

立法會
Legislative Council

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Panel on Transport
Meeting on 15 March 2019

Updated background brief on taxi fare adjustments

Purpose

This paper provides background information on the mechanism on which taxi fare adjustment applications are considered and approved. It also summarizes the major concerns expressed by Legislative Council ("LegCo") Members on matters relating to taxi fare adjustment applications in recent years.

Background of the taxi trade

2. According to the Administration, there are 18 000-odd taxis in Hong Kong. Ordinary taxi licences are permanent in nature, and held by as many as 9 000 licence holders. Taxi trade mainly consists of rentee-drivers who hire taxis from taxi owners, rentor-owners who do not drive their taxis but rent them out to rentee-drivers, and owner-drivers who own and drive the taxis themselves and some also rent their taxis out to rentee-drivers for one shift.

Assessment Criteria for taxi fare increase applications

3. Taxi fare increase applications has been considered by the Administration in accordance with the following major criteria -

- (a) the need to ensure the financial viability of taxi operations, taking into consideration changes in revenue and operating costs;

- (b) the need to maintain an acceptable level of taxi service in terms of vehicle availability, passenger waiting time and feedback from passengers;
- (c) the need to maintain a reasonable differential between taxi fares and those of other public transport modes;
- (d) public acceptability of the proposed fares; and
- (e) the taxi fare structure which should be "front-loaded" and thereafter on a varying descending scale of incremental charges¹.

4. The scale of fares for the hiring of taxis is specified in Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D). Under section 7(1C) of the Road Traffic Ordinance (Cap. 374), the Chief Executive in Council ("CE-in-Council") may make Amendment Regulation to give effect to adjustment in the fares for the hiring of urban, the New Territories ("NT") and Lantau taxis, subject to negative vetting by LegCo. In the course of assessing the taxi fare increase applications, the Administration will take into account the views of the LegCo's Panel on Transport ("the Panel") and the Transport Advisory Committee before submitting its recommendations to CE-in-Council.

5. The fares for urban, NT and Lantau taxis were last increased on 9 April 2017 by an average rate of 9.98%, 11.15% and 8.60% respectively.² In addition, the taxi trade had introduced or considered measures to improve taxi service, such as introducing a retraining programme with the Employee Retraining Board for taxi drivers to enhance their service standard and launching a mobile application for the hailing of taxis. More taxi operators were also providing pre-booked taxi service of higher quality in the form of hire-as-a-whole service in accordance with law.

Members' major concerns on matters relating to taxi fare in recent years

Taxi fare increase applications in 2017

¹ This revised policy on taxi fare structure is recommended by the Transport Advisory Committee in its Report on the Review of Taxi Operation issued on 5 June 2008.

² Road Traffic (Public Service Vehicles) (Amendment) Regulation 2017 was tabled at LegCo on the meeting of 15 February 2017 for negative vetting.

Views on taxi fare increase

6. The Panel was last consulted on the fare increase applications made by the taxi trade at the Panel meeting held on 16 December 2016. Some members indicated support for the taxi fare increase applications, as the monthly net income of taxi drivers were lagging behind the average monthly salary of the transport trade. Fare increase would also help to alleviate operating difficulties faced by the trade, such as ageing problem of existing taxi drivers, difficulties in attracting new blood to join the industry, the escalating operating costs including maintenance and insurance costs of taxis and fluctuations in oil price.

7. Other members, on the other hand, raised objection to taxi fare increase. These members considered that increasing taxi fares would not improve the income of rentee-drivers, but rather, fueled speculation activities on taxi licences. They urged the Administration to review the permanent nature of the existing taxi licences and to study relaxing the requirements for applying hire car permits in order to boost market competition and service quality of taxis. There were also arguments that taxi drivers would not be able to benefit from the fare increase as it might trigger an increase in taxi rental.

8. The Administration responded that in assessing the fare increase applications raised by the taxi trade, the Administration would adhere to the various assessment criteria cited in paragraph three above. Taxi licence premium would not be taken into account in the assessment. The Administration added that while taxi licence premium had fluctuated in the past years, the level of taxi rental had been rather stable in the same period.

9. In respect of hire car permits, the Administration advised that it would examine measures to enhance the processing of hire car permits applications. However, the suggestion of removing the requirement of holding hire car permits for the provision of hire car service for particular companies would need careful consideration having regard to the road condition in Hong Kong as well as the safety and insurance issues.

Views on taxi service quality

10. Members raised concern on the malpractices of some of the taxi drivers, including refusal to hire, overcharging, failing to drive to destinations by the most direct route and poor drivers' attitude. They

called on the Administration to, while approving the taxi fare increase applications, consider measures to improve taxi service and to increase the penalty of malpractices of taxi drivers.

11. A member suggested the installation of a close-circuit television system ("CCTV") in taxi compartments for collecting evidence of taxi drivers' malpractice for handling complaints or making prosecutions, on the basis that no violation of privacy of personal data was involved. A motion was passed by the Panel at the meeting in this regard.

12. The Administration responded that the government departments concerned had stepped up efforts in taking enforcement actions against malpractices of taxi drivers and publicity to encourage taxi drivers to obey the law. On the suggestion of installing CCTV systems inside taxi compartments, the Office of the Privacy Commissioner for Personal Data ("PCPD") had published the Guidance on CCTV Surveillance and Use of Drones with suggestions on whether and how to properly use CCTV in complying with the requirements of the Personal Data (Privacy) Ordinance (Cap. 486). The Transport Department ("TD") would be willing to assist the trade in keeping communication with PCPD.

13. At the meeting held on 25 July 2018, the Administration briefed the Panel on the proposals for enhancing taxi service quality, including updating the taxi service standard and guidelines, reviewing existing sanctions for taxi malpractices, introducing a Taxi Driver-Offence Points System and improving the existing mechanism of handling complaints about taxi service and so on.

Operating environment of taxis

Measures to enhance the operating environment of taxis

14. From time to time, Panel members have raised concern over the difficult operating situation of the taxi trade. They urged the Administration to take improvement measures, such as setting up more taxi stands, increasing the number of pick-up/drop-off points for taxis, and introducing a taxi fuel surcharge to mitigate the impact of fuel price fluctuations on income of taxi drivers.

15. At the LegCo meeting on 20 February 2019, a Member raised a written question on the ageing and shortage of taxi drivers and enquired about measures taken by the Administration to improve the business

environment of the taxi trade.

16. The Administration advised that it had taken 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. TD had established the Committee on Taxi Service Quality in January 2018 for discussing various reform strategies and measures to enhance the service quality of taxi trade. Such included enhancing the handling of complaints against malpractices, and encouraging the trade to leverage on technology to enhance operational efficiency and service quality. Meanwhile, a number of facilitation measures were introduced, such as extending the validity period of the taxi driver identity plates from one year to ten years, and sparing the taxi trade the need to renew the restricted zone permits annually.

17. As regards attracting young drivers to join the industry, the Administration proposed to relax the current requirement for applications of driving licences for commercial vehicles to have a valid driving licence of private car or light goods vehicle for a period of at least three years to at least one year with a view to attracting new blood to the industry.

Concerns over illegal carriage of passengers for hire or reward and offer of discounts on taxi fares

18. Some members expressed concern that quite a number of owners of van-type light goods vehicles ("LGV") and private cars without hire car permits were engaged in providing illegal carriage of passengers for hire or reward. In addition, quite a number of developers of mobile applications for taxi-call service ("apps") offered, for the purpose of soliciting business, partial fare rebates to passengers using such apps. Members urged the Administration to combat these illegal activities to safeguard the interests of taxi drivers.

19. The Administration advised that pursuant to Section 52 of the Road Traffic Ordinance (Cap. 374), it was an offence for any person to use LGVs or private cars without hire car permits to solicit passengers for hire or reward. On enforcement, the Police would continue to take action against such offences through targeted operations. Between January 2015 and December 2018, the Police undertook enforcement actions on 195 cases. Over the same period, there were 75 vehicles on which TD imposed suspension of vehicle licence and impoundment due to convictions. On publicity and education, TD had been making use of

various channels to promote knowledge on how to distinguish illegal hire services, and had set up an online enquiry system for the public to check whether a vehicle was issued with a valid hire car permit.

20. To further strengthen the deterrent effect against related offence, the Administration will consult the Panel on the proposal of raising the penalties for illegal carriage of passengers for hire or reward at the Panel meeting to be held on 15 March 2019.

Concerns over the introduction of franchised taxis

21. At the Panel meeting on 17 March 2017, the Administration consulted members on the introduction of 600 franchised taxis on a trial base. The Administration stressed that franchised taxis was not to replace ordinary taxis but to enhance their complementarity so that passengers could have additional choice of higher quality, personalized and point-to-point service.

22. Members expressed diverse views on the Administration's proposal. Some members raised objection on the grounds that franchised taxis would undesirably aggravate road traffic congestion, and that enhancing the service quality of ordinary taxis should be the right approach. Also, franchised taxis would create a negative image of ordinary taxis as providing lower grade service, which would render it difficult for ordinary taxis to improve its services. These members called upon the Administration to immediately shelf the proposal and set up a multi-lateral working group involving the Administration, LegCo Members, the taxi trade and other stakeholders to steer the overall enhancement of taxi services.

23. Other members welcomed the introduction of franchised taxis to facilitate taxi service improvement through competition. They believed that the impact of 600 franchised taxis would have minimal impact on the livelihood of ordinary taxi drivers. Also, operators of franchised taxis might be required to maintain an employer-employee relationship with their taxi drivers, whose income could thus be better guaranteed.

24. In response, the Administration advised that it would continue to enhance the service of ordinary taxis proactively in parallel with the introduction of franchised taxis, and welcomed the suggestion of setting up any new liaison channel with the participation of other stakeholders. The franchise model would also enable the Administration to monitor the

operators' performance and service of franchised taxis through franchise terms. In addition, the Administration considered that maintaining an employer-employee relationship a desirable approach and applicants proposing an employer-employee relationship in their franchise would be accorded with a higher score in the tender assessment.

Relevant motions and questions moved/raised at Council meetings and other relevant papers

25. The hyperlinks to relevant motions and questions moved/raised at Council meetings and other relevant papers are in **Appendices I and II** respectively.

Latest developments

26. The Administration will consult the Panel on the taxi fare adjustment at its meeting to be held on 15 March 2019.

Council Business Division 4
Legislative Council Secretariat
12 March 2019

Appendix I

Relevant motions and questions moved/raised at Council meetings

5.12.2012	Dr Elizabeth QUAT raised a question on taxi malpractices http://www.info.gov.hk/gia/general/201212/05/P201212050269.htm
20.11.2013	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 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
12.11.2014	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 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 raised a question on mobile applications for taxi-hailing http://www.info.gov.hk/gia/general/201504/29/P201504290239.htm
14.10.2015	Hon Charles Peter MOK raised a question on regulation of hire

	car services http://www.info.gov.hk/gia/general/201510/14/P201510140400.htm
9.12.2015	Hon Frankie YICK raised a question on combating malpractices of taxi drivers http://www.info.gov.hk/gia/general/201512/09/P201512090374.htm
20.1.2016	Hon Frankie YICK raised a question on taxi service http://www.info.gov.hk/gia/general/201601/20/P201601200639.htm
22.6.2016	Hon Frederick FUNG raised a question on fuel prices and public transport fares http://www.info.gov.hk/gia/general/201606/22/P201606220563.htm
13.7.2016	Dr Hon Priscilla LEUNG raised a question on premium taxis http://www.info.gov.hk/gia/general/201607/13/P2016071200628.htm
31.5.2017	Hon Frankie YICK raised a question on using smart phones/devices while driving https://www.info.gov.hk/gia/general/201705/31/P2017053100188.htm
12.12.2018	Hon LAM Cheuk-ting raised a question on baggage carried by taxi passengers https://www.info.gov.hk/gia/general/201812/12/P2018121200420.htm
20.2.2019	Hon Frankie YICK raised a question on enhancing service quality and improving operating environment of taxi industry https://www.info.gov.hk/gia/general/201902/20/P2019022000396.htm

Updated background brief on taxi fare adjustments

List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
21.6.2013	Panel on Transport ("TP")	Administration's paper on taxi fare increase applications	CB(1)1298/12-13(03) http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tp0621cb1-1298-3-e.pdf
		Background brief on taxi fare adjustments prepared by the Legislative Council Secretariat	CB(1)1298/12-13(04) http://www.legco.gov.hk/yr12-13/english/panels/tp/papers/tp0621cb1-1298-4-e.pdf
		Minutes of the meeting	CB(1)466/13-14 http://www.legco.gov.hk/yr12-13/english/panels/tp/minutes/tp20130621.pdf
10.2013	Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2013	Legislative Council Brief on "Taxi Fare Increase Applications"	THB(T)L 3/3/5 http://library.legco.gov.hk:1080/articles/1160106.233475/1.PDF
		Legal Service Division Report	LS4/13-14 http://www.legco.gov.hk/yr13-14/english/hc/papers/hc1018ls-4-e.pdf
		Report of the Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2013	CB(2)222/13-14 http://www.legco.gov.hk/yr13-14/english/hc/papers/hc101cb2-222-e.pdf

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
-	-	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
17.7.2015	TP	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 the meeting	CB(4)228/15-16 http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150717.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
		Background brief on taxi service prepared by the Legislative Council Secretariat	CB(4)119/15-16(09) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20151106cb4-119-9-e.pdf

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
			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 the meeting	CB(4)513/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20151106.pdf
21.6.2016	TP	Administration's paper on Public Transport Strategy Study - Role and Positioning Review on premium taxis and increasing the seating capacity of public light buses	CB(4)1124/15-16(01) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160621cb4-1124-1-e.pdf
		Background brief on premium taxis prepared by the Legislative Council Secretariat	CB(4)1124/15-16(02) http://www.legco.gov.hk/yr15-16/english/panels/tp/papers/tp20160621cb4-1124-2-e.pdf
		Minutes of the meeting	CB(4)1315/15-16 http://www.legco.gov.hk/yr15-16/english/panels/tp/minutes/tp20160621.pdf
16.12.2016	TP	Administration's paper on taxi fare increase applications	CB(4)285/16-17(05) https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20161216cb4-285-5-

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
			e.pdf
		Background brief on taxi fare adjustment prepared by the Legislative Council Secretariat	CB(4)285/16-17(06) https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20161216cb4-285-6-e.pdf
		Minutes of the meeting	CB(4)513/16-17 https://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20161216.pdf
17.3.2017	TP	Administration's paper on Public Transport Strategy – Role and Positioning Review on Personalised and Point-to-Point Transport Services	CB(4)666/16-17(05) https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170317cb4-666-5-e.pdf
		Background brief on personalized and point-to-point transport services in Hong Kong prepared by the Legislative Council Secretariat	CB(4)666/16-17(06) https://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170317cb4-666-6-e.pdf
		Minutes of the meeting	CB(4)1470/16-17 https://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170317.pdf
25.7.2018	TP	Administration's paper on enhancing taxi service quality	CB(4)1407/17-18(01) https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180725cb4-1407-1-e.pdf
		Background brief on enhancing taxi service	CB(4)1407/17-18(02)

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
		quality prepared by the Legislative Council Secretariat	https://www.legco.gov.hk/yr17-18/english/panels/tp/papers/tp20180725cb4-1407-2-e.pdf

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