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

22 October 2015

(Fax No. 2978 7569)

Dear Ms LAU,

Panel on Transport

Letter from Hon Charles Peter MOK on the Internet car calling service and hire car “sharing” service

Thank you for your letter dated 13 October 2015 forwarding to us the captioned letter.

The Hon Charles MOK raised an oral question on the same subject at the LegCo sitting of 14 October 2015. A copy of the Secretary for Transport and Housing’s reply to the question is attached. The Government will also submit a paper on taxi service for discussion at the coming meeting of the LegCo Panel on Transport scheduled for 6 November 2015. The regulation of hire car services will be covered in the paper.

Yours sincerely,

(Niki KWOK)
for Secretary for Transport and Housing

cc. Commissioner for Transport (Attn: Ms Amy LEE) (Fax No. 3741 1969)

Press Releases

LCQ1: Regulation of hire car services

Following is a question by the Hon Charles Peter Mok and a reply by the Secretary for Transport and Housing, Professor Anthony Cheung Bing-leung, in the Legislative Council today (October 14):

Question:

Under the law, if private car owners intend to use their vehicles for the carriage of passengers for hire or reward, they must hold a hire car permit (permit) issued by the Commissioner for Transport and maintain a valid insurance policy in respect of third party risks applicable to such use. In August this year, the Police arrested a few employees of a company which offered Internet car calling services and a few private car drivers who were suspected of carrying passengers for reward without a permit. Some members of the industry have relayed that the vetting and approval criteria for a permit are so overly stringent that it is difficult for private car owners to lawfully operate services for the carriage of passengers for reward. They also hold the view that as taxi services vary in quality, there is genuine demand among members of the public for Internet car calling services and hire car sharing services (car-sharing services). It is learnt that places such as certain cities in the United States, Singapore and the Philippines have conducted consultation on Internet car calling services and amended their relevant legislation, so as to make use of information technology to enhance the efficiency and standard of their transport services. In this connection, will the Government inform this Council:

(1) of the number of enquires on Private Service (Limousine) Hire Car Permits received by the authorities as well as the respective numbers of applications received, approved and rejected, in

each of the past three years; the vetting and approval criteria for various kinds of permits; the average processing time of each application last year, and the current number of valid permits and their validity periods;

(2) whether the authorities will consult operators of Internet car calling business when reviewing the vetting and approval criteria for permits, and consider relaxing the criteria so that companies and car owners operating such business may operate lawfully with a permit, thereby increasing competition in the hire car market; if they will, of the details; and

(3) whether, when conducting the Public Transport Strategy Study, the authorities will, by making reference to the practice of foreign countries, consider setting up a registration system for Internet car hire services as well as car-sharing services and drawing up a code of ethics for drivers, safety specifications for vehicles and requirements on procuring insurance, etc., and consult the industry on such issues; if they will, of the details?

Reply:

President,

Under a public transport-oriented principle, the Government has adopted a policy to use the railway as the backbone of public transport system. Other road-based public transport means, such as franchised buses, non-franchised buses, public light buses and taxis, basically play a supplementary role. Franchised buses are still the mass carrier serving areas without direct railway access (Note). Taxis provide safe and reliable point-to-point personalised services.

Using a private car for carriage of passengers for hire or reward (hire car) is also a kind of point-to-point personalised transport service. It does not belong to public transport service nor is its fares subject to regulation. However, the private car owner concerned must obtain a hire car permit (Permit) issued to him before he can operate hire car service.

At present, the Road Traffic (Public Services Vehicles) Regulations (the Regulations) contain specific provisions on the Permit requirements of hire cars and the assessment criteria for granting of Permits. The policy on hire cars and the relevant legislation reflect its historical context. The present legislation in respect of hire cars was implemented in 1981 with the primary objective of legalising the "pak pais" (i.e. illegal hire car service) at the time. While hire car permits were issued to persons then operating "pak pais", unlimited issuance of such permits should be avoided so as not to encourage quasi-taxi operation or even affecting the operation of other public transport services and aggravating road congestion. These are also the considerations of the Commissioner for Transport (the Commissioner) when exercising her discretionary power to issue Permits.

My consolidated reply to the various parts of the Hon Charles Peter Mok's question is as follows:

At present, there are three types of valid Permits, namely private, hotel and tour services. The assessment criteria for Permits are set out in the Regulations in detail, including that the Commissioner, when processing an application, should be of the opinion that the type of hire car service specified is reasonably required. In addition, the Regulations also stipulate the factors that the Commissioner may take into consideration when assessing applications for individual types of hire car services. For example, in determining whether to issue a Permit for a private hire car service, the Commissioner needs to have regard to the extent to which the area in which the private hire car service under application will operate is served by public transport. Details of the assessment criteria are in Annex 1.

The numbers of Permits by types issued by the Transport Department (TD) and figures on the approval of Private Service (Limousine) Permits are in Annex 2 and Annex 3 respectively. A Permit shall be valid until the vehicle licence of the

private car concerned next expires. In other words, the longest validity period for a Permit is one year.

Since the information and supporting documents submitted in each application vary, the time required for TD's processing of each application is different. In general, TD can, upon receipt of all required documents, complete the processing of an application in about three to four months on average, whereas more time is required for processing more complicated cases. For example, if an applicant was prosecuted for allegedly illegal operation of hire car service prior to submission of application and such illegal operation is related to the application, the processing of such application will have to be suspended during the legal proceeding.

The Government is open-minded in respect of the application of different types of technologies, including the use of Internet or mobile applications for calling hire cars. However, all hire car services, regardless of the use of which type of technology or platform, must be lawful and most importantly, have regard to the interest and safety of passengers. Under the current law, if car owners (whether individuals or companies) are interested in using their private cars for carriage of passengers for hire or reward, they must apply to the Commissioner for Permits for operating hire car services.

Recently, there has been quite some discussion in the community (including the general public and the transport trade) about point-to-point transport service (i.e. taxis and hire cars). To this end, the Government's fundamental position is 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. The Government is reviewing holistically the roles and positioning of public transport services other than the rail under the Public Transport Strategy Study commenced since end last year. The objective is to enhance their complementarity as well as to improve service quality and passenger choices. To address the

concerns in the community, we will accord priority to review taxi service. Apart from improving the service quality of ordinary taxis, we will explore the feasibility of introducing premium taxi service. Areas of study include service standard, fare structure, operating and management models, taxi hailing mobile apps as well as other ancillary arrangements. In tandem, the Government will also review the assessment criteria for Permits in keeping with the times and responding to the demands of the society. During the process, we will certainly listen to the views of stakeholders.

We also note the emergence of the so-called hire car "sharing" services which have brought about controversies around the world. Regulatory authorities worldwide are still studying this complex matter and have yet to come up with a unified solution. For example, operations of passenger service for reward without licence, whether as taxis or hire cars, remain illegal and are prohibited in places such as Korea, Taiwan, Thailand, the Netherlands, Spain, Germany and France. We will closely monitor the development of this matter worldwide for our reference.

Note: At present, there are nine heavy rail lines and an Airport Express line linking the city centre with the Hong Kong International Airport and the AsiaWorld-Expo in Hong Kong, covering Hong Kong Island, Kowloon and the New Territories. Upon completion of the four railway projects currently under construction (namely the South Island Line (East), the Kwun Tong Line Extension, the Shatin to Central Link and the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section)), the railway network will cover areas inhabited by about 70 per cent of the local population.

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Annex 1

The Regulations stipulate that the Commissioner, when processing an application, must require that there is in force a valid third party risks policy of insurance which is in compliance with the statutory requirements and a valid vehicle licence in respect of the private car concerned. Also, the Commissioner is of the opinion that the type of hire car service specified in the application is reasonably required.

The Regulations also stipulate the factors that the Commissioner may consider when assessing applications for individual types of hire car service, as follows:

- In determining whether to issue a Permit for a private hire car service, the Commissioner may have regard to, amongst other matters, the extent to which the area from which the applicant proposes to operate the private hire car service is served by public transport, whether the applicant is able reasonably to demonstrate that the service applied for is required in the area concerned, and whether the applicant has, in the area concerned, a place which the Commissioner considers suitable to park the private car when it is available for hire.
- As regards hotel and tour services, a Permit may be issued to a hotel or tourist agent if the hotel proprietor or tourist agent is the registered owner of the private car concerned. Otherwise, the Permit may only be issued to the registered owner of the private car who produces written approval from the hotel or tourist agent concerned for the provision of a hire car service exclusively for that hotel or tourist agent. In determining whether to issue a Permit for a hotel service, the Commissioner may have regard to, amongst other matters, whether the number of bedrooms and location of the hotel to which the application relates, and general standard of service provided by the hotel is such that the hire car service concerned is reasonably required for such a hotel. In determining whether to issue a Permit for a tour service, the Commissioner may have regard to, amongst other matters, the nature and availability of existing facilities for visitors to tour Hong Kong, and whether the applicant has the means and experience to enable him to provide visitors to Hong Kong with a tour hire car service of suitable standard.

Annex 2

Five types of Hire Car Permit that can be issued by the Commissioner under the Regulations	Statutory limit imposed on the number of Permits	Number of Permits already issued by TD (as at September 30, 2015)
Private Hire Car Service ^(Note 1)	1 500	625
Hotel Hire Car Service	400	152
Tour Hire Car Service	400	107
Airport Hire Car Service	60	0 ^(Note 2)
School Hire Car Service	1 500	0 ^(Note 2)

Note 1: Private hire car service includes Private Service, Private Service (Limousine) and Private Service (Limousine) (Cross-boundary).

Note 2: According to TD, airport hire cars were gradually replaced by limousines providing private hire car services in the mid-1980s, while at the same time school hire cars were also gradually replaced by school private light buses. TD has thus not issued these two types of permit since then.

Annex 3

Year	Number of enquiries about Hire Car Permit - Private Service (Limousine) ^(Note 1)	Applications for Hire Car Permit - Private Service (Limousine) ^(Note 2) (Number of Permits ^(Note 2))		
		Applications received ^(Note 3)	Applications approved ^(Note 3)	Applications rejected ^(Note 3)
2013	20	291	284	6
2014	37	316	267	17
2015 (as at September 30)	33	261	225	34

Note 1: Private hire car service is classified into three types, namely Private Service, Private Service (Limousine) and Private Service (Limousine) (Cross-boundary). The above numbers of enquiries include written enquiries or those received via 1823 call centre, whereas there are no statistics on enquiries made in person or by phone to TD.

Note 2: Figures include applications of new, renewal and replacement of Permits. In addition, as applicants may apply for more than one Permit in the same application, the number of Permits is shown in the above table for ease of calculation.

Note 3: Subject to the date of submission of applications and the timely submission of the required information, the number of applications processed (i.e. the total number of applications approved and rejected) may not be equal to the number of applications received in the same year.