



Keeping Pace

Updating taxi transportation in the app economy

A Policy Network Special Report
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About this report

This report was commissioned by mytaxi. It examines the regulatory landscape for licensed taxis and private hire vehicles in a number of key European capital cities, namely London, Edinburgh, Dublin, Paris and Madrid. It offers an assessment of future challenges likely to affect the development and regulation of the industry, drawing on the experience of these cities. It also presents proposals for policymakers to respond effectively by envisaging a regulatory framework that prioritises safety, longevity and fair competition to ensure a good deal for all passengers, as well as decent minimum standards for the workforce.

Research for this report involved a review of literature on the taxi and private hire industries both in the UK and across Europe, as well as exclusive interviews with domestic and international stakeholders, industry representatives and policymakers.

The views expressed in this report represent those of Policy Network and not necessarily those of mytaxi. Any omissions and errors are solely Policy Network's own.

1. Executive summary

The taxi and private hire industry is being transformed by disruptive technological change. There is growing acceptance among policymakers, industry representatives, and consumers that the regulatory framework that governs the taxi and private hire industry is out of date.

This Policy Network report examines the regulatory landscape in a number of key European capital cities, namely London, Edinburgh, Dublin, Paris and Madrid. The report then assesses the future challenges likely to affect the development and regulation of the industry, drawing on the experience of these cities. Finally, the report presents proposals that help policymakers to respond effectively by envisaging a regulatory framework that prioritises security and fair competition to ensure a good deal for consumers, as well as decent minimum standards for the workforce.

The report has five parts. **Part I** provides a short **introduction**.

Part II reviews the **current industry landscape** in Europe, and focuses on the key trends we discern.

- The overall direction across countries is one of **convergence in regulatory approaches**. The distinction between taxis and private hire vehicles (PHVs) is becoming less clear-cut in some markets; where both are subject to more regulation.
- In markets such as London and Edinburgh, **regulators are increasingly active** in responding to the arrival of PHV ride-hailing apps such as Uber.
- The growth of Uber and other platforms has raised **concerns about a decline in the standard and safety of PHVs for consumers**, alongside a fall in employment standards for drivers.
- The most important technological change in the foreseeable future will be the **automation of taxi vehicles**.
- The increasing uptake of electric vehicles and new legislation that seeks to curb emissions and raise air quality will have important implications for the industry.

In **Part III**, we examine the regulatory landscape in each of our **five key cities**.

In **Part IV**, we show how that the taxi and private hire industry is likely to be shaped by a **number of critical trends** in the coming years, namely:

- making **shared mobility** work in big cities;
- the desire to **reduce social exclusion** through transport mobility;
- responding to the preferences and tastes of **millennial consumers**;
- dealing with the needs of an **ageing population**;
- preventing a '**race to the bottom**' in employment standards;
- and addressing the long-term impact of **automation and new technologies**.

In the concluding **Part V** we identify a number of proposals designed to help regulators address the challenges of the digital era. From a **short-term perspective** (1-5 years):

- **National minimum standards** should be introduced in relation to pricing and licensing requirements, alongside background checks for drivers and a crackdown on cross-border hiring.
- **'Good' labour market practices** must be promoted for drivers given the changes in the nature of the taxi and PHV workforce.
- Regulators must ensure **competition and regulation** deliver a fair deal for consumers and drivers.
- Regulatory authorities such as Transport for London (TfL) should conduct an urgent review of the regulations overseeing 'ride-sharing' services, and the definitions and enforcement of existing regulations.
- The level of technical skills should be improved throughout the taxi and PHV workforce, especially **IT-related skills**.
- **The industry has to work with less 'tech-savvy', less mobile consumers** living in communities outside of London and the major cities.
- Finally, **business models throughout the industry will continue to evolve, and innovation should be encouraged** to respond to the preferences of millennial consumers and older people in developing shared mobility transport systems in major cities, and outside of cities where taxis perform a 'public service'.

From a **long-term perspective**, a number of challenges need to be addressed:

- **Ultimately, smart planning approaches will be needed** to make the most of the revolution in the shared mobility transportation sector away from private ownership and towards collaborative ownership.
 - The transport infrastructure of the future will need to be integrated, smart and **digital**.
 - The goal should be seamless public transportation that embraces diverse modes linking taxis and PHVs with public rail, buses and bicycles.
-

PART I**2. Introduction**

The taxi and private hire industry is being transformed by disruptive technological change throughout the world. Throughout the economy, the manufacturing of goods is being displaced by a model of production centred on the supply of services. The transportation sectors of the advanced countries are being revolutionised, away from the ownership of private vehicles towards models centred on shared mobility and ownership. As a consequence, regulation of transportation is changing too. The oversight of the transport industry in most European economies was established before the arrival of digital technologies, notably smartphone 'ride-hailing' apps. Taxis were a traditional industry where the service model had not changed fundamentally since the 1950s. Now, technology is transforming the entire sector. The pace of change is accelerating.

Apps like mytaxi effectively create a new marketplace that links supply and demand, connecting consumers directly with drivers. Two-tier systems where there is a rigid distinction between licensed taxis and PHVs are breaking down in some markets. There is growing acceptance among policymakers, industry representatives, and consumers that the regulatory framework that governs the taxi and private hire industry in many countries is out of date, and not fit for purpose.

This is underlined by the recent controversy over Uber's activities in London, where Transport for London (TfL) moved to withdraw the firm's operating licence in 2017, and York, Sheffield and Brighton followed suit. Across markets and the taxi sector, legislators are playing catch-up with fast-paced and potentially disruptive technological change. Up until now, there has been little consensus about what a new regulatory and policy framework for the platform economy of taxis and PHVs could or should look like.

In light of these developments, the aim of this Policy Network report is three-fold. Firstly, we examine the regulatory landscape for the taxi industry in a number of key capital cities among EU member states: the UK (London and Edinburgh), the Republic of Ireland (Dublin), France (Paris) and Spain (Madrid). In each city we consider i) the regulatory environment for the taxi and PHV sectors; ii) the key issues facing the taxi and private hire market; iii) the most important reform debates taking place; and iv) the political dynamics that are likely to affect the development of the market in the future.

Then, the report assesses the future challenges that are likely to affect the development and regulation of the industry, drawing on the experience of these major cities. Finally, the report considers a set of proposals that respond to those challenges by scoping a regulatory and policy framework that prioritises security, safety, and fair competition to ensure a good deal for all consumers, alongside inclusivity and minimum standards for the taxi and private hire workforce.

Above all, to navigate a way through the challenges cited in this report, there is a need for robust dialogue between industry stakeholders, policymakers in central, local and city government, political representatives, trade unions and technology platforms.

PART II

3. The industry landscape

The current state of play in the taxi markets featured in this report is as follows:

First, the overall trend across countries is one of convergence in regulatory approaches. The distinction between licensed taxis and the ‘wild west’ of PHVs is less clear-cut in certain markets as both forms of transport are increasingly well regulated. Arguably, technological change is further eroding the distinction between taxis and PHVs. Where convergence is taking place, it is more apparent on the ‘demand-side’ in terms of the consumer perspective than on the ‘supply-side’, the regulatory structures in which drivers operate. In London, TfL is keen to maintain the regulatory distinction between taxis and PHVs; in Madrid, the two-tier model is embedded in custom and practice. Yet across the countries and cities in Europe reviewed in this report, there is evidence of demand-side convergence towards a single-tier model. In Dublin and Paris, the two-tier system is virtually extinct. Since 2000, the barriers to entry to the taxi industry in Dublin have practically disappeared, with the caps on new licences removed, and the cost of licences falling from the equivalent of €150,000 outright to €250 per annum. That shift saw thousands of PHV drivers acquiring taxi licences. In Paris meanwhile, new private hire entrants are crowding the taxi market, often provoking anger among established taxi drivers, although PHVs are subject to new regulations and rules in pricing, licensing, and driver checks, thus raising the barriers to entry. A Parisian taxi licence in practice still costs around €150,000.

Second, in markets such as London and Edinburgh, regulators are becoming more active and interventionist, not least in responding to questions raised about the performance and reliability of operators such as Uber. TfL now sets exacting rules and standards both for taxi drivers and for taxi vehicles. This extends to addressing environmental sustainability concerns by promoting the electrification of taxi vehicles with the aim of having 300 electric cabs operating in London by 2020. The mayor of London, Sadiq Khan, has requested powers to cap the number of PHV licences in the capital but this matter is so far unresolved. In Dublin, the taxi market has been partially re-regulated to make taxis and PHVs wheelchair accessible, following the period of liberalisation that was intended to deal with long passenger waiting times and rising fares in a city with poorly developed public transport infrastructure. Uber cannot operate private hire car rides in Dublin which removes the price advantage they enjoy in other markets such as in the UK, which creates, in effect, a single-tier system. In Edinburgh, the Scottish government has introduced reforms to the private hire bookings and fare regimes, as well as licensing and driver checks. The general perception in the industry is that complete deregulation and liberalisation, as introduced in many American cities over the last decade, has not been a success in reducing prices, raising standards of service for consumers, or improving the quality of jobs in the sector.

Third, unquestionably the growth of Uber and other ride-sharing platforms has raised concerns across the industry about a perceived decline in the standard and safety of PHV services for consumers, alongside a fall in employment standards for drivers who have no guaranteed status or wage. On safety, drivers and vehicles in the UK licensed in one area can move to work in other cities, while drivers can choose to apply for licences from local authorities with less onerous restrictions, the so-called ‘cross-border hiring’ issue, indicating that national minimum standards are required to ensure a level playing field. In Dublin, where the taxi market is relatively well regulated, concerns about security and safety are less apparent. In relation to working conditions for drivers, there are acute problems in particular jurisdictions; in Paris, for example, taxi

drivers who paid huge amounts to acquire licences have to work more than 70 hours a week to make ends meet following the arrival of a wave of new entrants to the taxi market over the last five years. To match the hours worked by the new Uber drivers entering the market, taxi drivers have to work longer than ever.

Fourth, the most important aspect of technological change in the foreseeable future will be the automation of vehicles. In a world of autonomous vehicles, the work routines of taxi and PHV drivers may well look very different. The disruption of the workplace for taxi drivers will take place against the background of a significant and wider structural change in modern economies, where information and communication technology is producing a so-called fourth industrial revolution. One widely debated issue is the impact of technology on work and labour markets. This debate has been dominated by fears that new technologies put a great number of jobs at risk, and consequently drive people out of work. A recent report finds that technological advancements threaten 6.2 per cent of the total workforce in the UK.¹ The transportation and storage sector is most likely to be affected by this process of automation where a significant share of jobs is at high or medium risk of being substituted. Although some countries are actually suffering from a shortage of taxi drivers, notably Dublin where economic recovery since 2015 has made driving taxis a much less attractive form of employment, it is clear that there is a substantial risk to the UK, and that government and regulators will have to catch up to respond to these labour market challenges. At the moment, government initiatives aim at promoting AV research and development but pay very little attention to the economic and social consequences of AV. It may take 20 years or longer for AV to happen, and the drivers' roles will evolve over time. It's therefore important that the sectors plan for the future now and look to develop combined AV/human services that provide the best experience for customers.

In addressing the concerns of consumers, regulators are increasingly anxious to impose fixed prices or estimated price fares, as well as fare restrictions where necessary, all of which begin to catch up with the growth of smartphone apps. Our research revealed cases of passengers feeling that they had been charged inflated fares by PHVs taking advantage of price surges in demand in big cities.

Yet the market and regulatory landscape for the PHV and taxi industries will not stand still and are likely to be further reshaped by new issues and problems. In summary, this report highlights six critical challenges that will affect the future of the sector:

- Making shared mobility work in big cities;
- Reducing social exclusion by ensuring transport mobility works for all;
- Dealing with the rise of the millennial consumer;
- Dealing with an ageing population;
- Preventing a 'race to the bottom' in working conditions; and
- Off-setting the long-term impact of automation and new technology on the industry.

In the next section, we review the regulatory landscape in each of our five key cities in greater detail, before moving on to assess the critical challenges facing taxi transportation in the future.

1. Johnny Runge (2017): The Changing World of Work, National Institute of Economic and Social Research, page 9.

PART III

4. Models of regulation: London, UK

Summary:

- In recent years, the entry of ride-hailing apps such as Gett (2011)², Hailo (2011)³ and Uber (2012)⁴, has transformed the traditional two-tier private transport industry in London.
- Changes in technology and regulation have created a partial convergence between taxis and minicabs.
- TfL and Uber have come into conflict over the legitimacy of Uber's operating model, via a high-profile court case, which led to the revocation of Uber's operating licence.
- Other issues that need to be tackled by government and TfL include: cross-border hiring, national minimum standards, proposals for a PHV cap, the safety of ride-sharing, and support for low-emissions vehicles.

Pre-2012: An historic two-tier system

Taxi-cabs have a long history in London. Horse-drawn carriages were first used in the seventeenth century. The primary basis for current taxi regulation is the 1869 Metropolitan Public Carriage Act and the London Cab Order of 1934. This latter statute states that the Metropolitan Police have a duty to ensure that drivers and operators are 'fit and proper'⁵ to hold a licence. The Cab Order and 1869 Act effectively allowed for the creation of a two-tier industry when minicabs appeared in the 1960s. This was divided between taxis (hackney carriages) – a highly regulated and controlled industry overseen by the Public Carriages Office – and PHVs (minicabs), which were largely unregulated. Then in 1998, the Private Hire Vehicles (London) Act enabled the Metropolitan Police to regulate and control the minicab trade. In 2000, in London this task fell to the newly-created Transport for London. The next decade saw the gradual introduction of new rules controlling private hire drivers and vehicles.

2012-2015: A new challenger breaks the mould

New services that allow users to hail a PHV from an app on their phone have exploded in popularity. Hailo, launched in 2011 (now mytaxi), enables people to hire black cabs through an app, and in 2012, Uber arrived in London. Established minicab firm Addison Lee also introduced an app service to enable it to compete with the new entrants. Light-touch regulation meant the number of PHVs soared, while the number of taxis stagnated (see figure 1). In 2005 there were around twice as many PHVs as taxis – in 2017 there more than four times as many.

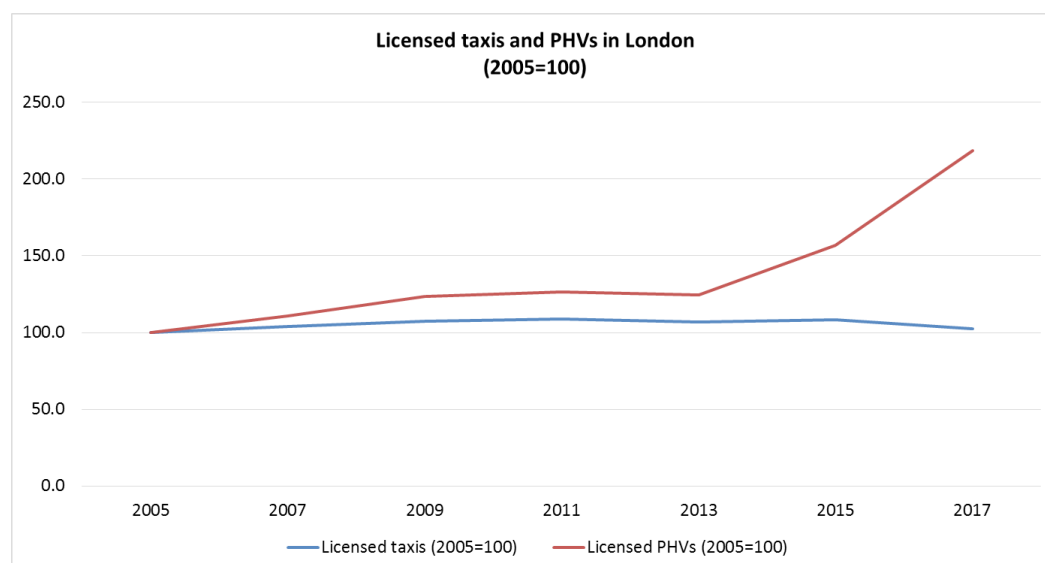
2. The firm was formerly named GetTaxi (2010-2015).

3. Hailo merged with mytaxi in 2016.

4. The firm was formerly named UberCab (2009-2011)

5. Regarding what is or is not 'fit and proper', in the interest of public safety, a licensing authority must not grant a licence if applicants or licence holders are guilty of offences involving dishonesty, violence or indecency, if the applicant is not compliant with the licensing requirements of [the 1847 Act or the 1976 Act] and related legislation, or for any other reasonable cause. Specifically, the Casey Review into the safeguarding of minors and vulnerable people in Rotherham (see Casey, L. 'Report of Inspection of Rotherham Metropolitan Borough Council', 2015) made reference to this obligation, noting that 'The safety of the public should be the uppermost concern of any licensing and enforcement regime: when determining policy, setting standards and deciding how they will be enforced.'

Figure 1: Licensed taxis and PHVs in London



Source: Table TAX10102, UK Government⁶

While initially welcomed by TfL, the popularity of Uber in London caused growing resentment from black cab drivers and traditional minicab firms. There were also concerns about passenger safety. A 2014 review of the industry by the Law Commission⁷ called for an overhaul of the legislative framework. It recommended that the two-tier structure be retained, but that there be new national minimum standards. The government chose not to implement the changes. Instead the 2015 Deregulation Act partially relaxed the rules: it extended taxi and private hire licences to three years and allowed minicab firms to subcontract work to firms operating in other local authorities.⁸

2015-2018: The authorities flex their muscles

In 2015 TfL took Uber to court, arguing that its app was a taximeter – something only black cabs can use.⁹ But the court disagreed that Uber's app was a taximeter. The election in 2016 of Sadiq Khan as London mayor saw a renewed attempt to control the activities of Uber and other private hire companies. The introduction of a new requirement for an English language test was challenged by Uber in the courts – but was upheld.¹⁰

Then in September 2017, TfL rejected Uber's application for a new licence because it was deemed not a 'fit and proper person'. This was due to concerns over passenger safety, particularly regarding Uber's procedures for obtaining medical certificates, for undertaking background checks on drivers, and for using software to conceal its activities from regulators.¹¹ Uber is appealing the judgment, which is due to be heard in June 2018. Concerns have also been raised regarding the way Uber deals with workers' rights.¹² In the meantime, it continues to operate in the capital in an essentially monopolistic position as TfL, burnt by the Uber experience, have failed to licence a suitable competitor.

In September 2017, the government convened a Task and Finish Working Group to review the legislation and regulation of taxis and PHVs in England, and once again consider the Law Commission recommendations.¹³ It has been taking evidence and is due to submit a report to the transport minister, Nusrat Ghani, later this year. In December 2017, the European Court of Justice ruled that

6. <https://www.gov.uk/government/statistical-data-sets/taxi01-taxis-private-hire-vehicles-and-their-drivers#table-taxi0101>

7. https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2015/03/lc347_taxi-and-private-hire-services.pdf

8. <https://www.local.gov.uk/sites/default/files/documents/deregulation-act-2015-get-fd2.pdf>

9. <https://www.theguardian.com/technology/2015/oct/16/uber-wins-high-court-case-taxi-app-tfl>

10. <https://news.sky.com/story/uber-loses-court-case-over-english-tests-for-its-london-drivers-10788260>

11. <https://www.theguardian.com/technology/2017/sep/22/uber-licence-transport-for-london-tfl>

12. <https://www.gblondon.org.uk/news/date-set-for-uber-court-of-appeal-hearing>

13. http://data.parliament.uk/DepositedPapers/Files/DEP2017-0560/Taxi_PHV_Task_Finish_Group_Terms_of_Reference.pdf

14. <https://www.theguardian.com/technology/2017/dec/20/uber-european-court-of-justice-ruling-barcelona-taxi-drivers-ecj-eu>

Uber was a transport company and should be subject to relevant regulations.¹⁴

Figure 2: Current licensing and regulatory rules – taxis and PHVs in London

		Taxi	Private hire vehicle
Drivers	Age limit	21	21
	Medical test?	Yes	Yes
	Topographical assessment?	Yes – the Knowledge	Yes
	Criminal records check?	Yes	Yes
	Additional requirements	Financial standing test	English language test. Right to live and work in UK. Hire and reward insurance
Vehicle	Minimum turning circle?	Yes	No
	Take card / contactless?	Yes	No
	Regulated fares / taximeter?	Yes	No
	Emissions requirements	Must be zero emissions capable	Euro 6 petrol or diesel or Euro 4 hybrid
	Grant for ULEV purchase?	Yes – up to £7500	Yes – up to £4500
	Pay congestion charge?	No	No (if meet emissions requirements)
	Additional requirements	Wheelchair accessible. Less than 15 years old	Less than 10 years old
Entitled to	Ply for hire?	Yes	No
	Take pre-bookings?	Yes	No
	Use bus lanes?	Yes	No

Source: TfL

Reform debates and key challenges

Cross-border hiring

PHVs can take pre-bookings in any part of England and Wales, provided that the driver, vehicle and operator are licensed by the same authority. However, it is legal for PHVs to operate outside the area in which they are licensed, provided the booking is taken within the licensing area (even if the driver is physically outside it). This means that drivers licensed in London are known to be working in cities such as Birmingham or Bristol.¹⁵

“We have people getting licensed in London but operating in Liverpool!”

– London assembly member

15. <http://www.bbc.co.uk/news/uk-england-london-43065705>

The 2014 Law Commission report recommended that PHVs should be allowed to operate anywhere according to nationally defined standards; local authorities would simply administer and enforce the national rules in their own area.¹⁶ Instead however, TfL is proposing that a private hire journey should start or finish in the authority in which they are licensed.¹⁷ Some representatives of the private hire trade view this as an unfair restriction on the right to compete for fares. Others see it as undermining the ability of self-employed drivers to earn a living. An alternative proposal is to 'geo-fence apps' which would force PHV ride-hailing apps only to display available drivers who are licensed in that authority, and dispatch jobs to drivers. In February 2018, Uber announced that drivers will only be offered and able to accept bookings in the region in which they are licensed.

Regulatory competition and minimum standards

Licensing authorities must ensure that only 'fit and proper' persons are licensed in the interest of public safety. How the licensing authorities interpret this requirement is up to them and varies considerably. This, together with the cross-border hiring loophole, means that if a driver finds an authority's licensing requirements too stringent, they are free to simply choose another authority to apply for a licence. A recent investigation by *The Times* found that drivers were taking advantage of the lax standards of Rossendale local authority to acquire licences without proper checks.¹⁸ In Wolverhampton multiple licences were issued to operators taking advantage of a loophole created by the 2015 Deregulation Act for minicab firms to subcontract work outside their area.¹⁹

This undermines the ability of authorities to enforce standards in their area and could lead to a harmful race to the bottom in terms of safety standards, thus putting the public at risk. The Law Commission report recommended that the introduction of national minimum standards would reduce the incentive for arbitrage of this kind.²⁰ This could include, for instance, mandatory criminal records checks, maximum emissions standards, use of CCTV in vehicles, maximum working hours, and disability access.

"There should be national standards – we don't need 300 hundred odd different ways of regulating the industry."

– Representative of private hire trade, UK

However, others believe such standards are either pointless or harmful, provided that cross-border hiring is stopped. In July 2017 Daniel Zeichner MP introduced a bill to parliament that would require authorities to record licence refusals, revocations and suspensions in a national database. The bill, which is currently on its second reading in the House of Commons,²¹ is supported by TfL,²² but may not achieve parliamentary approval.

Two-tier and 'ply for hire'

A crucial distinction has long existed between taxis, which are permitted to 'ply for hire' and PHVs, which are not. However, 'ply for hire' is not a legal concept and how it should be applied has always been contentious – and amounts to taxis that are available for immediate use without needing to be pre-booked. The arrival of PHV ride-hailing apps has now made it even more problematic. If a customer can see nearby PHVs on an app and summon one by pressing a button on their phone, some have argued that this is effectively the same as plying for hire. However, recent court cases have rejected the equivalence.²³

16. https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2015/03/lc347_taxi-and-private-hire-services.pdf, p.6

17. <http://content.tfl.gov.uk/cross-border-hiring-proposals.pdf>

18. <https://www.thetimes.co.uk/past-six-days/2018-05-23/news/taxi-scandal-public-safety-at-risk-as-thousands-of-cab-drivers-exploit-law-klr5p0583>

19. <https://www.thetimes.co.uk/article/taxi-scandal-riddle-of-firms-all-based-in-single-office-hpsrrfhw0>

20. https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2015/03/lc347_taxi-and-private-hire-services.pdf, p.6.

21. <https://services.parliament.uk/bills/2017-19/licensingoftaxisandprivate-hirevehiclessafeguardingandroadsafety.html>

22. <http://content.tfl.gov.uk/cross-border-hiring-proposals.pdf>

23. See e.g. <https://cornerstonebarristers.com/news/driver-use-uber-app-not-plying-hire/>

The Law Commission review of 2014 concluded that PHVs should continue to only take pre-booked journeys and that there should be a new offence of taking a 'there and then' booking.²⁴

Congestion and PHV caps

The explosion in numbers of PHVs in London, together with concerns over passenger safety and the impact on the environment, prompted the mayor to ask for the power to cap PHV numbers in the capital.²⁵

"There are far too many vehicles in central London – the average speed is now just 7.8mph."

– London assembly member

This was also supported by the All Party Parliamentary Group (APPG) on taxis.²⁶ However some representatives of the private hire trade reject this. TfL would also like to remove the exemption of PHVs from London's congestion charge.²⁷ Again, these proposals are strongly opposed by representatives of the private hire trade who believe them to be unfair and may even encourage drivers to work longer hours to make a living, in order to bear the cost of any charges.

The safety of ride-sharing

Ride-sharing, in which passengers going in the same direction can share a vehicle, has been authorised by TfL since the Transport Act 1985.²⁸ But apps are now making it possible for complete strangers to share journeys without even meeting in advance; one such tool is Uber Pool. However, these journeys may be unsafe, particularly for vulnerable consumers. One idea is to force operators to offer a female-only ride-sharing option.²⁹ TfL has suggested it may add further conditions to PHV operators' licences, but there is as of yet no clear regulatory framework,³⁰ and TfL has not issued a protocol on ride-sharing.

Support for electric vehicles

Although it is part of the mayor's strategy to cut emissions by promoting the use of hybrid and electric vehicles – a fact that is welcomed by many stakeholders in the taxi and PHV sectors – there are widespread concerns over the lack of available charging points in London.³¹ TfL have committed to installing 150 such charging points by the end of 2018 and 300 by 2020.³² Furthermore, while enormous progress has been made with respect to the development of electric vehicles, issues remain regarding the distances that the currently available models can travel on batteries alone. Currently, electric taxis in London can only travel around 80 miles per charge. Furthermore, charging takes time, and drivers cannot take fares while charging their vehicles, which further undermines the incentive to take-up these options. Another barrier is the very high list cost of batteries, inflating the cost of electric vehicles up to £62,000, and the fact that there is no universal standard for charging infrastructure. Overall, the available models are not necessarily seen as suitable alternatives to current petrol and diesel options, particularly at the executive end of the market. However, as the available technology improves, the uptake of electric vehicles may be expected to rise.

24. https://s3-eu-west-2.amazonaws.com/lawcom-prod-storage-11jxou24uy7q/uploads/2015/03/lc347_taxi-and-private-hire-services.pdf, p.5. On the contrary, a 2016 report by the free-market Institute for Economic Affairs argued that technological change means that the two-tier distinction should be abolished, with the current PHV regulation used as the basis for all drivers and vehicles (see Hire Authority, Kristian Niemitz and Diego Zuluaga, IEA, 2016).

25. <https://tfl.gov.uk/info-for/media/press-releases/2016/january/tfl-sets-out-plans-to-modernise-and-enhance-london-s-private-hire-indust>

26. <https://www.docdroid.net/aYRaQNe/lessons-from-london.pdf#page=25>

27. Ibid.

28. <http://content.tfl.gov.uk/private-hire-policy-statement.pdf>

29. <https://www.verdict.co.uk/uberpool-uber-tfl-london/>

30. <http://content.tfl.gov.uk/private-hire-policy-statement.pdf>

31. <https://www.theguardian.com/business/2018/jan/16/flat-fare-dodgy-meter-blocks-rollout-of-londons-electric-cabs>

32. <https://tfl.gov.uk/modes/driving/electric-vehicles-and-rapid-charging>

The working practices of Uber

Uber claims that it is used by 3.5m passengers and has 40,000 drivers in the capital.³³ However, its business model and operating practices have been controversial. One concern is about the number of hours Uber drivers work. Since drivers are self-employed, they are generally exempt from the EU's working time directive.

"There are long restrictions on how many hours a lorry or coach driver can work. It is long overdue that that similar legal curbs existed for taxis and private hire drivers."

– London Assembly member

In response to this concern, the company recently announced that it will force drivers to take an uninterrupted six-hour break after 10 hours of driving.³⁴ Another issue is the fact that Uber drivers are self-employed, and lack the employment rights that other workers benefit from. This includes a right to minimum wage, as well as holiday and sick pay. Lastly, there have been allegations that Uber drivers are not being adequately vetted, which potentially puts passengers at risk. Some drivers have been accused of rape or sexual assault.³⁵ This is seen by some as a consequence of its business model.

"Traditional minicab firms have fleet managers and someone customers can complain to. You don't get that with an app."

– Representative of private hire trade, UK

Questions have also been raised about the validity and sustainability of Uber's pricing model, which is said to cover only a fraction of the cost of the journey. It is widely believed that this predatory pricing is intended to put incumbent firms out of business, and that prices will rise once a monopoly position is established.

The potential impact of automation

While the industry is still reeling from the impact of the arrival of new ride-hailing services, another revolution may be just around the corner: autonomous vehicles. AVs are now being trialled in limited locations in London, with a view to their possible introduction on public roads next year.³⁶ Under the 'Merge' scheme in Greenwich, private hire firm Addison Lee is modelling and trialling driverless vehicles which are integrated with public transport networks.³⁷ Meanwhile the government has announced a three-year review of the legislation in this area.³⁸

"There are lots of unresolved issues. Who will put the shopping in? Who cleans it? Who will help the elderly/disabled get in and out?"

– Representative of private hire association, UK

Although there remain many technological and regulatory hurdles to their widespread adoption, it will not be long before the authorities will be required to licence and regulate their use as an alternative to conventional taxis and PHVs.

33. <https://www.theguardian.com/commentisfree/2017/sep/22/the-guardian-view-on-uber-in-london-obey-the-rules>

34. <http://www.bbc.co.uk/news/business-42707753>

35. <https://www.independent.co.uk/news/uk/uber-drivers-accused-of-32-rapes-and-sex-attacks-on-london-passengers-a7037926.html>

36. <https://www.ft.com/content/c6296054-cc82-11e7-b781-794ce08b24dc>

37. <https://mergreenwich.com/project/>

38. <https://www.gov.uk/government/news/government-to-review-driving-laws-in-preparation-for-self-driving-vehicles>

Looking forward

Twenty years ago, the London market was a two-tier system with highly regulated taxis, generally hailed on the street, and unregulated PHVs, mostly booked over the phone. Since then the regulation of PHVs has increased considerably, while the arrival of ride-hailing apps has transformed how passengers are ordering both taxis and minicabs. In short, we are witnessing a partial convergence of the two modes of transportation. But, as the conflict around the ability of apps to operate epitomises, the market desperately needs a new settlement for the twenty-first century.

In the short-term, the tasks are three-fold:

- Central government will need to bring forward new legislation to resolve the multiple problems with the current framework. This will mean resolving the legal status of taxis and PHVs (including whether it is based on 'ply for hire' or something else), provide a proper legal status for ride-hailing apps, deal with cross-border hiring, as well as determining whether national minimum standards for PHVs are required, and if so what they should be.
- TfL will need to respond to the outcome of the ongoing court case with Uber. Depending on the outcome, TfL will need to establish what, if any, additional licence conditions will be necessary for PHV operators, and how these will be enforced.
- TfL will need to provide more explicit guidance on ride-sharing services and identify how barriers to the take-up of electric vehicles can be removed.

Over the longer-term, central government will need to introduce fresh legislation that enables the introduction of autonomous vehicles alongside more conventional, driver-based models.

5. Models of regulation: Edinburgh, UK

Summary:

- Like London, Edinburgh's traditional two-tier taxi industry has been challenged by the entry since 2015 of new PHV ride-hailing apps, particularly Uber.
- But, for a variety of reasons, their impact has been less significant and controversial than in London, which could be created by the existing ratio of taxis to PHVs, and the smaller price differentials involved.
- Nonetheless, Edinburgh City Council has recently introduced new regulations to control the private hire trade and raise environmental standards.
- As in England, there is pressure on the Scottish government to reform the legislative framework to provide a proper legal status for ride-hailing apps and to resolve several related issues.

Pre-2015: Gradual modernisation

The origins of taxis in Edinburgh are obscure, but it is likely that the first motorised fleet was introduced at the beginning of the twentieth century and PHVs emerged in the 1960s. The 1982 Government (Scotland) Act is the primary basis for current regulation. It defines local authorities as responsible for the licensing and regulation of taxis and PHVs in their area. It also gave Scottish ministers the power to introduce mandatory conditions on licences. A 2009 statutory order required booking offices to keep a record of journeys and gave the power enforcement authorities to search premises.³⁹ Then in 2012/13, the Scottish government undertook a consultation about the potential reform of the legislation, but no changes were introduced. The rules for acquiring a private hire licence in Edinburgh were minimal.

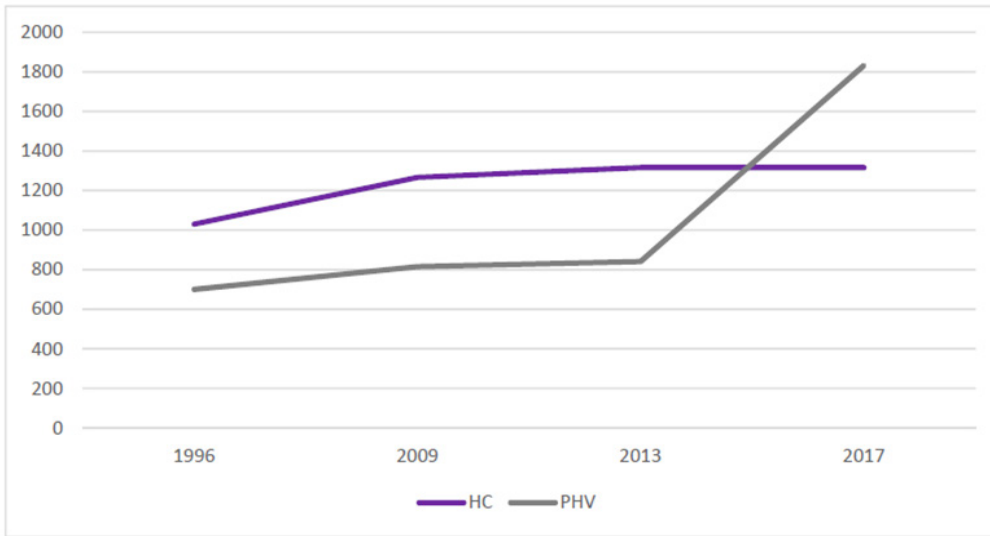
2015: Disruption and reform

In 2015, Edinburgh saw the launch of Uber.⁴⁰ Since then the number of PHVs on Edinburgh streets has risen by more than 125 per cent – from around 800 to a current level of over 1800 (see figure 3). There are now around three PHVs for every two taxis. (This is still a much lower ratio than in London, however, where there are four PHVs for every taxi.)

39. <http://www.legislation.gov.uk/sdsi/2009/9780111002568/note>

40. <https://www.scotsman.com/news/transport/taxi-app-uber-launches-in-edinburgh-1-3939326>

Figure 3: Demand for taxis and PHVs in Edinburgh



Source: Survey of Demand for Taxis within the City of Edinburgh, Regulatory Committee, August 2017.

In response to mounting concerns about Uber’s impact, the 2015 Air Weapons and Licensing (Scotland) Act gave the power to local authorities to cap the number of private hire licences in their area, and to require private hire drivers, like taxi drivers, to be tested regarding regulatory and geographical knowledge.⁴¹ However no further legislative changes have yet been made. Meanwhile Edinburgh council has gradually introduced greater requirements on both taxis and PHVs. A summary of current rules is provided in Figure 2. Industry players, such as mytaxi, have called for clarification around the legal status of PHV ride-hailing apps, to outline clearly (if any) the distinctions between them and traditional operators.

41. <http://www.gov.scot/Publications/2016/03/9280/326217>

Figure 4: Licensing and regulatory rules – taxis and PHVs in Edinburgh

		Taxi	Private hire vehicle
Drivers	Age limit	No	No
	Medical test?	Yes	Yes
	Topographical assessment?	Yes	No
	Criminal records check?	Yes	Yes
	Additional requirements	Held driving licence for 12 months. Right to live and work in UK	Held driving licence for 12 months. Right to live and work in UK
Vehicle	Minimum turning circle?	No	No
	Take card / contactless?	No	No
	Regulated fares / taximeter?	Yes	No
	Emissions requirements	Euro 5 (from May 2018), Euro 6 (from October 2018)	Euro 5 (from May 2018), Euro 6 (from October 2018)
	Pay congestion charge?	N/A	N/A
	Additional requirements	Wheelchair accessible. Free of dents / damage. Purpose-built	Power to weight ratio above 0.0648 hp/kg
Entitled to	Ply for hire?	Yes	No
	Take pre-bookings?	Yes	Yes
	Use bus lanes?	Yes	No

Source: Edinburgh City Council

Reform debates and key challenges

Oversupply and the PHV cap

The 2015 Act gave the power to licensing authorities to cap PHV licences in their area. This is a power Edinburgh council has yet to use. However, the dramatic increase in the number of PHVs in Edinburgh, particularly due to the entry of Uber, has created warnings that the livelihood of taxi drivers is at risk and the market may be becoming saturated. But currently there are no guidelines from the government as to how the cap should be set.

Furthermore, due to events such as the Edinburgh Festival Fringe, demand for taxis is highly seasonal. At times of peak demand the introduction of a cap could leave the city short of vehicles.

Regulation of offices and 'operators'

In Scotland, unlike England, there is no statutory definition of an 'operator' (an agency that invites or takes private hire bookings). Instead the 2015 Act provides oversight of minicab offices. This means that in principle PHV ride-hailing apps could evade regulation by relocating their offices outside of the authority. That would make it difficult for authorities like Edinburgh to ensure that they were operating fairly and in accordance with the law. Some are arguing that the law should be revised so that 'operators' are also licensed and regulated, as they are in England.⁴²

Support for low emissions

Emissions of nitrous oxide exceed EU limits in parts of Edinburgh.⁴³ However, until recently there were no emissions requirements or age limits on either taxis or PHVs in Edinburgh. Following lengthy debates, from May 2018, all new vehicles must be Euro 5 compliant and from October Euro 6 compliant. However, these plans are subject to strong opposition from the taxi and private hire trade who argued that they will be costly for drivers to meet and unnecessary, since many older vehicles have low emissions.⁴⁴ As in London, a further concern is that there are far too few charging stations for electric vehicles and that current models have a range that is too short to be viable for commercial use. It is likely that the implementation of these new standards, and the support for low emissions vehicles, will continue to be a matter of controversy.

"The council has gone from having no restrictions, to having some pretty stringent ones very quickly."

– Representative of taxi trade, Edinburgh

Price controls

The entry of Uber into Edinburgh's private hire market has brought with it some concerns about the practice of 'surge pricing' – in which fares can increase dramatically when demand is at a peak. In 2016 the Scottish government consulted on the idea of regulating private hire fares or making all cars use a taximeter (as is the case, for example, in Dublin – see next section). However, no legislation has yet emerged. Edinburgh council are not currently planning to review Uber's licence.⁴⁵ Meanwhile, others have argued that with the advent of app-based services, the council should no longer regulate fares.

'Ply for hire'

Edinburgh has experienced controversies over the application of 'ply for hire' which have worsened since the arrival of PHV ride-hailing apps. This has included multiple allegations of PHV 'seagulling' – where drivers loiter near a taxi rank or on the street to pick up passengers. This has resulted in complaints and some licences being revoked. Uber drivers have also been found to 'ply for hire' by picking up customers on the street and initiating the booking as they get into the car. The council has since clarified that for a PHV to be pre-booked the booking must be made before the passenger and driver meet. It is widely felt that the legislation could be clarified in this area.⁴⁶

42. Mytaxi is not a taxi operator, but a technology platform

43. https://uk-air.defra.gov.uk/assets/documents/no2ten/2017-zone-plans/AQplans_UK0025.pdf

44. Regulatory Committee minutes, 16/03/18

45. <https://www.scotsman.com/news/uk/what-does-the-uber-ruling-mean-for-edinburgh-and-glasgow-1-4567767>

46. Source: conversation with Edinburgh city council official.

Passenger safety and ride-sharing

As in London, ride-sharing, which apps make possible in new and more anonymous ways, is a growing area of concern for policymakers. Ride-sharing has the potential to reduce congestion and provide a cheap and convenient mode of transport for city-dwellers. But passenger (and driver) safety may be at risk where people who don't know each other have to share the same vehicle, partly due to lack of segregation of driver compartment and passengers. The council have said that ride-sharing should not take place unless all parties agree before the journey begins. However, there is not yet clear guidance on how ride-sharing should operate in order to keep passengers safe.

"We used to have marshals on ranks who could check who was getting in cabs and make sure people were safe [sic]. With apps, you lose that human element."

– Representative of taxi trade, Edinburgh

Looking forward

Edinburgh has adapted relatively well to the emergence of ride-hailing apps. They are now an established and generally accepted feature of the city's transport system. The two-tier system remains intact but is coming under increasing strain. The approach of the council so far has been to gradually introduce new (very similar) regulations across both the taxi and private hire fleets to meet public concerns about safety and the environment.

As in England, the challenge is to update legislation to reflect the soon-to-be dominance of ride-hailing app services. This will mean resolving the legal status of licensed taxis and PHVs (including whether it is based on 'ply for hire' or something else), provide a proper legal status for ride-hailing apps (as operators), as well as determining what national minimum standards are required. Edinburgh, and other councils, are also looking to national government to provide guidance on the use of a PHV cap, as well as on potentially more contentious issues such as ride-sharing.

For Edinburgh council, the priorities are to find ways of accelerating the adoption of a greener vehicle fleet (including investing in the charging infrastructure) as well as finding a more effective way of balancing supply and demand in the PHV market.

6. Models of regulation: Dublin, Ireland

Summary:

- Ireland has a regulated, essentially single-tier system.
- Public debate centres around how taxis fit into the overall public transport infrastructure, in an economy that experienced the boom of the Celtic Tiger years of rapid economic growth (2000-2008), the bust of the 2008 financial crisis and the years that followed (dubbed ‘the Celtic Phoenix’), and the risk of overheating in 2018 following sustained economic growth since 2013.
- Compared to other countries in this report, the debate about taxi regulation seems relatively settled, but there are still several live issues, and scope for debate and regulatory reform in the future.
- In Ireland, a country of almost 5 million, Dublin is the vastly dominant city. Greater Dublin accounts for 40 per cent of the population of the country, and over half of Ireland’s GDP. In 2016, Dublin was ranked as Europe’s third most attractive city for foreign direct investment (FDI) by the *Financial Times*.

The Dublin taxi and PHV industry

One of the most notable features about the Dublin taxi industry is the sheer number of cabs. Dublin has limited transport infrastructure by EU standards, and no 24 hour public transport services with few exceptions, including during the Christmas period. The share of the population with very high access to public transport is 38 per cent, which compares to 77 per cent in Malmo, and 84 per cent in Brussels, which are of a comparable size in terms of population.⁴⁷ This is partly explained by the relatively low and dispersed population densities in many parts of Dublin. Given these constraints, a prominent industry player remarked that:

“Ireland cannot manage without taxis.”⁴⁸

Although Ireland has one of the EU’s smallest populations, it has the fourth biggest taxi market in the EU.⁴⁹ With an estimated 10,000 taxis, Dublin has more taxis per person than any other major European city, and more than New York City. Figures released by the National Transport Authority (NTA) in January 2017 shows that there were 14,644 active licensed taxi and PHV drivers in the city.⁵⁰ In Europe, Ireland is second to Sweden in the proportion of taxi drivers in the population, with 59 drivers per 10,000 inhabitants in Ireland, 75 per 10,000 in Sweden, and only 2.3 per 10,000 in France.⁵¹

What constitutes a taxi in Dublin?

Unlike many cities, including London, the Dublin taxi system is straightforward, and essentially has a single-tier.⁵² Under current legislation, taxis are referred to as ‘small public service vehicles’ (SPSVs). SPSVs must be saloon cars, and can ply-for-hire on-street or at designated ranks, they can use bus lanes while operating, and can be hired over the phone, on the internet, or using call out apps. In order to operate a taxi, a SPSV licence, and a SPSV vehicle driver’s licence are both required. Since 2009, applicants for an SPSV licence must complete the Skills Development Programme and pass

47. Malmo has 700,000 in metro area, Brussels has 2.1 million in the metro area, Dublin has 1.3 million in the metro area, and there are 1.9million people in greater Dublin.

48. <https://www.independent.ie/business/hailo-chief-most-cities-have-a-metro-but-irelands-transport-setup-makes-taxis-essential-34974085.html>

49. <https://www.independent.ie/business/hailo-chief-most-cities-have-a-metro-but-irelands-transport-setup-makes-taxis-essential-34974085.html>

50. <https://www.dublinlive.ie/news/dublin-news/over-1000-more-taxis-dublin-12553139>

51. <https://ec.europa.eu/transport/sites/transport/files/2016-09-26-pax-transport-taxi-hirecar-w-driver-ridesharing-final-report.pdf>

52. There are however some differences between different sorts of SPSVs. Hackney cabs are SPSVs that can only be hired over the telephone or internet, and are not allowed to ply-for-hire on-street (i.e. PHVs). Notably, this is converse to the case in London and throughout the UK, where ‘hackney’ is the term used for taxi cabs. Limousines, which make up a tiny part of the market, are licensed to operate on a private basis for corporate or ceremonial use. Neither hackneys nor limousines can use bus lanes, and hire cars with drivers are regulated by the same legislation as applies to taxis. Thus, strictly speaking, the Dublin market is not completely single-tier as there are some distinctions between taxis, limousines, and hackneys - although all have to have an SPSV licence, apart from the relatively small number of local area hackneys.

a ‘taxi driver entry test’. The test covers both regulatory and local area knowledge, is provided and adjudicated by the NTA, and has recently been reformed.

The Dublin taxi market is characterised by strong competition between operators and the presence of intermediaries, as well as traditional dispatch centres. The majority of SPSV operators are self-employed owner-operators, with some ‘multi vehicle licence operators’ (MVLOs).

How did a single-tier, lightly regulated market emerge?

Alongside many other aspects of the Irish economy, the taxi industry was opened-up at the beginning of the twenty-first century. Before 2000, Dublin operated a New York City ‘medallion-style’ regime, with a fixed numbers of taxi licences being issued. Customers faced long queues at ranks, and high prices, and taxi licences fetched in excess of IR£100,000 (the equivalent of €150,000 today) on the secondary market. In 2000, the taxi market became fully liberalised, when the government⁵³ abolished limits on the number of taxi licences that could be issued. In 2018, a taxi licence costs €250 for five years. This deregulation saw a:

“Tsunami of new drivers, with thousands of new drivers entering the market, almost overnight.”

– SIPTU⁵⁴ official, Ireland

Following advice from the Commission for Taxi Regulation – a government-appointed advisory group – in 2010 and 2013 the government⁵⁵ introduced new legislation that prohibited the issuing of new taxi licences, except for wheelchair accessible vehicles (WAVs). This adds up to €15,000 to the cost of a taxi, increasing the barriers to entry considerably. The new legislation also provides a prohibition on the trading of licences from 2014, except upon the death of a vehicle licence holder.

Between 2000 and 2008, the number of taxi licences in Ireland rose from 3,913 to a peak of 27,429. In the context of the financial crash of 2008, that hit Ireland especially hard, the number of taxis has decreased by almost a quarter (24.2 per cent) to 20,804 between 2008-2016. Since 2010 though, only a relatively small number (around 600) of new SPSV vehicle licences have been issued.^{56, 57}

The arguments for the 2010 policy related to a perception of the oversupply of taxis (a view supported by a 2014 OECD study⁵⁸) and concerns regarding the lack of services for wheelchair users. Arguably, the decision to deregulate in 2000 favoured taxi users; the 2010 decision to re-impose restrictions has attempted to extend services to people with disabilities, but also favours taxi licence holders by increasing the barriers to entry for new drivers. Government grants to help with the upgrading of vehicles to meet the WAV regulations have been limited, and private sector firms have provided financial assistance to aspiring drivers.

What about ride-sharing apps?

Because of the single-tier system of regulation, since Irish law requires anyone carrying passengers for money to have a taxi licence, the emergence of ride-sharing apps such as Uber have not had the same impact in Dublin as has been the case in many other European cities. Commercial ride-sharing is not permitted under existing legislation⁵⁹, and since 2013, taxis and apps involved in ‘hire and reward services’ are subject to the same regulation. All fares must be calculated by a meter that is attached to a ‘mileometer’ in the car. The meter must be displayed, and surge pricing is prohibited. This explains the effective single-tier system in the Irish taxi and PHV market.

53. Through Statutory Instrument 367 of 2000

54. SIPTU (the Services Industrial, Professional and Technical Union), Ireland’s biggest trade union, with 200,000 members.

55. Through Statutory Instrument 250 of 2010

56. And an almost negligible number of hackney licences (24 in 2016)

57. https://www.nationaltransport.ie/wp-content/uploads/2013/10/280417_FINAL_NTA_Taxi-Stats.pdf

58. [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2\(2014\)6&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2(2014)6&docLanguage=En)

59. Non-commercial ride-sharing is permitted provided any payment between parties does not exceed the reasonable cost of fuel consumed during a journey

Although not widely unionised, and despite having unsuccessfully resisted deregulation, especially since 2000, this regulation shows taxi drivers are a 'listened to voice' in Irish politics. For example, a taxi driver representative notes how:

"We ensured that it was stitched into the new (2013) regulations that anyone providing transport for hire and reward had to have both a SPSV driver's licence and a vehicle SPSV licence. On top of this, the fare can only be calculated using a meter that is directly connected to the mileometer in the car, and all cars were subject to the same regulatory conditions."

– Senior official, SIPTU, Ireland

Therefore, it is clear that ride-sharing is not as live a policy issue in Ireland, as it is in many other European countries.

However, even though the taxi industry has been relatively successful at preserving the single-tier market, meaning that new entrants are required to play by the same rules as existing taxis, the taxi lobby still has limited direct influence over how the sector is regulated.

Governance

The National Transport Authority (NTA) is a statutory non-commercial body, which operates under the aegis of the Department of Transport, Tourism and Sport. In 2011, the department dissolved the Commission for Taxi Regulation and the NTA acquired the principal functions of the Commission. The NTA is the sole regulator of the taxi industry, and is responsible for the regulation of fares, entry requirements and standards.

Regulation and legislation

The taxi industry is regulated by the consolidated Taxi Regulation Acts of 2013 and 2016 (the 'Principal Act') and subsidiary legislation made under the Act. Subsidiary legislation includes the Taxi Regulation Act 2013 (Maximum Fares) Order 2015 and regulations that set out the requirements and standards for taxi vehicles, drivers, dispatchers and operators.

Licensing and fares

Legislation provides for three different types of licences to carry out SPSV services: one for the driver, one for the vehicle and one for SPSV dispatch operators. An SPSV driver's licence allows the holder to drive all categories of SPSVs and is normally valid for five years. The ultimate licensing authority for SPSV licences is An Garda Síochána (national police service), who are responsible for vetting applicants and licence holders.

In 2006, the NTA introduced a national maximum taxi fare that applies across Ireland.⁶⁰ Maximum fares were unchanged between 2008 and 2015, when a fare increase of approximately 4 per cent was introduced. An additional fare increase of 3.2 per cent was introduced in 2018.

60. Dublin airport is an exception, where SPSVs are required to operate under a fee paid permit system

Reform debates

Taxis are a central part of the transport infrastructure in Dublin, and the state of the taxi industry needs to be seen in the context of the public policy debate around growth in the Irish economy. After the period of sustained economic growth since 2013, there are signs that the Irish economy might be starting to overheat, seen particularly in the soaring cost of housing in the capital.⁶¹ The current debate around transport, including as regards taxis, centres around how the infrastructural needs of a growing city can be met. The following issues that emerged in our conversations with key stakeholders very much reflect this.

A consistent problem cited is the supply of drivers. Despite the high density of taxis, industry and regulatory stakeholders contend that Dublin is suffering from a driver shortage – especially at evenings and weekends. In 2018, the NTA announced a campaign to recruit 1600 new taxi drivers across Ireland, with a focus on Dublin.⁶² It is unusual for a state agency to be recruiting taxis in this way (as opposed to recruiting teachers or nurses), and industry figures have questioned the campaign's effectiveness, and insist that their own recruitment efforts have proved more successful.

Several interviewees confirmed that the growing availability of construction work in Dublin⁶³ has had a negative impact on driver supply. An industry insider notes that:

"More needs to be done to attract people into the [taxi] industry – the problem now is you can earn far more on a building site again rather than driving a taxi, and the hours are more sociable."

– Policy officer, Dublin Chamber of Commerce

Another industry representative notes how, while the number of taxi journeys from Dublin airport almost doubled between 2011 and 2018, the number of licenced taxis has fallen, which is creating:

"Real problems for passengers and businesses."

– Commercial manager, Dublin Airport Authority

Part of the reason for the lack of driver supply stems from the driver entry test that aspirant drivers must pass. According to a senior SIPTU official, driver stakeholders complain that the test is too difficult. Some industry players, including mytaxi, provide assistance with training and undertaking the test.⁶⁴ During 2016, 1,352 candidates took the test. Almost 43 per cent were successful (580), and the average amount of times the test was taken before passing was 3.03. 32 per cent of successful candidates passed at their first attempt and 24 per cent their second attempt. 57 per cent of candidates who failed the test on their first attempt did not try again.⁶⁵

"The issue of driver supply won't be resolved' one industry representative remarked 'unless we address the failure rates with the entry test – there are clearly problems with it."

– Policy officer, Dublin Chamber of Commerce

Another issue relates to the cost of acquiring a WAV that meets the standards set out in legislation, with driver and industry representatives stressing the need for more government subventions for this.

61. <http://www.oecd.org/eco/surveys/Ireland-2018-OECD-economic-survey-overview.pdf>

62. <https://www.nationaltransport.ie/news/nta-launches-campaign-recruit-1600-taxi-drivers/>

63. <https://www.cisireland.com/blog/2017/8/8/irish-construction-activity-statistics-for-first-half-of-2017>

64. <https://www.dublinlive.ie/news/dublin-news/mytaxi-makes-amazing-offer-potential-13451856>

65. https://www.nationaltransport.ie/wp-content/uploads/2013/10/280417_FINAL_NTA_Taxi-Stats.pdf

Taxi representatives also report some tension between full-time and part-time taxi drivers.

"It's always been a big problem. The full-timers feel that there isn't enough work in the first place."

– Senior official, SIPTU, Ireland

However, the deregulated nature of the industry means that drivers are within their rights to work any number of hours they wish, provided it does not exceed the maximum levels (no more than eleven consecutive hours in any three-day period).

In 2013, a high profile RTE television⁶⁶ documentary sought to expose the dangers associated with driver fatigue among part-time taxi drivers. In its wake, driven by a concern for public health, supplementary legislation was introduced that requires all part-time taxi drivers to inform employers in writing that they were also driving a taxi, and the renewal of the SPSV driver's licence is now contingent on part-time drivers providing proof of having done so.

Importantly, in a city where tourism is central to the economy, a number of other matters that might seem minor circulate frequently in the media regarding taxi standards and quality, which take on a role in the public and political discourse to a much greater extent than they do in the UK. There have been a spate of stories recently covering the most high profile cases, some of which emerged during interviews. Customers can lodge complaints regarding taxis and PHVs with the NTA. In 2016, 996 such complaints were made, rising to 1146 in 2017. These mainly concern the condition of vehicles, lost property, aggressive drivers, and disputed fares.⁶⁷

For the most part, the debate is not about how to regulate the market, but how to manage constraints in the wider environment. Worker representatives remark that 'you can't deregulate any further', and the metered fare is the only aspect that is tightly regulated. Citing experiences in Finland, when fares were deregulated, and fares 'went through the roof', the government decided 'not to touch fares' (all according to SIPTU). Thus, it may appear that the debate is frozen and settled; but there are potential issues on the horizon.

Looking forward

When considering the future of the taxi industry in Dublin, it is important to consider two factors. First, the Irish economy is fragile, and is used to periods of boom and bust, and the experience of the 2008-2014 crisis is fresh in peoples' minds. Second, pressure on key infrastructure, including transport, is expected to rise which will have a direct impact on the taxi industry.

In keeping with this, a number of issues may serve as market disruptors in the future:

Pressure for greater political control

Politically and administratively, all responsibility for regulating the taxi sector is outsourced to the NTA, and government figures have little to say about taxis. Thus, day-to-day taxi regulation is outsourced and essentially beyond direct day-to-day political influence. The NTA confirmed to us that they are:

"Conducting a review of the industry's regulatory framework to inform the design of a five year strategy."

– Senior official, NTA, Ireland

66. Raidió Teilifís Éireann, the Irish national broadcaster

67. <https://www.irishtimes.com/news/ireland/irish-news/taxi-complaints-jump-as-passengers-raise-a-stink-about-smelly-vehicles-1.3397947>

This review will consider the regulation of the taxi industry, and will go to public consultation in 2019. The NTA declined to comment on the current debates or future challenges in the industry (NTA correspondence). As issues emerge, regarding for example driver supply, the role of the NTA may be called into question, and there may be growing pressure for stronger political control of the sector.

Ireland 2040: If public transport improves, demand may fall

Dublin's relatively poor public transport infrastructure has been a boon for taxis to date. This important factor that made Dublin such a dense taxi market may be challenged by radical plans to improve public transport. The government's flagship 'Project Ireland 2040' infrastructure programme, that was launched in February 2018, is ambitious, and includes an expansion of tram and bus services in the capital, as well as the introduction of a metro linking Dublin to the airport which, taken together, has the potential to disrupt the taxi market. That said, government does not have a strong track record of bringing big infrastructure projects to completion, and it remains to be seen how much of the 2040 plan will become reality.

Road space and rickshaws

A number of anti-car measures have been introduced in Dublin that limit traffic through the centre at peak times, and plans for the pedestrianisation of parts of the city are in the pipeline. The expansion of tram services also sees taxis competing for road space in the city. In a country where local issues, such as road congestion, can easily become national issues, the question of road space, and the ability of taxis to use bus lanes, may become increasingly contentious.

Legislation is also expected in relation to the provision of rickshaw services, which are currently unregulated. Up to 500 rickshaws operate in Dublin, but are not covered by the SPSV legislation. On 30 May 2018, before the Oireachtas (houses of parliament) transport committee, the transport minister indicated his intention to introduce legislation in autumn that will ban rickshaws outright. Again, the need for regulation is seen primarily as a public health issue, rather than a transport one.

Ride-sharing

Although at the moment ride-sharing apps enjoy little or no competitive advantage in Dublin, as they are regulated in the same ways as taxis, there is no guarantee that the single-tier status quo will be retained indefinitely. In particular, in a country with one of Europe's youngest 'millennial' populations who are more tech-savvy, and who are experiencing the pressures of the high cost of living, the danger of consumer protest calling for 'cheaper market disruptive entrants' to be able to enter to the vital taxi market is certainly possible – especially if driver supply push up prices or limit availability. Technological options that allow for the sharing of taxi journeys are already available, which can allow for the greater utilisation of the fleet and for cheaper fares, which might be reflected in future legislation.

Electric vehicles and automation

Ireland does not have any car manufacturing industry, and serious debate around electric and self-driving cars has not really bubbled up yet. Discussion regarding the implication of automation in the sector are present among specialists and enthusiasts, but any impact feels distant enough that the threat is not perceived as important. In January 2018, the transport minister announced a scheme

that offers SPSV drivers €7,000 towards the purchase of electric vehicles. This is on top of a range of schemes and rebates that includes the installation of home-charging points.⁶⁸ Electric cars account for only 0.25 per cent of the Irish car market in 2017, with just 622 sold out of a total of 131,335.⁶⁹ Over a reasonably short time scale and given the direction of travel in policy coming from Brussels, it can be expected that this will become an issue in the near future, and policy responses will be required to deal with it.

Employment rights

According to SIPTU, there is some discussion about the prospect of taxi representatives lobbying for drivers in the future to be considered as employees of the NTA, given that their entire working-life is regulated by the transport authority. Although unlikely, this could become a live part of the political debate.

The cyclical economy and the ‘Celtic Phoenix’

A major challenge for the industry that has been identified is the countercyclical nature of the labour market, as an overall positive performance in the economy can put pressure on the attractiveness of employment in the taxi sector. Deregulation means licences have little value, as there are limited sunk costs for drivers, and it is easy for drivers to turn away from the industry; the sector then sees a high turnover of drivers, and a decrease in overall supply.

In at least one respect, Dublin serves as a contrast to the other cities in this study, because of its seemingly stable taxi market. For the most part, the debate is not about how to regulate the market, but about how to manage constraints in the wider environment. Overall, the taxi system in Dublin seems to work, and as above, there are currently no major legislative proposals aimed at changing the status quo.

This discussion has so far avoided the largest political issue in Irish political debate – the UK’s planned withdrawal from the EU. After the UK, the country that will be most directly affected by Brexit is Ireland, given the economic, political and social ties between these countries. While the implications of Brexit for Ireland, and for the Irish taxi industry, are impossible to predict, the impact of the UK’s withdrawal on Irish economic activity as a whole is likely to be enormous.

68. A smaller €3,500 grant applies for plug-in hybrid electric vehicles (PHEV) for taxi use, but only those with Co2 emissions lower than 65g/km. Conventional hybrid cars are excluded.

69. <https://www.irishtimes.com/business/transport-and-tourism/taxi-drivers-to-get-7-000-grant-for-switching-to-electric-cars-1.3374249>

7. Models of regulation: Paris, France

Summary:

- In contrast to the other cities analysed in this report, the Parisian and French transport sector is unparalleled in having five legally distinct categories of private hire services: licensed taxis, passenger cars with drivers (VTC in French: véhicule de tourisme avec chauffeur), 'occasional' transport (known as LOTI), voitures de petite remise, and small medical vehicles (VSL: véhicule léger sanitaire). The system emerged on the back of a decade-long tug-of-war between the interior and finance ministries, the latter having a major say in economic policy.
- Since the early 1990s the regulatory framework has undergone substantial changes, leading to the near extinction of voitures de petite remise and establishing a common two-tier system of licensed taxis and two kinds of private hire service, namely VTC and LOTI. The introduction of VTCs followed a decree by the ministry for the economy, industry and employment in 2009 and has opened the market for pre-booked services and airport journeys.
- The impact of increased competition and new technology in the form of app-based PHV ride-hailing intermediaries (Uber, UberX) in 2012/2013 was felt swiftly by the licensed taxi industry. It forced other service providers, including dispatch centres, to lower prices, stoking up tensions in the industry and among drivers.
- From December 2013, blockades and strikes against PHVs have been common, frequently resulting in violence on the streets of Paris, where protesters have torched cars and attacked drivers and journalists. Aiming to create a level playing field, in 2014 the French administration passed the so-called Thevenoud Law,⁷⁰ also known as the 'anti-Uber law', which introduced barriers and rules for PHVs. In 2017, it also closed a legal loophole restricting LOTI licences that left the door wide open for PHV ride-hailing apps.

Regulatory framework: cutting back on 'sleepwalk liberalisation'

In France, LOTI (domestic transport guidance law) regulates the authority of municipalities, departments and regions over domestic transport services (public and private). Municipalities take on the role of administrative authorities for urban transport, but recently regulations have been introduced on a national level to make the private transport sector more flexible (Novelli Law, 2009) and respond to 'Uberisation' (Thevenoud Law, 2014).⁷¹ The former introduced rules for a minicab-style private hire system, whereas the latter marked the beginning of a series of attempts to incrementally introduce higher barriers for private hire services.

Responding to organised strike action by taxi drivers in 2013/2014, the Thevenoud Law imposed a certain number of restrictions and regulations on both taxis and VTCs, including:

- VTC drivers must return to their dispatch after each ride (taxis don't have to);
- VTCs may not use geolocation services (taxis may);
- restrictions on pricing;

70. <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000029527162&categorieLien=id>

71. Further, according to the Transport Code (Article L. 1421-1) and the Thevenoud law (Article 1) taxi drivers must register in a national electronic register.

- the type of car that may be used;
- and new rules for VTC licence applications.

In theory, this meant that the right to accept passengers without pre-booking is exclusively limited to licensed taxi drivers. In reality, most of these restrictions proved largely unenforceable and trade unions organised another round of widespread and intense demonstrations across the country in January 2016. In an attempt to end the violent strikes, then prime minister Manuel Valls stepped in and met with 17 taxi organisations, promising stronger enforcement of existing regulations and introducing common training requirements for VTC drivers and taxi drivers.

The government decided to strengthen the regulation of VTC drivers and suggested financial aid might be offered to the most disadvantaged taxi drivers. Several further attempts to appease the conflict between taxi and private hire drivers have not resolved the issue, including promises of stronger enforcement of the Thevenoud Law and common training requirements for VTC and taxi drivers.

“The Novelli Law (2009) made it too easy for VTC drivers to get ‘immatriculation’ (registration).”

– General secretary, taxi trade union, France

As a way to escape tighter controls and requirements, the LOTI status (in theory available to VTC drivers carrying 2 to 9 people) was widely used by Uber drivers from 2014 onwards. This meant that aside from licensed taxi and VTC drivers, a third category of drivers had emerged operating under LOTI legislation.

Legally, LOTI status is a VTC upgrade for a collective public road transporter that brings several crucial benefits, including the right to use bus lanes, shorter mandatory training than VTC drivers (140 hours instead of 250 hours, see figure 5), and the ability to hire other drivers as employees. According to estimations by *Le Monde* and *Le Figaro* the number of LOTI licences more than trebled, from 20,000 to 70,000, between 2009 and 2015 further increasing tensions between taxi drivers, the government and the private vehicle hire sector. This unofficial figure compares to 15,000 VTC drivers in France, of which about 75 per cent are concentrated in the Paris region.

Figure 5: Key differences between existing private hire licences

	Taxi	LOTI	VTC
Training	250h (every 5 years)	120h	250h
Ply for hire	Yes	No	No
Licence fee	Free (around €150,000 on secondary market)	€900-1,200	€2,000-3,800
Licence caps	No	No	No
Use bus lane	Yes	Yes	No
Vehicle requirements	Up to nine seats, equipped with a taximeter and light, and the ability to transport passengers and luggage	More than 3 seats	4,5m (l) + 1,7 (w) + 84kw + maximum 6 years old
Geographic restriction	Yes	Department + neighbouring	No
Passengers	1 to 9 (max)	Group (minimum 2 people)	1 to 9 (max)

Grandguillaume: resolving the taxi-VTC stand-off and closing legal loopholes

Throughout 2016 and 2017 the national government proposed a series of measurements to resolve tensions between licensed taxis and PHVs. Our research highlighted the stark differences between the interior ministry and the ministry for the economy, which until May 2017 was headed by Emmanuel Macron, the former taking a more protectionist approach to the taxi business, and the latter allowing more flexibility within the transport sector:

“There are two governments in France today: that of the interior minister and the economy minister. They have two completely different discourses on the regulation of work and platforms.”

– General secretary, taxi trade union, France

Some of these proposals included measures to centralise VTC drivers’ registration and the creation of a fund to offset the price of taxi licences. In theory taxi licences are free but, due to the limited number of licences issued by local authority, they can cost up to €150,000 in Paris⁷² but they have fallen in value (see Figure 6).⁷³ If you want to secure a free licence you may have to wait up to 17 years. The shortage of taxi licences in France becomes clear when taking the national total in account: in the whole country the overall number of 55,000 taxis and 10,658 VTCs (June 2016) is well below the combined total of 72,000 in London alone.

Aiming to provide legal clarity and to smoothen tensions in the sector, the government passed the Grandguillaume Law in December 2016, that tightens restrictions on LOTI licences. Having come into force on 1 January 2018, drivers with a LOTI licence may no longer use vehicles with fewer than 10 seats or to operate in cities with more than 100,000 inhabitants. In practice, this means that they are limited to providing occasional services in rural or less densely populated areas. Also, booking centres must supply local authorities with all relevant information on how drivers are complying with these new regulations. It remains to be seen whether they can be effectively enforced but,

72. <http://oecdinsights.org/2014/02/21/rules-of-the-road/>

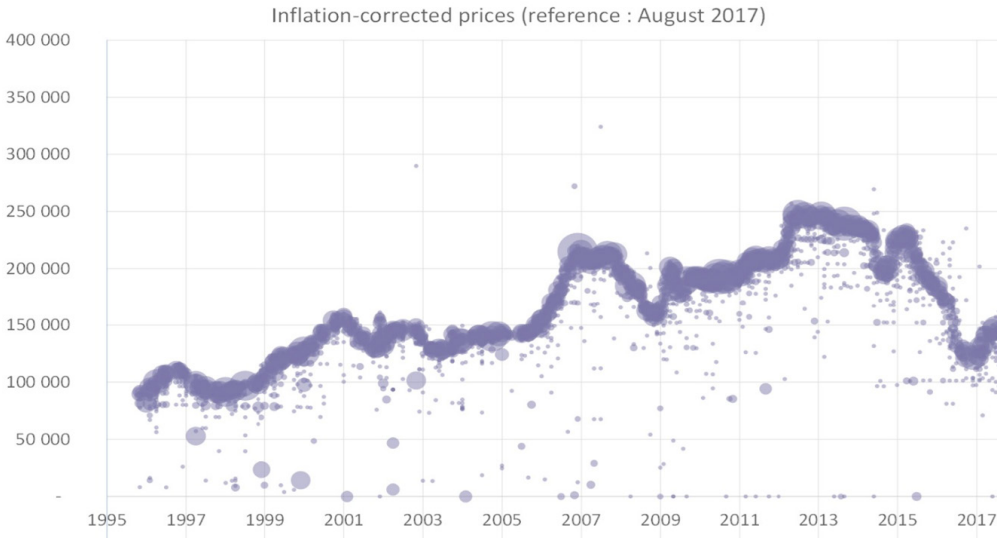
73. <https://6-t.co/en/taxi-license-prices-stabilizing-paris-market-mature/>

at present, it appears as if the tumultuous situation on the streets and between stakeholders has calmed down.

“Since the government passed the Grandguillaume Law the situation has been mostly calm and the two-tier system is here to stay.”

– Industry expert and senior researcher, France

Figure 6: Price development taxi licences, Paris, 1996-2017



Source: Moreau, Verloes and Louvet (2018)

Environment: Anne Hidalgo

If the mayor of Paris, Anne Hidalgo, has her way, petrol powered cars will be banished from Paris by 2030. This is on top of the already scheduled ban on diesel cars from the city’s streets by 2024, in time for the Paris Olympics, and is part of a wider plan to make the French capital being fully carbon neutral by 2050. This is in keeping with the likes of the French carmaker Renault announcing plans to make half of its models hybrid cars by 2022. As part of Mayor Hidalgo’s plan, proposed legislation will be submitted to the Council of Paris in November, under the stewardship of deputy mayor with responsibility for transport, Christophe Najdovski, which will include measures to help drivers to purchase and maintain cleaner vehicles. Details of the plan are yet to emerge, but the potential impact this may have on the taxi and PHV fleets are clear.

Where next under Macron: embracing business and tech

It remains to be seen how Emmanuel Macron and his administration will handle continuing tensions in the taxi and private hire industry and platform economy overall. After one year in office, Macron’s legacy in the Élysée is taking shape. Having proved a formidable campaigner, his transformation from candidate to president has shown that he is not just efficient⁷⁴ and elegant in exercising power but he has also firmly moved France back into the first row of global politics as he has relentlessly championed a pro-business reform agenda.

74. <http://grand-angle.lefigaro.fr/macron-an-1>

The pace at which he intends to reshape the French economy to be more competitive became clear when he pushed through a high-profile labour law in September 2017. It introduced greater flexibility for companies to more easily adapt pay and working conditions. Trade union protests quickly quietened, and became modest by French standards, as some of the provisions introduced were to the unions' liking (such as the right to refuse modified working hours and conditions in large companies).

The question of how digital platforms challenge existing labour laws will remain relevant in French debates over reform. A number of advisory groups close to the government (including the Conseil National du Numérique and France Stratégie) have published reports and proposed new regulations for platform workers. The report by France Stratégie outlines three options for the categorisation of workers in a digital economy: 1) the ad hoc adaption of existing statuses; 2) the creation of a new, hybrid status halfway between employee and independent worker; or 3) the creation of one single worker status for all. Under President Francois Hollande there was sympathy across the centre left for the third option, the most radical one. A single worker status would mean that all citizens have the same rights and access to social welfare regardless of their employment situation. Yet, it remains to be seen where the social-liberal government will take this debate and how it may affect taxi industry.

Ride-sharing/public transport

President Macron has articulated a consistent drive for liberalisation and the 'invention of new regulation' for the modern economy that reconciles 'technology with the common good', and a broad desire to 'create a new social model' (translated from French). In an interview on 24 May 2018, Macron welcomed the announcement by Uber of opportunities for drivers to avail of sick pay and other benefits, but insisted that 'he did not want the American model, which is not regulated, and which lacks political responsibility'.⁷⁵

Alongside Macron's desire for 'capitalism with a human face' (channeling Jaques Delors), he has spoken about finding political solutions to labour market problems. In May 2018, Macron confirmed that:

"I think in certain sectors, in mobility for instance, if you speak about Uber vs. the taxi drivers, if you take Airbnb vs. traditional hotel and leisure companies, you can have conflicts. And the best way is to deal directly with these potential conflicts. And this is for me a political choice. It's not something to deal with the administration. That's a political decision. I want my country to be open to disruption and to these new models."⁷⁶

– Emmanuel Macron, *Forbes* interview, 1 May 2018

Getting the future of the taxi and ride-sharing sectors right is key to Macron's vision of an open, competitive French economy. The French taxi and PHV sectors are highly regulated. If Macron wants to embrace tech, and promote France as a good place to invest in and to do business, his government will need to provide the conditions and regulatory framework for it to work. The carpooling app 'BlaBlaCar' has been a huge success, and is one of only two French unicorns.⁷⁷ The future of BlaBlaCar in France, and of their ability to operate, may provide a test for whether Macron's vision can be fulfilled.

In terms of the politics of ride-sharing, Macron and those around him see that he has a lot on his plate, with the introduction of a swathe of new labour laws, the strike at the SNCF public rail company, the controversial Vidal laws that are seeking to liberalise higher education, and the turmoil at Air France,

75. <https://www.boursorama.com/actualite-economique/actualites/salon-vivatech-macron-veut-reconcilier-la-technologie-et-le-bien-commun-3444807de50df77f953852aba4f52c35>

76. <https://www.forbes.com/sites/randalllane/2018/05/01/exclusive-french-president-macron-says-he-will-end-frances-notorious-exit-tax/#475e36931d2b>

77. That is to say, any tech startup company that reaches a \$1 billion market value as determined by private or public, the other one being OVH, a big data company.

which saw the CEO depart in May 2018. Seeking to deregulate the taxi industry, and to make it easier for ride-sharing and carpooling apps to function, would be in keeping his idea of 'an open France, presented on the international start-up scene', but for now, this a fight for another day.

8. Models of regulation: Madrid, Spain

Summary:

- The Spanish government deregulated a number of key sectors a decade ago, including by lifting the cap on private hire regulation.
- The U-turn came in 2015 when the national government reintroduced tight rules for private hire transport, by strengthening the position of licensed taxis, thus triggering a polarised political debate, that piles increasing pressure on a two-tier system at a time of technological change and disruption.
- At the centre of the conflict between key stakeholders is the proportionality rule which determines that for each PHV licence 30 taxi licences must be granted. The current licensing system needs urgent modernisation in order to respond to increasing demand for transport services.
- Further progress on reform and regulation has been impeded by ongoing political instability in Spain in recent years.

Navigating Spain through the financial crisis

A long period of economic expansion came to an end when Spain's housing bubble suddenly burst at the height of the global financial crisis in 2008. An economy 'built on bricks and mortar' tumbled into a long and painful recession from which the country only recovered in April 2017 when it reached pre-crisis level of economic growth.⁷⁸

Amid the economic downturn, in a bid to boost employment, as the unemployment rate had increased by 8.8 per cent between December 2007 and July 2009,⁷⁹ the centre-left government passed an omnibus law in 2009. The impetus for the omnibus law was primarily driven by the push to liberalise services from EU level that was initiated by the 2006 Services in the Internal Market Directive. This EU directive – also known as the Bolkestein Directive, after the Dutch member of the European Commission who pioneered it – aims at opening up the European services sector and creating a single market for services. In keeping with this, at the centre of the omnibus law stood the attempt to liberalise several key sectors including some professional services, the energy and communications sectors and the taxi and PHV markets.⁸⁰

Up until 2009 the private hire sector was heavily regulated with a number of qualitative and quantitative restrictions for market entry. The reform package of the then Spanish prime minister, José Luis Rodríguez Zapatero, included a wide-ranging deregulation of the taxi regime that sought to lower the hurdles for private hire companies. As a result of the sector's deregulation, the granting of PHV licences soared, consequently igniting tensions between the traditional taxi sector and the PHV sector.

After the Spanish government performed a regulatory U-turn in 2015 by reintroducing restrictions on accessing the PHV sector, the Spanish competition authority, la Comisión Nacional de los Mercados y la Competencia (CNMC) has persistently challenged the status quo. In April 2018, CNMC brought a case to the supreme court – Spain's highest court, in charge of all non-constitutional matters – announced that it would hear an appeal from CNMC regarding whether the existing licensing regime is legal.⁸¹

78. <https://www.ft.com/content/254bb8a8-1940-11e7-a53d-df09f373be87>

79. <https://www.oecd.org/els/emp/43707074.pdf>

80. http://ec.europa.eu/internal_market/consultations/docs/2010/services_directive/spain_en.pdf

81. <http://www.eleconomista.es/tecnologia/noticias/9076408/04/18/El-Supremo-examina-hoy-si-es-legal-la-proporcion-de-30-taxis-por-cada-VTC.html>

Heavily regulated two-tier market with significant barriers

In Spain taxi and private hire legislation is regulated at the national level and is supplemented by regional and local legislation. The relevant law at national level is the Organic Law on Overland Transport (LOTT 2013) and the Regulation on Overland Transport (ROTT 2015), of which the latter is the legal source for the two-tier system and distinction between licensed taxis and PHVs that prevails in Spain.

Accordingly, licensed taxis:

- have the right to ply-for-hire on the streets;
- are restricted to certain pick-up zones in respective cities and metropolitan area;
- have working hours regulated by regional and local administrations;
- are subject to tariffs that are fixed by local authorities;
- have the number of licences issued determined by local councils.

To provide taxi services, drivers must obtain a licence (licencia de autotaxi). Licences are granted by the local municipal government where the taxi activity is to be performed – or in some instances, by an entity grouping different municipalities together. Each municipal government determines a cap on taxi licences in each municipality. To obtain a licence, licensed taxi drivers must pass an exam.

In addition, regional and local rules are very strict when it comes to the technical requirements for licensed taxi vehicles. They must be easily identifiable with a plate, and must pass a technical test that is administered by the local authority, and local authorities may even suggest the model or type vehicle that is most suitable.⁸² Regional authorities determine fares following a proposal made by the local authorities following consultation with the relevant professional associations.

In contrast, PHVs:

- are not permitted to pick up passengers on the street;
- are obliged to provide 80 per cent of their services within the regional area of authorisation;
- do not have limits to working hours set by local authorities;
- are free to set their own tariffs;
- may only be operated in fleets of a minimum of seven vehicles.

Crucially, only one PHV licence will be granted for every 30 taxi licences, although the regional governments (of which there are 17 in Spain) are able to nuance this ratio.

The regulatory regime in Madrid is highly political, and:

“The two-tier system in place today mirrors rules and number of licences from the 1990s.”

– Policy adviser, government agency, Spain

82. <https://ec.europa.eu/transport/sites/transport/files/2016-09-26-pax-transport-taxi-hirecar-w-driver-ridesharing-final-report.pdf>

Compared with other cities in this sample (e.g. London), there is currently no back-to-garage rule for PHVs, which means that they must not return to their place of business after finishing a job (this was declared null in 2012), but PHV drivers must document their journeys in order to prove that their journey was previously arranged.

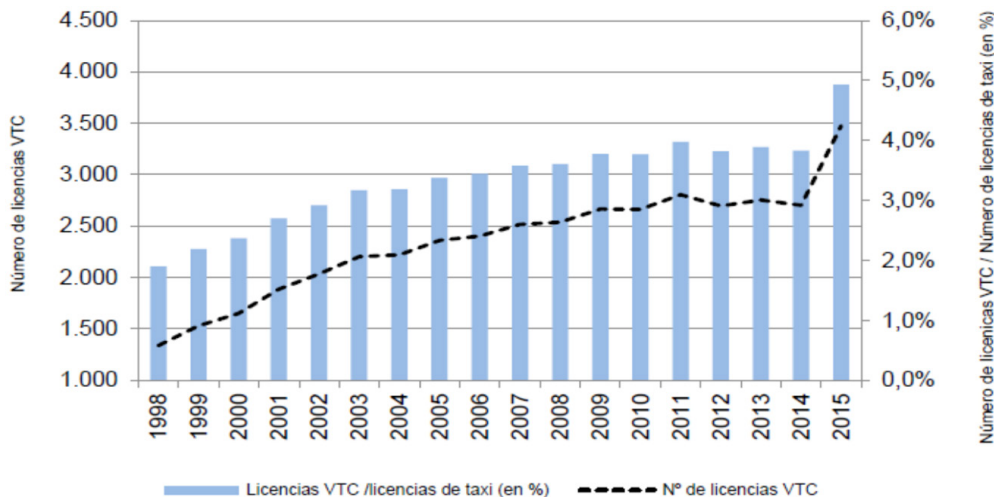
In Madrid and other Spanish cities technical specifications also apply to PHVs depending on local rules. One thing that has stood out in the case of Madrid is that until recently, only legal entities with a minimum fleet of seven vehicles were able to operate PHV services. In June 2018, this rule was overturned by the Spanish supreme court.⁸³ However, the legacy of this is that the PHV industry consists largely of small-to-medium enterprises with a market structure based on self-employment⁸⁴ – although this may now change.

Rocking the boat: the proportionality rule

At the heart of the tensions between the protagonists of an evolving regulatory battle – which sees the government and taxi industry on the one side and competition authority and challengers (such as Uber and Cabify representing private hire transport industries) on the other side – is the proportionality rule. As above, PHVs have a quota of only one for each 30 licensed taxis, which was scrapped during Zapatero’s reform of the service industries in 2009 (the omnibus law) and reintroduced in 2015 by the ministry of public works and transport, and upgraded to royal decree by the council of ministers in April 2018.⁸⁵

During that period 2009-2015 regional governments issued PHV licences. Whereas the number of taxi licences has largely remained unchanged since 1995 at around 70,000 in the whole country, of which 15,000 are in Madrid, the number of PHV licences has been steadily rising (see figure 7).⁸⁶ Figure 7 also shows that licences in the PHV market do not reflect a 1:30 ratio any longer, but that it is rather one PHV licence for roughly each 20 taxi licences. In interviews experts estimated that a more precise ratio today would be 1:10.

Figure 7: Overall number of PHV licences relative to taxi licences, Spain, 1998-2015



Source: OECD (2018)

83. See REC.ORDINARIO(c/d) núm.: 438/2017, Ponente: Excmo. Sr. D. Eduardo Espín Templado. Letrado de la Administración de Justicia: Ilmo. Sr. D. Luis Martín Contreras

84. <https://ec.europa.eu/transport/sites/transport/files/2016-09-26-pax-transport-taxi-hirecar-w-driver-ridesharing-final-report.pdf>

85. <http://www.europapress.es/economia/noticia-gobierno-blinda-real-decreto-ley-limitacion-empresas-uber-frente-taxi-20180420143633.html>

86. [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2/WD\(2018\)11&docLanguage=En](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DAF/COMP/WP2/WD(2018)11&docLanguage=En)

The CNMC has lodged appeals in the national courts against the royal decree which reintroduced the proportionality rule. The competition authority argues that existing regulation is overly protective of incumbents, and that the current system creates monopolistic returns by artificially limiting the number of new licences that are granted. In a report the CNMC estimate that the annual loss in the well-being of consumers linked to this restricted of competitiveness stood in the millions of euros each year.⁸⁷

The taxi lobby stresses that the combination of precarious working hours, with drivers working sometimes up to 60 hours a week⁸⁸, the onerous service requirements, and the incapacity of taxi drivers to compete with PHV drivers who don't have to bear the full burden of the licensing costs⁸⁹ are all reasons that justify the tighter regulation of PHVs.

Self-imposed vs forced change of the industry in times of political instability

The key challenge for the future of the sector in Madrid is to strike a balance between modernisation and stability. As is the case in Paris there is an ongoing push and pull when it comes to the modernisation of the taxi and PHV industries.

There is a push towards the modernisation of the industry, which is brought about by actors that are both internal and external to the traditional taxi industry. Internally, there is evidence that the taxi industry is changing through self-proposed measures, such as via the promotion of ride-sharing operations, and the increased use of technology, including through the use of mobile applications to facilitate taxi bookings. Externally, the competition authority and challengers to the traditional industry will keep the pressure up, for now mainly via the courts.

Among existing stakeholders, there is a sense of protection from the disruptive impact of technology which the industry considers a risk to the quality of private hire transport overall. The taxi industry will continue to push to keep existing legislation in place if they don't see that there is anything to gain from change. As a consequence, certain measures and actors have pulled the taxi industry back to a status-quo orientated position that is less open to modernisation.

Importantly, the decision to maintain the proportionality rule through the royal decree has pulled the taxi industry back to a protectionist state; many actors within the taxi industry and within government, and virtually all actors in the PHV industry have argued that this could have negative consequences further down the line for the industry.

In our interviews with stakeholders it was mentioned that one option to release the pressure in this polarised debate would be to lift the licence cap for both taxis and PHVs based on assessment of the demand for urban transportation, private and public, in urban areas. This intermediary strategy would have to be designed for not bringing disadvantages to local traffic regimes, for example, by causing higher congestion in Madrid, especially in densely populated metropolitan areas, or by disrupting public transport services. We also sensed that local authorities might rethink their approach to taxi and private hire regulation for tech companies to grow (e.g. Cabify which is the only Spanish unicorn tech start-up).⁹⁰

With the most recent developments at national level in mind, and the newly constituted minority government led by Pedro Sanchez (1 June 2018), there are concerns that Spain might go through another period of political instability. Just as in 2015 and 2016 when inconclusive elections meant that the country was without a permanent government for ten months the situation today might also lead to a deadlock in parliament which could hold back further reforms.

87. <https://www.cnmc.es/ambitos-de-actuacion/promocion-de-la-competencia/informes-economicos-en-legitimacion-activa>

88. <https://www.xataka.com/vehiculos/mas-caos-en-el-mundo-del-taxi-el-tribunal-supremo-concede-nuevas-licencias-para-uber-y-cabify>

89. <https://www.adsizone.net/2014/10/14/los-taxistas-de-madrid-persiguen-y-denuncian-los-conductores-de-uber/>

90. <http://uk.businessinsider.com/startups-that-became-unicorns-in-2018-by-crossing-1-billion-valuation-list-2018-4?r=US&IR=T/#caocao-zhuanche-is-a-china-based-ride-share-company-that-operates-a-fleet-of-electric-and-hybrid-cars-in-china-3>

Madrid 2020: moving towards a car-free city centre

As in other major European cities, Madrid's local authority is preparing for a car-free future, in the city centre at least. Under the Sustainable Urban Mobility Plan (SUMP), presented by the municipal authority in 2014, vehicular access to the city's downtown will be limited to residents and service providers – including ambulances, commercial deliveries and taxis. In a bid to reduce traffic, improve air quality, and boost competitiveness, the Spanish capital is projected to cut the share of daily trips by private vehicles from 29 per cent to 23 per cent by 2020. The measures are arranged along four axes, namely: sustainable mobility; low emissions urban management; adaptation to climate change; and citizen awareness. The budget for the period 2017-2020 is €543.9 million.⁹¹

This is in keeping with the plans of the mayor's office in other major European cities, including Paris (see earlier section on Paris), and is a further sign of the growing momentum worldwide for open, pedestrianised city centre streets, which will have inevitable consequences for the taxi and PHV sectors.⁹²

"For me – the results are going to be good for the taxis, because of restrictions of use of private cars in the centre of the city."

– Representative from the Municipal Transport Authority of Madrid, Spain

As part of this plan to restrict traffic circulation in the city for non-residents, fines will be imposed from February 2019, but as above, taxis and PHV vehicles will still be able to circulate. This is linked to another key piece of the city's infrastructure improvement plan, dubbed 'Plan A' or the 'Air Quality and Climate Change Plan' (part of PSOE's electoral manifesto), which will establish timetables for the circulation of taxis, PHVs, motorcycles, zero emission vehicles, carpooling vehicles, public transport, industrial and commercial vehicles, goods distribution vehicles, and residential service providers in an attempt to relieve congestion and improve air quality.⁹³

Plan A also contains a block of initiatives that are designed to promote low emission technology, electric mobility and actions on emissions from strategic fleets including buses, taxis, and freight. From 2017 EMT (Empresa Municipal de Transporte/Municipal Transport Authority of Madrid) increased subsidies for the renewal of taxis of up to €1.5 million in 2017. The EMT will have a low-emission fleet by 2020, and taxis that are renewed after 2018 must qualify to strict ecological standards.⁹⁴ There are also important private initiatives of note, with the likes of Iberdrola – the multinational utility company that supplies energy to Madrid – setting the trend, by promoting the use of electric vehicles among its workforce by offering grants of up to €6,000 to purchase clean vehicles and to install charging points.⁹⁵

In April 2018, broadly under the scope of these plans, the EMT also introduced a smartphone app that aims to 'gather all of the mobility service providers operating in Madrid together in the same tool' to provide users with 'different, more efficient and eco-friendly ways to travel across the city'.⁹⁶

While this app only gives estimated taxi fares and are nothing to do with e-hailing, these ambitious plans are a step towards making Madrid 'more people-oriented', with less pollution and more freedom for people to move about safely.⁹⁷ All in all, this attempt to ban private cars from the city centre, while seeking to promote smart, integrated public transport networks in the city centre, presents real opportunities for the taxi and PHV sectors, but equally threats, if the specifications and requirements create high costs for operators. However, it should be borne in mind that Spain is a highly fragmented political culture, and as political stars rise and fall – including that of the leftist coalition that currently runs Madrid city council – so might the fate of these and other ambitious initiatives.

91. <https://www.energynews.es/en/madrid-an-a-plan-to-halve-its-mobility-emissions-by-2030/>

92. <https://www.smartcitiesdiver.com/ex/sustainablecitiescollective/madrid-rolling-out-plan-ban-cars-city-center/1034421/>

93. <http://www.rtve.es/noticias/20180523/area-madrid-central-quedara-cerrada-trafico-para-no-residentes-desde-noviembre/1738473.shtml>

94. <https://www.energynews.es/en/madrid-an-a-plan-to-halve-its-mobility-emissions-by-2030/>

95. <https://www.iberdrola.com/press-room/news/detail/iberdrola-pone-en-marcha-un-plan-de-movilidad-sostenible-con-23-iniciativas-5273276220160817>

96. <http://www.eltis.org/discover/news/maas-madrid-new-mobile-application-shared-mobility>

97. <https://www.smartcitiesdiver.com/ex/sustainablecitiescollective/madrid-rolling-out-plan-ban-cars-city-center/1034421/>

In Madrid, it is clear that the reform debate centres around mobility in general, and the question of pre-arranged taxi and PHV services, and on the street services. The political will to address the protectionism set deep within the industry remains strong, but political instability at the national and regional levels makes it very difficult for any real reform to take place.

In all likelihood, to address the flaws in the system in Madrid, authorities will need to change the licensing system, and may need to provide compensation to existing licence holders, as a reflection of any potential loss of income that they may incur from any reforms.

PART IV

9. Future trends in the industry

This report and its analysis of the taxi transportation sector in key cities across Europe indicates that the taxi and private hire industry is likely to be shaped by a number of critical trends over the next decade:

Making shared mobility work in big cities

More people will live in major cities in the coming decades. Cities are increasingly the growth engines of national economies, but their populations are expanding rapidly, putting pressure on shared transportation infrastructure. Many European countries, including the UK, are devolving powers to the city level through directly elected mayors who have the legitimacy and authority to take the lead in planning transport services. Growing cities are in urgent need of sustainable transport infrastructure and 'shared mobility', not least to promote liveability and environmental sustainability by reducing rates of emissions and air pollution. Increasingly, policymakers have to 'think green' and confront environmental limits. In Edinburgh, for example, new requirements are being introduced on emissions and the age limits of both licensed taxis and PHVs.⁹⁸ By 2020, all taxis and PHVs will have to be less than five years old. In Dublin, for new SPSV licences vehicles will have to be less than six years old. Madrid is working on a strategy to promote electrical mobility. At the same time, owning a private car was once an important status symbol in western societies, but is increasingly regarded as incompatible with the goal of creating and maintaining liveable 'smart' cities. Taxis ought to be a core element in the public service provision of shared transport services, creating an infrastructure that can be personalised to the needs of increasingly tech-savvy consumers. In Dublin, for example, taxis have long been referred to as 'small public service vehicles'. As the city expands its public infrastructure, Dublin licensed taxis may be required to ensure shared mobility and full integration with other transport services.

Reducing social exclusion by ensuring transport mobility works for all

At the same time, more people in western countries are at risk of being unable to access major public transport networks, as a result cut off from the major sources of employment and material prosperity. Research by the United Nations suggests that there is a strong link across the world between transport access and poverty. The least well-off in society tend to be concentrated on the periphery of urban areas where housing costs are generally lower. However, poorer consumers struggle to access both public and private transport infrastructure, and suffer greater social exclusion as a consequence. In Dublin, for example, only 38 per cent of the population have good access to public transport, according to the European Commission.⁹⁹ Often, the biggest issue is 'last mile connectivity', the leg of a commute between the major public transport access point (such as a railway station or bus depot) and home, which disproportionately affects older people and those with disabilities. Clearly, shared transportation models using taxis could help to breakdown the social exclusion that arises from lack of access to public transport, if taxis are brought within the public transport service infrastructure. Research for the OECD indicates that extending the integration of transport services from inner cities to entire metropolitan areas or 'city-regions' has major benefits in reducing carbon emissions, prices and traffic volumes. For instance, across the city area of Lisbon in Portugal used in the OECD's trial, 'full-scale implementation of shared mobility' reduced CO2 emissions by 62 per cent.¹⁰⁰

98. The local authority has recently revised its plans; now, vehicles that already have licences must be less than ten years old by 2020.

99. http://ec.europa.eu/regional_policy/sources/docgener/work/2015_01_publ_transp.pdf

100. <https://www.itf-oecd.org/transition-shared-mobility-how-cities-can-deliver-inclusive-transport-services> Accessed 18th May 2018.

Dealing with the rise of the millennial consumer

The rise of a generation of 'millennial' consumers, those born between the early 1980s and the late 1990s, will continue to have a transformative impact on the shared mobility transport sector. The evidence indicates that millennials have a 'dynamic multimodel lifestyle': they do not have a desire to own their own cars, are knowledgeable about technology, are enthused by collaborative transport solutions, and are willing to pay for transport mobility as a service. According to TfL, the proportion of households in London that own one or more vehicles has fallen over the last decade to 54 per cent. In an inner-city borough such as Islington, only a quarter of households own a car, while those under 40 make fewer trips by motor vehicle.¹⁰¹ Research by the Department for Transport (DfT) demonstrates that 36 per cent of men and 26 per cent of women born in the millennial generation had a driving licence, compared to 54 per cent of men and 35 per cent of women in previous generations.¹⁰² Of course, not all millennials have rejected owning their own car. But across the economy, there is a move away from the production of goods to the provision of services. Some experts refer to this as the rise of the 'sharing' or 'collaborative' economy, based on 'access' to services and infrastructure as a principle, as opposed to 'ownership'. As a consequence, the trend is undoubtedly away from private car ownership towards collaborative 'shared transport' models, creating a fresh pool of active, demanding consumers for the taxi and PHV industry especially.

Dealing with an ageing population in western cities

The growing importance of millennials is matched by the ageing population of western countries, even in the big cities. In London, for example, the proportion of people aged over 65 is expected to grow by 34 per cent up to 2031, an increase of 300,000.¹⁰³ Older people cherish their independence, good mobility and the chance to visit family and friends across a wide geographical area, and mobility is crucial for long-lasting physical and mental well-being. But older people have particular needs too in using services, notably accessibility (particularly those with chronic conditions or a disability), as well as safety given the greater prevalence of physical vulnerability in this cohort. Moreover, taxis and PHV services are critical in enabling older people to access public services while remaining in their own home for longer, for example making regular visits to outpatient services in the NHS. All London black cabs are wheelchair accessible. According to a recent report by the International Longevity Centre thinktank, '1.45 million over-65s in England struggled to get to a hospital, while 630,000 had difficulty getting to their GP's surgery'.¹⁰⁴ Although older people now have concessionary bus and train passes in England and Wales, the report pointed out that bus services alone are inadequate for good mobility, even in urban areas. More effective mobility solutions can be part of the long-term answer to the challenge of social care and health service sustainability, where the taxi industry has a vital role to play.

Preventing a 'race to the bottom' in working conditions

The nature of work, including driving taxis, will continue to change, raising new concerns about employment conditions. Although there are vocal protests in many countries about the loss of jobs in traditional industries and the rise of flexible labour markets – accompanied by the perceived erosion of working conditions – the structural trend is towards the ongoing liberalisation of labour markets. Across continental Europe, policymakers are determined to break down the barriers between labour market 'insiders' and 'outsiders' to promote employability and reduce dependence on traditional welfare systems. This goal is shaping government policy and EU-level regulation, even in countries such as France. In the UK, which has among the most flexible labour markets in the industrialised world, there is a reluctance to introduce legislative changes that might weaken employment flexibility, despite pressure for reform. There are fears of a 'race to the bottom' in the taxi and PHV industry driven in part by the entrance of new players to the market. In these countries,

101. <http://content.tfl.gov.uk/technical-note-12-how-many-cars-are-there-in-london.pdf> Accessed 10th May 2018

102. <https://www.inmotionventures.com/millennials-disrupting-movement/> Accessed 23rd May 2018

103. <https://www.healthyrbandevelopment.nhs.uk/promoting-healthy-communities/healthy-places-and-communities/ageing-population/> Accessed 29th May 2018.

104. Cited in <https://www.theguardian.com/politics/2015/jun/19/public-transport-failing-older-people> Accessed 24th May 2018.

established taxi drivers fear that lightly regulated new market entrants will drive down wages and working conditions; in Paris, for example, there is evidence licensed taxi drivers now have to work much longer hours. Spain is still an outlier, committed to the preservation of its two-tier labour market. Yet even in Madrid, there are concerns that established taxi drivers have to work even longer hours to make ends meet in the face of competition from PHV drivers. Meanwhile, the competition authorities have been asked to rule on whether the existing system is too advantageous to incumbents. Finally, in Dublin, legislation that harmonises fares across all taxi and PHV providers cancels out any price advantage that new market entrants such as Uber can obtain elsewhere.

Addressing the long-term impact of automation and new technology on the industry

The pace of technological change means that the nature of the taxi business continues to change. The most compelling development in the taxi transportation sector is the rise of autonomous vehicles (AVs). If automation of motor vehicles can be made to work effectively in cities, it is likely that some taxi services will increasingly be operated by computers rather than people. London, among other cities, has already witnessed pilot experiments trialling the use of AVs in urban areas. As a recent US report puts it, 'when autonomous vehicles take over the driving, drivers will need to retool their skill set to relevant opportunities that this new environment creates – akin to the industrial revolution or even the mass adoption of computers, the internet or even the mobile device'.¹⁰⁵ There are still likely to be groups of consumers, for example, people with disabilities and those with limited mobility, who may require help, and those who prefer the personal touch and are prepared to pay for a premium personalised service with a driver still present. Thus, other types of employment might also be created in the taxi industry as a consequence of the rise of automation.

Summary

Whatever happens next, it is clear that regulators and policymakers, as well as the entire transport sector and taxi/PHV industry, will need to continue responding to a series of critical technological and demographic challenges in the future. Markets, consumers and suppliers will not stand still, and the pace of change in the taxi transportation industry across countries is accelerating.

105. <https://betterworkingworld.org/workforce/the-future-for-drivers-in-the-driverless-future>
Accessed 23rd May 2018.

PART V

10. Conclusion: policy proposals

Through our research, and our consideration of best practice from a cross-section of European cities, we have identified a number of proposals for the regulation of the taxi and private hire sector in the UK. These are designed to help regulators, in conjunction with stakeholders in government and public agencies, to address the challenges of the digital era that the taxi and PHV industries now face. These are divided into short-term goals that can be addressed by policy-choices within a relatively short time frame (1-5 years); and long-term goals that should be carefully considered by decision-makers in planning cities and towns into the future.

Short term proposals – the here and now:

- There is a robust case for **the introduction of national minimum standards** in England (the issue is devolved in Scotland, Wales and Northern Ireland) in relation to pricing and licensing requirements for drivers. These should govern the entire industry given the problems posed by 'cross-border hiring', providing a safety and security guarantee. The forthcoming government green paper on 'modernising consumer markets' will focus on how to ensure the best deal for customers across service industries.
- **Policymakers need to define 'good' employment practices for drivers given the changes in the nature of the industry**, which is becoming increasingly populated by women and well-educated workers in a number of countries, notably Ireland and France. Moves to regulate self-employment, as promoted in the UK through the Taylor report,¹⁰⁶ and to make labour markets more flexible, as proposed by the Macron government in France, will have a major impact on the industry. The creation of 'intermediate' employment status between employment and self-employment may have a serious effect on the cost base and competitiveness of parts of the industry, however, which needs to be recognised.
- **Regulatory authorities such as TfL should conduct an urgent review of the regulations overseeing 'ride-sharing' services** where there are concerns about the legal insurance status and screening arrangements for PHV drivers, and for the safety of passengers.
- **A key challenge is the need to raise the level of technical skills throughout the taxi and PHV workforce, especially regarding IT-related skills.** Equally vital are re-training opportunities for those who are compelled to change jobs as a result of automation. Governments have to take the lead in creating lifetime learning systems that can enable drivers to make the transition into new forms of work. The UK should aim to have the best educated workforce in the world that embraces the taxi and PHV industry.
- **The industry will need to work with less 'tech-savvy' consumers**, such as older people living in communities outside London and the major cities, to make the most of digital platforms in reducing prices and enhancing customer experience in the taxi and private hire industry. Concerted action is needed in the transport sector to ensure the impact of the 'digital divide' does not get worse, more effectively linking peripheral areas with urban areas and inner cities.

106. <https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices>

- **Business models throughout the industry will continue to evolve. Innovation needs to be encouraged.** In addressing the needs of millennial consumers and older people, for example, and in developing shared mobility transport systems in major cities, taxis might increasingly become a ‘subscription-based’ service akin to Spotify or Netflix. Rather than owning their own vehicle, consumers would pay a monthly or annual fee to access taxi services within a defined geographical area. Models such as these have the potential to revolutionise the shared transportation sector.

Long term proposals – planning for the future:

- **Smart planning approaches will be needed in our cities** to make the most of the revolution in the shared mobility transportation sector away from private ownership and towards collaborative ownership. For example, taxis will need to be seen as part of the core public service transport infrastructure offer in cities, as is the case in Dublin, where taxis are already referred to as ‘small public services vehicles’.
- The transport infrastructure of the future will need to be digital, not only physical, to meet the diverse needs of consumers. As the OECD puts it, ‘shared mobility solutions can indeed be a powerful catalyst for change for the quality of life in urban areas’.¹⁰⁷ TfL in London should allow passengers more scope to ‘personalise’ their journeys, linking transport hubs with well-regulated taxi and PHV services. **The goal should be a seamless transport infrastructure that embraces diverse modes that link taxis and PHVs with public rail, buses and bicycles.**
- **Smart cities must have the capacity to think creatively.** Further steps in infrastructure planning are needed. For instance, while traditional taxi ranks will continue to have a place in linking passengers with major public transport hubs, smart technology can also be used to provide charging points for taxi vehicles, and to manage the supply of vehicles as the proportion of electrified vehicles in the fleet continues to grow. The arrangement whereby drivers using ride-hailing apps are provided with a designated waiting area, or ‘smart taxi rank’ at Heathrow airport, might provide a template for future planning, although this will have inevitable impacts on traffic congestion, which could be addressed by the levy of a ‘curb’ or waiting fee.¹⁰⁸

Summary:

One size does not fit all; regulatory oversight of taxis and PHVs has to be fit for purpose and suited to the needs of particular localities and communities. There should be constructive dialogue between policymakers, industry stakeholders, and political representatives to take forward smart solutions to the challenges raised in this report. Our analysis of best regulatory practice across fast-changing markets is one contribution towards the debate about a shared transport mobility system for the future. Our key conclusion is that while we detect evidence of regulatory convergence across five European cities, there is no reason why distinct ‘single-tier’ and ‘two-tier’ systems should not be preserved in accordance with the needs of a locality. The consideration of factors such as caps, ratios and driver numbers are best determined by local public authorities familiar with customer needs and pressures in the particular context of that town or city. London’s black cabs are more than just a means of travel – they are a proud part of the city’s heritage.

107. <https://www.itf-oecd.org/transition-shared-mobility-how-cities-can-deliver-inclusive-transport-services> Accessed 18th May 2018.

108. <https://www.itf-oecd.org/shared-use-city-managing-curb-0>

APPENDIX I

11. Glossary of key terms

- Bolkestein Directive:** Also known as the ‘Services in the Internal Market Directive’ (2006/123/EC), after the Dutch member of the European Commission who pioneered it, aims at opening up the European services sector and creating a single market for services.
- Carpooling:** (Also car-sharing, ride-sharing or lift-sharing) involves the sharing of car journeys by more than one person, which prevents the need for multiple car journeys.
- Dispatch operators:** Those who provide a booking service to arrange taxi or private hire journeys.
- Euro 5:** The part of the European emission standards, toxic emission: stages and legal framework that is relevant for light passenger and commercial vehicles – 715/2007/EC.
- Hybrid engine:** An engine that uses two or more distinct types of power, most commonly, a petroleum-electric hybrid uses electric motors and internal combustion engines (generally using petrol or diesel fuel) to power the vehicle.
- Mileometer:** An instrument used for measuring the distance travelled by vehicles - also known as an odometer.
- Plying for hire:** Searching for or being available for customers to hire on the street, without the need for pre-booking.
- Private hire vehicle (PHV):** A vehicle with a driver that can only be pre-booked and cannot ply for hire on the street or stand at taxi ranks. The fare for the journey must be agreed in advance with the customer. PHVs may not usually use bus lanes and may not be fitted with a taximeter.
- Ride-hailing:** Sometimes called ‘ride-sharing’, involves the hiring of a car with a driver, accomplished by hailing a car and driver from an app, hailing a taxi from the street, or calling a car service on the phone.
- Taxi/taxicab:** A licensed vehicle with a licensed driver that can ply for hire on the street or stand for hire at taxi ranks or be pre-booked by or for a passenger. Taxis can usually use bus lanes when operating, and must usually display a taximeter.
- Taximeter/meter:** A mechanical or electronic device installed in a taxi vehicle that calculates fares based on a combination of distance travelled and waiting time.
- Unicorns:** Any tech startup company that reaches a \$1 billion dollar market value as determined by private or public.

APPENDIX II

12. Abbreviations used more than once

- CNMC:** La Comisión Nacional de los Mercados y la Competencia / the Spanish competition authority.
- DAA:** Dublin Airport Authority.
- DCC:** Dublin Chamber of Commerce.
- EMT:** Empresa Municipal de Transporte/Municipal Transport Authority of Madrid.
- LOTI:** Voitures de petite remise / 'occasional' vehicle (Paris).
- NTA:** National Transport Authority (Ireland).
- SIPTU:** The Services Industrial, Professional and Technical Union, Ireland's biggest trade union, with 200,000 members.
- SPSV:** Small Public Services Vehicle (Dublin).
- TfL:** Transport for London.
- VSL:** Véhicule léger sanitaire/ small medical vehicles (Paris).
- VTC:** Véhicule de tourisme avec chauffeur / Tourism vehicle with driver (Paris).
- WAV:** A taxi or PHV that meets a number of vehicle specifications that are designed to allow use by at least one person seated in their wheelchair with at least one other passenger.