

**For discussion
on 4 June 2021**

**Legislative Council
Panel on Transport and Panel on Financial Affairs**

**Joint Subcommittee on Issues Relating to
Insurance Coverage for the Transport Sector**

Measures to Reduce Traffic Accidents Involving Taxis and Public Light Buses

Purpose

This paper provides information on measures to reduce traffic accidents involving taxis and public light buses (“PLBs”) and issues of concern to the members.

Measures to reduce traffic accidents involving taxis and PLBs

2. The Government attaches great importance to the driving safety of taxi and PLB drivers and has been adopting a multi-pronged approach to enhance drivers’ awareness of driving safety through regulation by law, enforcement as well as publicity and education.

3. In respect of regulation by law, the Government amended the Road Traffic Ordinance (Cap. 374) and its subsidiary legislation in 2012 to implement a series of measures to enhance the safety of PLB services, including setting the maximum speed at 80 kilometres per hour and requiring PLBs to be installed with speed limiters and electronic data recording devices (commonly known as "black boxes"). Also, to further enhance the safety and quality of taxi and PLB services, all applicants for a taxi or PLB full driving licence must, in addition to passing a relevant examination, attend and complete a relevant pre-service course and obtain a course certificate within one year prior to applying for the full driving licence before being issued with a full driving licence¹. The course covers knowledge of driving safety and road safety which help to enhance the awareness of driving safety

¹ The pre-service courses for PLB drivers and taxi drivers have been implemented since 1 June 2015 and 1 October 2020 respectively.

among taxi and PLB drivers. At present, there are 12 designated pre-service training schools and driving schools providing the relevant pre-service courses.

4. On enforcement, the Police will continue to step up enforcement actions under Selected Traffic Enforcement Priorities, which include combatting inattentive driving and dangerous driving with a view to improving the driving safety of drivers (including taxi and PLB drivers). The Transport Department (“TD”) will also conduct regular site investigation to understand the safety of PLB daily operations. If speeding of PLBs or irregularities concerning vehicle safety is found, TD will follow up with the Police and require the operator to make improvement. If necessary, the vehicle will be ordered to undergo examination.

5. On publicity and education, TD has been distributing publications such as “Hong Kong Taxi Service Guidelines”, “Taxi Newsletter” and newsletter on PLBs (“PLB net”) to taxi and PLB trades respectively, and maintains close communication with them to remind relevant drivers to observe traffic regulations and pay attention to road safety. TD has also organised the Safe Driving and Health Campaign for commercial vehicle drivers (including taxi and PLB drivers) to disseminate messages on safe driving and drivers’ health, and provide free health check. In addition, TD has been collaborating with the Road Safety Council and the Police to conduct various publicity and education campaigns, such as producing TV and radio announcements of public interest on the theme of “driving attentively” and disseminating relevant online videos and information through social media platforms. TD has also published and distributed promotional leaflets and Road Safety Bulletins to remind drivers to stay attentive, avoid using smart phones or devices and observe speed limit. Also, in collaboration with the Committee on Taxi Service Quality (“CTSQ”), TD has organised the Taxi Service Commendation Scheme to recognise the outstanding performance of trade members voted by professional judges and the general public so as to continuously improve the professional image of the taxi industry.

Members’ Recommendations

(a) Implementation of driver responsibility system

6. According to regulation 4 of the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap. 272), any person to use, or to cause or permit any other person to use, a motor vehicle on a road must have in force in relation to the use of the vehicle

by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third party risks as complies with the requirements of that Ordinance. In addition, regulation 21 of Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E) stipulates that a registered owner who applies for licensing of a vehicle (including renewal of vehicle licence) must deliver to the TD a policy of insurance in respect of the vehicle in the name of the registered owner which is valid on the date when the licence is to become operative. The existing regulations aim to ensure that there is a valid third party insurance to protect third parties when the vehicle is used on roads.

7. Some suggest that with reference to the practice of car rental companies, a driver responsibility system should be implemented to require taxi drivers (but not car owners) to procure third party insurance to insure themselves against the liability incurred by accidents during driving, while the car owners only have to procure insurance related to vehicle performance. We would like to point out that at present, there is no regulation to require drivers (whether or not they are hire car drivers) to procure third party insurance. According to our understanding, car rental companies in Hong Kong will procure third party insurance in respect of their rental cars. The car rental rates already cover third party insurance and the rentees are not required to procure one by themselves. In general, car rental companies will collect a deposit (commonly known as “deductible”) from the rentees before renting out the car. The deductible will be used to pay for the maximum liability to be borne by the rentees in case of accident. If there is no accident, the deposit will be returned to the rentees after the rental period. Some of the car rental companies allow the rentees to opt for an additional charge to reduce the maximum liability to be borne by the rentees in case of accident during driving.

8. We understand that similar practice has been adopted by the taxi trade. In general, taxi car owners/dealers will collect a deposit from taxi drivers when renting out the taxis. Such deposit will be forfeited if there is a traffic accident involving the drivers’ fault. If there is no accident, the deposit will be returned to the rentee-driver after the rental period. We believe that such arrangement can provide certain incentive for taxi drivers to pay attention to driving safety with a view to reducing the accident rate.

9. The suggestion of requiring taxi drivers to procure third party insurance on their own will bring significant impact and changes to the relevant industries and involve complicated issues including the impact on manpower of the trade (including part-time and replacement drivers), insurance premium levels as well as

impact on the procedures, time and cost involved in processing the insurance claims. In fact, as seen from the written submissions submitted by various taxi associations to the Subcommittee, there are diverse views on the suggestion among the taxi trade. Some support the suggestion as they believe that the drivers could then be held responsible for their driving behavior; while some others oppose to the suggestion as they opine that it will greatly discourage newcomers from joining the taxi industry and may even cause the part-time elderly drivers to leave the trade, which in turn will aggravate the problem of manpower shortage in the taxi trade. The Government must carefully consider and cautiously balance the views of various stakeholders when exploring the feasibility of the suggestion.

(b) Provision of financial incentives to encourage the trade to adopt technology to reduce traffic accidents

10. The Government is open-minded about innovation and technologies that could effectively improve road and driving safety, and welcomes the introduction of advanced driver assistance systems by vehicle manufacturers for various classes of vehicles. In recent years, TD has already approved a number of vehicles to install driver assistance systems, such as Anti-collision Warning, Lane Keeping Warning, Blind Spot Warning, Electronic Stability Control, Automatic Emergency Braking System, etc. If vehicle manufacturers are interested in introducing driver assistance systems on taxis, we are willing to explore the application of relevant systems with the taxi trade and manufacturers so as to ascertain the technical feasibility of installing such systems on taxis. If car owners are interested in installing such systems, TD will examine and approve the vehicles in accordance with the legislation to ensure road safety. TD will also continue to maintain liaison with the vehicle manufacturers and safety device manufacturers to understand the application of the latest technology.

11. According to TD's understanding, currently quite a few of taxis and PLBs have already been installed with dash cameras (commonly known as "dash-cam") to record traffic conditions, which may remind drivers to pay attention to their driving attitude and help to clarify the related liability issues in case of a traffic accident. According to the understanding of the Insurance Authority, at present, some insurance companies have specified in policy terms that deductibles will be reduced if the claimant can provide video record of the accident concerned. We believe that such arrangement can provide certain financial incentive for the car owners to install dash cameras.

12. The Government has also been promoting “Smart Mobility” in recent years. TD funded a research on the application of geo-fencing technology in 2019, which could assist drivers to comply with the applicable speed limit of the roads concerned. If the research demonstrates that the technology is suitable for adoption by vehicles registered in Hong Kong, the Government will consider promoting such technology to commercial vehicles. In addition, we have launched the \$1 billion Smart Traffic Fund to provide funding support to local organisations or enterprises for conducting research and application of innovation and technology related to vehicles, the scope of which also covers projects to improve driving safety. The Fund has started to accept applications since 31 March 2021.

(c) Encourage and support taxi owners to form taxi fleets

13. The Government welcomes the trade to centralise the management of taxi service quality through professional fleet management. We understand that currently some taxi operators have already been running taxi services as fleets with enhanced drivers’ training to provide higher service quality. In addition, the Taxi Service Commendation Scheme mentioned in paragraph 5 above not only recognises outstanding taxi drivers, but also outstanding taxi service management teams. In collaboration with the CTSQ, TD will continue to encourage more members of the taxi trade to adopt fleet management and leverage on innovation and technology to enhance the operational efficiency and quality of management so as to enhance taxi service quality.

(d) Attract drivers to join the taxi and PLB industries

14. The Government understands that the taxi and PLB trades would like to attract more new blood to join the trades in order to alleviate the current problem of driver shortage and facilitate the sustainable development of the trades. For taxis, TD has enhanced the taxi written test with effect from 14 February 2020, including adjusting the content, number of questions and passing criteria on the premise of ensuring the rigour of taxi written test and robustness of the test system, so as to attract more new blood to join the taxi trade. Also, the Government has relaxed the requirement for applying a commercial vehicle (including taxi and PLB) driving licence since 1 October 2020, from the original requirement that the applicant must have held a

driving licence of private car or light goods vehicle for at least three years to at least one year.

15. The Government consulted the Legislative Council Panel on Transport and the Transport Advisory Committee in March 2019 on the fare increase applications submitted by the taxi trade in September 2018. Yet, in view of the impact of large scale public order events in 2019 and the COVID-19 epidemic on the economy, the Government is reviewing the fare increase applications afresh. The Government will carefully consider the financial viability of taxi operation, reasonable fare differential between taxis and other public transport modes, overall supply and demand situation, service quality as well as public acceptability of the magnitude of fare increases. The Government will in due course submit the recommendation of fare increases to the Executive Council and Legislative Council for review after the completion of relevant assessment.

16. Having regard to the impact of COVID-19 epidemic on the operating environment of taxi and PLB trades, the Government has already rolled out a series of measures to alleviate the financial burden of the trades. For example, the licence fee and vehicle examination fee of registered commercial vehicles (including taxis and PLBs) have been exempted from 30 December 2019 to 29 December 2021; the Passenger Service Licence holders, operators, car owners and drivers have been provided with one-off or monthly subsidies and fuel subsidy under the “Anti-epidemic Fund”.

17. In addition, the Hong Kong Monetary Authority (“HKMA”), in collaboration with the banking industry, launched the Pre-approved Principal Payment Holiday Scheme to relieve the financial burden of car owners. The HKMA also announced earlier to further extend the Scheme to October 2021. To further alleviate the cash flow pressure of small and medium-sized enterprises, the Financial Secretary announced earlier in the 2021-22 Budget the enhancement measures under the “Special 100% Loan Guarantee”, which include extending the application period to 31 December 2021, raising the maximum amount of loan per eligible enterprise, increasing the maximum repayment period of guaranteed loans from five years to eight years and extending the principal moratorium arrangement from up to 12 months to up to 18 months. The enhancement measures have been implemented since 29 March 2021.

18. The Government will continue to maintain communication with the taxi and PLB trades and closely monitor the operating environment so as to explore suitable

measures to assist the trades in improving the operating environment and attracting more new blood to join the industries.

Advice Sought

19. Members are invited to note the content of this paper.

**Transport and Housing Bureau
Financial Services and the Treasury Bureau
Transport Department
Insurance Authority
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