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[English translation for reference only]

Secretary General  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn.: Ms. Doris LO)  
[Fax no.: 2840 0269]

Dear Ms. LO,

**Motions passed at the meeting  
of Panel on Transport on 21 April**

Thank you for your letter of 25 April to the Secretary for Transport and Housing regarding the captioned subject. Our reply is set out below.

Since we commenced the study in November 2015 on the introduction of franchised taxis, we have been liaising with taxi trade, unions as well as other stakeholders through various channels to canvass their views. We have also taken note of the views and opinions of the community. Overall speaking, the public welcome the introduction of franchised taxis as a new alternative and ask for early implementation. Some members of the taxi trade are worried about the impact of the franchised taxi on existing taxi trade. They have proposed that even if the franchised taxis were to be introduced, the Government should make use of some ordinary taxi licences to operate franchised taxis. The Government does not agree with this request since it would be equivalent to a closed market, which is contrary to the principle of open competition.

The Government has submitted the latest proposals<sup>1</sup> at the Panel on Transport meeting on 21 April 2017. The latest proposals have made suitable adjustments to the preliminary proposals in June 2016 to address the concerns and worries of the taxi trade as well as meet the public demand for more convenient and higher-quality “online hailing” services.

At the meeting, members have divergent views on enhancing personalised and point-to-point services and passed 5 non-binding motions. One of the motions requested the shelving of the proposal (7 affirmative, 5 negative and one abstention vote(s)). The remaining 4 motions, while basically supported the introduction of franchised taxis, put forward different views on the implementation details. For instance, some members opined that while introducing franchised taxis, efforts should be made to combat unlawful acts, strengthen drivers’ training and introduce suitable service quality monitoring mechanism within the trade so as to enhance ordinary taxi services quality on all fronts; the new services should be offered in a manner different from the existing licensing regime and should be subject to a prescribed duration; the Government should review the policy on hire car services and introduce suitable regulatory mechanism for “online hailing” to meet the demand of the public; the Government should re-consider stipulating that franchised taxi operators should maintain an employer-employee relationship with their drivers; and to consider giving priority to existing ordinary taxis for converting their licences into operating right of franchised taxis.

In the light of the results of consultation with the Panel on Transport mentioned above and the generally supportive views from the community, our conclusion remains that the introduction of franchised taxis could meet the new demand in the community for personalised and point-to-point services of higher quality and fare. As to whether we should explore introducing other new services (such as regulated online hailing services), the answer would depend on the outcome of the scrutiny of the legislation on franchised taxis by the Legislative Council.

A two-pronged approach has to be adopted to enhance taxi services. Ordinary taxis are cheaper and will continue to be the main taxi services used by the general public. After the introduction of franchised taxis, the current 18 000-odd taxis will continue to be the majority of the personalised and point-to-point public transport services. Therefore, the Government will on one hand continue to strive to enhance the existing taxi service quality and operating environment by, inter alia, (i) reviewing the current penalty for various taxi malpractices; (ii) relaxing permanently the no-stopping restrictions for taxi from peak hours and “7 a.m. to 7 or 8 p.m.” on roads with

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<sup>1</sup> Please refer to LC Paper No. CB(4)666/16-17(05) for details:  
<http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170317cb4-666-5-e.pdf>

speed limit less than 70 kilometres per hour; (iii) extending the validity period of taxi driver identity plates; (iv) amending the requirement for applicants for driving licence for taxis (and some other vehicles) to have held a valid driving licence for private car or light goods vehicle for at least 3 years to at least one year; and requiring applicants for full driving licence for taxi and non-franchised public bus to complete and pass a pre-service course designated and approved by the Commissioner for Transport; and (v) proactively considering subsidising taxi drivers to enroll in training courses. It is expected that the above measures could be introduced within 2-3 years.

On the other hand, the Government will continue to maintain close liaison with the taxi trade. We propose to revamp the current Quality Taxi Services Steering Committee under the Transport Department to strengthen the interaction and cooperation with the trade and other important stakeholders (including stakeholders such as the Chartered Institute of Transport, passenger concern groups, Consumer Council, Competition Commission and labour organisations) so as to drive changes and consider feasible supportive measures under the existing licensing regime. The revamp will start soon.

The above measures are recommendations under the Public Transport Strategy Study (“PTSS”). We will brief the Panel on Transport on the findings of the PTSS on 16 June and canvass members’ views. The Study Report of the PTSS can be found at Transport and Housing Bureau’s website (<http://www.thb.gov.hk>).

Yours sincerely,  
[signed]  
(Peggy NG)  
for Secretary for Transport and Housing