

立法會
Legislative Council

LC Paper No. CB(1)652/10-11

Ref. : CB1/PL/TP

Panel on Transport
Meeting on 17 December 2010

Background brief on taxi fare adjustments

Purpose

This paper provides background information on the mechanism for considering and approving taxi fare adjustment applications. It also summarizes the major concerns expressed by Legislative Council (LegCo) Members on the last fare adjustment for taxis.

Background

Considerations for taxi fare adjustments and approval mechanism

2. Taxi fare increase applications are considered by taking into account 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 service 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;

- (d) the likely public acceptability of the proposed fares; and
- (e) taxi fare structure should be "front-loaded" and thereafter on a varying descending scale of incremental charges^{Note 1}.

3. The scale of fares for the hiring of taxis is specified in Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations (Cap. 374, sub. leg. D) and is determined by the Chief Executive-in-Council (CE-in-Council), subject to negative vetting by LegCo. Under the established practice, the Administration will consult the Panel on Transport (the Panel) and the Transport Advisory Committee (TAC) on a taxi fare increase application before submitting it to CE-in-Council for a decision.

Taxi fare adjustments introduced for Lantau and urban taxis in November 2008

4. Fare adjustments were introduced for Lantau and urban taxis concurrently in 2008. CE-in-Council approved Lantau and urban taxi fare adjustments at its meeting on 23 September 2008. For urban taxis, the flagfall charge was approved to increase from \$16 to \$18. The incremental charge was also approved to increase from \$1.4 to \$1.5 for up to 9 km. From 9 km onwards, the incremental charge was to be reduced to \$1. The average fare increase rate for urban taxis was 7.8% (with the \$1 flagfall increase implemented in February 2008 taken into account).

5. According to the Administration, after the approved new fares were implemented, there would be a fare reduction for trips costing about \$85 or more. A taxi trip costing about \$100 before the fare increase would afterwards have a fare reduction of about 4.5%. The extent of fare reduction would increase with journey distance and would reach about 20% for a taxi trip which cost about \$300 before the fare increase.

6. For Lantau taxis, the flagfall charge was approved to increase from \$12 to \$13. The incremental charge was also approved to increase

^{Note 1} This revised policy on taxi fare structure is recommended by the Transport Advisory Committee in its Report on the Review of Taxi Operation issued on 5 June 2008.

from \$1.2 to \$1.3 for up to 20 km, and would maintain at \$1.2 from 20 km onwards. The average rate of fare increase for Lantau taxis was 7.67%.

Taxi fare adjustment introduced for New Territories taxis in January 2009

7. Under the fare adjustment introduced for NT taxis on 16 January 2009, the flagfall charge was approved to increase from \$13.5 to \$14.5. The incremental charge was also approved to increase from \$1.2 to \$1.3 for before 8 km. From 8 km onwards, the incremental charge was to be reduced to \$1. The average rate of fare increase was 4.95%. According to the Administration, a taxi trip costing \$73.5 or more before the fare increase would have a fare reduction. Passengers would enjoy lower fares for longer distances.

Deliberations on the last Lantau and urban taxi fare adjustments

Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008

8. To give effect to the above approved fare adjustments for Lantau and urban taxis with effect from 30 November 2008, the Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008 (the Amendment Regulation) was gazetted on 3 October 2008. The Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008 (the Subcommittee) was formed on 10 October 2008 to study the Amendment Regulation. The Subcommittee reported its deliberations to the House Committee on 14 November 2008 after completing its scrutiny work.

9. The Subcommittee received views from representatives of the Lantau and urban taxi trade. Subcommittee members noted that a majority of the deputations were in support of the fare adjustments under the Amendment Regulation. While no amendments were proposed to the Amendment Regulation, the Subcommittee expressed concern about the effectiveness of the new fare structure of "raising short-haul fares and lowering long-haul fares" in reducing the room for discount gang activities and in restoring order in the taxi market, given that discount

gangs might continue to offer discounts from the metered fares. The Subcommittee also expressed concern that the existing legislation and enforcement did not provide sufficient deterrence against fare bargaining. Some members urged the Administration to introduce legislation to ensure payment of metered fares. In response to members' concerns, the Administration undertook to study overseas experience regarding the regulation of charging taxi fares according to meters, consult the taxi trade to seek their views and report to the Panel in six months' time. The Administration reported the findings of its study to the Panel at its meeting on 22 May 2009 as detailed in paragraph 14 below.

Adjournment debate at the Council meeting on 26 November 2008

10. As many Members were concerned about the proposed taxi fare adjustments, to facilitate debates on the Amendment Regulation, a motion was moved for adjournment at the Council meeting on 26 November 2008 to enable Members to debate on issues relating to the Amendment Regulation. The official record of proceedings of the Council meeting on 26 November 2008 is available at <http://www.legco.gov.hk/yr08-09/chinese/counmtg/floor/cm1126-confirm-ec.pdf>.

Discussion on the last New Territories taxi fare adjustments

11. The Administration consulted the Panel on 11 December 2008 regarding the fare adjustment application made by NT taxi associations. The Panel received views from deputations from the taxi trade and noted that a large majority of them supported the fare adjustment application. Some of the deputations pointed out that although their fare adjustment application had been made as early as August 2008, urban taxis had been given the green light to adjust fares first. The fare differentials between urban and NT taxis so arising had made it difficult for NT taxis to compete with urban taxis in attracting long-haul passengers and had seriously affected the livelihood of NT taxi drivers whose income mainly came from orders to and from the airport. The deputations pointed out that these were the background to the blockade of the North Lantau Highway by NT taxi drivers on 3 December 2008.

12. Panel members considered that since NT taxis' competitiveness would be adversely affected under the present fare differentials between NT and urban taxis, there was a need to introduce the fare adjustment as soon as possible. Noting that the established procedures required consultation with the Panel and TAC and approval by ExCo, some members strongly urged that special arrangements should be made to expedite implementation of the proposed fare adjustment for NT taxis. The Panel agreed that the Administration should consider arranging the fare adjustment application to take immediate effect upon gazettal of the relevant amendment regulation.

13. Following consultation with TAC, ExCo approved the NT taxi fare adjustment on 13 January 2009. Taking into account the Panel's views and the aspiration of the NT taxi trade for the proposed fare adjustment to take effect as soon as possible before the Lunar New Year, the Administration decided that the new fare would be implemented on 16 January 2009 upon its gazettal.

Panel discussion on the regulation of charging taxi fares according to meters

14. To follow up the concerns raised by the Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008, the Administration submitted to the Panel on 22 May 2009 the findings of its study on the regulatory requirements and experience in other cities regarding charging according to meters, and details of its discussions with the trade on the matter. According to the Administration, relatively more members of the urban and NT taxi trades supported introducing legislation to regulate charging according to meters, while some of their members expressed reservations. The Lantau taxi trade objected to the proposal. The Administration was of the view that making fare bargaining a criminal offence would be controversial and enacting legislation was not an effective means to eliminate the problem of fare bargaining. The Administration considered that the problem of fare bargaining had been alleviated since the implementation of new fares, and the discounts offered to passengers had dwindled.

15. Some Panel members, however, remained of the view that legislation should be enacted to regulate charging according to meters.

They disagreed that the problem of discount gang activities had been tackled as the media reported that there was still room for the operation of discount gangs. The Panel held a special meeting on 23 September 2009 to listen to the views of the taxi trade on the impact of the taxi fare adjustments and measures to tackle the problem of discount gangs. A majority of the depositions expressed support for introducing legislation to regulate charging according to meters. Most Panel members also expressed support for the enactment of the legislation without delay. At the meeting, the following motion moved by Hon WONG Kwok-hing as amended by Hon Andrew CHENG was passed –

"That this Panel urges the Government to immediately commence study on the enactment of legislation for the regulation of charging taxi fares according to meters and to introduce an amendment bill to this Council as soon as possible."

Latest developments

16. The Administration has proposed to consult the Panel on the fare adjustment applications respectively made by the NT, urban and Lantau taxi trade associations at the next meeting on 17 December 2010.

Relevant papers

17. A list of relevant papers is at the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
13 December 2010

Appendix

Taxi fare adjustments

List of relevant papers

Date of meeting	Committee	Minutes/Paper	LC Paper No.
21 and 28 October 2008	Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2008	Papers and minutes of the Subcommittee	http://www.legco.gov.hk/yr08-09/english/hc/sub_leg/sc01/general/sc01.htm
6 and 11 November 2008		Report of the Subcommittee	CB(1)217/08-09 http://www.legco.gov.hk/yr08-09/english/hc/sub_leg/sc01/reports/sc011126cb1-217-e.pdf
11 December 2008	Panel on Transport	Administration's paper on New Territories taxi fare adjustment application	CB(1)361/08-09(02) http://www.legco.gov.hk/yr08-09/english/panels/tp/papers/tp1211cb1-361-2-e.pdf
		Minutes of meeting	CB(1)1642/08-09 http://www.legco.gov.hk/yr08-09/english/panels/tp/minutes/tp20081211.pdf
22 May 2009	Panel on Transport	Administration's paper on changes in operating conditions after taxi fare adjustments and overseas study and discussions with taxi trade on charging according to meters	CB(1)1613/08-09(03) http://www.legco.gov.hk/yr08-09/english/panels/tp/papers/tp0522cb1-1613-3-e.pdf
		Minutes of meeting	CB(1)2756/08-09 http://www.legco.gov.hk/yr08-09/english/panels/tp/minutes/tp20090522.pdf
23 September 2009	Panel on Transport	Papers for the meeting	http://www.legco.gov.hk/yr08-09/english/panels/tp/agenda/tp20090923.htm
		Minutes of meeting	CB(1)872/09-10 http://www.legco.gov.hk/yr08-09/english/panels/tp/minutes/tp20090923.pdf