



## **Consultation on Changes to the Fees applicable for Public Bus Passenger Service Licences**

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## 1. Background

The National Transport Authority (the Authority) was established under the Dublin Transport Authority Act 2008. Our roles and functions are set out in that Act, as amended by the Public Transport Regulation Act 2009 (PTR Act 2009) and also the Taxi Regulation Acts of 2013 and 2016.

The PTR Act 2009 was the first major revision to the legal framework for the regulation and control of the operation of public bus passenger services within the State since the commencement of the Road Transport Act 1932.

## 2. Statutory Basis for the Fees Review

The PTR Act 2009 requires that a public bus passenger service may only be provided in accordance with a licence.

A public bus passenger service is defined under section 2 of the PTR Act 2009 as the use of a bus or buses for the carriage of passengers in such a manner that:

- Each journey is open to use by members of the public;
- A charge or charges are paid in respect of each passenger; and
- Save where the Authority otherwise determines
  - The service is provided on a regular and scheduled basis; and
  - Carriage is provided for passengers between specified terminal points or along a specified route or otherwise in accordance with a published timetable.

All public bus passenger services require a bus licence as per the PTR Act 2009 except for:

- those provided solely for the carriage of children to or from school (please note that this exclusion does not apply to third level institutions);
- services that are subject to a public services contract entered into under section 48 of the Dublin Transport Authority Act 2008;
- International services (as authorised under EU Regulations, or International/ Bilateral Agreements); and
- Private-hire services where a bus is hired on behalf of a group for a fee that is determined independent of the number of passengers carried.

Section 12 of the PTR Act 2009 states that the Authority shall determine from time to time the level of fees to be charged for the making of an application for a licence, for the grant of a licence, and for the making of an application to amend, transfer, or renew a licence. The Authority may also determine different levels of fees in respect of each category of public bus passenger service specified under section 8 of the PTR Act 2009. An application for a licence, to amend, transfer or to renew a licence, will not be considered until the appropriate fee has been paid. No fee shall be refundable to an applicant under any circumstances. The fees determined by the Authority under section 12 shall accrue to the Authority and shall be applied for the purpose of meeting the expenses properly incurred by the Authority in the discharge of its functions.

The licence categories<sup>1</sup> are:

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<sup>1</sup> National Transport Authority (November 2010), *Guidelines for the Licensing of Public Bus Passenger Services*

- **Regular services** – regular passenger services provided on a predetermined route with predetermined pick up and set down points. Licences in this category are valid for 3 years. Services of this nature could include:
  - Interurban services - these consist of Express services & Multi-stop services, depending on the whether there are numerous intermediate stops.
  - Commuter services – services between centres of employment and education provided predominantly in peak travel periods (i.e. 7-10am and 4-7pm).
  - Rural services – services linking two or more small towns, villages or rural areas.
  - Urban/suburban services – includes the majority of services that operate within urban and suburban areas.
- **Specific Targeted services** – For services dedicated to specific groups such as tours or people attending specific events. Licences for this category are valid for three years.
- **Demand Responsive services** – for the provision of optional services, for example to serve the specific needs of people living in remote locations. Licences for this category are valid for one year.
- **Temporary services** – for the deployment of bus services in exceptional circumstances. Licences for this category are valid for one year.
- **Event or Venue Specific licences** – for the provision of services to specific events such as concerts, race meetings, and festivals. Licences for this category are valid for one year.

The current fees are set out in the table below. The application fee for all licence categories is the same. There is no issue fee for certain licence categories. Certain licence categories cannot be renewed.

Type of Service	Duration	Application	Licence Issue	Renewal
<b>Regular Services</b>	3 years	€50	€250	€300
<b>Specific Targeted Services</b>	3 years	€50	€50	€100
<b>Demand Responsive</b>	1 year	€50	€50	€100
<b>Event or Venue Specific Services</b>	1 year max.	€50		
<b>Temporary</b>	Variable	€50		
<b>Transfer of Licence</b>		€50		
<b>Amendment of Licence</b>		€50		

The Authority has decided that it is appropriate to review the level of licence fees now as the current fee structure has been in place for approximately eight years.

### 3. Objectives of the Fees Review

The main objectives of the licence fee are to part-fund the processing of the licences, and to ensure that only genuine licence applications are submitted for processing.

Currently the total fee to obtain a regular licence is €300 and the licence lasts for three years. This is the same fee for a large operator providing a number of regular daily services between two or more cities as a small operator providing twice weekly service between a local village and the nearest town. The current fee structure does not reflect the complexity of the administration involved in the processing of the licence. In reality, considerably more time is required to consider a high-frequency service application than low-frequency service application. The licence fee should better reflect the work required by the Authority in processing licence applications.

Licence fees and fees for processing amendments etc. are retained by the Authority to part-fund the cost of the licence section. Current fees contribute less than 10% of the staff costs of the unit. It is hoped that the revised fees will contribute closer to 20% of the cost of the unit. It is noted that due to the nature of the current regulatory regime, income is dictated by industry activity.

In this review the Authority is examining a more appropriate licence fee structure, which is proportionate to the complexity of the licence process. The review will be cognisant of the six principles of better regulation namely: necessity, proportionality, consistency, effectiveness, transparency, and accountability.

Licence fees will be set based on the principles as set out here:

- Fair and proportionate;
- Simple and easy to understand;
- No barrier to entry;
- Fees must not be set at a level which encourages non-compliance;
- Fees to be set in proportion to the volume of activity per licence and to reflect complexity of administration;
- Minimum level of fees to be set;
- Variable fees for Regular, Specific Targeted, and Demand Responsive Licences; and
- Fixed fees for Events and Venue Specific and Temporary licences.

## 4. Identification of Options

Four options were examined in the context of realising the objectives of part-funding the processing of licence applications and ensuring that only genuine licence applications are submitted for processing. These were:

### **Option 1: The “No change” option**

The current fee structure has been in place since December 2010. As currently constituted infrequent services cost the same licence fee as more frequent services, which require more time and expertise to process. Therefore the current system appears to charge a disproportionate fee for the infrequent service.

### **Option 2: Fee based on length of service**

Adjust the fee to reflect the length of the service in kilometres. This option would set a fee based on the length of the service multiplied by the number of services. The total fee would be based on the total length of the service and the frequency of the service.

### **Option 3: Fee based on number of pick-up and drop-off points**

Adjust the fee to reflect the number of pick-up and drop-off points on a service. This option would set a fee per stop multiplied by the number of services. The total fee would be based on total number of stops and the frequency of the service.

### **Option 4: Fee based on the number of services provided annually**

Group licences within categories according to size – small, medium or large – based on the number of services to be operated each year, and set a different fee for each group.

Small could reflect licences operating 1 to 500 services a year or just over one service per day.

Medium could cater for application which would intend to operate between 501 and 3,000 services per year or around 8 services each day.

Large could cater for those intending to operate more than 3,000 services each year. This would include services such as regular commuter services between towns and cities providing 12 or more services in each direction Monday to Friday.

## 5. Analysis of Impacts

Option	Benefits	Impacts	Costs
<b>1. No Change</b>	Easy to implement and understand. Current licence holders are familiar with this option.	Appears to charge a disproportionate fee for the infrequent service.	No change.
<b>2. Length of route</b>	Easy concept to understand. Fee may not reflect work required to process the licence if long distance with few stops.	Different fee for each licence. Additional fees may be required if licence needs to be amended to reflect a longer route. May discourage travelling a longer route to avoid traffic delays or to areas where there is limited potential to attract customers. Discriminates against rural services where the distance travelled tends to be longer than in urban areas. May lead to differences in agreeing the shortest route suitable for service.	Likely to lead to relatively high charges for services serving long intercity routes. Optimum route may not be selected if longer than shortest route.
<b>3. Number of stops</b>	Easy concept to understand. Fee would more closely reflect work necessary to process the licence.	Different fee for each licence. Additional fees may be required if licence needs to be amended to reflect more stops. May discourage stopping in rural areas where there is limited potential to attract customers. Discriminates against urban services where more stops are required relative to rural areas.	Likely to lead to relatively high charges for services serving urban routes. Optimum number of stops may not be selected especially in low population density areas.
<b>4. Number of services provided annually</b>	Easy to understand and to calculate the applicable fee. Ensures the fee reflects the work required to process the licence application.	Operators may be reluctant to offer additional services if it pushes their licence fee into the higher cost category. However additional licence costs are likely to be offset by the increased revenue generated from the extra services.	Costs will better reflect the service on offer and the work required to process the licence application or renewal.



## 6. Current Fee Income

As Regular and Specific Targeted licence categories are valid for a period of three years, and currently a large number of renewals are in one particular year of the three year cycle, it is appropriate to look at the fee income per year as the average of a three year cycle. The average fee income per year over the years 2015 to 2017 is approximately €65,000.

### 6.1 Breakdown of current fee income from the processing of applications:

<u>Items over the past 3 years</u>	<u>Licence category</u>	<u>Stage</u>	<u>Current fee</u>	<u>Revenue over 3 year period</u>
531	1 year Event/ Venue / Temporary	Application & Issue	€50	€26,550
150	1 year Event/ Venue / Temporary	Amendment	€50	€7,500
121	3 year Regular	Application	€50	€6,050
121		Licence	€250	€30,250
254		Renewal	€300	€76,200
452		Amendment or Transfer	€50	€22,600
95	3 year Specific Targeted	Application	€50	€4,750
95		Licence	€50	€4,750
106		Renewal	€100	€10,600
119		Amendment or Transfer	€50	€5,950
	<b>Total</b>			€195,200
		<b>Current - Average each year</b>		<b>€65,067</b>

## 7. Proposed Fee Structure

As per section 4 above, it is proposed that small is defined as 1 to 500 services per year, medium 501 to 3,000 services per year, and large more than 3,000 services per year. The proposed fee structure is as follows:

<b>Regular Licence</b>	<b>Current:</b>	<b>Proposed:</b>		
	<b>All:</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Application	€50	€100	€100	€100
Licence Issue	€250	€200	€400	€800
Amendment	€50	€50	€100	€200
Transfer	€50	€50	€100	€200
Renewal Fee	€300	€300	€500	€900
<b>Total Fee 3 year Licence</b>	<b>€300</b>	<b>€300</b>	<b>€500</b>	<b>€900</b>

<b>Specific Targeted Licence (Tours)</b>	<b>Current:</b>	<b>Proposed:</b>		
	<b>All:</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Application	€50	€100	€100	€100
Licence Issue	€50	€200	€400	€800
Amendment	€50	€50	€100	€200
Transfer	€50	€50	€100	€200
Renewal Fee	€100	€300	€500	€900
<b>Total Fee 3 year Licence</b>	<b>€100</b>	<b>€300</b>	<b>€500</b>	<b>€900</b>

<b>Demand Responsive Licence</b>	<b>Current:</b>	<b>Proposed:</b>		
	<b>All:</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Application	€50	€100	€100	€100
Licence Issue	€50	€200	€400	€800
Amendment	€50	€50	€100	€200
Transfer	€50	€50	€100	€200
Renewal Fee	€100	€300	€500	€900
<b>Total Fee 3 year Licence</b>	<b>€100</b>	<b>€300</b>	<b>€500</b>	<b>€900</b>

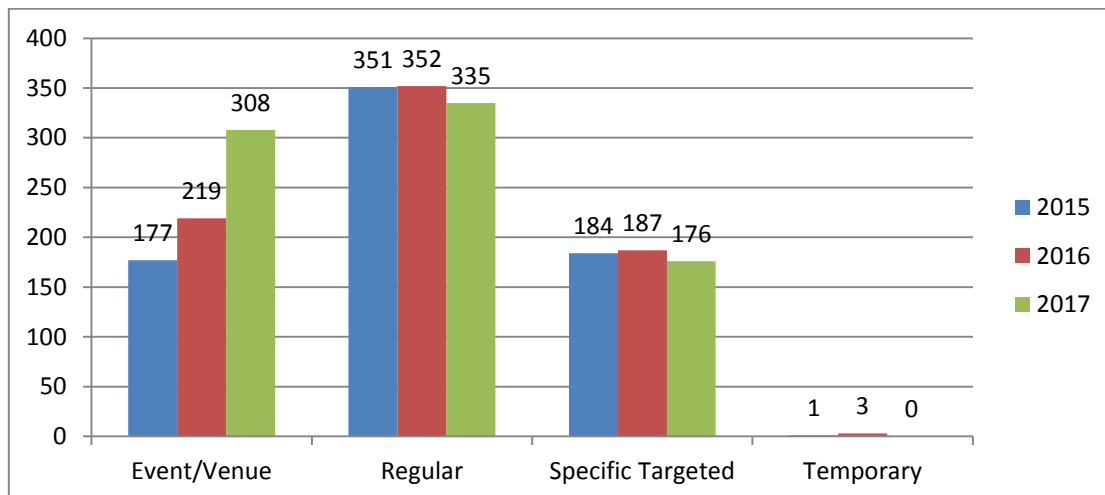
<b>Event/ Venue - 1 year, non-renewable</b>	<b>Current:</b>	<b>Proposed:</b>		
	<b>All:</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Application	€50	€100	€100	€100
Licence Issue	0	0	0	0

<b>Temporary - valid for specified duration</b>	<b>Current:</b>	<b>Proposed:</b>		
	<b>All:</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Application	€50	€100	€100	€100
Licence Issue	0	0	0	0

## 8. Categorisation of Current Licences under Proposed Structure

The Regular and Specific Targeted licence categories combined account for the majority of licensed public bus passenger services.

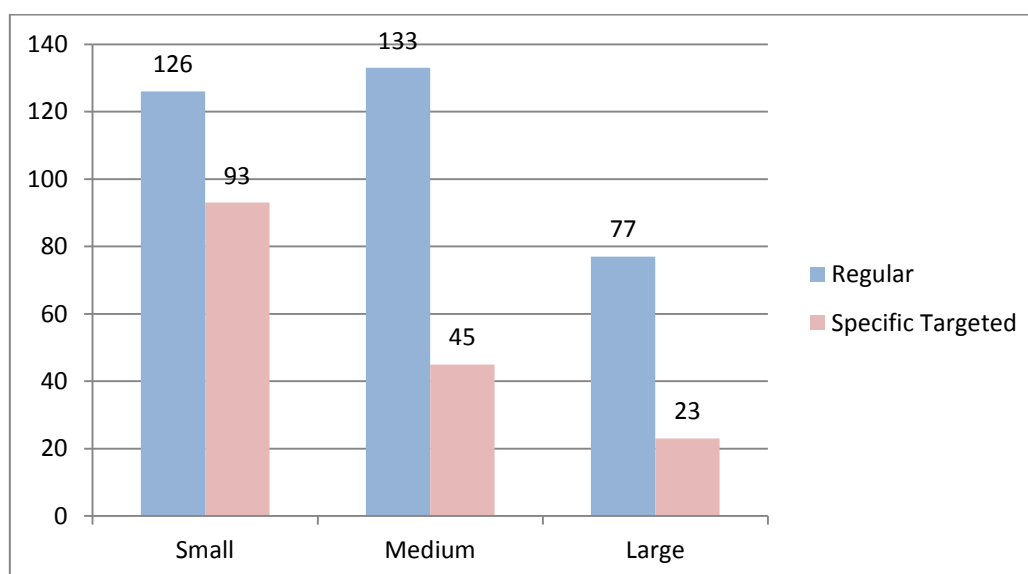
### 8.1 Licences by Licence Category 2015-2017:



Source: Analysis of licence database

Current licences have been analysed to show how they would be categorised as small, medium or large based on the number of services they are licensed to operate.

### 8.2 Regular and Specific Targeted licence categories broken down by proposed small/medium/large services provided as of March 2018:



Source: Analysis of licence database

## 9. Potential Income based on Proposed Fees

If the proposed fee structure had been applied from 2015 to 2017, the average annual income would have been €136,150.

<u>Items over</u> <u>the past 3</u> <u>years</u>	<u>Licence category</u>	<u>Stage</u>	<u>Proposed fee</u>	<u>Revenue over</u> <u>3 year period</u>
681	1 year Event/ Venue /temporary - Small	New Application, Issue licence & Amendment	€100	€68,100
	1 year Event/ Venue /temporary - Medium			
	1 year Event/ Venue /temporary - Large			
48	3 year Regular - Small	Apply	€100	€4,800.00
43	3 year Regular - Medium	Apply	€100	€4,300.00
29	3 year Regular - Large	Apply	€100	€2,900.00
48	3 year Regular - Small	Licence	€200	€9,600.00
43	3 year Regular - Medium	Licence	€400	€17,200.00
29	3 year Regular - Large	Licence	€800	€23,200.00
101	3 year Regular - Small	Renewal	€300	€30,300.00
91	3 year Regular - Medium	Renewal	€500	€45,500.00
62	3 year Regular - Large	Renewal	€900	€55,800.00
180	3 year Regular - Small	Amend or Transfer	€50	€9,000.00
162	3 year Regular - Medium	Amend or Transfer	€100	€16,200.00
110	3 year Regular - Large	Amend or Transfer	€200	€22,000.00
55	3 year Specific Targeted - Small	Apply	€100	€5,500.00
27	3 year Specific Targeted - Medium	Apply	€100	€2,700.00
14	3 year Specific Targeted - Large	Apply	€100	€1,400.00
55	3 year Specific Targeted - Small	Licence	€200	€11,000.00
27	3 year Specific Targeted - Medium	Licence	€400	€10,800.00
14	3 year Specific Targeted - Large	Licence	€800	€11,200.00
61	3 year Specific Targeted - Small	Renewal	€300	€18,300.00
30	3 year Specific Targeted - Medium	Renewal	€500	€15,000.00
15	3 year Specific Targeted - Large	Renewal	€900	€13,500.00
69	3 year Specific Targeted - Small	Amendment or Transfer	€50	€3,450
33	3 year Specific Targeted - Medium		€100	€3,300
17	3 year Specific Targeted - Large		€200	€3,400
<b>Total</b>				<b>€408,450</b>
<b>Proposed - Average each year</b>				<b>€136,150</b>