

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)	8.7.2003	11.7.2003
Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (Repeal) Regulation		
Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 (Repeal) Regulation		
Early Termination of New Territories Taxi Temporary Fare Concession		

Environment, Transport and Works Bureau
8 July 2003

LEGISLATIVE COUNCIL BRIEF

Road Traffic Ordinance (Chapter 374)

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

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

**EARLY TERMINATION OF NEW TERRITORIES TAXI
TEMPORARY FARE CONCESSION**

INTRODUCTION

At the meeting of the Executive Council on 8 July 2003, the Council ADVISED and the Chief Executive ORDERED that -

Annex A

- (a) under section 7(1C) of the Road Traffic Ordinance, the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (Repeal) Regulation, at Annex A, should be made to repeal the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 which was to give effect to the NT taxi temporary fare concession; and

Annex B

- (b) the Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 (Repeal) Regulation, at Annex B, be made by the Secretary for the Environment, Transport and Works. This Regulation is to repeal the Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation which requires 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 during the concessionary period.

BACKGROUND AND ARGUMENT

General 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 Administration to implement 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. The Legislative Council House Committee has formed a Sub-Committee to examine the two Regulations for effecting the temporary fare concession. At a meeting on 19 June 2003, we informed the Sub-Committee that we would conduct a survey on the NT taxi trade, a survey on taxi passengers and a taximeter reading survey. The Sub-Committee 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.

Outcome of the One-month Trial

(a) Survey on taxi passengers and taximeter reading survey

10. 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.

11. 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%

12. 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.

Annex C Graphs showing the relevant changes are at Annex C. The graphs showed that -

- (1) the increase in long trips (i.e. 3.4 km or above) was much greater. This indicates that the temporary fare concession has brought about some additional long trip business to the NT taxis in the period after the outbreak of Severe Acute Respiratory Syndrome (“SARS”); and
- (2) there was continued drop in short trip business (i.e. below 3.4 km) which are not affected by the concession scheme, possibly because some passengers might have chosen to use other transport modes after the problem of SARS has died down.

(b) Survey on the NT Taxi Trade

13. 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.

14. 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. According to the findings of the survey, the majority view of the NT taxi trade is that the temporary fare concession should be terminated.

The Trade’s Views on the Survey Results

15. Prior to commencement of the survey, both the 10 major NT taxi associations and the taxi driver representative agreed to abide by “the majority rules” principle. They suggested that, if the result of the survey on the NT taxi trade indicated majority support for early termination of the temporary fare concession, the Administration should take immediate action to resume the original NT taxi fare scale.

16. TD briefed the NT taxi trade on the results of the surveys on 5 July 2003. On the basis of the result of the survey on the NT taxi trade, the taxi trade has requested that the temporary fare concession should be terminated as soon as possible.

The Administration's Assessment

17. In pursuing the NT taxi temporary fare concession proposal, the Government has acted promptly and effectively in response to the request of the trade. The NT taxi trade has benefited from the concession in terms of market promotion and rectification of unfair trade practice brought about by illegal offers of fare discount. 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.

18. The incident also led to a review of the current consultation mechanism and process with the aim of including representatives of some taxi drivers who are not members of the major taxi associations.

THE REGULATIONS

19. The Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (Repeal) Regulation will repeal the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 with effect from 12 July 2003.

20. The Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 (Repeal) Regulation relates to the Regulation in paragraph 19 above. It will repeal the Road Traffic (Temporary Reduction of New Territories Taxi Fares) (No. 2) Regulation 2003 with effect from 12 July 2003.

LEGISLATIVE TIMETABLE

21. In order to effect the termination of the temporary fare concession as soon as possible, we plan to publish the two Regulations at Annexes A and B in Gazette on 11 July 2003, and to resume the original NT taxi fare scale with effect from 12 July 2003. A legislative timetable is as follows -

Publication of the Regulations in Gazette	11 July 2003
Original fare scale to resume	12 July 2003

IMPLICATIONS OF THE PROPOSAL

22. The proposal has no productivity, financial, environmental, sustainability or civil service implications.

PUBLIC CONSULTATION

23. The Legislative Council House Committee has formed a Sub-Committee to study the two Regulations for effecting the NT taxi temporary fare concession. The Sub-Committee held its first meeting on 19 June 2003. At the meeting, members noted our plan to conduct the surveys and asked that the Administration should adhere to the understanding of the NT taxi trade (in particular taxi drivers) that the decision on the way forward on the temporary fare concession should be based solely on the results of the survey on the trade. We subsequently made a public statement that we would decide on the way forward on the temporary fare concession on the basis of the majority view reflected by the results of the survey for the NT taxi trade, and that the other related information such as passengers' opinion and operating statistics of NT taxis obtained from the other surveys would be mainly for reference purpose.

24. The Sub-Committee was briefed on 7 July 2003 on the findings of the surveys and supported our plan to recommend termination of the temporary fare concession as soon as possible.

PUBLICITY

25. A spokesman will be available to handle media enquiries.

SUBJECT OFFICER

26. 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
8 July 2003

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

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

1. Commencement

This Regulation shall come into operation on 12 July 2003.

2. Repeal

The Road Traffic (Temporary Reduction of New Territories Taxi Fares)
Regulation 2003 (L.N. 146 of 2003) is hereby repealed.

Clerk to the Executive Council

COUNCIL CHAMBER

2003

Explanatory Note

This Regulation repeals the Road Traffic (Temporary Reduction of New Territories Taxi Fares) Regulation 2003 (L.N. 146 of 2003) with effect from 12 July 2003. As a result, it brings an end to the temporary measure to reduce the scale of fares for the hiring of New Territories taxis that was implemented by that Regulation.

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

(Made under section 7(1) of the Road Traffic Ordinance
(Cap. 374))

1. Commencement

This Regulation shall come into operation on 12 July 2003.

2. Repeal

The Road Traffic (Temporary Reduction of New Territories Taxi
Fares)(No. 2) Regulation 2003 (L.N. 147 of 2003) is hereby repealed.

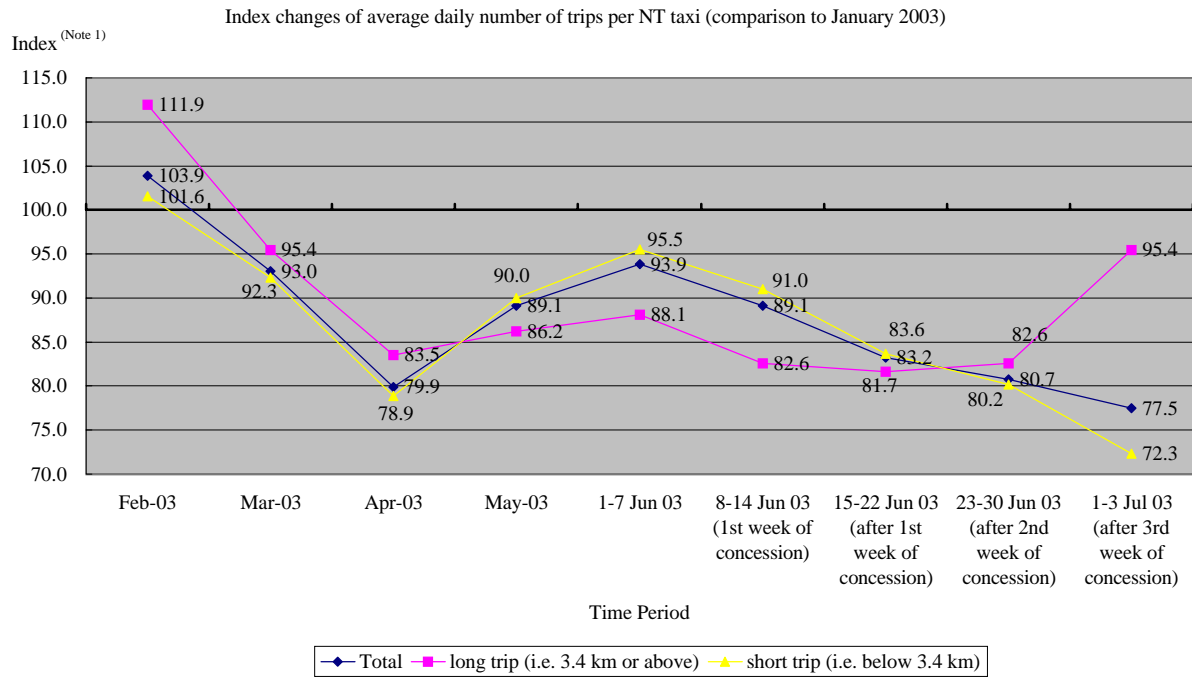
Secretary for the Environment,
Transport and Works

2003

Explanatory Note

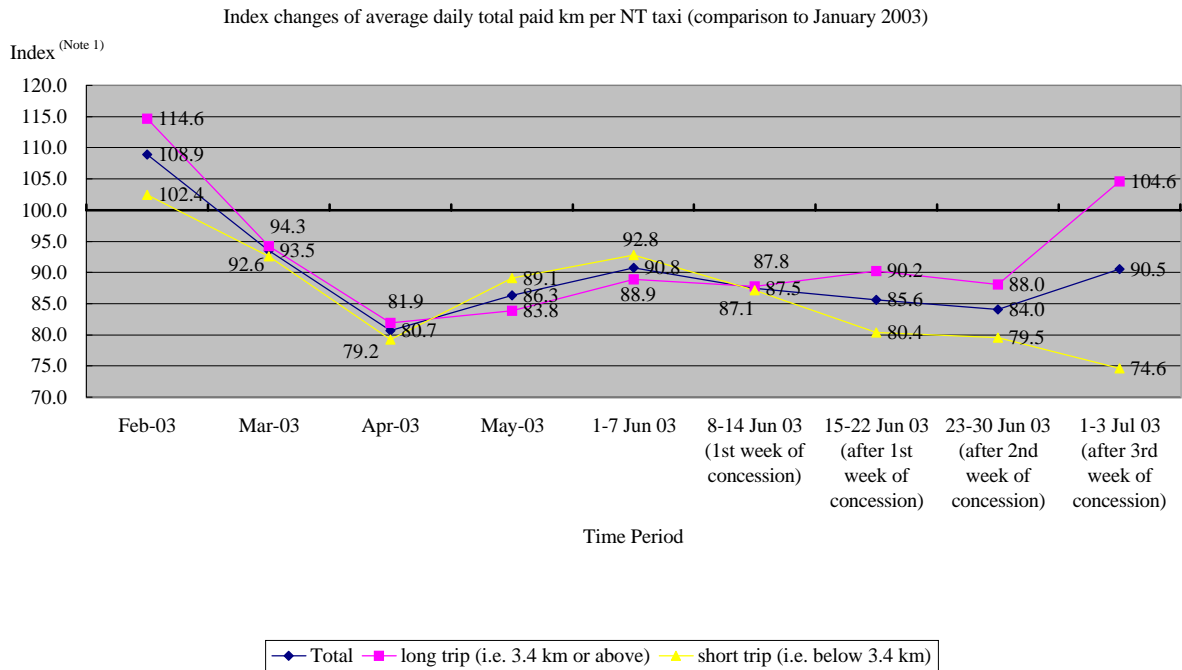
This Regulation repeals the Road Traffic (Temporary Reduction of New Territories Taxi Fares)(No. 2) Regulation 2003 (L.N. 147 of 2003) with effect from 12 July 2003. That Regulation relates to a temporary measure to reduce the scale of fares for the hiring of New Territories taxis, and requires the drivers of such taxis to display conversion tables and to mark appropriate fares on fare receipts. As the measure

to reduce the scale of fares has come to an end, this Regulation cancels those requirements.



Note

1. Statistics for January 2003 are treated as the base index 100.

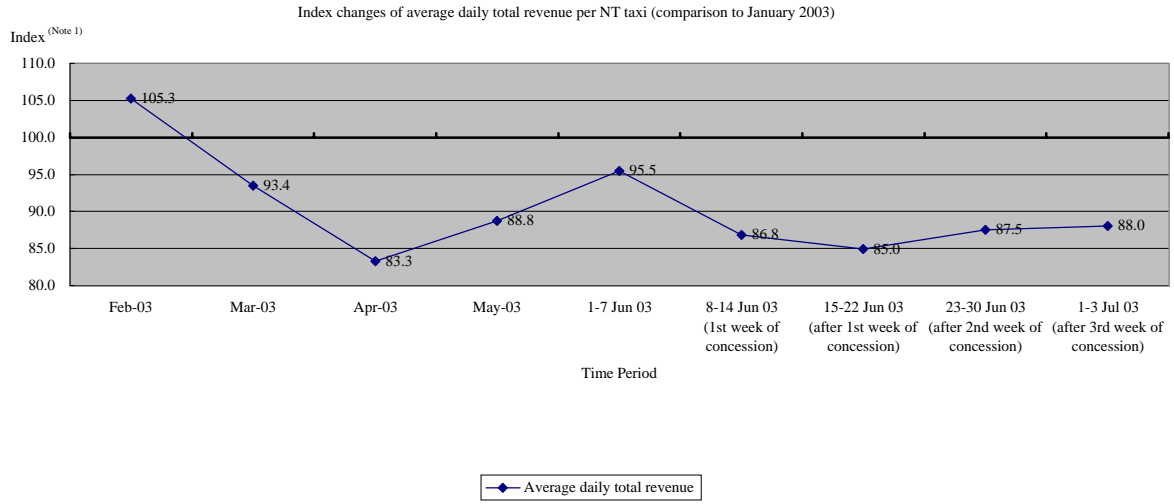


Note

1. Statistics for January 2003 are treated as the base index 100.

Index changes of average daily total revenue per NT taxi (comparison to January 2003)

Major Operating Statistics of NT Taxis
(January 2003 - July 2003)



Note

1. Statistics for January 2003 are treated as the base index 100.
2. The average daily total revenue for the period from 8-14 Jun to 1-3 Jul reflect the revenue received under the temporary fare concession.