

(Translation)

(Letterhead of United Friendship Taxi Owners & Drivers Association Ltd.)

3 November 1998

Dear Chairman, Honourable Members,

I, AUYEUNG Kun, am the Vice Chairman of the United Friendship Taxi Owners & Drivers Association Ltd. I am also a member of the Monitoring Committee on the LPG Taxi Trial.

I am writing to present my views on the consultation document released by the Government on the proposal of introducing LPG taxis to Hong Kong. In the document, the Government describes in great details the seriousness of environmental pollution in Hong Kong as well as the study on ways of protecting and improving the air quality. It also indicates that the respirable suspended particulates and nitrogen dioxide emitted by diesel-engine vehicles are the major sources of air pollution. We have no objection to these arguments.

This Association fully supports the Government's policy and objective of improving the quality of the environment. As a member of the Monitoring Committee on the LPG Taxi Trial, I can see the taxi trade have several points of concern and worry about the scheme, as reflected in statistics collected in the Trial period in the past ten months or so. These points of concern are outlined in the following paragraphs.

First, comparison of fuel costs. A car runs 9.2 km per litre of diesel, whereas a LPG taxi only runs 7 km per litre of LPG. In comparison, a diesel taxi is able to run 2 km more for using one litre of fuel. What's more, the present price of LPG is too high, and there is insufficient LPG refilling stations throughout the territory. All these factors make it more expensive for drivers to operate LPG taxis than diesel ones. Therefore, a major reduction in the price of LPG is necessary.

In addition, we know that the landed cost of LPG is about \$1,200 per ton, which means a litre of LPG actually costs only about 80 cents. So the fuel companies are actually making a profit of 400-500%. What other trades or industries can enjoy such a huge profit margin? On the other hand, the LPG costs in all our neighbouring countries/districts are cheaper. It costs RMB ¥2 per litre in Mainland China, and just NT\$11.6 in Taiwan. We would like to ask the Government: how can it guarantee and what action it will take to ensure

that LPG prices would drop substantially in future so as to make fuel cost of LPG taxis obviously lower than that of diesel ones?

Secondly, taxi owners are most concerned with maintenance costs and the durability of the vehicles. LPG taxis which are used in the pilot scheme are relatively newer, so it is difficult to tell the actual maintenance costs after they have been in use for some time as well as the period of time of their road-worthiness. Also, the maintenance workshops and technicians for LPG taxis have to comply with certain safety and professional requirements. In addition, it involves more complicated procedures to repair and maintain LPG taxis. All these mean that the maintenance costs of such taxis would be higher.

We would like to reiterate that we are in support of the cause of protecting the environment and improving the air quality. However, the Government does have the responsibility of putting in substantial resources in promoting the cause. The Administration should grant various tax exemptions to facilitate a smooth transition to LPG vehicles for the taxi trade.

Lastly, we hope the Chairman and Honourable Members could urge the Government to take reasonable measures to ensure that the taxi trade would not be made to shoulder additional costs (which might be transferred to the passengers) as a result of switching to LPG taxis. At a time of economic downturn and a demise of the tourist industry, the taxi trade is already having a hard time. If the Government implements compulsory conversion to LPG taxis without assuring us that the operating costs of LPG taxis would be lower, then it is actually putting the taxi trade in a extremely helpless situation. If that happens, the whole community will suffer as well.

AUYEUNG Kun
Vice Chairman,
United Friendship Taxi Owners
& Drivers Association Ltd.