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**Transport and
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8 July 2013

Panel on Transport
Legislative Council
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Attn: Ms Sophie LAU)

Dear Ms LAU,

Taxi Licence Premium

Thank you for your referral of the letter from the Hon TANG Ka-piu on taxi licence premium. Further to our interim reply, a substantive response is provided below.

As explained at the Panel on Transport meeting on 21 June 2013, the transfer of taxi licences is a commercial activity and the level of taxi licence premium is determined by the market. According to our observation, changes in taxi licence premium are not directly related to the taxi rental level or taxi fare increase. Moreover, macro-economic and financial factors, such as the current strong market liquidity and low interest rates, may also boost the market demand for taxi licences and exert upward pressure on taxi licence premium.

Notwithstanding the above, we understand that there are concerns over the continuous upward trend of taxi licence premium as it might affect the quality of taxi service, taxi rental level and income of taxi drivers. We will continue to closely monitor the taxi licence market and collect market information through various channels, including through joining hands with the Hong Kong Monetary Authority to

collect information on taxi licence premium and taxi mortgage loan. In the event that any irregularity affecting the stability of taxi service or healthy development of the trade is found, we will consider whether we need to take measures to cope with the situation, and will keep an open mind towards all feasible measures. In general, speculative activities could be suppressed by increasing supply and transaction cost. However, the implementation of such measures should be carefully handled to ensure that they are effective and beneficial to the overall healthy development of the trade in respect of the service and operation.

As regards the media coverage on idling taxis found in car parks, it should be noted that among the 18 000-odd taxis in Hong Kong, a small proportion of vehicles would be temporarily idle in car parks and not for carrying passengers because drivers are on leave; taxis are pending rental or repair; or taxis are involved in rental, insurance or legal matters. The Transport Department will keep in view the situation and contact the taxi owners concerned for details when necessary.

Yours sincerely,

(Jason CHAN)
for Secretary for Transport and Housing

c.c. Commissioner for Transport (Attn: Mr. Albert SU)