

## Fact Sheet on National Maximum Taxi Fare Review 2017

### Objectives

The objectives of the National Maximum Taxi Fare Review were to:

- Estimate the average activity level of taxis in a year based on survey data, research results and Central Statistics Office (CSO) data;
- Update each element of the Taxi Cost Index (TCI), including the “fixed cost” of an average taxi, the running costs of an average taxi based on the activity levels determined and labour costs; and
- Determine whether maximum fares should increase, decrease or remain at current levels.

### Taxi Cost Index

The Taxi Cost Index (TCI) is a quantitative tool used by the NTA to assess the change in the costs associated with operating a taxi vehicle. The primary purpose of the TCI is to provide a standardised approach in assessing the need for a fare adjustment. At each two-year interval, the index has been used to determine the percentage change in operating costs, primarily through published price indices. The TCI does not seek to represent the absolute costs for any individual driver, but rather gain an estimate of costs facing the average driver, based on the following guiding principles:

- The TCI must be representative and reflect the changes in costs faced by a significant proportion of the industry;
- It should reflect a fair return for the labour provided by the taxi driver;
- It should be based on a driver following industry leading practice; and
- The costs included in the TCI consist of all running and fixed costs, and a labour cost component, with the costs being combined to achieve an overall indicative cost of taxi operation per annum.

The costs included in the TCI consist of three components – Running Costs, Fixed Costs and Labour Costs. The build-up of each of these is set out in the tables below. Further details can be obtained from the 2017 National Maximum Taxi Fare Review Report.

**Running Costs** (Based on an annual mileage of 32,624km from CSO)

Index Component	2016 Cost
Fuel	€ 1,918
Servicing	€ 437
Cleaning	€ 988
Tyres	€ 373
Spares	€ 294
Miscellaneous Running Costs	€300
<b>Total Running Costs</b>	<b>€4,309</b>

**Fixed costs**

Index Component	2016 Cost
Car Purchase and Finance	€ 3,534
Insurance*	€ 2,400
Radio/App Rental	€ 4,752
Equipment Replacement – regulatory requirements	€298
Taxi Vehicle Licence Renewal	€ 150
Road Tax	€ 95
Airport Charges	€38
National Car Test (NCT)	€ 67
Meter Verification	€ 43
Meter Calibration and Programming	€ 45
SPSV Drivers Licence	€ 50
National Drivers Licence	€ 6
<b>Total Fixed Costs</b>	<b>€ 11,478</b>

\* Survey of 500 drivers gave 2016 average figure of €2,248. Sample insurance quotes ranged from €2,122 to €2,500. An average figure of €2,400 was used. Equivalent 2014 figure for insurance was €1,817.

**Labour Costs** (This is taken from a CSO Index for transport workers)

Index Component	2016 costs
Labour Costs	€23,945

## Total Costs for 2016 Taxi Cost Index


Index Component	2014 Costs	2016 Costs
Running Costs	€4,026	€4,309
Fixed Costs	€ 10,222	€ 11,478
Labour Costs	€24,246	€23,945
<b>Total Costs</b>	<b>€ 38,493</b>	<b>€ 39,732</b>
<b>% Change from 2014 Review</b>		<b>+3.22%</b>

## Summary

The Taxi Cost Index shows that the costs of operating a taxi has increased by 3.22% since 2014, based on annual taxi mileage levels derived from CSO data.

## Application of Increase

The tables below show how the increase of 3.22% would be applied to the existing fare structure.

Existing Maximum Fare Structure			Possible Maximum Fare Structure		
	Standard (08.00h-20.00h)	Premium (20.00h-8.00h, Sundays and Bank Holidays)		Standard (08.00h-20.00h)	Premium (20.00h-8.00h, Sundays and Bank Holidays)
<b>Initial Charge</b>	<b>€3.60</b>	<b>€4.00</b>		<b>€3.80</b>	<b>€4.20</b>
<b>Tariff A</b> (Up to 15 kms)	€1.10 per km €0.39 per min	€1.40 per km €0.49 per min		€1.14 per km €0.40 per min	€1.45 per km €0.51 per min
<b>Tariff B</b> (Over 15kms)	€1.45 per km €0.51 per min	€1.75 per km €0.62 per min		€1.50 per km €0.53 per min	€1.80 per km €0.64 per min

Using the above "Possible Maximum Fare Structure", and based on (i) weighting between Standard and Premium Time and (ii) distance charging with inclusion of the average value of extras for additional passengers or call-out, the above revised structure would result in average fare increases across different journey lengths of between 3.2% and 3.5%.

## **Taximeter Calibration and Verification**

Where a change in the National Maximum Taxi Fare is made, all taximeters must be programmed (calibration) by private taximeter software installers to calculate that new fare, and then each device must be verified by the NSAI Legal Metrology Service as accurately calculating the maximum fare.

Calibration costs from €50 to €110 depending on which private software installer is used.

Verification of the reprogrammed taximeter costs €86 and must be completed by Legal Metrology Service's Accredited Verifier.

## **Taximeter Programme Expiry Dates**

Taximeters work on a calendar of up to 5 years, where all relevant tariffs for each time and date are programmed into each meter along with details of the dates that future bank holidays fall on.

There are approximately 35 taximeter models in use in the nearly 17,000 taxis licenced to ply for hire in Ireland. Many have different of expiry dates in their programmed calendars as follows:

- 2018 – 1,458 units;
- 2019 – 3,975 units;
- 2020 – 1,979 units; and
- 2021 – 9,557 units.

## **Timelines for Reprogramming and Verification**

There are various activities required after a new National Maximum Taxi Fare is adopted.

The first action is that the suppliers of the various taximeters have to prepare new software programmes for each meter to incorporate the revised fare structure.

Each software programme has to be provided to the NSAI Legal Metrology Service who review and approve or reject the submitted programme. Only when the software programme is approved by the Legal Metrology Service can installers / suppliers commence installing the programme into the individual taximeters. The process of preparing the new programmes and getting approval from the Legal Metrology Service, takes about two to three months.

Following approval of the programme, the supplier / installer of that taximeter can then commence replacing / updating the programmes in individual taximeters. The length of this process will be dependent upon the number of installers and the number of vehicles which have that particular taximeter. A period of about three months is required to complete the updating.

Subsequent to each vehicle's reprogramming, but concurrent with the overall fleet taximeter updating process, vehicles have to be tested and verified as correct by Legal Metrology Service's Verifier.