

**For discussion
on 16 June 2015**

Legislative Council Panel on Transport

Public Transport Strategy Study - Taxi Service

Purpose

Eight topical issues will be covered by the Topical Study under the Public Transport Strategy Study (“PTSS”). One of the topical issues is a review on whether the existing supply of taxi service can meet demand. This paper reports the outcome of the review.

Background

2. Under the current public transport policy, railway is the backbone of our public transport system complemented by other public transport services. In tandem with the further development of the heavy rail network, it is necessary to examine the overall strategic arrangements of the public transport system so as to enhance the complementarity amongst the various public transport services, having regard to the availability of multi-modal choices and balance of operating environment of our public transport system. This is to ensure that the community can enjoy efficient services with reasonable modal choices on the one hand, and public transport operators can have sustainability on the other. To this end, the Government has commenced the PTSS. As explained in our PTSS work plan presented to the Legislative Council (“LegCo”) Panel on Transport on 25 November last year, the PTSS comprises two parts, namely the Role and Positioning Review (“RPR”) and the Topical Study. The RPR will review the roles and positioning of various public transport services, while the Topical Study will look into important topics that are of concern to LegCo Members, the public and the public transport trades. The workflow of the two parts as explained to the Panel before is repeated at **Annex 1**.

3. Taxis provide a personalised, point-to-point and more comfortable public transport service at a higher fare. There are a total of 18 138 taxis. Of these, 15 250 are urban taxis, 2 838 are New Territories (“NT”) taxis and 50 are Lantau taxis. Urban taxis may operate anywhere in

Hong Kong¹. The permitted operating areas for NT and Lantau taxis are specified in Schedule 7 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E). In short, the operating area for NT taxis is confined to the northwest and northeast of the NT and major infrastructural developments on the fringe of this permitted operating area. Such developments include the Hong Kong International Airport and Hong Kong Disneyland, as well as certain public transport interchanges². Lantau taxis may only provide service within Lantau (including Chek Lap Kok Island and South Lantau). The three types of taxis have different operating areas to ensure that the more remote areas are also served. The fare scales of the three types of taxis³ are at **Annex 2**.

4. In 2014, the average daily patronage of taxis came to around 970 000, accounting for about 7.8% of the daily patronage of all modes of public transport in Hong Kong. In the past five years, the average daily patronage of taxis has remained between 900 000 to around one million. Details are at **Annex 3**.

5. According to the established policy, the Government will issue new taxi licences as and when necessary, having regard to the demand for taxi service, operating situation of the taxi trade, and likely impact of the increase in the number of taxis on traffic conditions.

Taxi Service Level

Results of TD's surveys

6. The Transport Department ("TD") has been closely monitoring the supply and demand of taxi service in Hong Kong through on-site surveys. Every year, TD conducts surveys on the service level of the three types of taxis, so as to have a better understanding on the supply and demand of taxi service as well as the operating situation of the trade. In 2014, 95 major taxi stands (accounting for about 20% of all 479 taxi stands in Hong Kong) and 36 roadside checkpoints were surveyed from May to June. For urban areas and the NT, a greater demand for taxi service was observed on weekdays so the

¹ For the sake of environmental protection, roads in South Lantau are Closed Roads with restricted vehicular access. Access to the area is restricted to vehicles issued with a Lantau Closed Road Permit. Urban taxis cannot operate in South Lantau since they are not issued with such permits.

² NT taxis are permitted to serve major public transport interchanges at Tsing Yi Airport Express Station, Tsuen Wan MTR Station and Hang Hau MTR Station.

³ The urban taxi, NT taxi and Lantau taxi trades submitted fare increase applications to the Transport Department on 13 April, 21 April and 27 April 2015 respectively. The applications are being processed.

surveys were conducted on those days. As for Lantau Island, much of the service demand arises from the recreational activities on weekends and holidays. The surveys were thus conducted on both weekdays and weekends.

7. Surveys on Lantau taxi service were conducted at 12 taxi stands (accounting for 57% of the total number of Lantau taxi stands) and 4 roadside checkpoints on a weekday and a weekend. Surveys for urban taxi service were carried out on a weekday at 72 taxi stands⁴ (making up 22% of the total number of urban taxi stands) and 35 roadside checkpoints. For NT taxi service, surveys took place at 32 taxi stands (representing 23% of the total number of NT taxi stands) and 13 roadside checkpoints on a weekday.

8. Key data collected by TD through these surveys include the number of taxi trips, waiting time for passengers and occupancy rate of taxis. TD will study data collected carefully and compare such data against those collected in 2012 and 2013 to identify any trend and discernible changes. This will help the department better understand the overall supply and demand situation of taxi service. Moreover, TD analyses complaints and suggestions received, holds regular meetings with major trade associations, and keeps close contact with the trade to keep abreast of the latest situation.

(i) Urban and NT taxis

9. Results of the surveys conducted in the past three years show that the service level of urban and NT taxis has largely remained stable. In terms of average waiting time, surveys conducted in the past three years show that the average passenger waiting time for urban taxis at taxi stands and roadside was about one to two minutes. As for NT taxi, given the large geographical coverage of the region, NT taxis are more inclined to wait at taxi stands with higher service need. Examples include taxi stands at the centre of new towns, the Airport, railway stations and boundary control points. Average passenger waiting time at taxi stands was about one minute, while that at roadside was longer, at about three to four minutes. The proportion of passengers who had to wait for more than 10 minutes for an urban taxi at taxi stands during peak hours ranged from 2% to 4% in the past three years. That for NT taxis ranged from 0.1% to 0.4%.

⁴ Including 6 cross-harbour taxi stands.

(ii) *Lantau taxis*

10. When compared with 2012 and 2013, Lantau taxis recorded an increase in average daily patronage and average number of taxi trips in 2014. This should be mainly related to the increase in visitors visiting Lantau. Although the average passenger waiting time for Lantau taxis at taxi stands and roadside has been stable in the past three years (the waiting time at taxi stops remained at 1 minute for weekdays and 2-3 minutes for weekends; waiting time at roadside remained at 14-16 minutes on both weekdays and weekends), the proportion of passengers who had to wait for more than 10 minutes for a Lantau taxi at taxi stands during peak hours on weekdays increased from 2% in 2012 to 10% in 2014. The proportion on weekends rose from 4% in 2012 to 13% in 2014. Such proportions were much higher than those for urban and NT taxis.

11. Details on the results of the surveys carried out in the past three years are at **Annex 4**.

Passengers' Feedback

12. Throughout the three years from 2012 to 2014, there were on average only a handful of few cases where passengers indicated inadequacy of urban or NT taxi service each year. This reflects that service can generally meet demand from the passengers' point of view.

13. For Lantau taxis, public feedback about insufficient Lantau taxi service received by TD rose from 10 plus cases in 2012 to close to 30 cases each in 2013 and 2014. This suggests that there is a more noticeable gap between the supply of Lantau taxis and passengers' expectation. Since Lantau taxis charge a fare lower than that of urban taxis, passengers generally prefer to use Lantau taxis for trips within Lantau although urban taxis can be an alternative in some cases. On the other hand, more Lantau taxis have shown a preference to stay in North Lantau in view of the demand generated by the continuous development and population growth in that area. This leads to longer waiting time for Lantau taxis in South Lantau, particularly during peak hours and on holidays. The Islands District Council⁵ and some LegCo Members have asked the Government to issue new Lantau taxi licences.

⁵ As its meeting held on 16 December 2013, some Members of the Island District Council asked TD to issue 50 new Lantau taxi licences.

14. In the light of TD's survey results and passengers' feedback, TD has strengthened its communication with the Lantau taxi trade and has asked the trade to make appropriate arrangements to cater for passenger demand for Lantau taxis at different locations and periods. For instance, the Lantau Taxi Association ("the Association") reminds its member drivers to flexibly deploy their taxis during peak hours to first serve passengers waiting at the taxi stands. Depending on passenger demand at the Airport, the Airport Authority Hong Kong will liaise with the Association for appropriate vehicle deployment where necessary.

Way Forward

15. Based on the above analysis, the supply of urban and NT taxi service is generally adequate at present. However, with the opening of new railway lines and major infrastructures, as well as the further growth of Hong Kong's economy, there would be changes with respect to the demand for taxi service in future.

16. A number of new railways lines will commence operation in the few years from December 2014. After the phased opening of the West Island Line in December 2014, the urban taxi trade has indicated to TD that business on Hong Kong Island has dropped. Other major railway projects currently under construction include the Kwun Tong Line Extension, South Island Line (East) and Shatin-Central Line. These projects will further improve transport services for the urban areas as well as the connectivity between the NT and the urban areas. Upon their opening, it is expected that the demand for urban and NT taxi service may change somewhat. Meanwhile, new demand for urban and NT taxi service will be generated by the new boundary facilities (e.g. Hong Kong-Zhuhai-Macao Bridge), growing population and a more vibrant economy. The overall impact is to be further assessed in future. TD will continue to monitor the overall taxi service level in Hong Kong through carrying out surveys, analysing public feedback and maintaining close liaison with the taxi trade. Where necessary, TD will take appropriate follow-up actions.

17. For Lantau taxis, survey results and public feedback have shown that there is unmet demand. Future developments on Lantau Island and the projected growth of local population and visitors will further add to the demand for Lantau taxi service. There is therefore a need to issue new Lantau taxi licences. While the actual number of new licences required is being studied, the preliminary assessment is that it should be appropriate to increase the number of licenses by about half of the existing number. TD last issued new Lantau taxi licences in 1997. Ten licences were issued at that

time, bringing the total number of Lantau taxis to the current 50. As per past practice, TD will issue the new licences through tender in accordance with the law. The tender exercise, from its preparation to its completion, will normally take about six months.

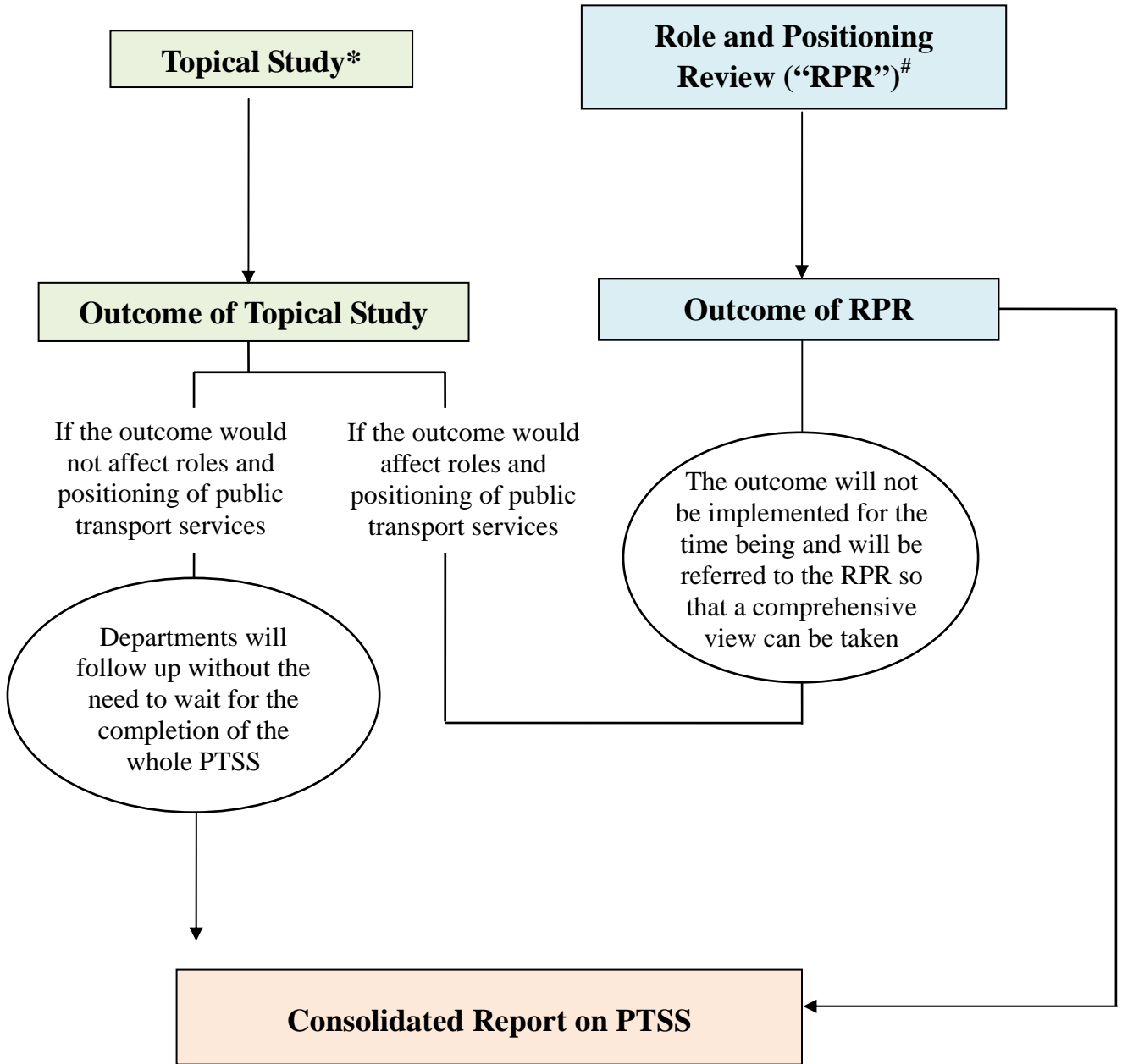
18. In addition, as mentioned in paragraph 2 above, we will review the role and positioning of taxis under the RPR of the PTSS. As mentioned in paragraph 11(b)(iii) of the paper on the PTSS workplan submitted to the LegCo Panel on Transport in November 2014, a major issue to be reviewed is whether it is feasible and meritorious to introduce new types of taxi service. For example, some Members have suggested introducing premium taxi service to meet different passenger demand. However, as there is already an alternative service provided by hired cars, we have to carefully assess the implications for the supply and demand of taxis as well as for other trades in deciding whether the suggestion is feasible and meritorious. In the process, we need to bear in mind the roles and positioning of other road-based public transport services, in order to ensure their complementarity, while affording passengers reasonable modal choices. According to the present work plan, the entire RPR will commence in mid-2015 and is expected to be completed in about two years' time.

Advice Sought

19. Members are invited to take note of this paper and express views.

**Transport and Housing Bureau
Transport Department
June 2015**

**Two-part Work Flow under the
Public Transport Strategy Study (“PTSS”)**



* The Government has started reporting the outcome of the individual topics to the Legislative Council Panel on Transport since the first quarter of 2015.

The RPR will commence after the required manpower and funding are approved under the established procedures.

Fare Scale of Taxi Service

Fare (HK\$)	Urban Taxis (Red)	NT Taxis (Green)	Lantau Taxis (Blue)
Flagfall charge - for the first 2 kilometres or any part thereof	\$22	\$18.5	\$17
Incremental charge - for every subsequent 200 metres or part thereof, or for every period of 1-minute waiting time or part thereof	(Below \$78, i.e. 2-9km) \$1.6 per increment	(Below \$60.5, i.e. 2-8km) \$1.4 per increment	(Below \$143, i.e. 2-20km) \$1.4 per increment
	(Above \$78, i.e. >9km) \$1 per increment	(Above \$60.5, i.e. >8km) \$1 per increment	(Above \$143, i.e. >20km) \$1.2 per increment
Additional charge - Every baggage / every animal or bird / every hiring arranged through telephone booking	\$5	\$5	\$5

Change in Taxi Patronage in the Past Five Years

Year	Urban Taxis (a)	New Territories Taxis (b)	Lantau Taxis (c)	All Taxis (a)+(b)+(c)		Total average daily passenger trips of all public transport services (thousands)
	Average daily passenger trips (thousands)	Average daily passenger trips (thousands)	Average daily passenger trips (thousands)	Average daily passenger trips (thousands)	Share of the public transport market	
2010	783.2	195.2	3.1	981.5	8.4%	11 630.0
2011	794.5	199.0	3.0	996.5	8.4%	11 898.4
2012	760.4	192.9	2.8	956.1	7.9%	12 078.6
2013	814.9	192.8	2.8	1 010.5	8.2%	12 350.2
2014	781.9	187.1	3.6	972.6	7.8%	12 519.0

Survey Findings on Taxi Service Level***(A) Urban Taxis***

	2012	2013	2014
Average daily patronage	764 400	814 900	775 000
Average time interval between vacant taxis observed at roadside*	2 minutes	2 minutes	2 minutes
Average passenger waiting time at taxi stands*	1 minute	1 minute	1 minute
Proportion of passengers who had to wait for more than 10 minutes at taxi stands during morning and evening peak	Approx. 3%	Approx. 2%	Approx. 4%
Proportion of passengers who had to wait for more than 10 minutes at taxi stands (including peak and non-peak hours)	1.7%	1.7%	2.7%
Average occupancy per trip	1.39	1.38	1.43
Average number of daily paid trips per taxi	38	41	40

*Rounded up figures

(B)NT Taxis

	2012	2013	2014
Average daily patronage	192 900	192 800	186 700
Average time interval between vacant taxis observed at roadside*	3 minutes	4 minutes	4 minutes
Average passenger waiting time at taxi stands*	1 minute	1 minute	1 minute
Proportion of passengers who had to wait for more than 10 minutes at taxi stands during morning and evening peak	0.1%	0.2%	0.4%
Proportion of passengers who had to wait for more than 10 minutes at taxi stands (including peak and non-peak hours)	0.1%	0.2%	0.6%
Average occupancy per trip	1.59	1.58	1.54
Average number of daily paid trips per taxi	51	49	48

*Rounded up figures

(C) Lantau Taxis

	2012	2013	2014
Average daily patronage	2 800	2 800	3 500
Average time interval between vacant taxis observed at roadside*	16 minutes (weekday) 14 minutes (weekend)	14 minutes (weekday) 14 minutes (weekend)	15 minutes (weekday) 14 minutes (weekend)
Average passenger waiting time at taxi stands*	1 minute (weekday) 2 minutes (weekend)	1 minute (weekday) 3 minutes (weekend)	1 minute (weekday) 3 minutes (weekend)
Proportion of passengers who had to wait for more than 10 minutes at taxi stands during morning and evening peak	Approx. 2% (weekday) Approx. 4% (weekend)	Approx. 1% (weekday) Approx. 12% (weekend)	Approx. 10% (weekday) Approx. 13% (weekend)
Proportion of passengers who had to wait for more than 10 minutes at taxi stands (including peak and non-peak hours)	1.4% (weekday) 22.8% (weekend)	3.7% (weekday) 19.3% (weekend)	6.5% (weekday) 18.2% (weekend)
Average occupancy per trip	1.84 (weekday) 2.49 (weekend)	1.79 (weekday) 2.24 (weekend)	1.80 (weekday) 2.36 (weekend)
Average number of daily paid trips per taxi	35	38	41

*Rounded up figures