

Information Paper

**Sub-Committee on
Road Traffic (Temporary Reduction of New Territories Taxi Fares)
Regulation 2003 and
Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No.2)
Regulation 2003**

New Territories Taxi Temporary Fare Concession

Purpose

This paper informs Members of the findings of the surveys to review the effectiveness of the New Territories (“NT”) taxi temporary fare concession and the plan of the Administration on the way forward. It also gives a brief account of the enforcement actions taken by the Administration against illegal use of radio transceivers by some NT taxi operators.

Background

2. At the meeting on 3 June 2003, the Chief Executive-in-Council approved the making of the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 and the Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 to give effect to a NT taxi temporary fare concession from 8 June 2003 onwards for a period of six months.

3. The Administration has the responsibility to facilitate the request of the NT taxi trade, to ensure a level playing field in the market and to respond to the call of the community for reduction in public transport fares. The Legislative Council Panel on Transport was consulted on 2 June 2003 on the concrete proposal of NT taxi temporary fare concession and supported the implementation of the concession.

4. The temporary fare concession was a self-initiated move by the NT taxi trade as represented by all 10 NT taxi associations which are members of the Conference on New Territories Taxi Operations of Transport Department. The Conference has been an effective communication mechanism for the Administration to consult the trade. This mechanism has proved to be effective on many occasions including, for example, previous taxi fare increase applications in which the Administration took forward the majority view reflected in the Conference and relaxation of no-stopping restrictions. There was no major argument from the trade in handling these issues.

5. Those NT taxi drivers who opposed the concession were in the minority at first, but changing situation has caused more objections. On 6 June 2003, some NT taxi drivers who objected to the temporary fare concession staged a slow drive protest action, arguing that the fare concession would adversely affect the income of frontline drivers. There were also press reports that some drivers, who were related to syndicates which offered fare discount illegally, were able to capture a large proportion of long-distance NT taxi trips and thus strongly opposed the temporary fare concession to prevent their business from being affected by the concession.

6. We met with the representatives of the NT taxi drivers concerned on both 6 and 7 June 2003. We advised them that the temporary fare concession was supported by the majority of the trade and that it might help boost their business. In addition, the fare concession could also help relieve the burden of the public on public transport fares.

7. To address the concern of the taxi drivers and after further discussions with the 10 major NT taxi associations, we agreed to conduct a survey to ascertain the views of all concerned from the NT taxi trade on whether the temporary fare concession should continue, on the basis that the fare concession would be implemented on 8 June 2003 as scheduled, and the survey would be completed in time for a decision to be taken on the way forward within one month after the commencement of the concession.

8. In collaboration with the NT taxi trade, we have implemented a series of measures to promote the temporary fare concession. These measures included displaying big banners at designated taxi stands, broadcasting Announcements in Public Interest on radios as well as distributing concessionary fare notice to passengers and tourists.

9. At the Sub-Committee meeting on 19 June 2003, Members discussed the surveys to be conducted by the Administration for reviewing the effectiveness of the NT taxi temporary fare concession. These surveys include a survey on the NT taxi trade, a survey on passengers and a taximeter reading survey. Members suggested that we should only use the survey findings on NT taxi trade to decide whether to continue with the concession as this was the understanding of the trade. We subsequently made a public statement that we would decide on the way forward on the basis of the majority view reflected by the results of the survey on the trade, and that the other related information such as passengers' opinion and operating statistics of NT taxis would be mainly for reference purpose.

10. At the same meeting, some Members also opined that the Administration should step up enforcement actions against illegal use of radio transceivers by individual NT taxi operators in order to protect the interest of the trade as a whole.

Survey Findings

Survey on the NT Taxi Trade

11. This survey comprised two parts, one for NT taxi drivers and another one for NT taxi owners. The detailed design of the questionnaires has taken into account the views of the taxi trade, and it was agreed that the results of each part would carry equal weight. A total of 3,454 valid questionnaires were received from NT taxi drivers, representing about 75% of the estimated total number of in-service drivers. The number of valid questionnaires received from owners was 1,528, which is about 54% of the total number of registered NT taxi owners.

12. Overall, the survey results indicated that about 80% of the respondents (including about 86% of the taxi drivers and 74% of the taxi owners) objected to the continuation of the temporary fare concession.

Survey on Taxi Passengers and Taximeter Reading Survey

13. These two surveys were conducted to help us better understand the impact of the concession on the trade and the operation of the trade in general.

14. The survey on taxi passengers is to assess passengers' awareness of and their views on the temporary fare concession. Some 1,800 NT taxi passengers were successfully interviewed and their response was as follows -

	<u>Yes</u>	<u>No</u>
(a) whether respondents have taken more rides	35%	65%
(b) whether respondents will take more rides	46%	54%

15. For the taximeter reading survey, the findings indicated that there were increases in the average daily number of paid trips per NT taxi, the average daily paid kilometres per NT taxi and the average daily fare revenue per NT taxi during the period between 8 June to 3 July 2003 (i.e. after implementation of the concession) as compared to March to May 2003. The increase in long trips (i.e. 3.4 kilometres or above) was much greater. This indicates that the temporary fare concession has brought about some additional business to the NT taxis in the period after the outbreak of Severe Acute Respiratory Syndrome. Nevertheless, the NT taxi business receipts are still below the levels in January to February 2003.

Enforcement Actions against Illegal Practices

16. In response to concerns expressed by the trade and members of the Legislative Council Sub-Committee about illegal practices of individual NT taxi operators which affected the interest of the law-abiding taxi operators,

we have stepped up enforcement actions against illegal taxi radios. During the period between 17 and 26 June 2003, a total of 6 joint operations have been conducted by the Police and the Office of the Telecommunication Authority. Some 210 taxis were intercepted for inspection in various areas including Tai Po, Yuen Long and Tuen Mun. A total of 24 suspected-to-be illegal radio transceivers were seized and 19 taxi drivers were arrested. The enforcement actions are effective in curbing such illegal practices and will hopefully help ensure a level playing field in the market. Such surveillance will continue.

Way Forward

17. On the basis of the results of the survey on the NT taxi trade, we plan to seek the approval from the Chief Executive-in-Council to terminate the temporary fare concession as soon as possible.

Environment, Transport and Works Bureau
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