

立法會

Legislative Council

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Paper for the House Committee Meeting on 28 June 2024

Report of the Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2024

Purpose

This paper reports on the deliberations of the Subcommittee on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2024 (“the Subcommittee”).

Background

2. According to information provided by the Administration, there are a total of 18 163 taxis in Hong Kong, among which 15 250 are urban taxis, 2 838 are New Territories (“NT”) taxis and 75 are Lantau taxis. As at the end of January 2024, about 59% of taxi licences are held by individuals whilst the remaining are held by companies. The taxi trade mainly consists of rentee-drivers who rent 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, some of whom rent their taxis out to rentee-drivers for one shift.

3. The last taxi fare increase took effect on 17 July 2022, with the average rates of increase for urban, NT and Lantau taxis being 11.54%, 13.02% and 13.83% respectively. The scale of fares for hiring taxis is specified in Schedule 5 to the Road Traffic (Public Service Vehicles) Regulations (Cap. 374 sub. leg. D). The subsidiary legislation may be amended by the Chief Executive in Council, subject to negative vetting by the Legislative Council (“LegCo”).

Road Traffic (Public Service Vehicles) (Amendment) Regulation 2024

4. At the meeting of the Executive Council on 14 May 2024, the Council advised and the Chief Executive ordered that the Road Traffic (Public Service Vehicles) (Amendment) Regulation 2024 (“the Amendment Regulation”) should be made under section 7(1C) of the Road Traffic Ordinance (Cap. 374) to give effect to the revised rate of fares for the hiring of urban, NT and Lantau taxis. Following the taxi fare adjustment, there will be an increase of \$2 in flagfall charge, an increase of \$0.2 per jump in the incremental charge for the first-tier distance after flagfall, and an increase of \$0.1 per jump in the incremental charge for the second-tier distance after flagfall. The average rates of fare increase for urban taxis, NT taxis and Lantau taxis are 8.86%, 9.56% and 10.92% respectively. Details of the proposed new fares, which will take effect from 14 July 2024, are as follows:

Flagfall charge (charge for the first 2km or any part thereof)

	Urban taxis	NT taxis	Lantau taxis
Existing fare	\$27	\$23.5	\$22
New fare (from 14 July 2024)	\$29	\$25.5	\$24

Incremental charge for each 200m travelled after flagfall and waiting time (first-tier distance)

	Urban taxis	NT taxis	Lantau taxis
First-tier distance	2-9km	2-8km	2-20km
Existing fare	\$1.9 per jump	\$1.7 per jump	\$1.7 per jump
New fare (from 14 July 2024)	\$2.1 per jump	\$1.9 per jump	\$1.9 per jump

Incremental charge for each 200m travelled after flagfall and waiting time (second-tier distance)

	Urban taxis	NT taxis	Lantau taxis
Second-tier distance	after 9km	after 8km	after 20km
Existing fare	\$1.3 per jump	\$1.3 per jump	\$1.5 per jump
New fare (from 14 July 2024)	\$1.4 per jump	\$1.4 per jump	\$1.6 per jump

5. The Amendment Regulation was published in the Gazette on 17 May 2024 and tabled at LegCo for negative vetting on 22 May 2024.

The Subcommittee

6. At the House Committee meeting on 24 May 2024, members agreed to form a Subcommittee to scrutinize the Amendment Regulation. The Subcommittee, chaired by Dr Hon CHAN Han-pan, held one meeting with the Administration on 3 June 2024 to discuss the Amendment Regulation. The membership list of the Subcommittee is in the **Appendix**.

7. By a resolution passed at the Council meeting of 12 June 2024, the expiry of the scrutiny period of the Amendment Regulation has been extended from the Council meeting of 19 June 2024 to the Council meeting of 10 July 2024.

Deliberations of the Subcommittee

8. The Subcommittee raises no objection to the Amendment Regulation. The deliberations of the Subcommittee are summarized in the ensuing paragraphs.

Enhancing the quality of taxi services

9. Several members have expressed concern on the overall quality of taxi services. They have pointed out that the quality of taxi services had long been a subject of criticism; and an increase in taxi fare without seeing much improvement in its services would give rise to a negative public perception of the taxi trade. The problem of “black taxis” overcharging tourists has also tarnished their impression of Hong Kong. Members have therefore suggested that the Administration should add a provision of e-payment means requirement to taxi licences, introduce tiered pricing, mandate the installation of cloud-based camera systems in taxi compartments, and impose heavier penalties on non-compliant taxi drivers.

10. The Administration has indicated that it is unable to introduce new conditions in taxi licences under the existing taxi licensing system. Nevertheless, through the soon to be issued Taxi Fleet Licences, all fleet taxis will be required to provide at least two types of e-payment means to facilitate fare payment by passengers. Regarding the proposed tiered pricing, the Administration has advised that taxi fleet operators will have some flexibility to charge customized fares for pre-arranged trips. The customized fares

may be in the form of a booking fee to be added on top of the metered fare, or a lump sum fare as agreed with the hirer before the start of the journey.

11. Members note that the Transport Department has received a total of 15 applications for Taxi Fleet Licences by the end of the application period in late May this year. While members generally have some expectations of the taxi fleets, some members worry that since not all taxis will join a fleet, and each Urban or Mixed taxi fleet has a maximum fleet size of 1 000 taxis, fleet taxis will only take up a small portion of the 18 000-odd taxis in the entire trade, and thus the overall quality of taxi services may not see any improvement.

12. Regarding the installation of cloud-based camera systems, the Administration has advised that it is conducting a feasibility study on the proposal to require all taxis to install a camera system in the compartment, and will make reference to practices in different regions and study the installation cost of such systems. The Administration will consult the industry within this year and report to LegCo thereafter. As regards increasing penalties against malpractices of taxi drivers, the Administration has pointed out that heavier penalties have already been imposed on four of the more serious offences relating to taxi drivers (including overcharging, refusing to accept hires, etc.) The relevant penalties came into effect on 22 December 2023. Moreover, the Taxi-Driver-Offence Points System will be introduced on 22 September 2024, under which taxi drivers will be disqualified from driving a taxi for a certain period of time when their incurred offence points have accumulated to a certain level.

Enhancing the transparency of the taxi fare increase mechanism

13. Members note that as explained in the Administration's paper, the established policy is to consider taxi fare increase applications in accordance with five key criteria, including "the need to maintain an acceptable level of taxi service in terms of vehicle availability, passenger waiting time and passengers' feedback on service". Members have pointed out that if, after the fare increase has come into effect, the public still encounter difficulties in hailing taxis during peak hours, or if there is no significant improvement in drivers' malpractices such as refusal to accept hires, the public may become even more resentful of the taxi trade. In this connection, members have enquired whether the Administration had reviewed whether taxi services were able to meet the aforesaid key criteria after the last two taxi fare increases.

14. The Administration has advised that in processing each fare increase application, the Transport Department will gather information on

the taxi trade's operational situation through various means, including surveys on taximeter readings to assess the distribution of taxi trips and fares charged, as well as surveys conducted with the trade to understand changes in their costs, etc. In addition, annual surveys on passenger waiting time for taxis are conducted at taxi stands to assess the supply of taxi services.

15. Some members have pointed out that, as stated in the Administration's paper, the taxi trade is of the view that an increase in taxi fares will raise the income of frontline drivers, whilst at the same time encouraging the trade to improve their services and invest more in new facilities. Members have enquired whether the Administration had drawn up any specific indicators when vetting applications for taxi fare increases. They have also asked about the increase in the income of frontline drivers, as well as the progress made by the trade in improving their services and increasing investment in new facilities since the last two taxi fare increases.

16. Regarding the income of taxi operators, the Administration has advised that it had analysed the impact of the Government's recommended fare adjustment on various taxi operators. The Administration hoped that this fare increase will improve the operation and the earnings of different operators (i.e. rentee-drivers, owner-drivers and rentor-owners) while striking a balance among them, so that they could all increase their earnings and maintain the financial viability of their operations.

17. As for service improvement and increasing investment in new equipment, the Administration has advised that after analysing the changes in the operational situation of the trade since the last fare increase, as well as the trade's current operating environment and rising costs, the Administration opines that individuals in the trade may find it difficult to invest in new systems. The Administration intends to impose various service-related requirements on Fleet Licencees under the taxi fleet regime, including setting an age limit for fleet taxis, mandating training and management protocols for fleet drivers, and installing various new devices and systems in the compartment, etc.

18. Members have suggested that the Administration should provide more data to justify its approval of an increase in flagfall charge by \$2, instead of \$1, \$3 or other rates of increase, so as to enable LegCo and the public to have a better understanding of how the Administration has struck a balance between public acceptability and the financial viability of taxi operation, and to judge whether the Administration's current proposed fare increase is reasonable. Some members have also suggested that the Administration should consider establishing a taxi fare increase formula to calculate the rate of fare increase after balancing inflation and changes in the

operating costs of taxis, thereby enhancing the transparency of the taxi fare increase mechanism.

19. The Administration has responded that the taxi trade's fare increase application is considered on the basis of five key criteria. On the one hand, the Administration opined that the taxi trade's requested fare increase exceeded public acceptability; but on the other hand, the Administration also recognized that some fare increase was necessary to alleviate the hardship the trade is experiencing due to operating costs. The Administration is of the view that the current government proposal has already struck a balance among the various factors.

Assisting the trade in cost control

20. Members have expressed concern about the significant increase in operating costs faced by taxi owners in recent years, which is primarily attributable to rising insurance premiums. They have suggested that the Administration should help the trade control their skyrocketing insurance premiums by, among other things, capping the daily working hours of all drivers aged 75 or above, mandating the installation of cloud-based camera systems in all taxis, and considering compiling a "taxi operators blacklist" whereby taxi owners could choose not to rent their vehicles to drivers with a record of non-compliance or frequent traffic accidents, so as to reduce insurance premiums. Members have also suggested that the Administration should take a proactive role in facilitating negotiations between taxi fleets and insurance companies on premium reduction.

21. The Administration has responded that it had made clear to the trade the need to strengthen their risk management practices and to improve the quality of their vehicles as well as the attitude and skills of their drivers. The Administration also hoped that taxi fleet operators would be able to select drivers with good driving attitude to join their fleets so as to improve the fleet's risk management. This, in turn, would enable fleet operators to apply certain risk differentiation measures during premium negotiations with insurance companies and thereby help reduce premiums.

Recommendation

22. The Subcommittee has completed scrutiny of the Amendment Regulation and will not propose any amendment.

Advice Sought

23. Members are invited to note the deliberations of the Subcommittee.

Council Business Division 4
Legislative Council Secretariat
27 June 2024

**Subcommittee on Road Traffic (Public Service Vehicles)
(Amendment) Regulation 2024**

Membership list*

Chairman	Dr Hon CHAN Han-pan, BBS, JP
Members	Hon Steven HO Chun-yin, BBS, JP Hon Frankie YICK Chi-ming, GBS, JP Hon KWOK Wai-keung, JP Hon LUK Chung-hung, JP Hon Stanley LI Sai-wing, MH, JP Ir Hon LEE Chun-keung, JP Dr Hon Johnny NG Kit-chong, MH, JP Hon LEUNG Man-kwong, MH Hon Judy CHAN Kapui, MH, JP Ir Hon CHAN Siu-hung, JP Hon YANG Wing-kit Revd Canon Hon Peter Douglas KOON Ho-ming, BBS, JP Hon Adrian Pedro HO King-hong

(Total: 14 members)

Clerk	Ms Sophie LAU
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Legal Adviser	Miss Dorothy YUNG
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* Changes in membership are set out in the Annex to Appendix

Annex to Appendix

**Subcommittee on Road Traffic (Public Service Vehicles)
(Amendment) Regulation 2024**

Changes in membership

Member	Relevant date
Hon Duncan CHIU	Up to 2 June 2024