

# 立法會 *Legislative Council*

LC Paper No. CB(4)345/19-20

(These minutes have been seen by  
the Administration)

Ref: CB4/BC/2/18

## **Bills Committee on Franchised Taxi Services Bill**

### **Minutes of the second meeting held on Monday, 18 November 2019, at 8:30 am in Conference Room 2 of the Legislative Council Complex**

- Members present :** Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)  
Hon Paul TSE Wai-chun, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon SHIU Ka-fai, JP  
Hon Jeremy TAM Man-ho  
Hon Tony TSE Wai-chuen, BBS
- Members absent :** Hon CHAN Han-pan, BBS, JP (Deputy Chairman)  
Hon LEUNG Yiu-chung  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon CHU Hoi-dick  
Dr Hon Junius HO Kwan-yiu, JP  
Hon LAM Cheuk-ting  
Hon LUK Chung-hung, JP  
Hon LAU Kwok-fan, MH
- Public Officers attending :** **Agenda item I**  
Mr Kevin CHOI, JP  
Deputy Secretary for Transport and Housing  
(Transport) 2  
Transport and Housing Bureau

Ms Macella LEE, JP  
Deputy Commissioner for Transport/Transport  
Services and Management Transport Department

Miss Ann CHAN  
Principal Assistant Secretary for Transport and  
Housing (Transport)(Special Project)  
Transport and Housing Bureau

Mr Patrick NG  
Chief Transport Officer/Planning/Taxi 1  
Transport Department

Miss Janet HO  
Chief Transport Officer/Planning/Taxi 2  
Transport Department

Mr Angus WAT  
Assistant Secretary for Transport and Housing  
(Transport)(Special Project)A  
Transport and Housing Bureau

**Clerk in attendance :** Ms Sophie LAU  
Chief Council Secretary (4)2

**Staff in attendance :** Mr Alvin CHUI  
Assistant Legal Adviser 3

Ms Angela CHU  
Senior Council Secretary (4)2

Miss Mandy LAM  
Legislative Assistant (4)2

---

**I. Meeting with deputations and the Administration**  
(File Ref: CB(4)42/19-20(01)-(02)), THBT)CR1/1136/2015,  
CB(3)559/18-19, LS71/18-19, CB(4)950/18-19(01),  
CB(4)950/18-19(02))

Discussion

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

Declaration of interests

3. Mr YIU Si-wing and Mr Jeremy TAM declared that they were member of the Committee on Taxi Service Quality.

Follow-up actions by the Administration

4. The Administration was requested to provide written information on the following issues raised at the meeting:

(a) Statistics relating to the provision of taxi services, including:

- (i) the number of taxis that were in operation, with a breakdown on taxis operating during day time as well as night time of weekdays, weekends and public holidays;
- (ii) the number of taxis that were not in operation and left idle for more than a month and the reasons for that; and
- (iii) the number of daily taxi passengers on average and the ratio of tourists out of it for the months of May to October 2019, so as to reflect changes in the number and composition of taxi passengers before and after the outbreak of recent public order events; and
- (iv) given that the taxi trade had shown willingness to improve and enhance taxi service provision by proposing to the Transport Department a commendation scheme for quality taxi service and had also put forth other recommendations, such as offering to the market a taxi fleet of a higher quality with features similar to those proposed under franchised taxis, explanations on why these proposals were not being considered; administrative and legal constraints in taking forward these proposals and merits/demerits of the proposed legislative regime of franchised taxis over the proposals put forth by the trade.

*(Post-meeting note:* The Chinese and English version of the Administration's response to the above issues was

issued to members on 19 and 31 December 2019 respectively vide LC Paper No. CB(4)209/19-20(02)).

## **II Any other business**

5. The Chairman suggested and members agreed to hold a public hearing to receive views from members of the public and the trade on the Bill. The public hearing was scheduled to be held on 6 January 2020.

*(Post-meeting note: A total of 185 individuals/organizations had submitted applications for making oral presentations at the public hearing to be held on 6 January 2020. Due to limited seats available, the first 60 deputations who submitted their applications were invited to give views at the meeting, and the remaining deputations would be invited to express their views at subsequent meetings.)*

6. There being no other business, the meeting ended at 10:30 am.

Council Business Division 4  
Legislative Council Secretariat  
24 February 2020

# **Bills Committee on Franchised Taxi Services Bill**

## **Proceedings of the second meeting of Bills Committee on Franchised Taxi Services Bill held on Monday, 18 November 2019, at 8:30 am in Conference Room 2 of the Legislative Council Complex**

<b>Running Time</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
<i>Agenda Item I – Meeting with the Administration</i>			
000534 – 001640	Chairman Administration	Briefing by the Administration on the general merits, principles and policy aspects of the Bill.	
001641 – 002331	Chairman Mr SHIU Ka-fai Administration	<p>Mr SHIU opined that the granting of additional 600 franchised taxis would have the following impact –</p> <ul style="list-style-type: none"> <li>(a) creating a direct competition with and posing threats to the business environment of ordinary taxis;</li> <li>(b) intensifying road traffic congestion problems;</li> <li>(c) distorting the delicate balance amongst different public transport services in Hong Kong; and</li> <li>(d) failing to enhance the service quality of 18 000-odd ordinary taxis.</li> </ul> <p>Mr SHIU suggested withdrawal of the Bill given that the recent public order events had already adversely affected the economy of Hong Kong and aggravated the operating difficulties faced by the taxi trade. It was not an opportune time to introduce the Bill.</p> <p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) various considerations had been taken into account when formulating the franchised taxi proposal, including the impact on road traffic, delicate balance between public transport services as well as the financial viability of franchised taxi operators;</li> <li>(b) there was a strong and growing public demand for personalized and point-to-point public transport service of higher quality and fare;</li> </ul>	

Running Time	Speaker	Subject(s)	Action required
		<p>(c) introduction of franchised taxis was a long-term policy to enhance personalized and point-to-point public transport services in Hong Kong to meet the new demand for better services. Meanwhile, the Administration would continue to enhance the quality of ordinary taxis and their operating environment; and</p> <p>(d) the Bill sought to establish a new regulatory regime to confer on the Chief Executive-in-Council the powers to grant and administer the franchises for franchised taxi service. Due considerations would be given to the opportune time of introducing franchised taxis, having regard to relevant factors including the economic outlook of Hong Kong.</p>	
002332 – 002924	Chairman Mr YIU Si-wing Administration	<p>Mr YIU expressed that –</p> <p>(a) introducing 600 franchised taxis could not address the service quality problems of 18 000-odd ordinary taxis. Also, franchised taxis would have a labelling effect and create the impression amongst passengers that ordinary taxis were inferior;</p> <p>(b) the Committee on Taxi Service Quality (“CTSQ”) which comprised representatives from the taxi trade and other relevant stakeholders was an effective platform in steering service improvement of ordinary taxis; and</p> <p>(c) the taxi trade had demonstrated their intent and eagerness to improve service quality and a number of self-initiated measures had been taken for service enhancements. Introducing franchised taxis would greatly discourage their motivations to improve service quality.</p> <p>The Administration responded that –</p> <p>(a) while ordinary taxis had shown improvement in quality in recent years, the exiting taxi licensing regime posed certain limitations on regulation of service quality given all ordinary tai licences were permanent in</p>	

Running Time	Speaker	Subject(s)	Action required
		<p>nature and transferable. They were all issued without any conditions being imposed in relation to service quality;</p> <p>(b) having regard to taxi trade's concern, it was proposed that 600 franchised taxis would be introduced under a trial scheme. The number accounted for about 3% of the 18 000-odd taxis in Hong Kong;</p> <p>(c) a two-tier taxi system was commonly adopted overseas such as Tokyo and Singapore to serve different passenger groups; and</p> <p>(d) the Administration would continue to work closely with the taxi trade to enhance the service quality of ordinary taxis through CTSQ.</p>	
002925 – 003537	Chairman Ir Dr LO Wai-kwok Administration	<p>Ir Dr LO considered that –</p> <p>(a) competition amongst the 18 000-odd ordinary taxis was already keen. Introduction of 600 franchised taxis would further aggravate the operating difficulties faced by the trade;</p> <p>(b) given that taxis operated for long hours on roads and their driving mileage was ten times more than a private car, the impact of additional 600 franchised taxis on road traffic would be underestimated by merely taking note of its number;</p> <p>(c) the Administration was turning a blind eye to the problems to be brought by introducing franchised taxis, such as aggravating traffic congestion, intensifying the operating difficulties faced by the trade and shortage of taxi drivers; and</p> <p>(d) the Administration did not pay heed to the views expressed by the Panel on Transport (“the Panel”) and the motion passed by the Panel on 21 April 2017 requesting the Administration to shelve the franchised taxi scheme and form a working group with various stakeholders for formulating proposals to enhance taxi service level.</p>	

Running Time	Speaker	Subject(s)	Action required
		<p>The Administration reiterated the limitations of regulating taxi service quality under the existing regime and the need to introduce franchised taxis through a new regulatory regime under a trial scheme. The Administration would nevertheless continue to take forward measures to enhance service quality and operating environment of ordinary taxis.</p>	
003538 – 004132	Chairman Mr Frankie YICK Administration	<p>Mr YICK expressed his disappointment that the Administration had not formulated any measures to assist the taxi trade to upgrade their service provision, expand passenger base and recruit new blood for the sustainable development of the trade. He was also disappointed that the Administration had not responded to the trade's proposals of enhancing service quality. Quoting the following measures adopted overseas in helping the development of the taxi trade, Mr YICK urged the Administration to consider ways to improve the business environment of the trade –</p> <ul style="list-style-type: none"> <li>(a) mandating the use of an uniform online car hailing platform by all taxi drivers for enhancing efficiency in passengers matching;</li> <li>(b) increasing the number of taxis stands and opening up bus-only lanes at suitable road sections for use by taxis;</li> <li>(c) providing assistance to drivers for installing free wifi and USB charging facilities inside taxi cabinet;</li> <li>(d) devising measures to attract new blood into the industry;</li> <li>(e) subsidizing the trade to procure environmentally friendly fleet and offering incentives to encourage the provision of taxi services to wheelchair users;</li> <li>(f) stepping up penalty levels and enforcement actions against illegal online car hailing platforms; and</li> <li>(g) adopting a flexible fare structure and allowing a premium to be charged on passengers hiring taxis during peak hours.</li> </ul>	



Running Time	Speaker	Subject(s)	Action required
004133 – 005115	Chairman Mr Jeremy TAM Administration	<p>Mr TAM expressed that –</p> <ul style="list-style-type: none"> <li>(a) having noted that the vehicle age limit of franchised taxi would be 5 years, flexibility should be allowed as Clause 6 to the Bill stipulated that the Chief Executive-in-Council could exercise power to extend the franchise beyond five years for a period of not exceeding one year. Vehicle age limit should be allowed to tally with the franchise period;</li> <li>(b) the number of Lantau Closed Road Permits to be issued to each franchisee for operating in South Lantau should be clearly set;</li> <li>(c) the requirement that each franchise must have at least 50% of the fleet as wheelchair-accessible vehicles was too demanding having regard to the cost of wheelchair vehicles and actual demand from passengers;</li> <li>(d) maximum passenger seating capacity of franchised taxis should be raised from 5 to 7 to better meet with passenger demand. Also, vehicle owners could modify 7-seat vehicles to wheelchair-accessible vehicles, or vice versa, to meet their operational needs; and</li> <li>(e) the scale of 200 franchised taxis for each franchisee to operate would be too small. He also made enquiry on whether each franchise would operate an independent online taxi hailing platform, or a consolidated hailing platform would be set up for the three franchisees. If the latter approach was to be adopted, whether such practice would give rise to competition concerns.</li> </ul> <p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) the reason of setting age limit on franchised taxis was to provide better service to passengers. The Administration took note of member's suggestion and would allow flexibility about this having regard to the length of the franchise period;</li> </ul>	

Running Time	Speaker	Subject(s)	Action required
		<p>(b) the number of Lantau Closed Road Permits would be clearly specified in the tender documents having considered the traffic conditions of South Lantau;</p> <p>(c) taking into account the higher cost of wheelchair-accessible taxis, the fare level of franchised taxis was set at around 50% above ordinary taxi fare;</p> <p>(d) the Administration maintained an open mind on the deployment of 7-seat vehicles as franchised taxis, but the maximum seating capacity would still be set at 5 passenger seats, to be in line with the maximum seating capacity of existing taxis;</p> <p>(e) the number of 600 franchised taxis with three franchisees each to operate 200 taxis was proposed after taking into account views of the taxi trade and relevant stakeholders, which had struck a balance between various considerations. In addition, TD would provide a consolidated webpage with hyperlinks to mobile-applications of different franchisees to facilitate the use of online hailing platforms, and the Administration would keep the Competition Commission informed on such arrangement so as to assess whether there would be any competition concerns.</p>	
005116 – 005941	Chairman Administration	<p>The Chairman expressed that –</p> <p>(a) franchisees would need to renew their vehicle fleet upon the expiry of the five-year franchise period if they were to bid for a new franchise for continuing operation, and the vehicle age limit of franchised taxi would be set at five years. This would unduly increase their capital investment in replacing the vehicles, and raise environmental concerns;</p> <p>(b) whether there would be relaxations on the vehicle models to be used as franchised taxis, such as allowing electric vehicles, diesel vehicles and petroleum vehicles to be deployed;</p> <p>(c) requiring 50% of the vehicle fleet as</p>	

Running Time	Speaker	Subject(s)	Action required
		<p>wheelchair-accessible vehicles would increase the capital investment to the franchisees and the higher vehicle costs would be borne by passengers through higher fares; and</p> <p>(d) urged the Administration to negotiate with taxi manufacturers for producing more five-seat ordinary taxis to better meet passengers' demand.</p> <p>The Administration reiterated that setting a vehicle age limit of five-years and requiring at least 50% of the fleet as wheelchair-accessible vehicles aimed at offering better service and catering for the demands from wheelchair users. Given the higher operating cost arising from more stringent requirements under the franchise, franchised taxis would be allowed to charge at a higher fare level. As regards vehicle models, the Administration maintained an open mind, but the vehicles would be subject to the minimum vehicle price requirement and the maximum passenger seating capacity of five.</p>	
005942 – 011005	Chairman Mr YIU Si-wing Administration	<p>Mr YIU expressed that –</p> <p>(a) the introduction of additional 600 franchised taxis charging different fares from ordinary taxis might cause confusion to passengers and tourists. Also, as franchised taxis and ordinary taxis would be using different online platforms for car hailing services, this would cause inconvenience to passengers;</p> <p>(b) whether the Administration had considered the option of amending existing legislation to allow ordinary taxis operator to upgrade some of the fleets to become franchised taxis;</p> <p>(c) given the prevalent use of a number of online hailing platforms for illegal hire car services whether the Administration would strengthen enforcement actions against such illicit acts. If these online hailing platforms had successfully bid one or more of the franchises for operating franchised taxis, whether there would be measures to prevent such platforms from making use of the franchise to provide illegal hire car hailing services.</p>	

Running Time	Speaker	Subject(s)	Action required
		<p>The Administration responded as follows –</p> <ul style="list-style-type: none"> <li>(a) there were limitations in imposing service quality requirements on existing taxis;</li> <li>(b) as regards the suggestion of converting certain number of ordinary taxi licences to become franchised taxis, the Administration considered such option was not legally and financially feasible, as ordinary taxis licences were a kind of private property which were permanent in nature and were not subject to any conditions in terms of service performance except fare. It was questionable whether ordinary taxi licence holders were willing to surrender their permanent licences to the Government in exchange for a time-limited franchise of franchised taxis. Besides, the fact that taxi licences were transferable at a cost determined by the market which differed at different points of time would further complicate the matter. The two types of taxis would be subject to different regulatory regimes;</li> <li>(c) the Administration had stepped up enforcement actions in combating illegal carriage of passengers for hire or reward, including the proposal to amend relevant legislation for increasing the penalty levels for related offences; and</li> <li>(d) under the proposed franchise model, the Administration would be able to monitor operators' performance through franchise terms. Real-time operating data could be retrieved from the franchisees, and specific logos would be displayed on the franchised taxis for easy identification by passengers on whether the vehicles were franchised taxis or illegal hire cars. If franchisees failed to meet the requirements under the franchise, the Administration could impose financial penalties and even revoke the franchise.</li> </ul>	
011006 – 011432	Chairman Administration	The Chairman enquired whether the Administration had considered the merits/demerits of allowing the taxi trade to organize taxi fleet of higher service quality and reasons for not taking	

Running Time	Speaker	Subject(s)	Action required
		<p>this option on board.</p> <p>The Administration responded that it had considered various options including the one suggested by the Chairman and Mr YIU, but that would involve much complications. In addition, mere exchange of ordinary taxi licence for operating franchised taxis would also contravene the principles of open and fair competition. In fact, taxi operators were welcome to submit applications for operating franchised taxis, and their experiences would be accorded with a higher score.</p>	
011433 – 012722	Chairman Mr SHIU Ka-fai Administration Chairman	<p>Mr SHIU reiterated his stance that it was not an opportune time to introduce franchised taxis. He requested the Administration to provide the following statistics for the Committee to better understand the present operating environment of the taxi trade –</p> <ul style="list-style-type: none"> <li>(a) the number of taxis that were in operation during day time as well as night time of weekdays, weekends and public holidays;</li> <li>(b) the number of taxis that were left idle and the reasons for that; and</li> <li>(c) the number of daily taxi passengers on average and the ratio of tourists out of it before and after the recent public order events, so as to reflect changes in the number and composition of taxi passengers.</li> </ul> <p>The Administration responded that daily number of taxi passengers was around 880 000 two months ago, and undertook to provide more detailed information after the meeting. Noting the operating difficulties faced by the taxi trade, the Administration proposed to provide fuel subsidy as a short-term relief measures to the transport sector. The Administration emphasized that the introduction of franchised taxis would be a long-term policy initiative and would be taken forward under a trial scheme. The Administration would take due considerations on the timing to invite submission for the operating rights of franchised taxis through open tender.</p> <p>(Post-meeting note: The Chinese and English version of the Administration's response was</p>	The Administration to provide written response.

Running Time	Speaker	Subject(s)	Action required
		issued to members on 19 and 31 December 2019 respectively vide LC Paper No. CB(4)209/19-20(02)).	
012723 – 013758	Chairman Mr Frankie YICK Administration	<p>Mr YICK reiterated his views that –</p> <ul style="list-style-type: none"> <li>(a) the Administration had been turning a blind eye to the problems faced by the taxi trade;</li> <li>(b) the Administration proposed to introduce a Taxi Driver-Offence Points System to penalize taxi drivers soon, but there was no timetable for raising the penalty level for illegal hire cars and relaxing the requirements for applications for a driving licence to drive commercial vehicles so as to attract new blood to the industry; and</li> <li>(c) sought explanations on why proposals put forth by the trade, such as the Accreditation Scheme for Quality Taxi Fleets were not accepted by the Administration.</li> </ul> <p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) the proposed legislative amendments to increase penalty level for illegal carriage of passengers for hire or reward, and shortening the period required for a private car licence holder to apply for a full driving licence to drive commercial vehicles would be submitted to the Legislative Council for consideration; and</li> <li>(b) the Accreditation Scheme for Quality Taxi Fleets proposed by the taxi trade had been received by the Administration. Yet, some of the suggestions, such as allowing flexible fare setting mechanism or using bus-only lane by the accredited fleets, might not be feasible having regard to the current legal framework and road traffic conditions. That said, the Administration welcomed the trade to form their own quality taxi fleet, and would continue to collaborate with the trade through CTSQ for enhancing overall taxi service quality.</li> </ul> <p>The Chairman suggested the Administration maintaining close dialogue with the taxi trade on the above matters.</p>	

Running Time	Speaker	Subject(s)	Action required
013759 – 015056	Chairman Mr Jeremy TAM Administration	<p>Mr TAM expressed/enquired that –</p> <ul style="list-style-type: none"> <li>(a) noting the Administration's rely that seven-seat vehicles were allowed to operate as franchised taxis but the maximum passenger seating capacity of franchised taxis would remain as five, whether alterations to the vehicle registration documents for the vehicles concerned would be required, and if so, such alternations might affect the re-sale value of the seven-seat vehicles upon the expiry of the five-year franchise period;</li> <li>(b) whether the Administration would consider relaxing the maximum seating capacity of franchised taxis from five to six, since franchised taxis operators might mostly deploy seven-seat cars for offering better service and more comfortable ride to passengers;</li> <li>(c) given limited road space and traffic congestion in Hong Kong, whether there would be sufficient road space for designating taxis stands for franchised taxis;</li> <li>(d) the Administration should set a lower ratio of wheelchair-accessible vehicles and increase the ratios if there was a keen demand after trial, so that general passengers needed not to pay a higher fare due to franchisees' heavier investment on wheelchair-accessible vehicles;</li> <li>(e) sought the operational details of the consolidated online hailing platform for the three franchisees and whether such arrangement would hinder, rather than, promote, competition.</li> </ul> <p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) modifications made to seven-seat vehicles for use as franchised taxis were permitted as long as it would not pose any safety concerns, and franchisees could follow the established procedures to obtain vehicle type approval from the Transport Department to ensure the roadworthiness of their vehicles before they could be operated on the road;</li> </ul>	

Running Time	Speaker	Subject(s)	Action required
		<p>(b) the Administration took note of member's suggestion on the ratio of wheelchair accessible vehicles. Such requirement would be specified in tender documents only and would not affect the scrutiny of the Bill as it was not specified in the Bill;</p> <p>(c) taxis stands for franchised taxis would mainly be set in areas where there were higher demands for taxi services, such as the airport and boundary control points and they would be differentiated from ordinary taxis stands in order to avoid confusion. The Administration anticipated that franchised taxis would mainly be hailed through online platforms; and</p> <p>(d) online hailing platforms of the three franchisees would be put together under the HKeMobility platform to facilitate passengers accessing the three hailing platforms easily. Detailed arrangement would be mapped out in due course.</p>	
015057 – 020015	Chairman Ir Dr LO Wai-kwok Administration	<p>Ir Dr LO repeated his dissatisfaction that the Administration turned a blind eye to the problems possibly created by the introduction of franchised taxis, and did not pay heed to members' suggestions and efforts made by the taxi trade in improving service quality. He did not subscribe to the Administration's explanation about limitations of existing licensing regime on enhancing taxis service quality and opined that this goal could be achieved through negotiations with the trade.</p> <p>The Administration reiterated the difficulties of imposing conditions directly related to service quality on existing taxi licences to ensure overall quality of taxi services in a sustained fashion. The introduction of franchised taxis under a trial scheme was the outcome of years of consultation with taxi trade and different stakeholders after striking a balance among various considerations. The franchise would be time-limited and non-transferable, and the Administration could prescribe service standards and set service levels in the franchise to monitor franchisee's performance. The Administration welcomed members and the</p>	



Running Time	Speaker	Subject(s)	Action required
		public to express their views on the Bill. On the other hand, the Administration would continue to work with taxi trade to explore different measures to enhance the service quality and operating environment of ordinary taxis.	
020016 – 020107	Chairman	The Chairman opined that working with the trade under existing legislation on ways to enhance service standard and operating efficiency was much easier and manageable than to introducing a new service mode in the market.	
<i>Agenda Item II – Any other business</i>			
020108 – 020356	Chairman Mr Frankie YICK Administration	<p>Discussion on holding public hearings to invite views from members of the public and the trade on the Bill.</p> <p>The Administration would submit supplementary information on the administrative and legal constraints in taking forward proposals initiated by the taxi trade to improve service quality and merits/demerits of the proposed legislative regime of franchised taxis over the proposals.</p> <p>(Post-meeting note: The Chinese and English version of the Administration's response was issued to members on 19 and 31 December 2019 respectively vide LC Paper No CB(4)209/19-20(02)).</p>	The Administration to provide written response.