



**The Competition Authority**  
An tÚdarás Iomaíochta

Ms Kathleen Doyle,  
Commissioner for Taxi Regulation,  
35 Fitzwilliam Square,  
Dublin 2

5 May 2009

**Re: Submission on the Economic Review**

Dear Ms Doyle,

The Competition Authority appreciates this opportunity to comment on the 'Economic Review of SPSV Industry' undertaken by Goodbody Economic Consultants on behalf of the Commission (the "Report"). The Report provides a comprehensive analysis of the trends shaping the taxi industry, in particular, levels of supply, demand and working conditions.

**No Moratorium on Licences**

The Competition Authority previously welcomed a main recommendation of the Report: that the present regulatory structure should be retained and a moratorium on the number of new taxi licences is not warranted (press release on 9<sup>th</sup> March). The Competition Authority has consistently held the view that there is no convincing rationale for putting a cap on the number of taxis and that such a cap would be a backward step.

During its meeting with the Joint Oireachtas Committee on 21<sup>st</sup> May 2008, the Competition Authority indicated that the removal of the limits on numbers in the taxi industry has greatly benefited consumers and business users of these services. The benefits include: more trips being taken, reduced waiting times, taxi drivers no longer have to rent a plate from another taxi driver who simply got into the industry earlier. Indeed the Report suggests that demand increased by 82% between 1997 and 2008 and there is no evidence that the increase in taxi use and waiting times has been at the expense of the quality of services provided.

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### **Information on Industry Performance**

The Competition Authority frequently receives complaints from taxi drivers regarding the regulation of the industry. Issues raised include: the need to limit taxi numbers, discounts being offered by dispatch operators, the lack of taxi rank spaces as well as deteriorating working and pay conditions. While we recognise that the Commission is continually trying to improve service quality and conditions within the industry (i.e. Dublin City Council is to designate 15 new taxi ranks), we also understand taxi drivers' frustration that not all aspects of the new regulatory system are currently in place. We are also conscious, through the regular submission of complaints from taxi drivers, of the difficulties that many are now experiencing with regard to working and pay conditions.

The Report provides some useful data in this respect. It indicates that gross earnings for taxi drivers in Dublin have fallen by approximately 5% from 2005 to 2008. The report notes that while industry earnings are not collapsing, taxi drivers are now undertaking more work shifts and working longer hours than previously: the average working week for all cab drivers is 52 hours and over the period 2005 to 2008, the proportion of Dublin taxi drivers working more than 70 hours has grown from 4% to 9.8% The Report also highlights that approximately 20% of taxi drivers with another occupation are working in excess of 75 hours per week. While obviously conscious of the potential health and safety concerns, the Report suggests that there would need to be clear evidence that long working hours are contributing to high accident rates before any ameliorative measures could be considered.

The fact that taxi drivers are now working longer hours and earning less should act as a disincentive for new entrants to enter the market. This is, however, dependent on new entrants being fully informed with regard to current market conditions. The Competition Authority would concur with the recommendations contained in the Report that: (a) the Commission develop a formal and transparent process to monitor entry and exit; (b) information on the level of early exit in local markets should be made publicly available to assist would-be entrants to conduct more formal research into market opportunities; and (c) the Commission use measures such as its industry information service and imminent Skills Development Programme to ensure that persons entering the industry are

aware of general market conditions but also the importance of properly researching their local market.

The Authority is, of course, available to meet with the Commission to discuss these comments in greater detail.

Yours sincerely

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