

LEGISLATIVE COUNCIL BRIEF

The Secretary for the Environment, Transport and Works submits the following note for Members' information :

<u>Title of the note</u>	<u>Date of ExCo</u>	<u>Date of Gazette</u>
Road Traffic Ordinance (Chapter 374)	3.6.2003	6.6.2003
Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003		
Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003		
New Territories Taxi Fare Concession Application		

Environment, Transport and Works Bureau
3 June 2003

LEGISLATIVE COUNCIL BRIEF

Road Traffic Ordinance (Chapter 374)

ROAD TRAFFIC (TEMPORARY REDUCTION OF NEW TERRITORIES TAXI FARES) REGULATION 2003

ROAD TRAFFIC (TEMPORARY REDUCTION OF NEW TERRITORIES TAXI FARES) (NO. 2) REGULATION 2003

NEW TERRITORIES TAXI FARE CONCESSION APPLICATION

INTRODUCTION

At the meeting of the Executive Council on 3 June 2003, the Council ADVISED and the Chief Executive ORDERED that –

- (a) under section 7(1C) of the Road Traffic Ordinance (Cap. 374), the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003, at Annex A, should be made to give effect to the reduction in fares for NT taxis, for a period of six months from 8 June 2003 to 7 December 2003, as follows –

Annex A

	<u>Existing Fares</u>	<u>Recommended Fares</u>
Flagfall (first 2 km)	\$12.50	\$12.50 (no change)

	<u>Existing Fares</u>	<u>Recommended Fares</u>
Incremental charges (every subsequent 0.2 km or waiting time for every 1 minute)		
– <i>For first seven incremental charges</i>	\$1.20	\$1.20 (no change)
– <i>For the remaining incremental charges thereafter</i>	\$1.20	\$0.90 (i.e. after the fare chargeable has reached \$20.90, each subsequent incremental charge will be reduced from \$1.20 to \$0.90)
Telephone booking surcharge	\$4.00	\$4.00 (no change)
Surcharge for every article of baggage, animal or bird	\$4.00	\$4.00 (no change)

Annex B

- (b) the Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation, at Annex B, be made by the Secretary for the Environment, Transport and Works to require NT taxi drivers to display fare conversion tables and to set out in manuscripts on the taxi fare receipts the correct fares charged according to the revised fare scale, for a period of six months from 8 June 2003 to 7 December 2003.

BACKGROUND AND ARGUMENT

General Background

2. Since 1998, the business of NT taxis has declined as a result of the economic downturn. This declining trend is accelerated recently

by the outbreak of Severe Acute Respiratory Syndrome. With a view to improving the competitiveness of NT taxi services, the NT taxi trade, as represented by 10 NT taxi associations which are registered members of the Conference on New Territories Taxi Operations of Transport Department (“TD”) and represent about 80% of NT taxi operators including owners and drivers, has recently submitted an application for offering temporary fare concession for a period of 6 months.

3. Taxi fare revision applications are considered in accordance with the following guiding principles –

- (a) the need to ensure the financial viability of taxi operations, taking into consideration changes in revenue and operating costs;
- (b) the need to maintain an acceptable level of taxi services in terms of taxi availability, passenger waiting time and feedback from passengers;
- (c) the need to maintain a reasonable differential between taxi fares and those of other public transport modes; and
- (d) the likely public acceptability of the proposed fares.

NT taxi fares were last revised in April 1997, by an average increase of about 7.4%.

Financial Position of the NT Taxi Trade

4. There are 2,838 NT taxis and about 6,000 operators, serving about 200,000 passengers daily. These operators¹ can be broadly categorized into rentee-drivers (53%), rentor-owners (22%) and owner-drivers (25%).

¹ **Rentee-drivers** hire taxis from taxi owners. **Rentor-owners** do not drive their taxis but rent them out to drivers. **Owner-drivers** own and drive the taxis themselves for one shift and also rent out their taxis to rentee-drivers.

(A) Operating Costs

5. Based on the annual surveys conducted by TD, it is estimated that the operating costs of NT taxis have declined by about 21% since 2000 as a result of the conversion into liquefied petroleum gas operation.

(B) Income

6. According to TD's annual surveys, the estimated average monthly net income of the three groups of NT taxi operators has been dropping in the past 2 years:

**Monthly Net Income of NT Taxi Operators
(in 2003 prices)**

	Rentor- Owners	Rentee- Drivers	Owner- Drivers
Monthly net income in mid 2001	\$6,930	\$11,200	\$14,470
Monthly net income in mid 2002	\$5,950	\$8,400	\$13,760
Monthly net income in 2003 (January to May 2003)	\$5,150	\$6,530	\$9,130

Assessment of the Fare Concession Proposal

7. Our assessments of the NT taxi trade's proposed temporary fare concession are set out in the paragraphs below.

(A) Financial Impact on the Trade

8. Our analysis of the financial impact of the proposal on the trade is as follows –

- (a) NT taxis mainly play a role in providing short distance feeder services between residential developments / housing estates and major railway stations / public transport

interchanges in the NT. According to TD's annual survey, the average paid trip length of NT taxi trip is about 3.2 km and the average fare (including waiting time charge) is \$23.3. Under this proposal, the fare for an average NT taxi trip will only be reduced by about 2.6% to \$22.7. On this basis, even if there is no additional business generated after the offer of fare concession, the financial position of NT taxi operators will not be significantly affected; and

- (b) the proposed temporary fare concession may offer incentive to passengers to make more frequent use of NT taxi services, in particular, long haul taxi trips because they may enjoy a fare discount of over 20%. This could help improve the business for NT taxis. A table of the rates of fare concession under different journey distance is at Annex C for reference.

Annex C

(B) The Trade's Views

9. The 10 NT taxi associations, which represent about 4,800 NT taxi operators (including owners and drivers) or about 80% of the estimated total number of operators, support the fare concession. The taxi trade leaders represented on TD's regular conference are fully aware of the possible negative impacts on the monthly net income of NT taxi operators (including drivers) as a result of the fare concession. They are prepared to accept the negative impacts for a maximum period of six months in order to see if fare concession would help attract more passengers to use NT taxis. They are however unable to convince all NT taxi drivers to agree to the proposed fare concession.

10. TD has received a few complaints objecting to the fare concession scheme since the proposal was widely reported in the press and media several days ago. Some individual NT taxi operators remain unsupportive of the concession since they believe that this may have adverse impact on their income no matter how insignificant the impact would be. The NT Taxi Drivers Association (which has about

80 members) and a concern group, have also indicated objection to the proposed fare concession. The Association has conducted a survey and claimed that 93% of 1,078 respondents did not agree to fare concession without consultation by TD. However, we have not received any objection from any other NT taxi trade associations or workers' unions on the fare concession scheme.

(C) Fare Differential

11. As described in paragraph 8(a) above, the proposed temporary fare concession will only decrease the average fare per trip by 2.6%. It, therefore, will not have any significant impact on the existing fare differential between NT taxis and other public transport modes. From the traffic management angle, it is desirable that a fare differential is maintained to promote the use of mass carriers like franchised buses and railways which are more efficient users of road space.

Protection of Passengers' Interest

12. In view of the temporary nature of the proposed fare concession, we will not require re-calibration of taximeters which would induce additional cost to taxi operators. To better protect the interest of passengers, we will require NT taxi drivers to display fare conversion table and set out in manuscripts on the taxi fare receipts the correct fares charged according to the revised fare scale. Sanctions will be provided for failure to comply with such requirements. These requirements are in line with the practice in cases of taxi fare increase when operators have yet to re-calibrate their taximeters.

THE PROPOSED REGULATIONS

13. The Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 will modify the application of the existing taxi fare schedule, i.e. Schedule 5 of the Road Traffic (Public Service Vehicles) Regulations (Chapter 374 subsidiary legislation D), in relation to NT taxis for the concessionary period between 8 June 2003 and

7 December 2003 –

- (a) Clause 2 stipulates that this Regulation would only apply in relation to the hiring of NT taxis within the concessionary period, i.e. from 8 June 2003 to 7 December 2003; and
- (b) Clause 3 stipulates that, after the fare chargeable for a journey has reached \$20.90 (i.e. flagfall plus first 7 incremental charges), any further fare chargeable for that journey for either every 200 metres or part thereof or every waiting time of 1 minutes or part thereof shall be reduced from \$1.20 to \$0.90.

14. The Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 relates to the Regulation in paragraph 13 above –

- (a) Clause 2 stipulates that this Regulation would only apply to NT taxi drivers within the concessionary period, i.e. from 8 June 2003 to 7 December 2003; and
- (b) Clause 3 specifies that a NT taxi driver shall display a fare conversion table inside the taxi and set out the total amount of the fare chargeable in accordance with the temporarily revised fare scale in manuscripts on the taxi fare receipts; and a person who fails to do so without reasonable excuse would commit an offence and is liable to a fine of \$2,000.

LEGISLATIVE TIMETABLE

15. The proposed temporary fare concession is generally supported by the majority of the NT taxi trade and it is the request of the trade and expectation of the public for early implementation. The legislative proposal is subject to negative vetting by the Legislative Council, which normally takes 28 days with a possible extension of a further period of 21 days or even longer, to complete. In order to

expedite the implementation of the concession, we plan to bring the temporary reduction into effect on 8 June 2003 (after gazettal of the Regulations on 6 June 2003) without waiting for the completion of the negative vetting period. A legislative timetable is as follows –

Publication of the Regulations in Gazette	6 June 2003
Revised fares to come into effect	8 June 2003
Tabling of the Regulations in the Legislative Council for negative vetting	11 June 2003

IMPLICATIONS OF THE PROPOSAL

16. The proposal has no productivity, sustainability or civil service implications. It also has no significant environmental implications. There is minimal financial implication for the Government.

Economic Implications

17. The fare concession will benefit NT taxi riders, particularly those on longer trips. The effect of the fare concession on income of the NT taxi trade will depend on the price elasticity of demand for the service. As NT taxi service has only a very small weighting in the Composite CPI, and as the average decrease in fare per trip is modest, the downward effect on the Composite CPI should be minimal.

PUBLIC CONSULTATION

18. The Transport Advisory Committee was consulted on 23 May 2003 and supported the NT taxi trade's proposal for a temporary fare concession for a period of six months.

19. The Legislative Council Panel on Transport was first briefed on 29 May 2003. Whilst noting that the temporary fare concession is generally supported by the NT taxi trade, Members considered that the Administration should further discuss with the relevant NT taxi associations to address the concerns of those who objected to the proposed fare concession before further proceeding with the matter. Members also asked the Administration to consider conducting a survey to gauge the views of all NT taxi operators.

20. Taking into account Members' comments, TD met with the 10 NT taxi associations which applied for the temporary fare concession and the NT Taxi Drivers Associations as well as the concern group which objected to the fare concession. The 10 NT taxi associations reaffirmed their support for the proposed fare concession. They opined that since the concession is supported by the majority of the trade, it should be implemented early and that, if the Administration was to conduct a survey, they would withdraw the application for concession. On the other hand, the NT Taxi Drivers Association and the concern group maintained that the fare concession might cause negative impact on NT taxi drivers and that a survey should be conducted for the NT taxi trade.

21. We briefed the Panel on Transport on 2 June 2003 on the latest developments and our assessments that, since the proposed temporary fare concession is supported by the majority of the trade and is beneficial to the general public, a survey should not be conducted and the fare concession should be implemented as soon as possible. Members noted the latest developments and our assessments. A motion which opposes a decision by the Administration to reduce fare without first conducting a survey for NT taxi drivers was moved by a Member. However, the motion was not carried and the Panel considered that we could proceed with the fare concession. The Panel further asked the Administration to consider arrangements to promote the fare concession scheme and monitor the impact of the concession closely.

PUBLICITY

22. A press release will be issued on 3 June 2003. A spokesman will be available to handle media enquiries.

SUBJECT OFFICER

23. The subject officer is Mr K W Law, Assistant Secretary for the Environment, Transport and Works. His telephone number is 2189 2101.

Environment, Transport and Works Bureau
Government Secretariat
3 June 2003

ROAD TRAFFIC (TEMPORARY REDUCTION OF NEW TERRITORIES
TAXI FARES) REGULATION 2003

(Made by the Chief Executive in Council under section 7(1C)
of the Road Traffic Ordinance (Cap. 374))

1. Interpretation

In this Regulation, unless the context otherwise requires -
"New Territories taxi" (新界的士) means a taxi that is licensed to operate
in the New Territories;
"principal Regulations" (主體規例) means the Road Traffic (Public
Service Vehicles) Regulations (Cap. 374 sub. leg. D);
"Schedule 5" (附表5) means Schedule 5 to the principal Regulations.

2. Application of this Regulation

This Regulation applies in relation to the hiring of New
Territories taxis within the period from 8 June 2003 to 7 December 2003
(both dates inclusive).

3. Modification of Schedule 5

(1) The scale of fares specified in Schedule 5 applies subject
to the modification described in subsection (2).

(2) If, before the end of a journey, the amount of the fare
chargeable under items 2a and 3(iii) of Schedule 5 has reached \$20.90,

Schedule 5 applies in respect of the remainder of the journey (if any) as if a reference to \$1.20 in those items were a reference to \$0.90.

(3) For the avoidance of doubt, it is declared that a reference to Schedule 5 in the principal Regulations shall be construed as a reference to Schedule 5 as modified by subsection (2).

Clerk to the Executive Council

COUNCIL CHAMBER

2003

Explanatory Note

The purpose of this Regulation is to reduce the scale of fares for the hiring of New Territories taxis within the period from 8 June 2003 to 7 December 2003 (both dates inclusive). To achieve that purpose, the Regulation modifies the application of Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations (Cap. 374 sub. leg. D) in relation to the hiring of such taxis within that period.

ROAD TRAFFIC (TEMPORARY REDUCTION OF NEW TERRITORIES
TAXI FARES) (NO. 2) REGULATION 2003

(Made under sections 7(1) and 15 of the Road Traffic Ordinance
(Cap. 374))

1. Interpretation

In this Regulation, unless the context otherwise requires -
“appropriate fare” (適當收費) means, in relation to the hiring of a New Territories taxi, the total amount of fare chargeable under Schedule 5 to the principal Regulations as modified by the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (L.N. of 2003);

“New Territories taxi” (新界的士) means a taxi that is licensed to operate in the New Territories;

“principal Regulations” (主體規例) means the Road Traffic (Public Service Vehicles) Regulations (Cap. 374 sub. leg. D).

2. Application of this Regulation

This Regulation applies to drivers of New Territories taxis within the period from 8 June 2003 to 7 December 2003 (both dates inclusive).

3. Displaying conversion tables and marking appropriate fares on receipts

(1) The driver of a New Territories taxi shall -

- (a) display in a prominent position inside the taxi a notice, in a form specified by the Commissioner, setting out a table for converting the readings on the taximeter of the taxi to the appropriate fares; and
- (b) in issuing a receipt for the purposes of regulation 49A of the principal Regulations, mark in manuscript the appropriate fare on the receipt.

(2) A person who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable to a fine of \$2,000.

Secretary for the Environment,
Transport and Works

2003

Explanatory Note

This Regulation relates to the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (L.N. of 2003), which reduces the scale of fares for the hiring of New Territories taxis within the period from 8 June 2003 to 7 December 2003 (both dates inclusive).

2. The purpose of the Regulation is to require the drivers of such taxis to do the following within that period -

- (a) to display tables that convert taximeter readings to the appropriate fares; and
- (b) to manually mark on fare receipts the appropriate fares.

Rate of Fare Concession under Different Journey Distance

Taxi Journey Distance	Existing Fare	Proposed Fare	Percentage Change
For the first 2 km (at flagfall)	\$12.50	\$12.50	0%
For a 3.4 km taxi journey	\$20.90	\$20.90	0%
For a 10 km taxi journey	\$61.70	\$51.50	-16.0%
For a 20 km taxi journey	\$121.70	\$96.50	-20.50%
For a 30 km taxi journey	\$241.70	\$186.50	-22.70%