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Panel on Transport
Meeting on 25 July 2018

Background brief on
enhancing taxi service quality

Purpose

This paper provides background information on taxi services in Hong Kong. It also summarizes the major views and concerns expressed by Legislative Council Members on taxi service quality.

Background

Taxi service

2. Taxis constitute the majority of personalised and point-to-point transport services. According to the Administration in March 2017, there are 18 000-odd taxis in total in Hong Kong. Ordinary taxi licences are permanent in nature, and held by as many as 9 000 licence holders. Apart from the fact that the fares and operating areas are regulated by the Government, taxi licences have been issued without any conditions directly related to service quality. Regarding operating areas, taxis may pick up passengers on the street or at taxi stands, or provide pre-booked service. In respect of fares, taxis shall either charge according to the taximeter or be hired as a whole. The fares charged by the taximeter are regulated by the Government, whereas the fare for hire-as-a-whole service will, under existing legislation, be agreed between the parties providing and receiving the service to allow for more flexibility in meeting different passenger needs.

3. According to the established policy, the Government will issue new taxi licenses 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.

Enhancing taxi service quality

4. In recent years, taxi service and the conduct of some taxi drivers (such as refusal of hire, poor service attitude towards passengers and overcharging) have been subject to increasing criticisms in the community. There are views in the community asking the Administration to strengthen monitoring and consider issuing more taxi licences to enhance competition with a view to improving services.

5. The Transport Department ("TD") has been encouraging the taxi trade to enhance ordinary taxi service within the present legal and regulatory framework. The Administration has also accorded priority to reviewing taxi service under the Role and Positioning Review of the Public Transport Strategy Study ("PTSS"). The key area of study was whether to introduce premium taxis¹.

6. According to the Administration, the objective of introducing franchised taxis is not to resolve the existing problem of variation in service quality of ordinary taxis. As such, the Administration and taxi trade will continue to enhance ordinary taxi service proactively under the current licensing regime. Among others, the Police has stepped up enforcement actions targeted at more stringent monitoring over taxi drivers to eradicate malpractices such as refusal to hire and overcharging. Moreover, TD has been promoting quality taxi service through publicity and education. To improve service quality through self-regulation by the trade, 17 taxi associations formed the Hong Kong Taxi Council in November 2015. In addition to the effort to assist the taxi trade in improving service quality, the Administration is also considering various measures conducive to improving the operating environment of taxis².

7. Recently, the Administration has also reviewed the current penalty for various taxi driver malpractice with a view to enhancing the quality of taxi services. On 18 May 2018, the Administration reported to the Panel on Transport ("the Panel") on the implementation progress of various measures

¹ According to the Administration, "Premium taxis" are renamed "franchised taxis" to make clearer the different regimes adopted by ordinary taxi service and the new taxi service to be introduced under a franchise model. The Administration reported to the Panel on Transport on the progress of the study and proposed directions of franchised taxis at the Panel meeting held on 21 April 2017. Details are set out in the Administration's paper submitted to the Panel in March 2017 (CB(4)666/16-17(05)).

² The measures include (i) relaxing permanently the no-stopping restrictions for taxis from peak hours and "7am to 7 or 8pm" on roads with a speed limit of less than 70 kilometres per hour; (ii) extending the validity period of driver identity plates to 10 years; and (iii) amending the requirement for applicants for a driving licence for taxis to hold a valid driving licence for private cars or light goods vehicles for at least three years to at least one year. The Bills Committee on Road Traffic (Amendment) Bill 2018 was formed in March 2018 to discuss, among others, the legislative proposal in relation to the above mentioned item (ii).

recommended under the PTSS. Among others, members noted the Administration's plan to prepare relevant legislative amendments regarding the introduction of a demerit point system for taxi driving licence with a view to enhancing the deterrent effect against breaches of legislation. Other measures to enhance taxi service quality recommended under the PTSS³ included subsidizing taxi drivers to enroll in training course and assisting the taxi trade and vehicle suppliers in introducing wheelchair-accessible taxis.

8. On 23 May 2018, TD responded to media enquires on taxi trade's views about the Administration's preliminary proposals to strengthen the penalty level for malpractices by taxi drivers. The approach of the preliminary proposals⁴ was introducing a two-tier penalty system for offences of a more serious nature and a Taxi-Driver-Offence Point System to enhance the overall deterrent effect. Noting that some trade representatives have different opinions on the above proposals, the Administration will continue to maintain communication with the taxi trade and stakeholders.

Major views and concerns of Members

9. The Panel has been actively following up issues relating to the quality of taxi services. The subject matter was also discussed at the relevant Bills Committee. Council question on relevant subject matters were also raised. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

Impact of premium taxis on the businesses of ordinary taxis

10. The Administration's proposal on the introduction of premium taxi was discussed at the Panel meeting held on 21 June 2016. Most members had reservation about the Administration's proposal to introduce premium taxis under a franchise model. They took the view that introduction of premium taxis could not address the poor service quality problem of ordinary taxis and would lead to unhealthy competition within the taxi trade. It would also adversely affect the income of taxi drivers, thus exacerbating the vicious cycle of low income of drivers and poor service quality of ordinary taxis.

11. While some members were supportive of the proposal of introducing

³ The implementation progress of these measures are set out in the Administration's paper in May 2018 (CB(4)1072/17-18(05)).

⁴ Details about the preliminary proposals could be found at the press release issued by the Administration on 23 May 2018 (<https://www.info.gov.hk/gia/general/201805/23/P2018052300867.htm?fontSize=3>).

premium taxis as it would offer better service to passengers, they suggested that the taxi trade should first be allowed to provide premium taxi service instead of granting the operating right to a few companies under the franchise model. There was also a suggestion that instead of granting the operating right of all 600 premium taxis to a few companies through franchising, the Administration could consider allocating a certain number for operation by the taxi trade, so that they could also participate in providing premium taxi service. They considered that this could in a way encourage the trade to improve service quality as a whole.

12. Many members also expressed views against the introduction of franchised taxis at the meeting held on 21 April 2017 when the Administration briefed the Panel on its latest proposal in this regard. Members considered that enhancing the service quality of ordinary taxis should be the right approach. They called on the Administration to improve taxi service together with the taxi trade to positively respond to the constant criticism on taxi service from the public and visitors.

13. Five motions were passed at the above meeting. Among others, the Administration was requested to shelve the "franchised taxi" scheme and expeditiously form a working group with the taxi trade and various political parties/groups of the Legislative Council for formulating a proposal to comprehensively upgrade the taxi service level. The Administration was also requested to make overall improvement to the operating environment of the trade.

14. The Administration advised that the objective of introducing franchised taxis was not to replace ordinary taxis but to provide an additional choice to cater for the new demand in the community for personalized and point-to-point public transport services of higher quality and fare. The Administration would continue to enhance the ordinary taxi service proactively under the existing licensing regime, in parallel with the introduction of franchised taxis, with a view to enhancing personalized and point-to-point public transport services under a multi-pronged approach.

Improving ordinary taxi service

15. Some members had repeatedly expressed at a number of Panel meetings that the crux of the service quality problem of taxis was licence speculation. Members expressed that the high taxi licence premium provided no incentive for taxi owners to improve taxi services. They called on the Administration to find ways to lower taxi licence value by issuing new taxi licences to curb speculation and encourage competition. Some members further suggested that the Administration should buy back taxi licences in the market in order to address licence speculation problem.

16. When considering the taxi fare increase applications at the Panel meeting held on 16 December 2016, members generally expressed dissatisfaction about the malpractice of taxi drivers and poor taxi service. Members noted that the installation of a close-circuit television ("CCTV") system in 10 taxis by the Association of Taxi Industry Development ("the Association") in September 2016 had received a positive response from the public at large and the Office of the Privacy Commissioner for Personal Data ("PCPD") had not received any complaints relating to the installation of such system in taxis. They asked if the Administration would consult PCPD on the full implementation of the installation of a CCTV system in taxi compartments while considering the fare increase applications, and to enact relevant legislation to ensure the quality of taxi service upon confirmation of no violation of any principles on privacy of personal data. A motion moved in this regard was carried.

17. On the suggestion of installing CCTV systems inside taxi compartments to enhance the quality of taxi service, the Administration advised that application to TD for installing camera systems inside taxi compartments was not required if it would not affect the vehicle structure and driving safety. The Administration noted that the installation of such camera systems would involve the problem of privacy protection, and had thus enquired PCPD with regard to the trial scheme proposed by the Association on whether the personal data privacy could not be fully protected.

18. At the Panel meeting held on 20 October 2017, members had also expressed concern about the quality of taxi service, in particular, the malpractices of some taxi drivers (such as refusal to hire, taxi drivers overcharging passengers and not taking the most direct route to destination). A member urged the Administration to strengthen monitoring of taxi service and to meet with the taxi trade to work out measures to tackle the above said malpractices and to consider a retirement scheme for taxi drivers.

19. At the meeting of the Bills Committee on Road Traffic (Amendment) Bill 2018 held on 23 April 2018, some members considered that the Administration should explore ways to enhance the function of the driver identity plates, such as utilizing the driver identity plates to record the roster of taxi drivers, and facilitate management. In addition, to enhance the professional image of drivers and service quality, the Administration had been requested to expedite the introduction of an offence point system for taxi drivers to regulate various malpractices relating to taxi service and to record the offence points on the driver identity plates to enhance its functions.

20. The Administration advised that the proposal of introducing an offence point system for taxi drivers' malpractice would be dealt with in a separate

exercise as the Administration was reviewing the penalty on taxi-related offences. The Committee on Taxi Service Quality, which had been established in early 2018 to serve as a multi-party platform to discuss strategies and measures to drive changes to enhance the service quality of existing taxis, would deliberate the proposal. The establishment of the Committee also underlined the great importance that the Administration attached to enhancing the taxi service quality in collaboration with the trade and relevant stakeholders.

21. At the Panel meeting held on 18 May 2018, some members noted that that the Administration was exploring the introduction of a demerit point system for taxi driving licences with a view to enhancing the deterrent effect against breaches of legislation. To make the gathering of evidence easier for law enforcement agencies, they urged the Administration to explore the implementation of the arrangement to install cameras inside taxi compartments. A motion was passed in this regard.

Latest position

22. The Administration will consult the Panel on various proposals to raise the quality of ordinary taxi service at the meeting to be held on 25 July 2018.

Relevant papers

23. A list of relevant papers is at the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
18 July 2018

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List of relevant papers

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

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	CB(1)1910/13-14(01) http://www.legco.gov.hk/yr13-14/chinese/panels/tp/papers/tpcb1-1910-1-c.pdf CB(1)1963/13-14(01) http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tpcb1-1963-1-e.pdf
12.11.2014	Council meeting	Hon KWOK Wai-keung raised a question on offer of discounts on taxi fares	http://www.info.gov.hk/gia/general/201411/12/P201411120387.htm
15.4.2015		Dr Hon CHIANG Lai-wan raised a question on combating illegal carriage of passengers for reward	http://www.info.gov.hk/gia/general/201504/15/P201504140703.htm
29.4.2015		Hon Frankie YICK Chi-ming raised a question on mobile applications for taxi-hailing	http://www.info.gov.hk/gia/general/201504/29/P201504290239.htm
16.6.2015	Panel on Transport ("TP")	Administration's paper on Public Transport Strategy Study – Taxi service	CB(1)1143/14-15(03) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150616cb4-1143-3-e.pdf
		Information note on taxi service in selected places prepared by the Research Office of the Legislative Council Secretariat	IN13/14-15 http://www.legco.gov.hk/research-publications/english/1415in13-taxi-service-in-selected-places-20150612-e.pdf

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
16.6.2015	TP	Administration's follow-up paper	CB(4)106/15-16(01) http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tp20150616cb4-106-1-c.pdf
		Minutes of meeting	CB(4)165/15-16 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150616.pdf
17.7.2015		Administration's paper on Public Transport Strategy Study – taxi fuel surcharge	CB(1)1306/14-15(03) http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150717cb4-1306-3-e.pdf
		Information note on taxi fuel surcharge in selected places prepared by the Research Office of the Legislative Council Secretariat	IN14/14-15 http://www.legco.gov.hk/research-publications/english/1415in14-taxi-fuel-surcharge-in-selected-places-20150713-e.pdf
		Minutes of meeting	CB(4)228/15-16 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150717.pdf
--	--	Letter dated 7 September 2015 from Hon Michael TIEN Puk-sun on taxi licences	CB(4)1451/14-15(01) http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1451-1-c.pdf

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
--	--	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) http://www.legco.gov.hk/yr14-15/chinese/panels/tp/papers/tpcb4-1517-1-c.pdf CB(4)92/15-16(01) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tpcb4-92-1-e.pdf
6.11.2015	TP	Administration's paper on taxi service	CB(4)119/15-16(08) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-119-8-e.pdf
		Administration's follow-up paper	CB(4)267/15-16(01) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-267-1-e.pdf
		Minutes of meeting	CB(4)513/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20151106.pdf
20.1.2016	Council meeting	Hon Frankie YICK Chi-ming raised a question on taxi services	http://www.info.gov.hk/gia/general/201601/20/P201601200639.htm
21.6.2016	TP	Administration's paper on Public Transport Strategy Study – Role and Positioning Review on premium taxis and	CB(4)1124/15-16(01) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160621cb4-112

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		increasing the seating capacity of public light buses	4-1-e.pdf
		Minutes of meeting	CB(4)1315/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20160621.pdf
13.7.2016	Council meeting	Dr Hon Priscilla LEUNG Mei-fun raised a question on premium taxis	http://www.info.gov.hk/gia/general/201607/13/P2016071200628.htm
16.12.2016	TP	Administration's paper on taxi fare increase applications	CB(4)285/16-17(05) http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20161216cb4-285-5-e.pdf
		Motion passed under the agenda item of "Taxi fare increase applications" at the meeting on 16 December 2016	CB(4)335/16-17(05) http://www.legco.gov.hk/yr16-17/chinese/panels/tp/papers/tp20161216cb4-335-5-ec.pdf
		Administration's response to the motion passed under the agenda item of "Taxi fare increase applications" at the meeting on 16 December 2016 as set out in LC Paper No. CB(4)335/16-17(05)	CB(4)640/16-17(01) http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20161216cb4-640-1-e.pdf
		Administration's follow-up paper	CB(4)480/16-17(01) http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20161216cb4-480-1-e.pdf

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		Minutes of meeting	CB(4)513/16-17 http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20161216.pdf
17.3.2017	TP	Administration's paper on Public Transport Strategy Study Role and Positioning Review - Personalized and point-to-point transport services	CB(4)666/16-17(05) http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170317cb4-666-5-e.pdf
		Minutes of meeting	CB(4)1470/16-17 http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170317.pdf
21.4.2017		Minutes of meeting	CB(4)1616/16-17 http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170421.pdf
		Administration's response to the motions passed under the agenda item of "Public Transport Strategy Study Role and Positioning Review - Personalized and point-to-point transport services" at the meeting on 21 April 2017.	CB(4)1184/16-17(01) http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170421cb4-1184-1-e.pdf
31.5.2017	Council Meeting	Mr Frankie YICK raised a question on using smart phones/devices while driving	http://www.info.gov.hk/gia/general/201705/31/P2017053100188.htm
16.6.2017	TP	Administration's paper on Public Transport Strategy	CB(4)1176/16-17(03)

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		Study	http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170616cb4-1176-3-e.pdf
		Minutes of meeting	CB(4)177/17-18 http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170616.pdf
28.6.2017	Council Meeting	Mr Andrew WAN raised a question on personalized and point-to-point transport service	http://www.info.gov.hk/gia/general/201706/28/P2017062700726.htm
20.10.2017	TP	Administration's paper on 2017 Policy Address and Policy Agenda	CB(4)54/17-18(03) http://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20171020cb4-54-3-e.pdf
		Minutes of meeting	CB(4)417/17-18 http://www.legco.gov.hk/yr17-18/english/panels/tp/minutes/tp20171020.pdf
23.4.2018	Bills Committee on Road Traffic (Amendment) Bill 2018	Legislative Council Brief	File Ref.: THB(T)L 3/3/5 http://www.legco.gov.hk/yr17-18/english/bills/brief/201802091_brf.pdf
		Minutes of meeting	CB(4)1232/17-18 http://www.legco.gov.hk/yr17-18/english/bc/bc103/m

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
			inutes/bc10320180423.pdf
		Report	CB(4)1205/17-18 http://www.legco.gov.hk/yr17-18/english/hc/papers/hc20180608cb4-1205-e.pdf
2.5.2018	Council Meeting	Mr Frankie YICK raised a question on placing smart phones/devices on dashboard	http://www.info.gov.hk/gia/general/201805/02/P2018043000814.htm
18.5.2018	TP	Administration's paper on Public Transport Strategy Study - Implementation progress of measures	CB(4)1072/17-18(05) http://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180518cb4-1072-5-e.pdf
		Motion passed under the agenda item of "Progress of implementation of measures under Public Transport Strategy Study" at the meeting on 18 May 2018	CB(4)1148/17-18(01) http://www.legco.gov.hk/yr17-18/chinese/panels/tp/papers/tp20180518cb4-1148-1-ec.pdf

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