

**立法會**  
**Legislative Council**

LC Paper No. CB(4)119/15-16(09)

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**Panel on Transport**  
**Meeting on 6 November 2015**

**Background brief on taxi service**

**Purpose**

1. This paper provides background information on taxi service in Hong Kong and summarizes the major views and concerns expressed by Members of the Legislative Council ("LegCo") on the subject.

**Background**

2. Taxis provide a personalized, point-to-point and more comfortable public transport service at a higher fare. There are currently 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 Kong except South Lantau<sup>1</sup>. 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 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 interchanges<sup>2</sup>. 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 taxis<sup>3</sup> are in **Appendix I**.

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

3. 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 ranged from 900 000 to around one million. Details are in **Appendix II**.

4. 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.

5. At the meeting of the Panel on Transport ("Panel") held on 16 June 2015, the Administration advised that based on its analysis, the supply of urban and NT taxi service was 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. The Transport Department ("TD") would continue to monitor the overall taxi service level in Hong Kong through carrying out surveys, analyzing public feedback and maintaining close liaison with the taxi trade. Where necessary, TD would take appropriate follow-up actions.

6. For Lantau taxis, the Administration advised that survey results and public feedback had shown that there was unmet demand. Future developments on Lantau Island and the projected growth of local population and visitors would further add to the demand for Lantau taxi service. Therefore, the Administration considered that there was a need to issue new Lantau taxi licences. The Administration advised that while the actual number of new licences required was being studied, the preliminary assessment was that it should be appropriate to increase the number of licenses by about half of the existing number.

### **Major views and concerns of Members**

7. The major views and concerns of Members in respect of taxi service in recent years are summarized in the ensuing paragraphs.

#### Measures to enhance the operating environment of taxis

8. From time to time, Panel members have raised concern over the difficult operating situation of the taxi trade. Some members remarked that the income of taxi drivers was not improved by taxi fare increase as the additional income generated from fare increase was offset shortly by the increase in rental cost of taxis. Some members attributed the aging problem of taxi drivers and difficulties in recruiting taxi drivers to the relatively low level of income of taxi drivers. They urged the Administration to take effective measures to improve

the income of taxi drivers and the operating situation of the taxi trade, such as setting up more taxi stands, increasing the number of pick-up/drop-off points for taxis, increasing the number of dedicated liquefied petroleum gas ("LPG") filling stations and introducing a taxi fuel surcharge to mitigate the impact of fuel price fluctuations on income of taxi drivers.

9. The Administration advised that it had all along been taking various measures to help improve the operating environment of the taxi trade, including setting up taxi stands and designating pick-up/drop-off points at suitable locations. It had also been liaising with the taxi trade to understand their operating difficulties and would duly assess their fare increase applications having regard to, among other things, the change in operating costs and the need to provide a better income to taxi drivers.

10. On the suggestion of introducing a taxi fuel surcharge, the Administration advised at the meeting of the Panel on 17 July 2015 that the Government took into account a number of factors when processing the taxi fare increase applications. These factors included the changes in various cost (including fuel cost) and revenue components. This arrangement had so far been able to cater for and balance the needs of different stakeholders as well as the actual operating conditions of the trade. Introducing a fuel surcharge would in practice single out fuel cost. A surcharge system which allowed automatic adjustment would mean a circumvention of the gate-keeping function that the Government had been performing each time when it vetted a fare increase application. The expenses incurred by an increase in fuel price would also be fully or partially transferred to the passengers. Having considered the experience of other cities in implementing and not implementing a taxi fuel surcharge and the views received from the stakeholders, the Government was of the view that a taxi fuel surcharge mechanism should not be introduced<sup>4</sup>. It would continue to address changes in operating costs caused by fluctuations in fuel price through the existing fare adjustment mechanism.

#### Mobile applications for taxi-hailing

11. Due to the prevalent use of mobile applications for calling taxis in recent years, Members had been raising concern that some application developers offer, for the purpose of soliciting business, fare concessions, discounts, cash rebates etc., to attract customers. Some Members also urged the Administration to consider reviewing the existing legislation to prohibit drivers from operating their mobile phones while driving and placing several mobile phones on the dashboards in order to safeguard the safety of passengers and other road users.

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<sup>4</sup> LC Paper No. CB(4)1306/14-15(03)

12. In response to a number of questions raised at the Council meetings in the Fifth LegCo on the above matters, the Secretary for Transport and Housing ("STH") advised that there were provisions in Regulation 40 of the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D) ("the Regulations") to regulate taxi "soliciting" behaviour. According to this Regulation, no taxi driver or person acting or purporting to act on behalf of a taxi driver shall in any manner attract any person in order to induce such person to make use of the vehicle. Any person convicted of such an offence was liable to a maximum fine of \$10,000 and imprisonment for six months. Under the Regulations, any taxi driver or person acting or purporting to act on behalf of a taxi driver who offered a fare discount on his own initiative to induce passengers to make use of his vehicle was engaging in "soliciting" activities, irrespective of whether such arrangements were made through mobile applications, telephone calls or other means. He committed an offence if there was no reasonable excuse.

13. STH added that using taxi-hailing applications, which solely for hiring taxi service, was not illegal in itself. The Police had reviewed the operational modes of the use of taxi-hailing applications in the market, and considered that there was no clear evidence to show that such applications had been used to attract passengers by offering discounts.

14. On operating mobile phones while driving, STH advised that although there was no provision under the existing legislation prohibiting a driver from using his mobile phone without holding it while driving or restricting the number of mobile phones mounted on the dashboard of a vehicle, the driver might still be liable to prosecution for "dangerous driving" or "careless driving" offences under the Road Traffic Ordinance (Cap 374) if there was evidence to prove that his driving behaviour was adversely affected by such or related act. He further advised that the Government had invited the Road Safety Research Committee under the Road Safety Council to conduct a study to facilitate the Government's consideration of whether there was a need to further tighten up the control over the use of mobile phones by drivers while driving.

#### Illegal carriage of passengers by hire cars

15. Some Members also raised concern over the illegal carriage of passengers by hire cars, which had affected the business of taxi drivers. Some Members considered that taxi service varied in quality and noted that there was a genuine demand among members of the public for Internet car calling services. However, they noted from the Internet car calling services trade that the vetting and approval criteria for application for a hire car permit were overly stringent. As a result, it was difficult for private car owners to lawfully operate service for the carriage of passengers for reward. On the other hand, some Members worried that increasing the number of hire car permits would aggravate the road traffic burden and suggested converting some taxi licences to hire car permits.

16. In response to a question raised at the Council meeting of 15 April 2015, Acting STH advised that pursuant to Section 52 of the Road Traffic Ordinance (Cap. 374), it was an offence for any person to use light goods vehicles ("LGVs") or private cars without hire car permits for carrying passengers for hire or reward. It was also an offence to solicit or attempt to solicit any person for hire or reward to travel in an LGV or a private car. Any person who committed any of the above-mentioned offences was liable to a fine of \$5,000 and three-month imprisonment for a first conviction, and \$10,000 and six-month imprisonment for a second or subsequent conviction.

17. Acting STH added that the Police had been keeping an eye on such illegal activities. Depending on the circumstances, the Police would deploy plain-clothes police officers for "decoy operations". The Police would also collect intelligence and evidence during their routine patrol work for combating these illegal activities. The Police would continue to closely monitor the situation and step up enforcement actions where necessary.

18. In respect of the assessment criteria for application for a hire car permit, STH advised at the Council meeting of 14 October 2015 that in general, TD could, upon receipt of all required documents, complete the processing of an application in about three to four months on average, whereas more time was required for processing more complicated cases. He added that the Government was open-minded in respect of the application of different types of technologies, including the use of Internet or mobile applications, for calling hire cars. The Government's fundamental position was to promote quality taxi service on the one hand, while to improve the regime for approving and regulating hire car services in response to the need of the community on the other hand.

19. STH further said that to address the concerns in the community, the Administration would accord priority to review taxi service. Apart from improving the service quality of ordinary taxis, it would explore the feasibility of introducing premium taxi service. Areas of study include service standard, fare structure, operating and management models, taxi hailing mobile applications as well as other ancillary arrangements. In tandem, the Government would also review the assessment criteria for hire car permits in keeping with the times and responding to the demands of the society.

#### Introducing new taxi types

20. At the Panel meetings on 16 June, 7 July and 17 July 2015, some members asked if the Administration would consider introducing different vehicle mix, such as electric taxis or wheelchair accessible taxis. Some members also requested the Administration to explore the feasibility of introducing taxis adopting fuel other than LPG due to safety concern. Some

hoped that the Administration would actively address the different demand of passengers by allowing more types of taxis, such as premium taxi service. At the Panel meeting on 21 June 2013, some members raised concern that the design of taxis was outdated but the cost of procuring one was high.

21. The Administration advised that it would study how taxi service could be further enhanced under the Role and Positioning Review of the Public Transport Strategy Study. A major issue to be reviewed was whether it was feasible and meritorious to introduce new types of taxi service. In the process, the Administration needs 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.

### **Latest position**

22. The Administration plans to seek views of the Panel on the general directions for enhancing taxi service at the Panel meeting to be held on 6 November 2015.

### **Relevant papers**

23. A list of relevant papers is in **Appendix III**.

Council Business Division 4  
Legislative Council Secretariat  
2 November 2015

**Fare Scale of Taxi Service**

<b>Fare (HK\$)</b>	<b>Urban Taxis (Red)</b>	<b>NT Taxis (Green)</b>	<b>Lantau Taxis (Blue)</b>
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

*Source: Paper provided by the Transport and Housing Bureau and the Transport Department in June 2015 (LC Paper No. CB(4) 1143/14-15(03))*

**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

*Source: Paper provided by the Transport and Housing Bureau and the Transport Department in June 2015 (LC Paper No. CB(4) 1143/14-15(03))*



## Background brief on taxi service

## List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
5.12.2012	Council meeting	Dr Elizabeth QUAT raised a question on taxi malpractices	<a href="http://www.info.gov.hk/gia/general/201212/05/P201212050269.htm">http://www.info.gov.hk/gia/general/201212/05/P201212050269.htm</a>
-	-	Joint letter dated 18 November 2013 from Hon WONG Kwok-hing, Hon TANG Ka-piu and Hon KWOK Wai-keung on the operation of taxi trade and Administration's response	CB(1)368/13-14(01)  <a href="http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-368-1-c.pdf">http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-368-1-c.pdf</a>  CB(1)611/13-14(01)  <a href="http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-611-1-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-611-1-e.pdf</a>
20.11.2013	Council meeting	Hon Christopher CHUNG raised a question on combating the offer of discounts on taxi fares by using mobile applications	<a href="http://www.info.gov.hk/gia/general/201311/20/P201311200259.htm">http://www.info.gov.hk/gia/general/201311/20/P201311200259.htm</a>
19.2.2014	Council meeting	Hon WONG Kwok-hing raised a question on taxi drivers using mobile phones while driving	<a href="http://www.info.gov.hk/gia/general/201402/19/P201402190431.htm">http://www.info.gov.hk/gia/general/201402/19/P201402190431.htm</a>
16.4.2014	Council meeting	Dr KWOK Ka-ki raised a question on taxi services on Lantau Island	<a href="http://www.info.gov.hk/gia/general/201404/16/P201404160359.htm">http://www.info.gov.hk/gia/general/201404/16/P201404160359.htm</a>
25.6.2014	Council meeting	Hon KWOK Wai-keung raised a question on measures to combat the offer of discounts on taxi fares	<a href="http://www.info.gov.hk/gia/general/201406/25/P201406250424.htm">http://www.info.gov.hk/gia/general/201406/25/P201406250424.htm</a>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
-	-	Letter dated 24 July 2014 from Hon Frankie YICK Chi-ming on the impact of taxi-call service mobile applications to taxi trade business and the Administration's response	<p>CB(1)1910/13-14(01)</p> <p><a href="http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-1910-1-c.pdf">http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-1910-1-c.pdf</a></p> <p>CB(1)1963/13-14(01)</p> <p><a href="http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-1963-1-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-1963-1-e.pdf</a></p>
-	-	Letter dated 15 September 2014 from Hon KWOK Wai-keung on the display of taxi driver identity plates and the Administration's response	<p>CB(1)2029/13-14(01)</p> <p><a href="http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-2029-1-c.pdf">http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-2029-1-c.pdf</a></p> <p>CB(4)305/14-15(01)</p> <p><a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tpcb4-305-1-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tpcb4-305-1-e.pdf</a></p>
12.11.2014	Council meeting	Hon KWOK Wai-keung raised a question on offer of discounts on taxi fares	<a href="http://www.info.gov.hk/gia/general/201411/12/P201411120387.htm">http://www.info.gov.hk/gia/general/201411/12/P201411120387.htm</a>
15.4.2015	Council meeting	Dr CHIANG Lai-wan raised a question on combating illegal carriage of passengers for reward	<a href="http://www.info.gov.hk/gia/general/201504/15/P201504140703.htm">http://www.info.gov.hk/gia/general/201504/15/P201504140703.htm</a>
29.4.2015	Council meeting	Hon Frankie YICK raised a question on mobile applications for taxi-hailing	<a href="http://www.info.gov.hk/gia/general/201504/29/P201504290239.htm">http://www.info.gov.hk/gia/general/201504/29/P201504290239.htm</a>
20.5.2015	Council meeting	Hon Frankie YICK raised a question on combating driving during disqualification periods	<a href="http://www.info.gov.hk/gia/general/201505/20/P201505200394.htm">http://www.info.gov.hk/gia/general/201505/20/P201505200394.htm</a>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
16.6.2015	Panel on Transport ("TP")	Administration's paper on Public Transport Strategy Study - Taxi service	CB(1)1143/14-15(03) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150616cb4-1143-3-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150616cb4-1143-3-e.pdf</a>
		Background brief on public transport strategy in Hong Kong prepared by the Legislative Council Secretariat	CB(1)238/14-15(07) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20141125cb1-238-7-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20141125cb1-238-7-e.pdf</a>
		Information note on taxi service in selected places prepared by the Research Office of the Legislative Council Secretariat	IN13/14-15 <a href="http://www.legco.gov.hk/research-publications/english/1415in13-taxi-service-in-selected-places-20150612-e.pdf">http://www.legco.gov.hk/research-publications/english/1415in13-taxi-service-in-selected-places-20150612-e.pdf</a>
		Administration's follow-up paper	CB(4)106/15-16(01) <a href="http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tp20150616cb4-106-1-c.pdf">http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tp20150616cb4-106-1-c.pdf</a>
17.7.2015	TP	Administration's paper on Public Transport Strategy Study - taxi fuel surcharge	CB(1)1306/14-15(03) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150717cb4-1306-3-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150717cb4-1306-3-e.pdf</a>
		Information note on taxi fuel surcharge in selected places prepared by the Research Office of the Legislative Council	IN14/14-15 <a href="http://www.legco.gov.hk/research-publications/english/1415in14-taxi-fuel-surch">http://www.legco.gov.hk/research-publications/english/1415in14-taxi-fuel-surch</a>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		Secretariat	<a href="#">arge-in-selected-places-20150713-e.pdf</a>
-	-	Letter dated 7 September 2015 from Hon Michael TIEN Puk-sun on taxi licences	CB(4)1451/14-15(01) <a href="http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1451-1-c.pdf">http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1451-1-c.pdf</a>
14.10.2015	Council meeting	Hon Charles Peter MOK raised a question on regulation of hire car services	<a href="http://www.info.gov.hk/gia/general/201510/14/P201510140400.htm">http://www.info.gov.hk/gia/general/201510/14/P201510140400.htm</a>
-	-	Letter dated 9 October 2015 from Hon Charles Peter MOK on the Internet car calling service and hire car sharing service and the Administration's response	CB(4)1517/14-15(01) <a href="http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1517-1-c.pdf">http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1517-1-c.pdf</a>  CB(4)92/15-16(01) <a href="http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-92-1-e.pdf">http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-92-1-e.pdf</a>