OPTIONS

Option 1: *Do nothing*:

The **benefits** of this option are:

- no cost to the industry to purchase taximeters
- no changes in current regulated fare regime

The **cons** are:

- potential for overcharging consumers remains
- operators can continue to charge more for larger vehicles, regardless of the number of passengers
- no receipts are required to be produced or evidence of the journey and fare provided to the customer
- the customer will not be able to work out how much they will be charged for a journey

Option 2: *Introduce new Taxi Fare with Taximeters but without receipt printers: The benefits of this option are:*

The **benefits** of this option are:

- no cost to the industry to purchase receipt printers
- consumer protection is improved via the maximum fare tariff and increased transparency on what can be included in the charge to customers
- taxi drivers benefit from the maximum fare tariff allowing them to earn a fair wage without working an excessive number of hours
- greater ease of enforcement as passengers cannot be charged more than the regulated fare

The **cons** are:

- all taxi operators will need to review their fare structure
- consumers unable to have confidence that the fare charged is correct
- no receipts will be produced or evidence of the journey and fare charged to the customer

Option 3: *Introduce new Taxi Fare with Taximeters and receipt printers:*

The **benefits** of this option are:

- consumer protection is improved via the maximum fare tariff and the issuing of receipts
- taxi drivers benefit from the maximum fare tariff allowing them to earn a fair wage without working an excessive number of hours
- the economy is stimulated as the market for taximeters, their calibration and sealing is enhanced
- increased consumer confidence in the taxi industry
- improved enforcement as all taxis have records of each journey made

The **cons** are:

- costs for taxi drivers as all must purchase/hire a taximeter and receipt printer
- all taxi operators will need to review their fare structure

7. BENEFITS AND COSTS

Sectors and groups that will be affected by the proposed changes include:

- all taxi drivers
- all taxi operators
- taximeter providers
- consumers

Benefits

Option 1: *Do nothing:* The principal benefit is that no additional costs or regulatory burdens would be imposed on drivers, vehicle owners and operators. There would be no requirement for existing charging mechanisms to be amended.

Option 2: *Introduce Taxi Fare Regulations with Taximeters but without receipt printers:* The principal benefit is that taxi drivers would only have to purchase taximeters and not be required to purchase a printer with an approximated cost of £200. Consumer protection will be improved as they will know in advance the most they can be charged for their journey. The introduction of a maximum fare will

enable all taxi drivers to earn a fair wage without having to work an excessive number of hours.

Option 3: Introduce Taxi Licence Regulations with Taximeters and receipt: The principle benefit is that consumer protection is improved via maximum fare tariff, increasing consumer confidence in the industry. The introduction of a maximum fare will enable all taxi drivers to earn a fair wage without having to work excess hours. The requirement for all taxis to have taximeters will stimulate the economy as the market for taximeters, their calibration and sealing is enhanced. The use of a taximeter and receipt printers will assist enforcement as all journeys and the fare charged will be recorded and the consumer would have their own copy of the fare they were charged.

Costs

Option 1: Do Nothing: There would be a cost to the travelling public in terms of a continuing risk from the overcharging, as taxis across Northern Ireland continue to operate without a regulated fare.

Option 2: Introduce Taxi Fare Regulations with Taximeters but without receipt printers: The main cost of this option is that all drivers will require taximeters. While many taxis are fitted with taximeters currently there will be a cost to the remainder of taxis. The Department estimates that around 75% of the 10,000 taxis would need to be fitted with taximeters at an estimated cost of £220 per vehicle and with a proposed fee of approximately £35 to be paid for the taximeter test. The taximeter test fee will be paid in Year 1, and only thereafter when a meter is replaced or the fare changed or the seal broken, rather than every year.

Option 3: Introduce Taxi Fare Regulations with Taximeters and receipt printers: The main cost of this option is that all taxi drivers would be required to purchase or hire a taximeter and receipt printer. The appropriate cost of a taximeter, including fitting and sealing would be £220. Around 75% of the taxi industry currently do not have a taximeter and would require one. At present it is unlikely that any taxis are fitted with receipt printers. The proposals also require that all taximeters are connected to a receipt printer, so all Northern Ireland taxis would have to purchase a receipt printer

in advance of these regulations coming into force. A receipt printer is likely to cost £200 per vehicle with a proposed fee of approximately £35 to be paid for the taximeter test. The taximeter test fee will be paid in Year 1, and only thereafter when a meter is replaced or the fare changed or the seal broken, rather than every year. Ongoing costs to the industry would include stationary and potentially equipment maintenance.

The taxi fare has been developed and calculated to allow drivers to recover all their costs including the purchase of taximeters and receipt printers. Therefore, once the fare is introduced, the driver can earn back the investment they have made in buying a taximeter and receipt printer.

8. SMALL FIRMS IMPACT TEST

Given that each individual vehicle would require a taximeter, regardless of whether they were part of a large taxi company or if they operated as a sole trader, there would be no disproportionate effect for small businesses in these proposals.

9. COMPETITION ASSESSMENT

The proposal to set a maximum fare tariff means that everyone is competing on a level playing field.

10. ENFORCEMENT, SANCTIONS AND MONITORING

The Department is responsible for ensuring that all taxi licensing legislation is complied with.

The Taxis Act contains three relevant offences, all of which contain a maximum fine of level 3 (currently £1000):

- Contravention of regulations relating to regulation of fares
- Failure to display fares or contravention of regulations to secure publication of fares

- Contravention of provisions relating to taximeters

Enforcement would continue to be carried out by DVA on behalf of the Department.

11. SUMMARY AND RECOMMENDATION

The policy intentions embodied in the Taxis Act in 2008 will not be fully realised until the necessary subordinate legislation is made and operative, and the rationale for modernisation and rationalisation remains unchanged since the Department commenced the policy development process. For this reason the recommendation is that Option 3 is pursued, the legislation is made with transitional arrangements and the new regulatory framework introduced.

12. DECLARATION

“I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.”

Signed



(Elizabeth Loughran)

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Contact Point

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